

BenQ Materials Corp.

2024 Annual Report



BenQ
Materials Corp

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Company Spokesperson

Name: Sheng-Hsiang Wang

Title: Chief Financial Officer

Tel:(03)374-8800

Email:IR@BenQMaterials.com

Acting Spokesperson

Currently unavailable

Corporate, Office and Factory

Headquarters and Taoyuan Factory: No.29, Jianguo E. Rd., Guishan, Taoyuan 33341, Taiwan, R.O.C

Tel:(03)374-8800

Zhuke Branch and Longke Factory

Address: No.288, Longyuan 1st Rd., Longtan, Taoyuan 32542, Taiwan, R.O.C

Tel:(03)255-8800

Yunke Office and Yunke Factory

Address: No.25 & 29, Kegen 7th Rd., Douliu City, Youlin County, 64064, Taiwan, R.O.C

No.16, Kegen 18th Rd., Douliu City., Youlin County, 64064, Taiwan, R.O.C

No.18, Kegen 18th Rd., Douliu City., Youlin County, 64064, Taiwan, R.O.C

Tel:(05)537-8800

Stock transfer agency

Name: Taishin Securities Co., Ltd.

Address: B1, No.96, Sec.1, Jianguo N. Rd., Zhongshan Dist., Taipei City, Taiwan, R.O.C

Website:www.tssco.com.tw

Tel:(02)2504-8125

Auditors

CPAs: Victor Wang, Philip Tang

Name of Accounting Firm: KPMG Taiwan

Address: 68F, No.7, Sec., 5, Xinyi Rd., Taipei City, 110615, Taiwan, R.O.C (Taipei 101)

Website:www.kpmg.com.tw

Tel:(02)8101-6666

Name of Trading Venues for Overseas Flotation of Marketable Securities and Means of Inquiry into Information Thereof: Not applicable

Company Website:www.benqmaterials.com.tw

Chapter 1 Letter to Shareholders

Dear Shareholders,

The year 2024 was a pivotal year filled with challenges and opportunities, as the global economy and industrial environment are being influenced by multiple uncertain factors. The ongoing escalation of geopolitical tensions influenced international relations and trade patterns; the pressure of oversupply in industries intensified market competition; the rapid development of Artificial Intelligence (AI) presented opportunities for technological innovation while also posing potential impacts on future industrial structures and labor demand; and the global labor shortage continued to trouble various sectors. In such a challenging environment, BenQ Materials has been facing significant operational pressure. The consolidated revenue for 2024 is NT\$18.59 billion, with a net profit after tax of NT\$199 million, resulting in an earnings per share of NT\$0.62.

Over the past decade, we have continuously promoted a development strategy that encompasses multiple products, technologies, and applications, and we have gradually established a solid foothold in the medical device sector. In the face of market headwinds, we are driven to continuously optimize our strategies, focus on our core business, and enhance our competitive advantages within the value chain. In response to the structural changes in the global market, particularly in the fields of display materials and medical services, we have repositioned ourselves as a "Crucial Materials Ingredient Provider," focusing on high technological barriers and long lifecycle product applications. For example, our technological breakthroughs in the automotive materials sector are further consolidating our market leadership position. At the same time, in the medical field, our material technology has successfully entered the supply chains of globally recognized brands and is gradually expanding to more hospitals and pharmacies, demonstrating potential for future growth.

In recent years, we have adhered to the principles of sustainable management, actively leading all employees to implement ESG values. In 2024, we received significant awards, including being ranked among the top 30 large manufacturers in the Global Sustainable Citizen Awards and winning the Model Award for Comprehensive Performance in the Electronics and Technology Industry at the 20th Global Views ESG Corporate Sustainability Awards. In addition, BenQ Materials' functional fabric brand Xpore has launched the innovative "e2cycle" PET recycling technology, which transforms PET materials from electronic waste into high-quality recycled PET. This recycled PET is then used to produce waterproof functional fabrics for various major fashion brands. This innovative initiative not only effectively reduces

waste disposal costs but also achieved first place in the photovoltaic industry in the 2024 carbon competitiveness ranking, demonstrating our outstanding performance in sustainable development.

Looking ahead, the management team will accelerate the implementation of innovation and globalization strategies, dedicated to meeting unmet market demands. In the face of challenges, we will continue to enhance our adaptability, deepen the layout of high value-added businesses, and achieve steady growth and higher profitability. We would like to express our gratitude to our shareholders for their unwavering support and look forward to collaboratively creating a new milestone in the Company's sustainable development in 2025.

Best Regards,

Chairman:



General Manager:



Accounting Supervisor:



Chapter 2 Corporate Governance Report

I. Director, Supervisor, and Management team

(I) Directors and Supervisors

1. Personal Profile

2025-03-30 ; Unit: share, %

Position	Nationality/ Place of Registration	Name	Gender Age	Date Elected (inaugurated)	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor's current Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship	
Chairman	R.O.C.	Qisda Corporation	-	2022.06.16	3 years	1998.07.06	43,659,294	13.61%	43,659,294	13.61%	-	-	-	-	Ph., D., Swiss Federal Institute of Technology in Zurich	Chairman and CEO of BenQ Materials Co., Ltd.	-	-	-	Note 1
	R.O.C.	Representative: Zhien-Chi (Z.C.) Chen	Male 61 to 70 years old				-	-	1,489,898	0.46%	31,020	0.01%	-	-	MS., Materials & Engineering, University of Utah Director of Darfon Electronics Corp. Manager of Koninklijke Philips N.V.	Chairman of Cenefom Corporation Limited Chairman of Web-Pro Corp. Director of BenQ Foundation Director of Circular Taiwan Foundation				
Director	R.O.C.	Kuen-Yao (K.Y.) Lee	Male 71 to 75 years old	2022.06.16	3 years	2009.02.20	4,580,396	1.43%	4,580,396	1.43%	775,001	0.24%	-	-	MBA, Switzerland IMD B. S. in Engineering, Department of Electrical Engineering, National Taiwan University Chairman of Qisda Corporation Chairman of Yuda Optoelectronics Co., Ltd. Chairman of BenQ Corporation Director of Darfon Electronics Corp. Chairman of the Board of Directors of the BenQ Foundation	Director of BenQ Materials Corp.	-	-	-	-
Director	R.O.C.	Qisda Corporation	-	2022.06.16	3 years	1998.07.06	43,659,294	13.61%	43,659,294	13.61%	-	-	-	-	Honorary Doctor of Engineering from National Cheng Kung University	Chairman and CEO of Qisda Corporation Director of Darfon Electronics Corp.	-	-	-	-

Position	Nationality/ Place of Registration	Name	Gender Age	Date Elected (inaugurated)	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor's current Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship	
	R.O.C.	Representative: Peter Chen	Male 61 to 70 years old				-	-	72,825	0.02%	-	-	-	-	Technology Management Class of National Chengchi University (NCCU) MS., International Business Management, Thunderbird School of Global Management B.S., Electrical Engineering, National Cheng Kung University General Manager of Qisda Corp.	Director of BenQ Hospital Group, Inc. Chairman of DFI Inc. Chairman of BenQ Medical Tech Chairman of the Board of Directors of the BenQ Foundation				
Director	R.O.C.	Qisda Corporation	-	2022.06.16	3 years	2022.06.16	43,659,294	13.61%	43,659,294	13.61%	-	-	-	-	Doctorate in Optoelectronic Engineering, National Yang Ming Chiao Tung University General Manager of the Display Materials Business Group, BenQ Materials Corp.	Director and General Manager of BenQ Materials Corp.	-	-	-	-
	R.O.C.	Representative: Ray Liu	Male 51 to 55 years old	2022.06.16	3 years	2022.06.16	-	-	251,602	0.08%			-	-			-	-	-	-
Director	R.O.C.	BenQ Corporation	-	2025.01.24	3 years	2025.01.24	80,847,763	25.21%	80,847,763	25.21%	-	-	-	-	Master's Degree in Power Mechanical Engineering, National Tsing Hua University General Manager of Double Edge Entertainment Corporation General Manager of BenQ Corporation Director of BenQ Corporation (Hong Kong)	Chairman of BenQ Corporation Director and General Manager of BenQ Corporation (Shanghai) Director and General Manager of BenQ Smart Technology (Shanghai) Co., Ltd. Chairman of Shengcheng Trade (Shanghai) Co., Ltd. Director of BenQ Smart Technology (Shanghai) Co., Ltd. Director of BenQ Foundation Director of the Suzhou BenQ AUO Foundation	-	-	-	-
	R.O.C.	Representative: Michael Tseng (Note 2)	Male 61 to 70 years old				-	-	-	-	-	-	-	-						

Position	Nationality/ Place of Registration	Name	Gender Age	Date Elected (inaugurated)	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor's current Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship	
Independent Director	R.O.C.	Frank Yeh	Male 71 to 75 years old	2022.06.16	3 years	2003.05.22	-	-	-	-	-	-	-	-	Electronic Engineering, Feng Chia University Director and CEO of WPG General Manager of Arrow Electronics, Inc. Vice President of Acer Inc.	Independent Director of BenQ Materials Corp. Vice Chairman of WPG Holdings Ltd. Director of WPG Electronics Ltd. Independent Director of Senao International Cp., Ltd.	-	-	-	-
Independent Director	R.O.C.	Louis Y.Y. Lu	Male 71 to 75 years old	2022.06.16	3 years	2019.06.19	-	-	-	-	-	-	-	-	Ph.D. Business and Management, National Chiao Tung University MS., Computer Science, National Chiao Tung University Dean, College of Management, Yuan Ze University Manager of BenQ Corporation Director Representative of Grand Cathay Venture Capital Co., Ltd.	Independent Director of BenQ Materials Corp.	-	-	-	-
Independent Director	R.O.C.	Kung Wang	Male 71 to 75 years old	2022.06.16	3 years	2022.06.16	-	-	-	-	-	-	-	-	PhD in Industrial Economics and Transportation Economics, Massachusetts Institute of Technology Independent Director of Formosa Taffeta Co., Ltd. Independent Director of Qisda Corporation Chair Professor, Enterprise Management Department, China University of Technology (CUTe) Supervisor of PTOT Inc. Headquarter, Taipei	Independent Director of BenQ Materials Corp.				

Position	Nationality/ Place of Registration	Name	Gender Age	Date Elected (inaugurated)	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor's current Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship	
Independent Director	R.O.C.	Chun-Lin Liu	Male 51 to 55 years old	2023.05.31	3 years	2023.05.31	-	-	-	-	-	-	-	-	Ph.D., China Medical University, Taiwan Master's Degree in Clinical Medicine from China Medical University Attending Physician in Neurosurgery at Linkou Chang Gung Memorial Hospital. Director of the Operating Room at China Medical University Hospital Director of the International Center Ward at China Medical University Hospital	Independent Director of BenQ Materials Corp. Deputy Superintendent of the Taipei Branch at China Medical University Hospital Attending Physician in the Neurosurgery Department at China Medical University Hospital.	-	-	-	-

Note 1: The director and the general manager or equivalent (executive manager) are the same person, spouses, or relatives, which need to explain the reason, rationality, necessity and related information about the implementation:
The purpose of the chairman serves as the CEO of the Company is to improve operating efficiency and decision-making execution. However, and strengthen the independence of the Board of Directors; the Company has actively trained suitable candidates; in addition, the chairman also communicates closely with the directors on Company operation to achieve the corporate governance. In the future, the Company will plans to increase the number of independent directors to enhance the functions of the Board of Directors and strengthen the supervision function. At present, the Company has the implementation as following:

1. The current three independent directors have specialized in the electronics industry and academic fields, whose can effectively guide their supervisory functions.
2. Directors will be arranged to participate in professional director courses of external institutions every year to enhance the effectiveness of the Board of Directors.
3. Independent directors can fully advice and provide recommendations for the Board of Directors in all Functional Committees to implement corporate governance.
4. More than half of the board members do not concurrently serve as employees or managers of any affiliates to strengthen the board's independence.

Note 2: On January 24, 2025, the representative of BenQ Corporation, Conway Lee, was relieved of his duties and replaced by Michael Tseng as the legal representative.

2. Major shareholders of corporate shareholders

Name of Institutional Shareholder	Major shareholders of corporate shareholders	Shareholding Ratio (%)
Qisda Corporation (Note 1)	AUO Corporation	11.96
	Acer Incorporated	4.53
	Taishin International Commercial Bank is entrusted with Qisda Technology's employee shareholding trust property account	3.97
	Taipei Fubon Commercial Bank Co., Ltd. is entrusted to custody the Fuhwa Taiwan Technology High Yield ETF Securities Investment Trust Fund Special Account	3.73
	Kangli Investment Co., Ltd.	2.55
	Darfon Electronic Corporation	2.03
	Hua Nan Commercial Bank is entrusted with the securities investment trust account of Yuanta Taiwan Value High Dividend ETF	1.49
	Investment Account of JP Morgan Securities Co., Ltd. In custody of JPMorgan Chase Bank	1.25
	Chunghwa Post Co., Ltd.	0.98
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.95
BenQ Corporation (Note 2)	Qisda Corporation	100.00

Note 1: Qisda Corporation's data source is based on the Company's shareholder register on the base date of closing the transfer on March 31, 2024.

Note 2: BenQ Corporation is a 100%-owned subsidiary of Qisda Corporation.

3. Major Shareholders of corporate shareholders controlled by corporations

Name of the corporation	Major shareholders of the corporation	Shareholding Ratio (%)
AU Optronics Corporation (Note 5)	Qisda Corporation	6.90
	Trust Holding for Employees for AUO Corp. with the custody of HSBC Bank	5.08
	Acer Incorporate	4.61
	CTBC Bank is entrusted with the investment account of Yuanta/P-shares Taiwan Dividend Plus ETF	2.99
	AUO Corporation overseas depositary receipts account under custody of Citibank	2.44
	New Labor Pension Fund	1.97
	Nan Shan Life Insurance Co., Ltd.	1.62
	Dedicated account for Morgan Stanley International Limited under the custody of HSBC	1.35
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.93
	Investment Account of JP Morgan Securities Co., Ltd. In custody of JPMorgan Chase Bank	0.85
Kangli Investment Co., Ltd. (Note 5)	AUO Corporation	100.00
Acer Incorporated (Note 5)	The investment account of Yuanta/P-shares Taiwan Dividend Plus ETF	4.72
	Hung Rouan Investment Corp.	2.42
	Taipei Fubon Commercial Bank Co., Ltd. is entrusted to custody the Fuhwa Taiwan Technology High Yield ETF Securities Investment Trust Fund Special Account	2.40
	Stan Shih	1.15
	New Labor Pension Fund	1.09
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.01
	Investment Account of JP Morgan Securities Co., Ltd. In custody of JPMorgan Chase Bank	0.96
	Acer GDR	0.91
	Government of Singapore	0.65
	Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Funds	0.63
Darfon Electronic Corporation (Note 5)	Qisda Corporation-	20.72
	BenQ Corporation	5.01
	Taishin International Commercial Bank is entrusted with Darfon Electronics Corp. property account's employee shareholding trust property account	3.85
	Mega International Commercial Bank Co., Ltd.	1.62
	New Labor Pension Fund	1.60
	Kai-Chien Su	1.45
	JPMorgan Chase Bank Taipei Branch is entrusted with the investment account of Japan Securities Finance Co., Ltd.	1.27
	Chang Hwa Commercial Bank, Ltd.	1.21
	Taiwan Cooperative Bank, Ltd.	1.16
	Proprietary platform trading investment account of HSBC Bank (Taiwan) Limited is entrusted with the custody of Mitsubishi UFJ Morgan Stanley Securities - Securities Transaction Order	1.09

Note 5: AU Optronics Corporation's major shareholders are based on the company's shareholder register on the base date of closing the transfer on August 18, 2023; The major shareholders of Acer Incorporated are based on the company's shareholder register on April 2, 2024, on the basis of the closing date; Kangli Investment Co., Ltd. is a 100% holding subsidiary of AU Optronics Corporation; Darfon Electronics Corporation's major shareholders are based on the company's shareholder register on April 15, 2024, on the basis of the closing date.

4. Information Disclosure of Directors' Professional Qualifications and Independent Directors' Independence

Qualifications Name	Professional Qualification and Experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Representative of Qisda Corporation: Zhien-Chi (Z.C.) Chen	The existing Chairman and CEO of BenQ Materials Co., Ltd., shall be equipped with business, financial and accounting experience, etc., and other experiences shall be subject to Information on General Manager, Deputy General Manager, Assistant Managers, and Managers of Departments and Branches (I) Directors and Supervisors.	N/A	0
Kuen-Yao (K.Y.) Lee	Former Chairman of BenQ Corporation shall be equipped with business, financial and accounting experience, etc., and other experiences shall be subject to Information on General Manager, Deputy General Manager, Assistant Managers, and Managers of Departments and Branches (I) Directors and Supervisors.	N/A	0
Representative of Qisda Corporation: Peter Chen	The existing Chairman and CEO of Qisda Corporation shall be equipped with business, financial and accounting experience, etc., and other experiences shall be subject to Information on General Manager, Deputy General Manager, Assistant Managers, and Managers of Departments and Branches (I) Directors and Supervisors.	N/A	0
Representative of Qisda Corporation: Ray Liu	The existing General Manager of BenQ Materials Corp. shall be equipped with business, financial and accounting experience, etc., and other experiences shall be subject to Information on General Manager, Deputy General Manager, Assistant Managers, and Managers of Departments and Branches (I) Directors and Supervisors.	N/A	0
Representative of BenQ Corporation: Michael Tseng	The existing Chairman of BenQ Corporation shall be equipped with business development, product planning, and global marketing experience, etc., and other experiences shall be subject to Information on General Manager, Deputy General Manager, Assistant Managers, and Managers of Departments and Branches (I) Directors and Supervisors.	N/A	0
Frank Yeh	The existing Deputy Chairman of WPG Holdings Ltd., shall be equipped with business, financial and accounting experience, etc., and other experiences shall be subject to Information on General Manager, Deputy General Manager, Assistant Managers, and Managers of Departments and Branches (I) Directors and Supervisors.	Qualified	1

Qualifications Name	Professional Qualification and Experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Louis Y.Y. Lu	Former Dean, College of Management, Yuan Ze University, shall be equipped with business, finance and accounting experience, etc., and other experiences shall be subject to Information on General Manager, Deputy General Manager, Assistant Managers, and Managers of Departments and Branches (I) Directors and Supervisors.	Qualified	0
Kung Wang	Former Independent Director of Qisda Corporation shall be equipped with business, financial and accounting experience, etc., and other experiences shall be subject to Information on General Manager, Deputy General Manager, Assistant Managers, and Managers of Departments and Branches (I) Directors and Supervisors.	Qualified	0
Chun-Lin Liu	The existing Deputy Superintendent of China Medical University Hospital shall be equipped with work experience in the medical and related fields. And other experiences shall be subject to Information on the General Manager, Deputy General Manager, Assistant Managers, and Managers of Departments and Branches (I) Directors and Supervisors.	Qualified	0

Note 1: None of the conditions stipulated in Article 30 of the Company Law and Article 27 of the Company Law stipulates that the government, legal person or its representative shall be elected.

Note 2:

1. It complies with the provisions of Article 3, Paragraph 1 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act.
2. In the past 2 year, business, legal, financial, accounting and other services have not been provided by the Company or its affiliated companies.
3. Independent directors and their spouses, relatives within the second degree of kinship (or in the name of others) hold the number and proportion of the Company's shares. For details, please refer to (II) Information on CEO, General Manager, Deputy General Manager, Assistant Managers, and Managers of Departments and Branches (I) Directors and Supervisors.

5. Other resource

(1) The Board of Director Diversity

According to the Company's Corporate Governance Principles, the composition of the board of directors should consider diversification. In addition to the managerial officers who are also company managers should not exceed one-third of the number of directors, and formulate appropriate diversification policies for their own operations, operating types and development needs, including but not limited to the following two major standards:

- A. Basic conditions and values: gender and age.
- B. Professional knowledge and skills: professional background, professional skills and industrial experience, etc.

MANAGEMENT OBJECTIVES	STATUS
At least one female director	Not yet achieved; it is proposed to add one female director by 2025
At least one-third of the seats on the Directors and Independent Directors must possess expertise in industry or business management	Achieved
The number of directors serving as the manager of the Company should not exceed one-third of the number of directors	Achieved
The number of Independent Directors exceeds the legal requirement	Achieved

- The selection of members for the Board of Directors of the Company is based on professional competence, industry experience, and the needs of corporate governance. Currently, the representation of female directors has not yet reached one-third, primarily due to the historical structure of talent within the industry. However, we value the importance of gender diversity in corporate governance and decision-making, and have incorporated it into our future development plans. To enhance gender balance on the Board of Directors, future nominations and selections of directors will strengthen the principle of gender diversity and actively expand the external talent pool to attract professionals of different genders who meet the Company's development needs. Furthermore, the Company will enhance the development opportunities for female senior managers through an internal talent cultivation program, thereby laying the foundation for the diversification of the Board of Directors. We will continue to promote relevant measures to enhance gender balance on the Board of Directors, in alignment with global sustainable development trends and stakeholder expectations.
- According to the list of the Company's Board members, there are currently nine directors (including four independent directors). More than half possess knowledge in corporate management and industry expertise. Among the independent directors, Louis Y.Y Lu, Kung Wang, and Chun-Lin Liu have academic research experience, while Frank Yeh serves as the Vice Chairman of WPG Holdings Ltd., bringing extensive leadership and decision-making capabilities. The proportion of employee directors in this company is 22%,

while independent directors account for 44%. There are 2 directors aged between 50 and 60 years, 5 directors aged between 61 and 70 years, and 2 director aged 71 years or older.

- The Company's fulfillment of diversification of members of the Board of Directors in 2024 is as follows:

Name	Position	Nationality	Gender	The tenure of office of Independent Directors			Professional knowledge and skills				Age			Employee
				Under 3 years	3-9 years	Over 9 years	Business Management	Academic Research	Industry Knowledge	Legal Accounting	50 to 60 years old	61 to 70 years old	71 to 75 years old	
Zhien-Chi (Z.C.) Chen	Chairman	R.O.C.	Male				V		V			V		V
Kuen-Yao (K.Y.) Lee	Director	R.O.C.	Male				V		V	V			V	
Peter Chen	Director	R.O.C.	Male				V		V			V		
Ray Liu	Director	R.O.C.	Male				V		V		V			V
Conway Lee	Director	R.O.C.	Male				V		V			V		
Frank Yeh	Independent Director	R.O.C.	Male			V	V		V			V		
Louis Y.Y. Lu	Independent Director	R.O.C.	Male		V			V		V		V		
Kung Wang	Independent Director	R.O.C.	Male	V			V	V		V			V	
Chun-Lin Liu	Independent Director	R.O.C.	Male	V				V			V			

(2) Independence of board of directors

There are total 9 existing board members, 4 of which are independent directors, accounting for 44% of all director members. Among the members of the Board of Directors, none of the conditions listed in Article 30 of the Company Law, and all independent directors meet the requirements of the Securities and Futures Bureau of the Financial Supervisory Commission for independent directors. There is no relationship between the directors with the spouse or within the second degree of kinship. Therefore, there is no circumstance specified in Items 3 and 4 of Article 26-3 of the Securities and Exchange Act. The Company believes that the Board of Directors of the Company meets the requirements for independence.

(II) Information on CEO, General Manager, Deputy General Manager, Assistant Managers, and Managers of Departments and Branches

2025-03-30; Unit: share; %

Position (Note 1)	Nationality	Name	Gender	Date Elected (inaugurated)	Holding Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Currently holding concurrent positions in other companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Note
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship	
CEO	R.O.C.	Zhien-Chi (Z.C.) Chen	Male	2013.10.01	1,489,898	0.46%	31,020	0.01%	-	-	Ph., D., Swiss Federal Institute of Technology in Zurich MS., Materials & Engineering, University of Utah Director of Darfon Electronics Corp. Manager of Koninklijke Philips N.V.	Director of BenQ Foundation Chairman of Circular Taiwan Foundation (Note 2)	-	-	-	Note 3
General manager	R.O.C.	Ray Liu	Male	2017.08.01	251,602	0.08%	-	-	-	-	Ph.D., Department of Optoelectronics, National Chiao Tung University	None	-	-	-	Note 3
Vice President	R.O.C.	Oliver Liu	Male	2005.12.01	363,972	0.11%	-	-	-	-	MS., Department of Optoelectronics, National Chiao Tung University	Director of Visco Vision Inc. (Note 2)	-	-	-	
Senior Manager	R.O.C.	Chen-Kuan Kuo	Male	2014.01.01	91,934	0.03%	-	-	-	-	MS., Department of Chemistry, Tamkang University Research and Development Manager of Optimax Technology Corporation	None	-	-	-	
Senior Manager	R.O.C.	Ting-Yuan Chiang	Male	2014.01.01	91,748	0.03%	37,611	0.01%	-	-	MS., Department of Earth and Environmental Science, Chung Cheng University	(Note 2)	-	-	-	
Senior Manager	R.O.C.	Chao-Yi Yang	Female	2015.04.01	91,746	0.03%	-	-	-	-	MS., Department of Business Administration J&J Product Manager CIBAVision Marketing Manager	None	-	-	-	
Finance Associate General Manager	R.O.C.	Sheng-Hsiang Wang	Male	2006.03.01	265,225	0.08%	-	-	-	-	MS., Enterprise Research Institute of Chuo University Department of Statistics, Fu Jen University	(Note 2)	-	-	-	

The manager who holds the shares of the Company in the name of others: none.

The manager, who has a spouse or a relative within the second degree of kinship, is the supervisor of the Company: none.

Note 1: Reappointed as of the Annual Report publication date.

Note 2: Please refer to the section of "Information on Directors, Supervisors and General Managers of Related Companies" in this annual report for the situation where managers concurrently hold positions in the Company's related companies.

Note 3: The director and the general manager or equivalent (executive manager) are the same person, spouses, or relatives, which need to explain the reason, rationality, necessity and related information about the implementation:

The purpose of the chairman serves as the CEO of the Company is to improve operating efficiency and decision-making execution. However, and strengthen the independence of the Board of Directors; the Company has actively trained suitable candidates; in addition, the chairman also communicates closely with the directors on Company operation to achieve the corporate governance. Meanwhile, the Board has four independent directors with expertise in the electronics industry and academia, respectively, to strengthen the Board's supervisory role. Directors will be arranged to participate in professional director courses of external institutions every year to strengthen the professional role of the Directors.

(III) Remuneration paid during the most recent fiscal year to Directors, Supervisors, General Manager, and Assistant General Managers

1. Remuneration of General Directors and Independent Directors

December 31, 2024 Unit: NT\$ thousand

Position	Name	Remuneration Paid to Directors								Total remuneration (A+B+C+D) as a percentage of net income (%)		Relevant Remuneration Received by Directors who Are Also Employees								The Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
		Compensation (A) (Note 1)		Severance Pay and Pension (B)		Directors' Remuneration (C) (Note 2)		Business Execution Expenses (D) (Note 3)				Salary, Bonus, and Allowance (E) (Note 4)		Severance Pay and Pension (F)		Employee Compensation (G) (Note 5)						
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company		All Companies in Consolidated Financial Statements		The Company	All Companies in Consolidated Financial Statements	
Corporate Director	Qisda Corporation	7,000	7,000	-	-	1,217	1,217	200	200	8,417/ 4.23	8,417/ 4.23	2,809	2,809	27	27	1,940	-	1,940	-	13,193/ 6.62	13,193/ 6.62	62,331,315
Director Representative of Corporate Shareholder Chairman and Chief Executive	Zhien-Chi (Z.C.) Chen																					
Director Representative of Corporate Shareholder	Peter Chen																					
Director Representative of Corporate Shareholder	Ray Liu																					
Corporate Director	BenQ Corporation																					
Director Representative of Corporate Shareholder	Conway Lee	5,500	5,500	-	-	695	695	150	150	6,345/ 3.19	6,345/ 3.19	-	-	-	-	-	-	-	-	6,345/ 3.19	6,345/ 3.19	-
Director	Kuen-Yao (K.Y.) Lee																					
Independent Director	Frank Yeh																					
	Louis Y.Y. Lu																					
	Kung Wang																					
	Chun-Lin Liu																					
<div>1. Directors and Independent Directors' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks and time spent: The remuneration of the Company's Directors shall be distributed by the Board of Directors in accordance with the authorization of the Articles of Incorporation and shall take into account the pay levels in the domestic and overseas industry. The Board of Directors shall, in accordance with the Articles of Incorporation, decide the amount of Directors' remuneration in the event of profits. Independent directors are ex officio members of the Audit Committee; in addition to paying the remuneration of general directors, different reasonable remunerations may be determined in consideration of the responsibilities, risks and the time spent by the individual.</div> <div>2. In addition to the disclosure in the above table, the directors of the Company in the most recent year received remuneration for providing services to all companies in the financial report (such as serving as consultants for non-employees): None</div>																						

Note 1: The directors' compensations in the year 2024 (include salary, allowances, severance pay, and various awards and bonuses.)

Note 2: The directors compensation of 2024.

Note 3: Expense relating to business execution by directors in the year 2024 (include transportation allowances, special allowances, various subsidies, accommodations, and personal cars etc.)

Note 4: The directors serving as employees in the year 2024 (include those concurrently serving as CEO, General Manager, Assistant General Manager, or other managerial officers and employees) who receive salaries, supervisors' allowances, severance pay, bonuses, incentive payment, traveling expense, special allowances, subsidies, dormitory, Company cars, in kind payments, etc.

Note 5: In the year 2024, directors who concurrently serve as employee (including concurrently serve as Chairman, General Manager, Assistant General Manager, other managerial officers and employees) who receive employee compensation (including stock and cash dividends.)

Range of Remuneration

Range of Remuneration Paid to Directors	Name of Director			
	Total Amount of Remuneration (A+B+C+D)		Total Amount of Remuneration (A+B+C+D+E+F+G)	
	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements
Less than NT\$1,000,000	Zhien-Chi (Z.C) Chen, Peter Chen, Conway Lee, Ray Liu	Zhien-Chi (Z.C) Chen, Peter Chen, Conway Lee, Ray Liu	Peter Chen, Conway Lee	Peter Chen, Conway Lee
NT\$1,000,000 (inclusive)-NT\$2,000,000 (exclusive)	BenQ Corporation, Kuen-Yao (K.Y.) Lee, Louis Y.Y. Lu, Kung Wang, Chun-Lin Liu, and Frank Yeh.	BenQ Corporation, Kuen-Yao (K.Y.) Lee, Louis Y.Y. Lu, Kung Wang, Chun-Lin Liu, and Frank Yeh.	BenQ Corporation, Kuen-Yao (K.Y.) Lee, Louis Y.Y. Lu, Kung Wang, Chun-Lin Liu, Frank Yeh, and Ray Liu.	BenQ Corporation, Kuen-Yao (K.Y.) Lee, Louis Y.Y. Lu, Kung Wang, Chun-Lin Liu, Frank Yeh, and Ray Liu.
NT\$2,000,000 (inclusive)-NT\$3,500,000 (exclusive)	-	-	Zhien-Chi (Z.C.) Chen	Zhien-Chi (Z.C.) Chen
NT\$3,500,000 (inclusive)-NT\$5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 (inclusive)-NT\$10,000,000 (exclusive)	Qisda Corporation	Qisda Corporation	Qisda Corporation	Qisda Corporation
NT\$10,000,000 (inclusive)-NT\$15,000,000 (exclusive)	-	-	-	-
NT\$15,000,000 (inclusive)-NT\$30,000,000 (exclusive)	-	-	-	-
NT\$30,000,000 (inclusive)-NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive)-NT\$100,000,000 (exclusive)	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	11 people (including 2 legal people)	11 people (including 2 legal people)	11 people (including 2 legal people)	11 people (including 2 legal people)

2. Remuneration paid to Supervisors: Note applicable.
3. Remuneration paid to Chairman, General Manager and Assistant General Manager

December 31, 2024 Unit: NT\$ thousand

December 31, 2024 Unit: RMB thousand

Position	Name	Salary (A)		Severance Pay and Pension (B)		Remuneration (C)		Employee Compensation (D) (Note)				Total remuneration (A+B+C+D) as a percentage of net income (%)	Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company		All Companies in Consolidated Financial Statements			
								Cash amount	Stock amount	Cash amount	Stock amount		
CEO	Zhien-Chi (Z.C.) Chen	4,327	4,327	81	81	510	510	2,570	-	2,570	-	7,488/3.76	-
General manager	Ray Liu												
Vice President	Oliver Liu												
Vice President	Charles Liu												

Note: Refers to the proposed allotment amount calculated with reference to the actual allotment ratio in previous years.

Range of Remuneration

Remuneration paid scale to CEO, General Manager and Assistant General Manager Range of Remuneration	Name of Chairman, General Manager and Assistant General Manager	
	The Company	All Companies in Consolidated Financial Statements
Less than NT\$1,000,000	-	-
NT\$1,000,000 (inclusive)-NT\$2,000,000 (exclusive)	-	-
NT\$2,000,000 (inclusive)-NT\$3,500,000 (exclusive)	-	-
NT\$3,500,000 (inclusive)-NT\$5,000,000 (exclusive)	-	-
NT\$5,000,000 (inclusive)-NT\$10,000,000 (exclusive)	-	-
NT\$10,000,000 (inclusive)-NT\$15,000,000 (exclusive)	Oliver Liu, Charles Liu	Oliver Liu, Charles Liu
NT\$15,000,000 (inclusive)-NT\$30,000,000 (exclusive)	Zhien-Chi (Z.C) Chen, Ray Liu	Zhien-Chi (Z.C) Chen, Ray Liu
NT\$30,000,000 (inclusive)-NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive)-NT\$100,000,000 (exclusive)	-	-
Over NT\$100,000,000	-	-
Total	4 people	4 people

4. Names of managerial officers who received employee compensation and status of distribution

Unit: NT\$ thousand

Item	Position (Note 1)	Name (Note 1)	Stock amount (Note 2)	Cash amount (Note 2)	Grand Total (Note 2)	Ratio of Total Amount to Net Income (%)
President & Vice Presidents	CEO	Zhien-Chi (Z.C.) Chen	-	3,600	3,600	3,600 1.81%
	General manager	Ray Liu				
	Vice President	Oliver Liu				
	Vice President	Charles Liu				
	Senior Manager	Chen-Kuan Kuo				
	Senior Manager	Ting-Yuan Chiang				
	Senior Manager	Chao-Yi Yang				
	Finance Associate General Manager	Sheng-Hsiang Wang				

Note 1: In office at the end of 2024.

Note 2: Refers to the proposed allotment amount calculated with reference to the actual allotment ratio in previous years.

(IV) Total remuneration as a percentage of net income as paid by the Company, during the past two fiscal years to its Directors, Supervisors, General Manager, and Assistant General Manager

Item \ Year	2024		2023	
	The Company	All consolidated entities	The Company	All consolidated entities
After-tax (loss) profit (NT\$ thousand)	199,206	199,206	414,352	414,352
Ratio of compensation paid to Directors by the Company (%)	7.41	7.41	3.92	3.92
Ratio of compensation for Managers such as deputy general manager or above paid by the Company (%)	3.76	3.76	16.10	16.10

- (V) The Company's remuneration policies, standards and portfolios, procedures for determining remuneration, and its relevance to operating performance and future risks

In order to regularly evaluate the remuneration of directors and managers, the Company's "Methods to Evaluate Performance of Directors" and the "Performance Management Method" applicable to managers and employees are used as the basis for the evaluation results.

1. The remuneration of directors of the Company is issued by the Board of Directors in accordance with the authorization of the Company's Articles of Association. According to the degree of directors' participation in the Company's operation and contribution value, and with reference to the "Remuneration Measures for Directors and Functional Committee Members" set by domestic and foreign peers. If the Company has a surplus, the Board of Directors, in accordance with Article 19 of the Company's articles of association, decide on the director's remuneration for the current year within the amount not exceeding 1% of the current year's profit. The Company regularly evaluates the remuneration of directors in accordance with the "Methods to Evaluate Performance of Directors". The relevant performance evaluation and the rationality of remuneration have been reviewed and approved by the Remuneration Committee and the Board of Directors.
2. If the Company has earnings, it shall set aside 5-20% of the balance as remuneration to the employees, in accordance with Article 19 of the Company's articles of association. The remuneration standard is based on the Company's Remuneration Committee and the Board of Directors to determine the managerial officers' remuneration policy and principles, and determines remuneration with reference to the industry's usual level, the Company's operating income, profitability and individual performance of managers. The performance evaluation results executed by the Company in accordance with the "Performance Management Regulations" serve as a reference for the issuance of managerial bonuses. The evaluation criteria for managers are divided into two categories: financial indicators and non-financial indicators, with the latter accounting for no less than 10% of the performance evaluation weight. Financial performance indicators for managers: According to the Company's management profit and loss statement, the distribution of profit contributions from each business unit is allocated based on the achievement rate of managerial goals. The non-financial indicators encompass two main components: the Company's operational management capabilities and sustainable business outcomes. Among these, the performance indicators for sustainability are based on the Company goals established by the ESG Sustainability Committee, which include environmental carbon reduction, social aspects, green products, and corporate governance. Each manager's responsibilities are aligned with the four major areas, with a minimum weight of 20% assigned to the goal setting in each area. After achieving the comprehensive financial performance indicators, the calculation of the operating

performance bonuses will be conducted, and the bonus system will be reviewed in a timely manner based on actual operating conditions and relevant regulations.

3. The Company's main remuneration principles are to compare market remuneration levels with the results of the aforementioned performance indicators based on the scope of job duties and responsibilities, to link the duties and responsibilities with the results of the aforementioned performance indicators, to provide competitive remuneration in the market to attract, retain and cultivate talents for a long time, reflect the Company's operating risks and corporate governance structure, and do not use short-term profits as compensation and performance Evaluate the only indicator that links and creates the long-term value of shareholders.

II. The State of the Company's Implementation of Corporate Governance

(I) The state of operations of the Board of Directors

1. A total of 4 meetings of the Board of Directors were held in 2024. The Directors and Supervisors' attendance status is as follows:

Position	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Note
Chairman	Representative of Qisda Corporation: Zhien-Chi (Z.C) Chen	4	0	100%	
Director	Representative of Qisda Corporation: Peter Chen	4	0	100%	
Director	Representative of Qisda Corporation: Ray Liu	4	0	100%	
Director	Representative of BenQ Corporation: Conway Lee	4	0	100%	
Director	Kuen-Yao (K.Y.) Lee	4	0	100%	
Independent Director	Frank Yeh	4	0	100%	
Independent Director	Louis Y.Y. Lu	4	0	100%	
Independent Director	Kung Wang	3	1	75%	
Independent Director	Chun-Lin Liu	4	0	100%	

Other matters to be recorded:

1. If any of the following circumstances occur during board meetings, the date of said meeting, session, proposal content, all independent director opinions, and the Company's responses to said independent director opinions:
 - (1) Items listed in Article 14-3 of the Securities and Exchange Act: The Company has set up an Audit Committee; Article 14-3 does not apply. For an explanation of the matters listed in Article 14-5 of the Securities and Exchange Act, please refer to the state of operation of the Audit Committee (page 19).
 - (2) Any recorded or written Board resolutions to which Independent Directors have objections or reservations to be noted in addition to the above: None.
2. Regarding recusals of directors from voting due to conflicts of interests, the names of the directors, contents of the proposal, reasons for recusal, and results of voting shall be specified:

Meeting date of Board of Directors	Name of Director	Contents of the proposal	Reasons for recusal	Results of voting
2024.08.01	Directors: Zhien-Chi (Z.C) Chen, Ray Liu	Approval of the executive compensation and annual salaries for 2023 after review	Served as the manager of the Company	Do not participate in discussion and voting

3. The evaluation cycles, evaluation periods, scope and method of evaluation, and contents of evaluation for evaluating the performance of the board members (on themselves or peers). The implementation of evaluation for the Board of Directors:

Frequency	Period	Scope	Method	Content
Once a year	2024.01 ~2024.12	The Board of Directors and Functional Committees (including Audit Committee and Remuneration Committee)	Self-evaluation of the Board of Directors and Functional Committees (including Audit Committee and Remuneration Committee)	<ul style="list-style-type: none"> The performance evaluation of the Board of Directors and its individual members includes five major aspects: participation in the operation of the Company, improvement in the quality of decision-making of the Board of Directors, Board composition and structure, appointment of directors and their continued development, and internal controls. The performance evaluation of the Functional Committees includes five major aspects: participation in the operation of the Company, understanding of the responsibilities of the Functional Committees, improvement in the quality of decision-making of the Functional Committees, the composition of the Functional Committees, and the election of committee members, and internal control.

4. External appraisal report of BOD performance of the Company

Frequency	Period	Scope	Method	Content
Once every three years	2023.10 ~2024.09	Board of Directors, Internal Control and Risk Management	Entrust Taiwan Corporate Governance Association with appraising BOD performance (video appraisal).	The Board's performance appraisal covers five aspects: Board composition and roles, guidance and oversight, delegation and risk management, communication and collaboration, and self-discipline and continuous improvement.

The conclusion and suggestions are as follows:

- (1) Currently, there are no female directors on the Board. It is recommended that gender diversity and financial expertise be considered when planning the composition of the next Board of Directors to enhance the overall diversity of the Board.
 - (2) It is recommended that the work objectives and performance evaluation of the internal audit manager should take into account the opinions of independent directors (Audit Committee) to further strengthen the independence of internal audit and the oversight effectiveness of independent directors (Audit Committee) on internal audit.
 - (3) It is recommended to invite independent directors to participate in the operations of the ESG Sustainability Committee, or to elevate the committee to the level of a functional committee under the Board, in order to further enhance the emphasis and discussion on sustainable development issues.
5. The objectives of strengthening the functions of the Board of Directors in the current year and the most recent year (such as the establishment of an Audit Committee, the enhancement of information transparency, etc.) and the assessment of implementation.
- (1) Board of Directors' duties include: supervising the Company's strategy, monitoring the management and the operation and arrangement of corporate governance system. It is also responsible for the Company and the shareholders, and shall exercise its powers in accordance with the law, Company regulations, or the resolutions of the shareholders' meetings.
 - (2) At least one independent director of the Company's Board of Directors attended the meeting in person, and all the independent directors attended the Board of Directors' resolutions in Article 7 of the Rules of Procedures for Board Meetings in the most recent year and the year up to the date of publication of the annual report.
 - (3) The Company chose to establish an independent director and an Audit Committee on November 16, 2007, during the shareholders' interim meeting and set up a Remuneration Committee on October 25, 2011. This plan has helped strengthen the functions of the Board of Directors and implement corporate governance.
 - (4) The independent directors of the Company meet regularly for discussion. Accountants, internal audit, legal affairs, finance, risk control and other units are invited to report and ask the independent directors for the latest financial statement review, internal audit results, litigation cases, and financial affairs. Information such as business overview enables independent directors to assist investors to ensure credibility in corporate governance and information transparency to protect shareholders' rights.

- (5) According to the "Methods to Evaluate Performance of Directors" passed by the Company's BOD on May 6, 2019, the Board and Directors have to be evaluated at least one time every year and receive external appraisal once every three years. The Company completed the self-evaluation of the Board of Directors at the end of 2024, and reported the evaluation results to the Board of Directors in February 2025.
- (6) The Board of Directors appointed a Corporate Governance Officer on May 6, 2019, responsible for corporate governance matters, including handling of matters relating to Board, Audit Committee, Remuneration Committee, and Shareholders' meetings in compliance with the law, assistance in onboarding and continuing education of directors, provision of information required for the performance of the duties by directors, and assistance in directors' compliance of law, etc.

(II) The state of operation of the Audit Committee:

A total of 4 Audit Committee meetings were held in the most recent year. The attendance of the independent directors was as follows:

Position	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Note
Convener	Frank Yeh	4	0	100%	
Committee Member	Louis Y.Y. Lu	4	0	100%	
Committee Member	Kung Wang	3	1	75%	
Committee Member	Chun-Lin Liu	4	0	100%	

Other matters to be recorded:

1. In case of any of the following situations in the operation of the Audit Committee, the date, session, content of the proposal, resolution of the Audit Committee, and the Company's handling of the Audit Committee's opinions should be stated:

- (1) According to Article 14-5 of the Securities and Exchange Act:

Date of the meeting (session)	Content	Opinions of all Independent Directors and the Company's handling of opinions of Independent Directors
2024.02.22 First time	1. Approval of the "Statement of Internal Control System" and Self- Evaluation Implementation Result Report for 2023 2. Ratification of 2023 Financial Statements, Business Report and the 2024 Business Plan 3. Ratification of 2023 Earnings Distribution 4. Approved not continuing to handle the private placement of securities approved by the shareholders' regular meeting in 2023 5. Approved issuance of new common shares for cash to sponsor issuance of the overseas depositary shares and/or issuance of new common shares for cash in public offering and/or issuance of new common shares for cash in private placement and/or issuance of overseas or domestic convertible bonds in private placement	1. Approved by the unanimous decision of the members of the Audit Committee present 2. The Company's handling of opinions of members of the Audit Committee: None.
2024.05.06 Second time	1. Ratification of 2024 Q1 financial statements	
2024.08.01 Third time	1. Ratification of 2024 Q2 financial statements 2. Approval of the CPA Fees	
2024.10.31 Fourth time	1. Approval of the Revised "Internal Control System" and "Implementation Rules for Internal Audits" 2. Approval of the acquisition of right-of-use assets for real property 3. Ratification of 2024 Q3 financial statements 4. Approval of appointed CPAs to the 2025 financial statements of the Company	

- (2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all Directors: None.

2. Regarding recusals of Independent Directors from voting due to conflicts of interests, the names of the Independent Directors, contents of proposal, reasons for recusal, and results of voting shall be specified: None.
3. Communication between the independent directors, chief internal auditor, and CPAs (including the key items, methods, and results of audit of finances and operations).

- (1) The Company regularly convenes Audit Committee meetings. Where necessary, the independent auditor, audit manager, and relevant managers are invited to the meeting.
 - (2) The internal audit supervisor regularly submits the audit summary report to the Audit Committee according to the annual audit plan. The Audit Committee also regularly evaluates the Company's internal control system, internal auditors, and their work.
 - (3) The Audit Committee communicates regularly with the Company's CPAs on the quarterly financial statements review or verification results and other relevant legal requirements to communicate, and conduct an independent review on the selection of CPAs and the audit and non-audit services.
4. Annual Work Priorities and Operational Status:
- Annual priorities:
- (1) Communicate with the chief internal auditor regularly about the audit reports according to the annual audit plan.
 - (2) Communicate with CPAs regularly over financial statement review or audit results in each quarter.
 - (3) Review the financial report.
 - (4) Assess the effectiveness of internal control system.
 - (5) Appointment of CPAs.
 - (6) The independent evaluation of accountants' provision of audit and non-audit services.
 - (7) Review the objects and amounts of assets, derivative commodities, capital loans and endorsement guarantees and major asset transactions, capital loans and endorsement guarantees.
 - (8) Regulatory compliance.
- 2024 operations: Proposals of the Audit Committee meetings have all been reviewed or approved by members of the Audit Committee with no dissent from any of the Independent Directors.

(III) Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation Item		Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
		Yes	No	Description	
I.	Does the Company establish and disclose its corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has formulated the "Corporate Governance Principles" and disclosed them on the Company's official website. In response to subsequent amendments to relevant laws and regulations, they will be updated in due course. The latest amendment has been disclosed on the Market Observation Post System and the Company's website.	No material difference
II. Shareholding Structure & Shareholders' Rights	(I) Does the Company establish and implement internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations? If yes, have these procedures been implemented accordingly?	V		The Company has set up a spokesperson system to ensure that the information which may affect shareholders' decisions can be disclosed promptly and fairly, and the shareholding unit is the responsible unit, and a private letter box is set up to receive shareholders' suggestions, doubts and disputes; for shareholders to file lawsuits, then refer to the legal department for proper handling.	No material difference
	(II) Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	V		In addition to mastering a list of major shareholders and beneficial owners of these major shareholders, the Company regularly publishes monthly announcements on MOPS for directors and major shareholders holding 10% of the shares and other insiders' equity changes and pledges.	No material difference
	(III) Does the Company establish and execute a risk management and firewall system within its affiliates?	V		1. In order to establish a risk control and firewall with related companies, the Company has entered into "specific Company, group enterprise, and related party transaction operation procedures" and "subsidiary management measures." 2. the Company's affiliated companies all have specified financial, business and manufacturing departments, and their management rights and responsibilities are clear. The Company would regularly conduct comprehensive risk assessments of related companies and their main banks, customers, and suppliers to reduce credit risk.	No material difference

Evaluation Item		Implementation Status		Description	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
		Yes	No		
	(IV) Does the Company establish internal rules against insiders using undisclosed information to trade securities?	v		In order to establish a perfect major information processing and disclosure mechanism to avoid improper leakage of information and ensure the consistency and correctness of externally published information, the Company has formulated the internal specifications of "Operating Procedures for Handling Material Information and Preventing Insider Trading", prohibiting the Company insiders use unpublished information on the market to buy and sell securities and disclose on the Company's website.	No material difference
III. Composition and responsibilities of the Board of Directors	(I) Has the Board developed, and does it implement, a diversity policy and specific management goal for the composition of its members?	v		For the formulation and implementation of the diversity policy of the Board of Directors of the Company, please refer to page 10 of the annual report for the operation.	No material difference
	(II) Does the Company voluntarily establish other Functional Committees in addition to the Remuneration Committee and Audit Committee, which are required by law?	v		1. The Company has set up an Audit Committee. Please refer to page 19 of the annual report for the operation. 2. The Company has set up a Remuneration Committee. Please refer to the page 25 of the annual report for the operation. 3. The Company has set up a risk management committee. Please refer to the risk management chapter on page 71 of the annual report for the operation. 4. The Company's directors (including independent directors) are elected by the candidate nomination system. The list of candidates for directors (including independent directors) is proposed by shareholders who hold more than 1% of the Company's total shares, and the list of candidates is reviewed by the Board of Directors in accordance with the law and submitted to the shareholders' general meeting for selection.	No material difference
	(III) Does the Company establish standards and methods to evaluate the performance of the Board of Directors, conduct the evaluation annually and regularly, report the results of evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?	v		1. The Board of Directors of the Company passed the "Methods to Evaluate Performance of Directors" on May 6, 2019. For the method of performance evaluation and its implementation, please refer to the annual report page 17 for the operation. 2. According to Article 19 of the Company's articles of association, the director's remuneration of the Company shall not exceed 1% of the annual profit. The Remuneration Committee and the Board of Directors determine director remuneration and consider nominations for re-election based on the Company's operating results and the "Remuneration Measures for Directors and Functional Committee Members" and with reference to performance evaluation results.	No material difference
	(IV) Does the Company regularly evaluate the independence of the CPAs?	v		The Audit Committee and the Board of Directors of the Company regularly evaluate the independence of certified accountants every year, require certified accountants to provide a "Declaration of Independence" every year, and plan to refer to the "Audit Quality Indicators (AQIs)". The certified CPAs and the Company have no other financial interests or business relationship exception for visa and taxation fees. Below is a summary of the evaluation mechanism: 1. CPAs of the Company is not related party with either the Company or its Directors. 2. the Company complies with the provisions of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies to handle the rotation of CPAs. 3. The Company obtained an independent statement issued by the accountant. The evaluation results are as follows: 1. Independence between the CPAs and the Company complies with relevant provisions of the Certified Public Accountant Act of the Republic of China, Code of Professional Ethics for Certified Public Accountant. 2. The Company has not commissioned the same CPA for five consecutive years.	No material difference

Evaluation Item		Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
		Yes	No	Description	
IV. Has the TWSE/TPEX listed Company appointed competent and appropriate corporate governance personnel and corporate governance officer be in charge of corporate governance affairs (including but not limited to providing directors and supervisors with the information necessary to carry out their duties, assisting directors' compliance with the law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?		V		<p>The Finance Department is in charge of corporate governance, and the CFO Mr. Sheng-Hsiang Wang is appointed as the Corporate Governance Officer by the BOD, responsible for corporate governance-related matters, and its qualification meets the first item of Article 3, Item 1 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies of the Company's governing officer. Their eligibility is reported to the Board of Directors every year, and they continue to study every year in accordance with the regulations.</p> <p>The major duties for the corporate governance officer are as follows:</p> <ol style="list-style-type: none">1. Handle matters related to the meetings of the Board of Directors, Functional Committees and shareholders' meetings, including planning and formulating agendas, sending notices of meetings within the statutory time limit and providing necessary materials for the meetings, and making minutes after the meetings2. Assist directors and independent directors to follow laws, take office and continue to study.3. Provide the information necessary for directors and independent directors to perform their business.4. Consolidate the latest regulations of the competent authority, and review and revise the Company's Articles of Association and other internal regulations from time to time.5. Announcement and major information on major Company resolutions according to law.6. Handle Company registrations and changes in Company registrations according to law.7. Update and expose various corporate governance information.8. Other matters stipulated in the Company's Articles of Association or contract. <p>The implementation status in 2024 is as follows:</p> <ol style="list-style-type: none">1. 4 Board meetings, 4 Audit Committee meetings, and 2 Remuneration Committee meetings were convened in 2024.2. Board members have completed at least 6 credits of advanced courses.3. The Company has not received any reported incidents of stakeholder-ethical violations.4. The Company insured liability insurance for directors and important staff.5. The Company has established deputies for the Accounting Supervisor and accounting staff responsible for compiling the financial statements, and these employees have undertaken 12 hours and 6 hours of advanced studies respectively in accordance with regulations.6. The roadshow was held 4 times.7. The Audit Committee invites accountants, auditors and legal personnel to attend the meeting, and discusses with the Audit Committee on relevant issues.8. The Risk Management Committee regularly conducts risk management reports to the Audit Committee every year.9. The Unit in charge of Intellectual Property regularly conducts risk management reports to the BOD every year.	No material difference
V. Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?		V		In order to effectively establish communication channels with interested parties, in addition to implementing the spokesperson system, the Company has set up an "Investor Service" area and an "Investor Mailbox"(IR@BenQMaterials.com) on the official website, as a window for handling shareholder suggestions or disputes, to properly respond to important corporate social responsibility issues of concern to stakeholders.	No material difference
VI. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?		V		The Company has appointed the Taishin Securities Co., Ltd. as the Company's stock affairs agency to manage affairs related to shareholders' meetings.	No material difference
VII. Information disclosure	(I) Has the Company established a corporate website to disclose information, regarding its financial, business, and corporate governance information?	V		Investor Relations section has been set up on both Company's Chinese and English websites, which regularly updates financial, business and corporate governance information as reference for investors.	No material difference

Evaluation Item		Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
		Yes	No	Description	
	(II) Has the Company established any other information disclosure channels (e.g. maintaining a website in English, designating people to handle information collection and disclosure, appointing spokespeople, webcasting investors' conferences, etc.)?	V		An English website has been set up, a designated person is responsible for the collection and disclosure of Company information, and the spokesperson system is implemented. The chief financial officer is the spokesperson. Road shows are organized regularly or irregularly, briefing materials are uploaded on the Company's website, and investor mailboxes are set up to answer investor questions.	No material difference
	(III) Does the Company publicly announce and file the annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?	V		The Company announced and reported the first, second, and third-quarter financial statements of 2024 as well as the operating status of each month on MOPS before the prescribed deadline. The 2024 consolidated and individual financial statements were announced and filed on February 24, 2025, and uploaded to the Company's website simultaneously.	No material difference
VIII. Other important information to facilitate a better understanding of the Company's governance and operation	(I) Employee rights and employee care	V		The Company's business philosophy is to respect human nature and care for employees. To ensure employee rights and employee care, it has a staff welfare committee, which is composed of representatives of colleagues from various departments. It regularly holds staff welfare committee meetings and formulates various welfare plans, such as organizing club activities, special sales activities, and employee family days. For employee rights, please refer to Page 61 to 68 of this annual report.	No material difference
	(II) Investor relationship	V		The Company has set up an investor service mailbox IR@BenQMaterials.com, and has a dedicated person answering the investor's phone to answer the shareholders' questions in detail, and immediately complete the announcements of the Taiwan Stock Exchange, such as financial statements, corporate governance rules and regulations, and operational results. The content of the meeting will be immediately disclosed on the Company's website, so that investors can understand the Company's operating conditions.	No material difference
	(III) Supplier relationship	V		The Company has established Supplier Evaluation Procedures. The quality and technical capabilities of the supplier, service levels, green products, environmental protection, safety and health risks, and social responsibility are reviewed by internal relevant departments. Only those who have passed the evaluation can become partners to the Company. In addition, in order to enhance the smooth communication with suppliers, the Company has set up a supplier service contact mailbox as a communication and complaint channel with the Company, and also built several systems to enhance the efficiency of communication and transparency of information between each other. The Company upholds the Company's culture of integrity and integrity. In the event of illegal matters, please send mail to the integrity mailbox: Integrity@ BenQMaterials.com.	No material difference
	(IV) Rights of stakeholders	V		The Company has set up different and diversified interaction methods with different stakeholders, which are disclosed in the corporate social responsibility report every year. At the beginning of each year, the Company reports to the Board of Directors on the communication with various stakeholders so that the Board of Directors can hear the voices of the stakeholders.	No material difference
	(V) Continuing Education and Training for the Board of Directors	V		The Company has undertaken the following training pursuant to the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" from TWSE. For details, please refer to the "Continuing Education and Training for Directors and Managers" on page 42 to 43 of the annual report.	No material difference

Evaluation Item		Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof															
		Yes	No	Description																
IX.	(VI) Implementation of risk management policies and risk evaluation measures	V		The Company has a risk management committee that formulates risk management policies and assesses Company risks to reduce business risks. For specific information, please refer to the chapter on risk management on page 71 of the annual report.	No material difference															
	(VII) Implementation of customer relations policies	V		The Company maintains a good cooperative relationship with customers, provides high-quality products and services, and also provides multiple channels to let customers, shareholders, and stakeholders immediately know the Company's operating situation and financial status. The Company has set up a contact window for each product on the official website (www.BenQMaterials.com) for inquiries about related product information.	No material difference															
	(VIII)Purchase of liability insurance for directors and supervisors	V		The Company insures liability insurance and assesses the insurance limit for directors (including independent directors) and managerial officers, so that it can proceed from the investor's rights as a starting point and execute its business prudently. After the insurance is purchased every year, the insurance situation will be reported in the latest board meeting.	No material difference															
	(IX) Succession planning and operation of board members and important management	V		<p>Based on future strategic development and transformation planning, combined with the Company's diversified policy planning director succession plan and candidates, the Company regularly holds meetings to discuss and review the succession planning and cultivation of the Company's important management; sets individual development plans based on their individual capabilities and job requirements. Depending on the needs of the organization and individuals, it includes training courses, EMBA in-service training, different-learning studies, job rotation and executive coaching. The purpose is to cultivate the management, leadership, and management capabilities of important management. In particular, the training courses are planned by the Company's training system. In addition to internal training courses, renowned external institutions are also introduced to facilitate the management team in expanding its external perspectives. To foster multi-dimensional strategic views at the management level, the Talent Development Committee will establish management level rotations based on the organization's needs. A mentorship system is also established to facilitate new managers. In addition to organizing and incubating a well-rounded management reserve to assume subsequent leadership through cross-disciplinary methods, the mentorship system also allows managers to learn up close the strategic views required for corporate management.</p> <p>The 2024 training course information is as follows:</p> <table><tr><th>Course category</th><th>Total number of courses</th><th>Training hours (hours)</th><th>Total training attendance</th></tr><tr><td>Management courses</td><td>32</td><td>739</td><td>232</td></tr><tr><td>ESG/AI Course</td><td>40</td><td>340</td><td>213</td></tr><tr><td>Technological, market, and regulatory trends</td><td>101</td><td>1,114</td><td>528</td></tr></table>	Course category	Total number of courses	Training hours (hours)	Total training attendance	Management courses	32	739	232	ESG/AI Course	40	340	213	Technological, market, and regulatory trends	101	1,114	528
Course category	Total number of courses	Training hours (hours)	Total training attendance																	
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Technological, market, and regulatory trends	101	1,114	528																	
IX. Improvements made in the most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved.		V		<p>1. The Company complies with relevant laws and regulations to disclose information on MOPS in real time, with full disclosure of information in annual reports and Company website, with high transparency and timeliness.</p> <p>2. The Company is in the top 6% to 20% range of the 10th Corporate Governance Evaluation organized by the Taiwan Stock Exchange.</p> <p>3. –Continue to deepen corporate governance, make the Company's DNA comply with international standards, and announce the annual financial statements before the end of February; and voluntarily provide financial statements in English quarterly to increase international visibility.</p> <p>4. Annual communication status with stakeholders, intellectual property management plan and risk management operation status are regularly reported to the Board of Directors.</p> <p>5. Set up a separate communication mechanism between internal auditors and certified accountants and the audit committee.</p>	No material difference															

(IV) Composition, Duties and Operation of the Remuneration Committee:

The Company's remuneration committee was established on October 25, 2011, and its main responsibilities are:

1. The remuneration committee is composed of 4 members.
2. Term of office for this committee: June 16, 2022 to June 15, 2025.
3. Formulate and regularly review the policies, systems, standards and structure of managerial officers and managers performance evaluation and salary and remuneration.
4. Regularly evaluate and determine the remuneration of directors and managerial officers.
5. As of December 31, 2024, the data is presented in the following table:

2024-12-31

Identity	Qualifications	Professional Qualification and Experience	Independence Criteria (Note 1)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
	Name			
Independent Director (Convener)	Frank Yeh	Please refer to the Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors (page 8 to 9)	Qualified	1
Independent Director	Louis Y.Y. Lu		Qualified	0
Independent Director	Kung Wang		Qualified	0
Independent Director	Chun-Lin Liu		Qualified	0

Note 1: Independence: including but not limited to whether the person, spouse, or relatives within the second degree of kinship serve as directors, supervisors, or employees of the Company or its affiliated companies; The number and proportion of the Company's shares; whether it is a director, supervisor or employee of a Company that has a specific relationship with the Company (refer to Article 3, Item 1, Items 5-8 of the Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to Be Followed); The amount of remuneration received by the Company or its affiliates for providing business, legal, financial, accounting and other services in the last two years.

A total of 2 Committee meetings were held in the most recent fiscal year. The attendance of the members of the Remuneration Committee was as follows:

Position	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Note
Convener	Frank Yeh	2	0	100%	
Committee Member	Louis Y.Y. Lu	2	0	100%	
Committee Member	Kung Wang	0	2	0%	
Committee Member	Chun-Lin Liu	2	0	100%	

Other matters to be recorded:

- I. If the Board of Directors refuses to adopt or amends a recommendation of the Remuneration Committee, the date of the meeting, session, content of the proposal, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified): None.
- II. If there are resolutions of the Remuneration Committee to which members object or express reservations, and for which there is a record or declaration in writing, the date of the meeting, session, content of the proposal, all members' opinions and the response to members' opinion shall be specified: None.
- III. Discussions and results of resolutions of the Remuneration Committee and the Company's handling of opinions of the committee members:

Date	Item	Contents of the proposal	Resolutions and implementation
2024.02.22	The 4th Meeting of the 5th Session	(I) Report market comparison of remuneration result of the General Manager for 2023 (II) Approval of the Directors and Employees Remuneration Distribution Plan for 2023	The proposal was approved unanimously by all the members present, and was submitted to the Board of Directors for resolution.
2024.08.01	The 5th Meeting of the 5th Session	(I) Approving executive compensation and annual salaries for 2023	

(V) State of Promoting Implementation of Sustainable Development and Deviations from the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof:

Item of promotion	Implementation state			Deviations from the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Has the Company established the governance framework and a dedicated (part-time) unit to promote sustainable development? Has the Board of Directors authorized senior management to handle such matter and to report their supervision to the Board of Directors?		V	<p>1. The Company formulated the "Code of Integrity Management" in 2015, the "Code of Practice for Corporate Social Responsibility" in 2017, and revised it to the "Code of Practice for Sustainable Development" in 2022.</p> <p>2. The Company established the trans-department ESG Sustainable Committee (renamed in 2020) in 2017, where, the chairman is acted by the CEO, with five subordinated task preparation groups: Supply Chain Group, Product Lifecycle and Innovation Group, Environmental Policy and Management Group, Social Participation Group and Corporate Governance Group; it covers the Company's R&D, Production, Factory Affair Environmental Protection and Security, Supply Chain Management, HR, Finance and Legal Units, etc., so as to promote implementation of the Company's sustainable plan from all aspects.</p> <p>3. In addition to the ESG Sustainability Committee, the Company established a dedicated Sustainability Project Office in 2022, responsible for promoting the implementation of related initiatives such as renewable energy and internal carbon pricing.</p> <p>4. The Committee convenes progress meeting of various groups' plans once half a year, in which various groups shall explain their short-and-mid-term objectives and implementation result; various groups of the Committee also convene intra-group plan progress review meeting, so as to carry out setting of objectives, collaborative operation of various units and implementation tracing of plans. The Committee makes regular inspection of plan promotion achievements of various groups, and the chairman also convenes topic discussion irregularly, so as to draft mid-and-long-term sustainability objectives and strategy priorities of BenQ Materials.</p> <p>5. In 2021, the Committee formulated mid-and-long-term objectives due to climate change, integrated resources of Product Lifecycle Group and Environmental Policy Group, and laid emphasis on aspects from layout of renewable energies to product development and improvement of production efficiency, etc., hoping to be able to achieve RE100 by 2040 and carbon neutralization objective by 2050.</p> <p>6. The officer group of ESG Sustainable Committee of BenQ Materials makes a fixed report to the Board of Directors at least once a year. This report, submitted on May 6, 2024, details the previous year's accomplishments in implementing ESG plans and outlines the short to mid-term goals for the future. The Board of Directors also uses this to supervise whether the team has implemented the sustainable development aspect according to the plan, and gives suggestions on whether there are opportunities for improvement according to the tasks.</p> <p>7. The 2nd Board Meeting of 2024 recommends that the ESG Sustainability Committee expedite the establishment of a data collection mechanism for Scope 3 in order to ensure that the sustainable development goals set by the Committee align with international sustainability trends. At the same time, in response to the Company's internal renewable energy goals, it is essential to proceed with the relevant plans for green electricity procurement as scheduled, in order to ensure the achievement of RE100 by the year 2040.</p> <p>8. In order to enhance the quality of disclosures in the Sustainability Report, the Sustainability Committee of BenQ Materials submitted the 2023 Sustainability Report to the Board of Directors during its third meeting on August 1, 2024, which was approved by the Board.</p>	No material difference
II. Does the Company assess ESG risks associated with its operations based on the principle of materiality and		V	To cope with global major economic, social and environmental risks, the Company prepared the 2024 Sustainability Report in 2025 in accordance with GRI Sustainability Reporting Standards (GRI Standards) of the Global Reporting	No material difference

Item of promotion	Implementation state			Deviations from the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof														
	Yes	No	Description															
establish related risk management policies or strategies?			<p>Initiative (GRI) released by the Global Sustainability Standard Board (GSSB), and the risk assessment boundary was based on the Company.</p> <p>In 2023, the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards and the European Sustainability Reporting Standards (ESRS) were officially released. Consequently, BenQ Materials has based its approach on "GRI 3: Material Topics 2021" while also considering the guidelines from IFRS and ESRS regarding sustainability impacts. Utilizing the principle of "Double Materiality," the Company incorporates sustainability impacts into both Impact Materiality and Financial Materiality. A five-stage identification process is conducted to assess the impact of BenQ Materials' operational activities on various sustainability dimensions, including social, environmental, human, and human rights impacts (external impacts). Additionally, the financial impacts (internal impacts) resulting from external impacts require management to allocate resources. The analysis weighs both internal and external impacts to produce a sustainability impact analysis result, which is then used to prioritize material sustainability issues for reporting.</p> <p>In terms of sustainability issues, a total of 9 major negative issues and 8 major positive issues have been identified, based on the double materiality analysis. In addition, there are 3 minor negative issues and 4 minor positive issues that will be monitored on an ongoing basis. After extensive discussion and evaluation by the ESG Sustainability Committee, the issues with significant negative impacts were identified as follows "Climate Strategy, Diversity and Inclusion, Sustainable Supply Chain, Innovation Management, Product Liability, Information Security, Product Safety and Marketing, Quality Management and Integrity Management". These 9 topics will be prioritized for reporting in the Report.</p> <table><tr><th colspan="2">Double Materiality</th></tr><tr><th>Important Disclosure Topics</th><th>Description</th></tr><tr><td>Innovation Management</td><td>Innovations in a company's products, business processes, marketing, and organization. Ability to respond to external or internal opportunities and use creativity to introduce new ideas, processes or products.</td></tr><tr><td>Information Security</td><td>In order to protect the company's rights and interests and the goal of sustainable operation, BenQ Materials has established a safe and reliable computerized operating environment to ensure computer data, systems, equipment, and network security and maintain normal operations.</td></tr><tr><td>Quality Management</td><td>Improve the quality level with a systematic management process. The quality management system follows the requirements of the ISO and the hazardous substance process management of the electronic component quality assessment system of the International Electrotechnical Commission, formulates relevant management procedures and processes, and expands to each operating base to ensure Its products comply with the new quality system and environmental requirements, effectively controlling the quality status.</td></tr><tr><td>Product Liability</td><td>Companies shall ensure that its products comply with quality, safety, and regulatory standards, and shall be responsible for the entire lifecycle of the products, including design, production, usage, and recycling. This not only pertains to consumer rights and satisfaction but also affects the brand reputation and long-term competitiveness of the enterprise.</td></tr><tr><td>Product Safety and Marketing</td><td>Ensure that products comply with safety standards throughout the design, manufacturing, and usage processes, thereby reducing risks to consumers. At the same time, companies should adhere to the principles of integrity and transparency in marketing, providing truthful and complete information, avoiding exaggeration or misleading promotions, in order to maintain consumer confidence and comply with regulatory requirements.</td></tr></table>	Double Materiality		Important Disclosure Topics	Description	Innovation Management	Innovations in a company's products, business processes, marketing, and organization. Ability to respond to external or internal opportunities and use creativity to introduce new ideas, processes or products.	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Item of promotion	Implementation state			Deviations from the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			Integrity Management	Companies should adhere to business ethics, ensure fair trade, combat corruption, and comply with regulations. Additionally, it should establish a comprehensive internal control and supervision mechanism to reduce operational risks and enhance the quality of corporate governance. Integrity management not only reduces regulatory risks but also enhances the company's social image and strengthens stakeholder trust.
			Climate Strategy	In response to global climate change and net zero carbon emission trends, plan short-, medium-, and long-term goals. In the short term, new technologies and new equipment investment including artificial intelligence (AI) will be used to improve the efficiency of production equipment, including energy saving, water saving, and resource recycling.
			Sustainable Supply Chain	The establishment of a sustainable supply chain management framework requires all suppliers to comply with sustainable policies or document specifications, including the signing of a corporate social responsibility commitment, a guarantee of non-use of conflict minerals-related regulations and requirements, and the signing of hazardous substance management policies.
			Diversity and Inclusion	Companies should establish a fair and open workplace environment that respects employees of different genders, ethnicities, ages, physical and mental conditions, and backgrounds, while promoting equal opportunities and multiculturalism. The promotion of inclusive policies and culture helps to enhance employee satisfaction, innovation capabilities, and corporate competitiveness, while also demonstrating the company's commitment to social responsibility.

Item of promotion		Implementation state		Deviations from the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof																																					
		Yes	No		Description																																				
III. Environmental issues	(I) Has the Company established proper environmental management systems based on the characteristics of the industries?		V	<div>1. BenQ Materials has obtained ISO 14001 environmental management system certification since 2005, and launched an energy-saving improvement project in 2008 to manage and continuously improve environmental performance. Each manufacturing area around the world regularly implements internal and external audits every year to ensure various environmental management standards operation.</div> <div>2. Conduct GHG inventory and verification every year to improve energy performance and further reduce GHG emissions, track emission reduction results, and disclose the sustainability report on the Company's website.</div> <div>3. The coverage and period of the Company's passing of relevant international verification standards are shown in the table below</div> <table><tr><th>Management System</th><th>Verification Scope</th><th>Coverage</th></tr><tr><td>ISO 14001</td><td>Taoyuan Factory, Longke Factory, Yunke Factory, Suzhou Factory, Wuhu Factory</td><td>100%</td></tr><tr><td>ISO 50001</td><td>Taoyuan Factory, Longke Factory, Suzhou Factory, Wuhu Factory</td><td>80%</td></tr><tr><td>ISO 14064-1</td><td>Taoyuan Factory, Longke Factory, Yunke Factory, Suzhou Factory, Wuhu Factory</td><td>100%</td></tr><tr><td>ISO 46001</td><td>Taoyuan Factory</td><td>20%</td></tr><tr><td>ISO 14067</td><td>Taoyuan Factory, Yunke Factory, Wuhu Factory</td><td>60%</td></tr></table> <div>Note: All management systems are within the validity period</div> <div>4. The validity periods of the ISO 14001 Environmental Management System for each factory are as follows:</div> <table><tr><th>Factory</th><th>Effective Date</th><th>Expiration Date</th></tr><tr><td>Taoyuan Factory</td><td>2023/09/18</td><td>2026/10/19</td></tr><tr><td>Longke Factory</td><td>2022/06/15</td><td>2025/04/26</td></tr><tr><td>Yunke Factory</td><td>2025/01/08</td><td>2028/01/05</td></tr><tr><td>Suzhou Factory</td><td>2023/03/29</td><td>2026/03/05</td></tr><tr><td>Wuhu Factory</td><td>2024/03/21</td><td>2027/03/11</td></tr></table> <div>5. Actively promote the acquisition of Green Factory certification for all factory sites. The Suzhou Factory has obtained the Suzhou Green Factory (3A Level) certification from the Industry and Information Technology Bureau of Suzhou in 2024. The remaining factories are also in the process of planning their certification timelines.</div>	Management System	Verification Scope	Coverage	ISO 14001	Taoyuan Factory, Longke Factory, Yunke Factory, Suzhou Factory, Wuhu Factory	100%	ISO 50001	Taoyuan Factory, Longke Factory, Suzhou Factory, Wuhu Factory	80%	ISO 14064-1	Taoyuan Factory, Longke Factory, Yunke Factory, Suzhou Factory, Wuhu Factory	100%	ISO 46001	Taoyuan Factory	20%	ISO 14067	Taoyuan Factory, Yunke Factory, Wuhu Factory	60%	Factory	Effective Date	Expiration Date	Taoyuan Factory	2023/09/18	2026/10/19	Longke Factory	2022/06/15	2025/04/26	Yunke Factory	2025/01/08	2028/01/05	Suzhou Factory	2023/03/29	2026/03/05	Wuhu Factory	2024/03/21	2027/03/11	No material difference
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Suzhou Factory	2023/03/29	2026/03/05																																							
Wuhu Factory	2024/03/21	2027/03/11																																							
	(II) Is the Company committed to improving the efficient use of resources and utilize renewable resources to reduce environmental impact?		V	<div>1. Every manufacturing site has full-time employees for management of air pollution, wastewater, waste, etc. according to the type of environmental pollutant generation in the production process, who is responsible for environmental management related affairs, and properly handling various environmental pollutants in compliance with national laws and regulations to reduce the impact of production on the environment. Please refer to page 33 for the implementation.</div> <div>2. BenQ Materials is committed to the development of membrane technology that does not contain perfluorinated compounds and does not use solvents to make holes, and provides waterproof and breathable fabrics with both high performance and sustainability. It is responsible for the environment and is friendly to the earth.</div> <div>3. BenQ Materials invites the manufacturers to jointly focus on re-design of the products in the direction of biomass materials and bio-degradable materials that are easy to disassemble, easy to recycle and friendly to environment, so as to reduce carbon footprint together.</div> <div>4. The products adopt solvent-free materials and processes, reducing carbon emissions and minimizing the harm and impact of organic solvents on human health and the environment.</div> <div>5. Prioritizing the procurement of green products (those with environmental, water-saving, energy-saving labels, etc.), with a cumulative procurement of NT\$17.748 million in 2024.</div>	No material difference																																				

Item of promotion	Implementation state			Deviations from the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
(III) Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate-related topics?	V		The Company is managed by the Climate Change Management Task Force under the supervision of the Board of Directors and the Audit Committee in accordance with the framework of the Task Force on Climate-related Financial Disclosures (TCFD). We use the Intergovernmental Panel on Climate Change (IPCC) SSP5-8.5 (RCP8.5 is used for mainland factories due to insufficient external literature), regulations, policies, product demand changes and green inflation transformation scenarios to assess immediate physical risks, long-term physical risks, transition risks and opportunities. We identify and analyze short-, medium-, and long-term climate risks and opportunities within the scope of our business. We have developed a climate change adaptation action plan and conducted management review meetings, taking into account the potential financial impact, urgency, derivative benefits, economic benefits and technological feasibility of response measures. Detailed financial information on climate-related risks and opportunities can be found in the ESG Report, Environmental Sustainability and Climate Change Management section of our official website.	No material difference
(IV) Does the Company inspect its GHG emissions, water consumption and the total weight of wastes in the past two years? Does the Company formulate policies on GHG reduction, water reduction, or waste management?	V		<ul style="list-style-type: none"> ● BenQ Materials has joined the “GHG Reduction Program of the Industrial Low-Carbon Technology Integration Application Counseling Program” of the Industrial Bureau since 2009, and examines GHG emissions according to the World Business Sustainable Development Association (WBCSD) and the GHG Protocol issued by the Resource Research Institute (WRI). ● GHG reduction, reduction of water use or other waste management policies are detailed in this year's annual report page 33 to 34. 	No material difference
IV. Social issues (I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		BenQ Materials has announced its Human Rights Policy to all employees in 2023. For details, please refer to the Human Rights Policy section in the download section of the BenQ Materials ESG official website. Please refer to the annual report page 61 to 64.	No material difference
(II) Does the Company formulate and implement reasonable employee benefit measures (including remuneration, vacation, and other benefits) and appropriately reflect operating performance or results in employee compensation?	V		<ol style="list-style-type: none"> 1. Article 19 of the Company's Articles of Association has stipulated that employee remuneration shall be 5%-20% of the year's profit. 2. The Company considers the performance of each business unit and individual, and provides reasonable remuneration to employees after being approved by the responsible supervisor. 3. The Company regularly participates in international market salary surveys to adjust salary levels and provide competitive salaries in the market; adjusts annual salary based on the operations of the Company, price index, economic growth rate, and individual performance. 4. For staff welfare measures, please refer to the annual report page 64 to 65. 5. The management system including salary, performance appraisal, promotion and training, etc. shall not be different due to gender, and among all staff in 2024, females accounted for 38%, and female senior supervisors accounted for 30%. 	No material difference
(III) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		The Company attaches great importance to the safety management of the working environment of colleagues. While abiding by the regulations/decrees of the competent authority, each factory has passed the ISO 45001 certification (The scope of verification is Taoyuan Factory, Longke Factory, Yunke Factory, Suzhou Factory, Wuhu Factory). In addition, it actively improves the working environment, avoids exposure to harmful substances in the working environment, which causes health hazards, prevents occupational disasters and occupational diseases, and builds a safe work circle for all employees.	No material difference

Item of promotion		Implementation state			Deviations from the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof																											
		Yes	No	Description																												
				<ul style="list-style-type: none">● The occupational safety and sanitation meeting is held every quarter with the deputy general manager as the chairman.● We conduct on-site inspections for the safety and environmental risks of each plant from time to time, and track improvements in regular industrial safety meetings.● The manufacturing department supervisor conducts on-site safety inspections on the work environment of colleagues every month.● A series of tailor-made training courses are being developed for various positions to increase personnel safety awareness. The content will cover the respiratory protection programme, emergency response procedures for sites (including initial response drills and unannounced evacuation drills), and certifications that comply with health, safety and environmental regulations. The results of the education and training over the past two years are as follows:<table><tr><th>Item/Year</th><th>2023</th><th>2024</th></tr><tr><td>Number of participants in industrial safety education and training (people)</td><td>25,405</td><td>28,431</td></tr><tr><td>Industrial safety education and training man-hours (hours)</td><td>21,661</td><td>25,140.5</td></tr></table>● Strengthen the safety awareness of colleagues and establish an incentive bonus system for safety proposals.● In 2024, there were a total of 8 cases of disability injuries and 8 people, accounting for 0.25% of the total number of employees at the end of 2024, and the goal of zero occupational accidents has not been achieved. The main occupational hazard factor was insufficient active protection of the machines, therefore, the Company carried out parallel examination of the machines in the whole factory, improved unsafe machines, and set fool-proof mechanism, to guarantee operation safety of the employees.● Each factory regularly carries out two operating environment monitoring every year, and conducts planning, sampling, testing and analysis to ensure that workers are free from harmful substances in the operating environment and workers work in a healthy and comfortable working environment. At the entrances and exits of machine equipment maintenance in the process area, an inductive voice messaging device is established to remind workers of warning messages and reduce the incidence rate of occupational disasters.● No fire incidents were reported in any of the factory areas in 2024.● ISO 45001 Environmental Management System validity periods for each factory are as follows:<table><tr><th>Factory</th><th>Effective Date</th><th>Expiration Date</th></tr><tr><td>Taoyuan Factory</td><td>2023/09/18</td><td>2026/10/19</td></tr><tr><td>Longke Factory</td><td>2022/06/15</td><td>2025/04/26</td></tr><tr><td>Yunke Factory</td><td>2025/01/08</td><td>2028/01/05</td></tr><tr><td>Suzhou Factory</td><td>2023/03/29</td><td>2026/03/05</td></tr><tr><td>Wuhu Factory</td><td>2024/03/21</td><td>2027/03/05</td></tr></table>	Item/Year	2023	2024	Number of participants in industrial safety education and training (people)	25,405	28,431	Industrial safety education and training man-hours (hours)	21,661	25,140.5	Factory	Effective Date	Expiration Date	Taoyuan Factory	2023/09/18	2026/10/19	Longke Factory	2022/06/15	2025/04/26	Yunke Factory	2025/01/08	2028/01/05	Suzhou Factory	2023/03/29	2026/03/05	Wuhu Factory	2024/03/21	2027/03/05	
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Suzhou Factory	2023/03/29	2026/03/05																														
Wuhu Factory	2024/03/21	2027/03/05																														
(IV)	Has the Company established effective career development training plans?	V	<ol style="list-style-type: none">1. Create an education training system with perfect system and high quality, and set talent development blueprint, and divide education training courses into 4 colleges according to professional functional requirements: College of Science, College of Quality, College of Engineering, College of Business Management, and College of Artificial Intelligence.2. Provide complete training to new employees, including orientation training for the Company’s employees working on the first day, relevant mandatory courses for newcomers (workplace unlawful infringement, integrity advocation, legal concept, quality concept and seven QC means, etc.), and two-day Win Camp held together with group enterprises, etc., so as to help the employees get familiar with the corporate culture rapidly, and cultivate common knowledge and skills ought to be equipped with for work.	No material difference																												

Item of promotion		Implementation state		Deviations from the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
		Yes	No	
			<p>3. In 2024, we continued to purchase online courses and authorize them on the internal training system (LMS), which is convenient for colleagues to learn flexibly, including soft skills such as Excel skills, work efficiency, project management and presentation, sales, and proposal capabilities, as well as AI, data science, and creative thinking. Rich curriculum.</p> <p>4. By regular discussion of important organization and talent topics via the Talent Development Committee, establish an all-round Business Management Program (BMP), and in combination with physical course, individual case discussion meeting, experience sharing lecture, mentor, job rotation and task assignment and other means, to cultivate future supervisors of public institutions. In addition, it also carried out Successor Inventory Plan, and trained all supervisors to make career interview with the employees, so as to help all employees have a specific orientation of career development and learning focus, and enable excellent talents to be activated within the organization.</p>	
(V)	Has the Company complied with relevant regulations and international standards regarding customers' health and safety, customer privacy, marketing and labeling for products and services, and established relevant policy and appeal procedures to protect the rights of consumers or customers?	V	<p>The Company set up Legal Department and International Medical Regulation Department, and builds a contract review system, requiring external documents of all departments to be reviewed by legal personnel or regulatory personnel to ensure that they are labeled and marketed in compliance with relevant domestic laws and international standards, and consumer rights and interests are protected.</p> <p>The Company has set up consumer service hotline 0809-092-599 and e-mail Customer@BenQMaterials.com to offer consumer product consultation and multiple customer service complaints channels.</p>	No material difference
(VI)	Does the Company have supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety, and health, or labor rights? How is the implementation?	V	<p>1. The Company has established Supplier Evaluation Procedures, and relevant departments are responsible for reviewing items including the suppliers' quality and technical capacity, service standards, environmental protection, safety, and health risks (such as environmental management system ISO 14001, occupational safety and health management system (OHSAS 18001), Code of Ethical Conduct and social responsibility. Only those who have passed the evaluation can become partners to the Company.</p> <p>2. When selecting suppliers, the Company gives priority to suppliers who provide environmental protection products and machinery, appliances, equipment, parts, and materials with the lowest impact on energy performance, and requires suppliers accordingly. Once the supplier or contractor violates Corporate Social Responsibility policy, it would impact the Company's business relationship.</p> <p>3. Establish RBA Audit Group and formulate key supplier appraisal criteria, where the risk area levels will be determined based on suppliers' CSR self-assessment and the signing status of corporate social responsibility codes. In 2024, a total of</p>	No material difference
			<p>14 high-risk suppliers were re-scored, and the process will be completed between 2024 and 2026.</p> <p>4. This year, the Company organized three ESG seminars, which not only shared our energy-conservation and waste-reduction initiatives but also assisted local suppliers in enhancing their understanding of ESG concepts.</p>	
V.	Does the Company prepare and publish reports such as its sustainability report to disclose non-financial information of the Company with reference to internationally recognized standards or guidelines for the	V	<p>1. The Company prepared the Enterprise Sustainability Report in 2020 in accordance with GRI Sustainability Reporting Standards (GRI Standards) of The Global Reporting Initiative (GRI) released by the Global Sustainability Standard Board (GSSB). Simultaneously, it disclosed information in alignment with the Sustainability Accounting Standards Board (SASB) for the hardware industry and the information and communication field of medical equipment and supplies (self-disclosure of Sustainability Report from 2023 onwards), as well as a reference to</p>	No material difference

Item of promotion	Implementation state			Deviations from the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof		
	Yes	No	Description			
preparation of reports? Are the reports certified or assured by a third-party accreditation body?			the spirit of international integrated reporting framework formulated by International Integrated Reporting Council (IIRC). 2. The Company's Enterprise Sustainability Report was assured by SGS Taiwan Ltd. in accordance with the compliance standard of “core options” of GRI standards and specifications for sustainability report as well as moderate assurance grade of Type I in AA1000 Assurance Standards v3, confirming that this report conformed to requirements of GRI sustainability report standards.			
VI. If the Company has established the sustainable development policies based on the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation. The Company has formulated the "Code of Practice for Sustainable Development" in accordance with the "Corporate Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies." All employees of the Company shall promote and perform corporate social responsibility, relevant regulations for environmental protection, social contribution, social services, public welfare, customer rights, human rights, safety, and health. The overall operation is in line with the spirit of corporate social responsibility, with no major differences. Company website						
VII. Other important information to facilitate a better understanding of the Company's implementation state of promoting sustainable development: ◆ GHG Management						
Company Information <input type="checkbox"/> Companies in the steel and cement industries with a capital exceeding NT\$10 billion <input type="checkbox"/> Companies with a capital exceeding NT\$5 billion but less than NT\$10 billion <input checked="" type="checkbox"/> Companies with a capital not exceeding NT\$5 billion		In accordance with the regulations outlined in the Sustainable Development Roadmap for listed and OTC companies, it is imperative to ensure a minimum level of disclosure. <input type="checkbox"/> Parent company standalone inventory <input type="checkbox"/> Subsidiary inventory for Consolidated Financial Statements <input checked="" type="checkbox"/> Parent company standalone assurance <input type="checkbox"/> Subsidiary assurance for Consolidated Financial Statements				
1. BenQ Materials has set a net-zero emissions target for 2050 and has developed short-, medium-, and long-term carbon reduction strategies. The Company is actively promoting low-carbon production, establishing solar energy systems, utilizing renewable energy, and researching low-carbon green products. BenQ Materials is committed to collaborating with supply chain partners to create sustainable value. 2. Each manufacturing base has completed the GHG inventory according to ISO 14064:2018, and Taiwan Inspection Technology Co., Ltd. (SGS) and DNV GL Business Assurance Co., Ltd.(DNV) have been commissioned to complete the ISO 14064-1 GHG verification. In order to mitigate the trend of global warming, the Company continued to reduce emission of GHG. At the same time, the Company actively responds to our clients' participation of "Supply Chain Project" survey questionnaires. In the following, based on 2020, it will realize decrease in emission of greenhouse air (mt CO2e) by 30% in 2030. 3. Promote various water saving measures in factories 4. In order to continuously reduce the GHG emissions of products, evaluate the product life cycle, and provide internal measures to formulate appropriate carbon reduction measures through active carbon footprint inspections, and provide customers with understanding and calculation of their own product carbon footprints to enhance the added value to customers.						
	2024	2023	2024	2023	Assurance Institutions	Explanation of the Situation
	Total Emissions (mt CO2e)		Intensity (mt CO2e/NT\$1 million)			
Category I	24,160.94	17,153.42	1.30	1.00	DNV (Taiwan factory) SGS (Mainland factory)	Category I and Category II: Reasonable Assurance
Category II	31,582.71	24,590.58	1.40	1.44		Category III: Taiwan Factory - Limited Assurance; Mainland Factory - Reasonable Assurance
Category III	77,764.14	31,090.88	4.18	1.82		
Note: As of the date of publication of the annual report, the figures for 2024 are pending third-party verification.						

Item of promotion	Implementation state			Deviations from the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	

◆ **Energy Management**

1. Natural gas and non-renewable electricity purchased from power companies are the main sources of energy. In addition, Taoyuan Plant, Yunke Plant and Suzhou Plant use gasoline and diesel for vehicles. Reduce energy consumption by 30% in 2030, with 2020 as the base period. In 2023, compared with 2020, it will decrease by 35,643.52GJ (a decrease of 7.05%).

Year	Natural gas (ten thousand cubic meters)	Electricity (ten thousand kilowatt-hours)	Gasoline (ten thousand liters)	Diesel (ten thousand liters)	Unit of heat energy (GJ)	Unit energy consumption (GJ/ NTD millions of revenue)
2023	614.62	6,337.85	1.34	0.18	470,280.43	27.46
2024	627.35	6,799.58	1.086	0.35	493,623.07	26.55

Note: As of the date of publication of the annual report, the figures for 2024 are pending third-party verification.

2. Investment in the construction of solar power plants at the Taoyuan, Yunke, Wuhu, and Suzhou factories to generate electricity for internal use. A total of 2.796 million kilowatt-hours were generated in 2024. In addition, the Taoyuan plant purchased 3.656 million kilowatt-hours of green electricity.

◆ **Waste recycling management**

1. The goal is to reduce the total amount of waste and the recycling of waste. Through process technology improvement, raw material reduction and subsequent recycling and reuse, the waste recovery rate has reached 90% since 2014. In terms of waste treatment, we select qualified waste removal and treatment manufacturers and the most suitable treatment methods, and follow vehicles to track and control the flow of waste from time to time. There are plans to import self-factory processing equipment of wastes, distillation EAC import and recycling and other schemes, and based on 2018, it is aimed to reduce output of unit waste by 10% in 2025.

Year	Hazardous waste (t)	Non-hazardous waste (t)	Waste output (t)	Density per unit of waste (Kg/NTD millions of revenue)
2023	415.6	2,256.9	2,672.5	156.04
2024	504.6	1,874.8	2,379.3	128.00

Note: As of the date of publication of the annual report, the figures for 2024 are pending third-party verification.

◆ **Water Resources Management**

Starting from the sustainable use of water resources, BenQ Materials has implemented water-saving plans for the three major aspects (accounting for 80%) of manufacturing, cooling tower and boiler water. Implementing solutions such as mixed-bed two-way washing water recycling, improving water production efficiency and recovery volume in MBR, recycling and reusing RO concentrated water, recycling and reusing process wastewater, adjusting the discharge frequency of cooling tower effluent to reduce water consumption, recycling and reusing air conditioning condensate water, replacing cooling tower heat exchanger fins, and MAU condensate water recovery. Based on 2018, it is aimed to reduce consumption of water resources by 10% in 2025.

Year	Total Water Consumption (Million liters)	Water Discharge (Wastewater) (Million Liters)
2023	342.35	269.24
2024	357.25	276.48

Note: As of the date of publication of the annual report, the figures for 2024 are pending third-party verification.

◆ **Award-winning records in the past two years**
2024

- Awarded the Silver Medal of the Energy Saving Benchmark Award by the Ministry of Economic Affairs.
- Awarded the Taoyuan City Government Green Procurement Excellence Award, the Corporate River Adoption Excellence Award, the ESG Happiness Enterprise Award of the "Taoyuan Golden Award", and the Environmental Sustainability Nomination Award.
- Awarded the ESG Model Award by Global Views.
- Awarded the Best Employer Brand Award by 104 Corporation.
- The Longke Factory has been awarded the 2024 Outstanding Workplace Certification for Health Management by the Health Promotion Administration, MOHW.

Item of promotion	Implementation state		Description	Deviations from the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No		
			<ul style="list-style-type: none">● The Yunke Factory has been awarded the Outstanding Occupational Safety and Health Unit by the Ministry of Labor and the Yunlin County Government.● The Yunke Factory has been awarded the Yunlin Industrial Excellence Award by the Yunlin County Government.● The Suzhou Factory has been selected as a "Proactive Contribution Award for Corporate River Chief" by the Suzhou Industrial Park River Chief Alliance.● The Suzhou Factory has been selected as the 2024 Corporate Social Responsibility Enterprise for the Safety Production Month by the Suzhou Industrial Park Safety Production Joint Association. <p>2023:</p> <ul style="list-style-type: none">● Won the Silver Award of the 5th National Enterprise Environmental Protection Award.● Received the Taoyuan City Government Green Procurement Excellence Award and the Corporate River Adoption Excellence Award.● Longke Factory was awarded the Excellent Occupational Safety Unit of Hsinchu Management Bureau.● The construction site of Yunke Factory has been honored with the Special Award for Excellent Construction Project Evaluation by the Environmental Protection Bureau of Yunlin County Government.● This project was chosen as a representative example of pollution and carbon reduction by the Suzhou Industrial Park Emergency Management Bureau. It also serves as a demonstration unit for environmental management of rental carriers within the park. <p>Social Responsibility:</p> <p>The Company believes that giving back to society is not limited to monetary donations but shall also encompass dedicating efforts, donating materials, and offering services to the public. In order to satisfy the employees' desire to participate in social welfare, the Company is committed to promoting volunteer services, so that employees can participate in volunteer activities for self-realization, and at the same time work for a better Taiwan society by supporting Taiwan's agricultural products, clean beaches and streams, tree planting activities and ecology rehabilitation. We are committed to practicing "eco-sustainable development". The main contents of various social activities are summarized as follows:</p> <ol style="list-style-type: none">1. Support Taiwan's agricultural products-agricultural product sales: The Company regularly holds agricultural product sales. In addition to cooperating with local farmers with local organic fruits and vegetables from the Mrqwang tribe in Jianshi Township, Hsinchu County, it will also track the latest market information. Due to natural disasters or other force majeure factors, the premium agricultural products are cooked and served to the Company's employees, and the price difference in the middle is actually given back to the farmers. The purchase amount in 2024 is NT\$ 550,783.2. Give back to the society-Child Support Program:the Company's employees form a caring society, Reindeer Society. It provides transparent and convenient channels, brings together kindness and implementing actions, and assists the groups in need. Members of the Reindeer Society participate in the Support Program of the Landi Children's House in Taoyuan. Invoices, small changes, specific materials are donated by the colleagues, which meet the daily life needs of the children.3. Clean Home - Beach Cleaning Activity: In 2024, the Company calls on colleagues to respond to environmental protection and care for the Earth through concrete actions, cultivating the spirit and principles of environmental conservation for the next generation. A total of 143 volunteers participated in beach and street cleanup activities in Taoyuan, Yunlin, and Taitung.4. Establishment of Miacare Vision Hope Fund:We conduct long-term cooperation with Taiwan Fund for Children and Families and Kobayashi Glasses every month to provide free prescription glasses for disadvantaged children to solve and correct the vision problems of vulnerable children in a timely manner. Donations in 2024 included the Taiwan Fund for Children and Families, the Wooden Ball Team from National Tuku Vocational High School of Commerce & Industry, Yunlin, orphanages, Children's Homes and Adolescents' Homes. As the year of 2024, 2,618 children from low- and middle-income families have been assisted.5. Develop science education: Sainz Science Camp, which is composed of internal volunteers, went to Taoyuan and Yunlin to hold a one-day science experience camp or a half-day science course. In 2024, five science camps were held, involving a total of 29 volunteers and 139 middle and high school students. The cumulative number of camp participants reached 887, and the overall satisfaction rating was 4.8 points.	

(VI) Implementation of integrity management and deviation from the Integrity Management Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof:

Evaluation Item			Implementation Status		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof	
			Yes	No		Description
I. Establishment of integrity management policies and plans	(I)	Does the Company have policies and practices for integrity management passed by the BOD and clearly state them in regulations and publicly available documents? Do the BOD and senior management make commitments to actively implement those business policies?	V		The "Code of Ethical Management" disclosed on the Company's website is approved by the Board of Directors. In addition, the Company has also formulated a manual regarding ethical corporate management. Moreover, Board members and all employees must sign the "Ethic Declaration." In addition, every year, the effectiveness and outcomes of the Code of Ethical Management are reported regularly to the Board of Directors, and publicly disclosed in the annual report and Sustainability Report.	No material difference
	(II)	Does the Company establish an evaluation mechanism for the risk of unethical conduct that regularly analyzes and evaluates business activities with higher risks of unethical conduct in the business scope? Does the Company formulate a plan to prevent unethical conduct, which at least covers the precautionary measures prescribed in Article 7 Paragraph 2 of the Integrity Management Best-Practice Principles for TWSE/GTSM Listed Companies?	V		<p>The Company has developed an assessment mechanism for unethical risks, and set out the following precautionary measures for the following unethical conduct in the corporate ethics manual:</p> <ol style="list-style-type: none">1. Offering and acceptance of bribes.2. Provision of illegal political contribution.3. Improper charitable donations or sponsorship.4. Offering or acceptance of unreasonable presents, hospitality, or other improper benefits.5. Infringement of trade secrets, trademark rights, patent rights, copyrights, and other intellectual property rights.6. Engaging in unfair competitive practices.7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services. <p>The Company regularly analyzes and evaluates business activities with a high unethical risk. We also arrange legal compliance courses every year for employees to comply with the necessary norms when dealing with related businesses at work.</p> <p>Those who violate the corporate integrity policy shall be punished according to the severity of the circumstances, and information such as the title and name of the violator, date and details of the violation, and the actions taken in response shall be immediately disclosed on the Company's internal website.</p> <p>The Company has established work rules for employees. Breach of integrity shall be reviewed by the personnel evaluation committee composed of high-level executives across the unit. Any material breach of the principle of integrity will be reported to the Audit Committee or the Board of Directors in accordance with relevant laws and operating procedures. Based on the risk assessment, the audit office conducts sampling assessments of related processes and operations to avoid the occurrence of violations of integrity.</p>	No material difference
	(III)	Does the Company specify the operating procedures, behavior guidelines, disciplinary penalties, and grievance system in the plan to prevent dishonesty, implement it, and regularly review and revise the pre-disclosure plan?	V		<p>1. Employee work rules are the highest code of conduct for all employees of the Company to conduct business activities. When new employees join, the Company implements the education and training "Corporate Culture: Code of Integrity Management" to remind employees to abide by it, and publicize irregularly to strengthen colleagues' sense of integrity. All employees of the Company shall strictly abide by the work rules. In the event of corruption and fraud of the employee, the employee shall be subject to the punishment of expulsion according to the Company's "Reward and Punishment Measures."</p> <p>For example, those who engage in malpractice, embezzlement, give or receive any bribes or commissions; those who engage in business abroad, which affect the Company's interests and business conflicts, with serious circumstances; those who imitate the signatures of superior supervisors or misappropriate printed letters; are all violations that should be dismissed and are subject to regular review of the corrective action plan.</p>	No material difference

Evaluation Item		Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
		Yes	No	Description	
				2. Internal complaint channels of this Company include: Immediate Supervisor, HR Supervisor, Auditor and "Internal Communication Mailbox", "General Manager's Mailbox", "HR Employee Relationship Contact Window" and special line for sexual harassment; the external complaint channel is Supervisor of the Audit Office - Integrity@BenQMaterials.com	
II. Fulfillment of integrity management	(I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the business partners?	V		The Company has established Supplier Evaluation Procedures. The quality and technical capabilities of the supplier, service levels, green products, environmental protection, safety and health risks, and social responsibility are reviewed by internal relevant departments. Only those who have passed the evaluation can become partners to the Company. In addition, to strengthen the efficiency of communications with suppliers, the Company sets up a reporting system for whistleblowing of professional ethical violations (Integrity@BenQMaterials.com) as a channel for communication and complaints with the Company and has also established multiple systems to enhance the efficiency of communication and information transparency. The Company clearly specified the cooperation principle of honesty and integrity in the procurement contract, and signs the letter of integrity. In case of any breach, the Company may terminate the contract or permanently discontinue cooperation with the Supplier.	No material difference
	(II) Has the Company established an exclusively (or concurrently) dedicated unit under the BOD to implement integrity management, and report to the BOD on a regular basis (at least once per year) on ethnic operation policies as well as precautionary measures against unethical conduct and their implementation information?	V		The promotion of the Company's integrity management, from the formulation of rules, education and advocacy, and complaint mechanisms to the inspection of integrity risks, are responsible for the following units, and the implementation status is reported to the Board of Directors at least once a year: 1. The formulation of regulations and the planning of education promotion are the responsibility of the Human Resources Department. At present, the "Employee Integrity Regulation" emphasizing the culture of integrity management and the "disciplinary measures" standards for disciplinary incidents have been established. 2. The assessment and inspection of integrity risk is the responsibility of the legal affairs and risk control department, in order to strengthen the various operational processes, implement the division of power and responsibility and reduce fraud through the system. 3. Any breach of integrity shall be reviewed by a major disciplinary committee composed of high-level inter-departmental executives. In the event of a major breach of integrity, the Company will report to the board of directors in accordance with relevant regulations and operating procedures to report on the implementation.	No material difference
	(III) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement such policies properly?	V		While pursuing enterprise growth, the Company adheres to the attitude of integrity management, provides customers with quality products and services, and maintains a frank and transparent relationship with its suppliers. To prevent conflicts of interest, the Company has established relevant policies and appropriate presentation channels for stakeholders to use. At present, the Company has internal complaint mailboxes for the Human Resources Department, and externally established investor mailboxes, stakeholder mailboxes, and dedicated telephone lines as channels of complaints.	No material difference
	(IV) To implement relevant policies on ethical conduct, has the Company established effective accounting and internal control systems and assigned an internal audit unit to develop relevant auditing plans according to the assessment results of unethical conduct risks? Does the Company inspect the implementation of such auditing plans or assign CPAs to implement the auditing?	V		1. The Company constantly revises the internal control system, and checks and evaluates the effectiveness of the implementation of the internal control system in accordance with the requirements of laws and regulations. The internal audit unit draws up an annual audit plan in accordance with the internal control system and risk assessment, and implements relevant audits according to the plan. Any breach of the Code of Integrity Management of the Company will be included in the audit results and reported to the Audit Committee and the Board of Directors on a regular basis so that the management understands the implementation of the Company's internal control to achieve the purpose of management. 2. The Company's accounting system is established in accordance with legal requirements. CPAs perform examination or verification work on the Company's financial statements quarterly, and issue reports, and regularly report the verification or verification results to the Audit Committee and the Board of Directors.	No material difference

Evaluation Item		Implementation Status					Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof	
		Yes	No	Description				
	(V) Does the Company regularly hold both internal and external educational training on integrity management?	V	The Company takes "integrity" as its core value of enterprise spirit. The Company regularly holds both internal and external educational training on integrity management, and also arranges newcomer training camps for new employees, and use corporate culture courses to foster employees' recognition of the concept of integrity and strengthen employee self-discipline. The Company's implementation of integrity management is as follows:					No material difference
			Course Name	Hours	Description	2023 Attendees	2024 Attendees	
			Newcomer Integrity Course	0.5 hours	Required courses for all new colleagues	385	783	
			Integrity Code Online Course	0.25 hours	All employees of the Company need to complete online courses	1,624	1,703	
			Insider Trading Prevention Course	2 hours	The legal unit regularly holds lectures for supervisors or colleagues	123	213	
			Propaganda of Trade Secrets Act	2 hours	Announcement through the Company's electronic newsletter every year, regular lectures for supervisors or colleagues	124	492	
III. Status of the whistleblowing system	(I) Does the Company establish both a whistleblowing/ reward system and convenient whistleblowing channels? Are appropriate personnel assigned to the accused party?	V	The Company's integrity-related regulations specify that illegal incidents must be notified immediately. Any person concerned with any business of the Company may lodge a complaint through the following channels if the person finds any breach of integrity during the course of business: Internal channels: direct supervisor, human resources supervisor, auditors and general manager mailbox. External channels: Ethics violation complaint mailbox (Integrity@BenQMaterials.com). After whistleblowing, the investigation procedure will be initiated. The responsible personnel, including members of the audit unit, will set up a committee to conduct the investigation. Based on the seriousness of the circumstances and the level of involvement, assess whether the case will be further reviewed by the personnel review committee composed of inter-departmental supervisors. Once the case is verified to cause major damage to the Company, the committee will prepare a report and notify the Audit Committee in writing.					No material difference
	(II) Does the Company establish the standard operating procedures for investigating reported misconduct, follow-up measures to be taken after the investigation, and related confidentiality mechanisms?	V	Regarding the handling of whistleblowing, the Company regulates the standard operating procedures and related confidentiality mechanisms for complaints based on employee work rules, employee complaint management measures and sexual harassment prevention and treatment measures; the person responsible for handling the case is responsible for the identity of the whistleblower and the content of the report. Keep the files encrypted to protect the reporter.					No material difference
	(III) Does the Company take measures to protect the whistleblowers from improper disposal due to the whistleblowing?	V	The Company's integrity-related regulations clearly stipulate that the Company will strictly keep the investigation content and results confidential and ensure that the rights and interests of the relevant personnel are not damaged.					No material difference
	IV. Strengthening information disclosure Does the Company disclose the ethical corporate management policies and the results of its implementation on the Company website and MOPS?	V	The Company discloses the relevant contents of integrity management policies and implementation of integrity management on the official website and the annual report for the stakeholders.					No material difference

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
V.	If the Company has established the integrity management policies based on the Integrity Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation. The Company formulated the "Code of Integrity Management" in 2015 based on the "Integrity Management Best-Practice Principles for TWSE/TPEX Listed Companies". The overall operation situation is not significantly different from the "Integrity Management Best-Practice Principles for TWSE/TPEX Listed Companies", which is disclosed on the Company's website.			
VI.	Any other important information to facilitate a better understanding of the Company's integrity management practices:			
1.	The HR, legal affairs, and risk control department regularly evaluate whether the design of the operation process can properly prevent risks such as operation and corruption, review the effectiveness of the internal control mechanism, collect the recommendations of the senior executives of each unit for various potential risks, and formulate the audit plan. In order to carry out relevant checks, the results of the checks are regularly reported to the Audit Committee, so that the management can understand the current status of corporate governance and achieve the purpose of management.			
2.	Keep employees informed of the integrity culture within the Company through regular broadcasts, and electronic bulletin boards, etc. Moreover, the Corporate Integrity Handbook is announced to be the Code of Conduct for all employees. To ensure that all employees can implement Integrity in their work, the Code offers a guide to behavioral conduct, case studies, and examples for the Company's Corporate Integrity Policy, standards on working with business partners, standards on working with government agencies, Intellectual Property rights, conflict of interest, information system security, insider trading, and anti-trust.			
3.	For other information about the Company's integrity management, please refer to the content of the Company's sustainable development reports over the years.			

(VI-I) Status Report on the Implementation of Climate-related Information:

Item	Implementation State
1. Describing the supervision and governance of climate-related risks and opportunities by the Board of Directors and management.	Established a Climate Change Management Task Force, chaired by the Chairman and CEO, with the General Manager as Vice Chairman. Unit-level executives will serve as members, with the CFO/Risk Management Unit serving as Secretary General, to initiate activities related to the TCFD framework. Starting in 2022, the Board of Directors and the Audit Committee will receive regular reports on climate change-related issues on an annual basis.
2. Explain how the identified climate risks and opportunities affect the business, strategy, and financial aspects of the enterprise in the short, medium, and long term.	Based on the methodology for evaluating climate change risks and opportunities, internal definitions have been established to outline time frames that could yield impacts. The short term is defined as 0-3 years, the medium term as 3-5 years, and the long term as 5-10 years. Following the identification assessment, the top three risks and opportunities are as follows: (1) Risk <ul style="list-style-type: none"> • Extreme weather events. • Shortage of raw materials or cost increase. • Carbon emission disclosure requirements strengthened / Carbon pricing mechanism. (2) Opportunity <ul style="list-style-type: none"> • R&D and innovation of products. • Renewable energy development and energy efficiency. • Develop low-carbon products and services.
3. Describe the financial impacts of extreme weather events and transition actions.	The top five impacts of climate change risks and opportunities on finance, ranked by the proportion of financial impact to revenue, are as follows: <ul style="list-style-type: none"> • Transition risk - Low-carbon alternative products and services (short term). • Develop and/or expand low-carbon products and services (medium term). • Physical risk - Extreme weather events (short term) • Develop and/or expand low-carbon products and services (short term). • Develop and/or expand low-carbon products and service sources (long term). The Company is committed to continuous improvement and conducts an annual assessment of climate change risks and opportunities. It develops and oversees a climate change adaptation action plan and convenes regular management review meetings for evaluation.
4. Describe how the identification, assessment, and management process of	Integrate climate-related issues into the Company's risk management process and address high-risk issues in high-level meetings. Conduct annual reviews of changes in transition risks and physical risks, and continually update the adaptation action plan.

Item	Implementation State																													
climate risks are integrated into the overall risk management system.																														
5. When conducting scenario analysis to evaluate resilience against climate change risks, it is crucial to offer a comprehensive explanation of the scenario, including parameters, assumptions, analysis factors, and significant financial impacts used.	Assuming the physical scenario refers to the SSP5-8.5 (extremely high emission scenario) of the IPCC's Sixth Assessment Report (AR6), the mainland factory area is based on the RCP8.5 of the IPCC's Fifth Assessment Report (AR5) due to insufficient external literature.																													
	<table><tr><th rowspan="3">Factory Area</th><th>Climate Scenario</th><th colspan="2">SSP5-8.5</th></tr><tr><th>Identification Year</th><th rowspan="2">2021-2040</th><th rowspan="2">2041-2060</th></tr><tr><th>Climate indicator</th></tr><tr><td rowspan="2">Taoyuan headquarters</td><td>Annual average temperature fluctuation</td><td>+0.2°C~1.3°C</td><td>+0.9°C~2.4°C</td></tr><tr><td>Annual average rainfall variation</td><td>-7.8%~18.8%</td><td>-16%~29.8%</td></tr><tr><td rowspan="2">Longke Factory Area</td><td>Annual average temperature fluctuation</td><td>+0.2°C~1.3°C</td><td>+0.9°C~2.4°C</td></tr><tr><td>Annual average rainfall variation</td><td>-7.8%~18.8%</td><td>-16%~29.8%</td></tr><tr><td rowspan="2">Yunke Factory</td><td>Annual average temperature fluctuation</td><td>+0.4°C~1.2°C</td><td>+1.1°C~2.3°C</td></tr><tr><td>Annual average rainfall variation</td><td>-12.1%~27.1%</td><td>-18.5%~38.3%</td></tr></table>	Factory Area	Climate Scenario	SSP5-8.5		Identification Year	2021-2040	2041-2060	Climate indicator	Taoyuan headquarters	Annual average temperature fluctuation	+0.2°C~1.3°C	+0.9°C~2.4°C	Annual average rainfall variation	-7.8%~18.8%	-16%~29.8%	Longke Factory Area	Annual average temperature fluctuation	+0.2°C~1.3°C	+0.9°C~2.4°C	Annual average rainfall variation	-7.8%~18.8%	-16%~29.8%	Yunke Factory	Annual average temperature fluctuation	+0.4°C~1.2°C	+1.1°C~2.3°C	Annual average rainfall variation	-12.1%~27.1%	-18.5%~38.3%
	Factory Area		Climate Scenario	SSP5-8.5																										
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		Annual average rainfall variation	-12.1%~27.1%	-18.5%~38.3%																										
	Note: AR6 is a combination of both the Shared Socioeconomic Pathways (SSPs), and the Representative Concentration Pathways (RCPs), which are collectively referred to as SSP-RCPs.																													
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	Annual average rainfall variation		+3.0%~17.1%																											
Note: AR5 refers to the Representative Concentration Pathways (RCPs).																														
If the transformation scenario involves changes in regulations, policies, product demands, or green inflation, the explanation is as follows:																														
<ul style="list-style-type: none">• Regulatory Context: In line with the government's regulatory policy on climate change and energy transition, BenQ Materials has announced its commitment to achieve carbon neutrality and net zero emissions by 2050. Additionally, the Company aims to achieve the RE100 target by 2040.• Policy Transformation Scenario: The Taiwanese government has implemented climate and energy transition regulations and policies to achieve carbon neutrality and net zero emissions by 2050, while limiting the average temperature rise to 1.5°C. These measures are in line with the goals of the Paris Agreement, to which countries around the world have committed. They include restrictions on energy-intensive industries and the sale of products with high carbon emissions.• Context of Product Demand Transformation: Taiwan and countries around the world are committed to achieving the goals of the Paris Agreement, which aims to limit the average temperature rise to 1.5°C or less. As a result, various carbon reduction policies and low-carbon business incentives have been implemented, resulting in a significant increase in demand for renewable energy and low-carbon products, and the emergence of thriving new industries.																														
The Green Inflation Transformation Scenario: Taiwan and countries around the world are committed to achieving the goals of the Paris Agreement, which aims to limit the average temperature increase to 1.5°C or less. In order to comply with the government's carbon reduction requirements, suppliers will face higher operating costs and shift the burden to materials supplied by BenQ Materials, leading to a significant increase in raw material costs.																														
6. If there is a transition plan in place to address and manage climate-related risks, please provide a description of the plan's content, as well as the indicators and objectives used to identify and manage physical and transition risks.	Climate Change Performance Management Indicators and Goals have been established:																													
	<ul style="list-style-type: none">• GHG Emissions: A 30% reduction in GHG emissions by 2030 compared to 2020 baseline.• Renewable Energy Proportion: Increase the proportion of renewable energy usage to 1% by 2040.• By 2050, we aim to achieve net-zero emissions and meet key climate targets, which includes product design.																													
	Project Content: <table><tr><th>Category</th><th>Focus</th><th>Management Policy/Project Content</th></tr><tr><td>Physical Risk</td><td>Extreme weather events</td><td><ul style="list-style-type: none">• Strengthening the resilience of the internal power system• Strengthening the resilience of the internal water resource system• The risks associated with extreme weather conditions were considered in the design of the new plant</td></tr></table>	Category	Focus	Management Policy/Project Content	Physical Risk	Extreme weather events	<ul style="list-style-type: none">• Strengthening the resilience of the internal power system• Strengthening the resilience of the internal water resource system• The risks associated with extreme weather conditions were considered in the design of the new plant																							
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Physical Risk	Extreme weather events	<ul style="list-style-type: none">• Strengthening the resilience of the internal power system• Strengthening the resilience of the internal water resource system• The risks associated with extreme weather conditions were considered in the design of the new plant																												

Item	Implementation State		
	Transition Risk	Regulations, including carbon pricing, and mandatory use of renewable energy	<ul style="list-style-type: none"> • Installation of solar power generation equipment • Promoting energy-saving and carbon reduction activities to enhance energy efficiency • Participating in the domestic green energy market and introducing renewable energy sources
		Market, increase or shortage of raw material costs	<ul style="list-style-type: none"> • Layout and implementation of substitute materials projects • Guiding suppliers in energy conservation and carbon reduction
		Technology, low-carbon alternative product investment / R&D failure	<ul style="list-style-type: none"> • Design and development of low-carbon products • Reducing waste and promoting recycling in production • Reducing packaging materials
		Changing consumer habits	<ul style="list-style-type: none"> • Product adjustment, expanding into other application areas
	Opportunity	Develop and/or expand low-carbon products and services	<ul style="list-style-type: none"> • Introduction to low-carbon materials • Green production • Reducing raw material usage • Equipment optimization
		Research and innovation in the development of new products and services	<ul style="list-style-type: none"> • Application of innovative technologies to develop alternative materials
		Employing more efficient production and distribution processes	<ul style="list-style-type: none"> • Process optimization
		Recycling	<ul style="list-style-type: none"> • Packaging material recycling • Reusing consumables • Recycling and manufacturing
7. If using internal carbon pricing as a planning tool, the foundation for price setting should be explained.	BenQ Materials has set its internal carbon price at NT\$1,100 per metric ton (approximately \$37 USD). In the future, the Company will use the shadow pricing method when evaluating new investment projects. Before any investment is made, a thorough estimate of the potential carbon costs will be made. These costs, along with the benefits of emission reductions, will be considered in the final investment decision. This approach ensures that the impact of carbon emissions is taken into account when making investment decisions on new projects, and enables effective anticipation and management of potential carbon costs.		
8. If climate-related targets are set, it is important to explain the activities covered, the scope of GHG emissions, the planning schedule, and annual progress. If carbon offsets or renewable energy certificates (RECs) are utilized to meet these goals, the source and quantity of the carbon offsets or the quantity of the renewable energy certificates (RECs) should be identified.	BenQ Materials' climate goals: 100% renewable energy usage by 2040 and net-zero emissions by 2050. Progress achieved in 2024: 3,424 kWh of self-generated solar energy, 2,451 kWh of purchased green energy, 10,585 kWh of purchased IREC green energy certificates, resulting in a renewable energy usage ratio of 23.8%.		
9. Inventory and verification of GHG emissions, reduction targets, strategies and action plans.	Please refer to page 33.		

(VII) Other important information helpful for understanding corporate governance:

1. On August 27, 2009, the Company passed the resolution of the Audit Committee and the Board of Directors to formulate the "Major Information Processing and Preventing Insider Transaction Operation Procedures" and has announced to managerial officers and employees that they are aware of the relevant agreements and rules.
2. The Company's directors, independent directors and managerial officers and other insiders, when taking office, will be given the latest version of the "Directors and Supervisors Manual" and "Directors and Supervisors' Publicity Information" prepared by the competent authority, and the latest update of "Manual for the Publicity of Listed Company Insider Equity Transactions" of the Taiwan Stock Exchange.
3. The Company currently has three independent directors, and the independent directors form the Audit Committee and Remuneration Committee to strengthen corporate governance operations.
4. The Company's corporate governance related information is disclosed on the Company's website (www.benqmaterials.com.tw).
5. The training of directors, managerial officers and financial and audit supervisors in the most recent year:

Position	Name	Date	Hours	Course Name	Training Institution
Chairman	Zhien-Chi (Z.C.) Chen	2024/09/27	3	Understanding and prevention of workplace violations	Taiwan Corporate Governance Association
		2024/10/30	3	Latest Trends in Corporate Governance Evaluation Indicators that Directors and Supervisors Must Know: Intellectual Property Management	Taiwan Corporate Governance Association
Director	Kuen-Yao (K.Y.) Lee	2024/06/18	3	Introduction to ESG Sustainability Disclosure Standards & Global Net-Zero Carbon Emission Trends	TIDA (Independent Director Association Taiwan)
		2024/11/13	3	Short- and Long-Term Economic Trends Every Business Leader Should Know	TIDA (Independent Director Association Taiwan)
Director	Peter Chen	2024/06/13	3	Introduction to ESG Sustainability Disclosure Standards & Global Net-Zero Carbon Emission Trends	TIDA (Independent Director Association Taiwan)
		2024/09/30	3	Taiwan Capital Market Expansion Summit	TIDA (Independent Director Association Taiwan)
Director	Conway Lee	2024/06/13	3	Introduction to ESG Sustainability Disclosure Standards & Global Net-Zero Carbon Emission Trends	TIDA (Independent Director Association Taiwan)
		2024/11/13	3	Short- and Long-Term Economic Trends Every Business Leader Should Know	TIDA (Independent Director Association Taiwan)
Director General manager	Ray Liu	2024/11/15	3	Comprehensive Intellectual Property Protection Strategies: AI-Assisted Compliance Management	Taiwan Corporate Governance Association
		2024/11/22	3	2024 Insider Equity Transactions Legal Compliance Briefing	Securities and Future Institute
Independent Director	Frank Yeh	2024/08/13	3	Developing Sustainable Performance Indicators and Incentive Plans	Taiwan Institute of Directors
		2024/08/13	3	Understanding Carbon Pricing: Carbon Fees, Carbon Taxes, Carbon Credits, and Carbon Trading	Taiwan Institute of Directors
Independent Director	Louis Y.Y. Lu	2024/03/05	3	Initiation of Succession Plan - Employee Compensation Plan and Equity Succession	Taiwan Corporate Governance Association

Position	Name	Date	Hours	Course Name	Training Institution
		2024/06/18	3	Key Insights into Financial Statement Interpretation	Taiwan Corporate Governance Association
Independent Director	Kung Wang	2024/05/17	3	Board Governance Strategies for Cybersecurity Oversight	Taiwan Corporate Governance Association
		2024/11/15	3	Comprehensive Intellectual Property Protection Strategies: AI-Assisted Compliance Management	Taiwan Corporate Governance Association
Independent Director	Chun-Lin Liu	2024/07/26	3	Applying TIPS: Developing Effective IP Risk Prevention Strategies for Enterprises	Taiwan Corporate Governance Association
		2024/08/23	3	Labor Dispute Prevention and Corporate Governance	Taiwan Corporate Governance Association
Vice President	Oliver Liu	2024/03/12	3	Corporate Integrity and Executive Accountability: Global Trends and Best Practices	Taiwan Corporate Governance Association
		2024/05/17	3	Board Governance Strategies for Cybersecurity Oversight	Taiwan Corporate Governance Association
Chief Accounting Officer Chief Financial Officer Chief Corporate Governance Officer	Sheng-Hsiang Wang	2024/03/12	3	Corporate Integrity and Executive Accountability: Global Trends and Best Practices	Taiwan Corporate Governance Association
		2024/03/26	3	Corporate Integrity Guidelines and Avoiding Directors' and Supervisors' Legal Pitfalls	Taiwan Corporate Governance Association
		2024/08/16	3	Next-Generation Data Centers: The Development of Silicon Photonics and AI Servers	Taiwan Corporate Governance Association
		2024/08/23	3	Labor Dispute Prevention and Corporate Governance	Taiwan Corporate Governance Association
		2024/11/17 ~11/18	12	Continuing Education Training for Chief Accounting Officers of Issuers, Securities Firms and the Securities Exchange	Accounting Research and Development Foundation
Chief internal auditor	Pi-Lien Hung	2024/11/14	6	Analysis of Sustainability Disclosure Policies & Key Discussions on Internal Control and Audit	Internal Audit Association of the Republic of China
		2024/11/22	6	Cybersecurity Protection & Cloud Security Audit Practices Workshop	Internal Audit Association of the Republic of China

(VIII) Implementation of Internal Control System

1. For the internal control declaration, please refer to the MOPS.
2. A separate audit report shall be disclosed where an independent registered public accounting firm has reviewed the Company's internal control system: N/A

(IX) Major Resolutions of Shareholders' Meeting and Board Meetings During the Most Recent Fiscal Year Up to the Date of Publication of the Annual Report

Date	Item	Major Resolutions
2024.02.22	1st Board of Directors meeting in 2024	<ol style="list-style-type: none"> 1. Ratification of 2023 Financial Statements, Business Report and the 2024 Business Plan 2. Approved not continuing to handle the private placement of securities approved by the shareholders' regular meeting in 2023 3. Approved issuance of new common shares for cash to sponsor issuance of the overseas depositary shares and/or issuance of new common shares for cash in public offering and/or issuance of new common shares for cash in private placement and/or issuance of overseas or domestic convertible bonds in private placement 4. Approval of the proposal on matters concerning the Company's 2024 regular shareholders' meeting
2024.05.06	2nd Board of Directors meeting in 2024	<ol style="list-style-type: none"> 1. Ratification of 2024 Q1 financial statements
2024.05.30	2024 Shareholder Meeting	<ol style="list-style-type: none"> 1. Ratification of the Company's 2023 Business Report and Financial Statements Implementation: Approved by shareholder's vote 2. Recognition of 2023 Year Earnings Distribution Plan Implementation status: Approved by shareholders' voting, the ex-dividend base date is July 25, 2024, and paid on May 30, 2024 in accordance with the resolution of the shareholders' meeting. The cash dividend payment amount is NT\$ 1.2 per share, the total amount of the cash dividend is NT\$ 384,809,417. 3. Approved issuance of new common shares for cash to sponsor issuance of the overseas depositary shares and/or issuance of new common shares for cash in public offering and/or issuance of new common shares for cash in private placement and/or issuance of overseas or domestic convertible bonds in private placement Implementation: Approved by shareholder's vote
2024.08.01	3rd Board of Directors meeting in 2024	<ol style="list-style-type: none"> 1. Ratification of 2024 Q2 financial statements
2024.10.31	4th Board of Directors meeting in 2024	<ol style="list-style-type: none"> 1. Ratification of 2024 Q3 financial statements 2. Approval for acquiring usage rights assets from related parties
2025.02.24	1st Board of Directors meeting in 2025	<ol style="list-style-type: none"> 1. Approval of the Revised "Internal Control System" and "Implementation Rules for Internal Audits" 2. Approval of 2024 Financial Statements, Business Report and the 2025 Business Plan 3. Approved not continuing to handle the private placement of securities approved by the shareholders' regular meeting in 2024 4. Approved issuance of new common shares for cash to sponsor issuance of the overseas depositary shares and/or issuance of new common shares for cash in public offering and/or issuance of new common shares for cash in private placement and/or issuance of overseas or domestic convertible bonds in private placement 5. Approval of the proposal on matters concerning the Company's 2025 regular shareholders' meeting 6. Approval of the donation to the BenQ Foundation

Note: The above list is based on the information published in the MOPS.

(X) Recorded or written statements made by any director or supervisor which specified dissent to important resolutions passed by the board of directors during the most recent year and up to the date of publication of this annual report: None

III. CPA Fees Information

(I) CPA Fees Information

Unit: NT\$ thousand

Name of CPA Firm	Name of CPA	Audit Period	Audit Fees	Non-audit Fees (Note)	Note
KPMG Taiwan	Victor Wang Philip Tang	2024.01.01~2024.12.31	3,974	803	-

Note: It refers to transfer pricing public fees and tax visa services.

- (II) If the non-audit public fees paid to the CPAs, the firm to which the CPAs belongs, and its affiliated enterprises are more than a quarter of the audit public fees, the amount of the audit and non-audit public fees and the content of the non-audit services shall be disclosed: N/A.
- (III) When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: N/A.
- (IV) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) thereof shall be disclosed: N/A.

IV. Replacement of CPAs

(I) Regarding the previous CPAs

Replacement date	January 1, 2024		
Reason and explanation for the replacement	The internal job rotation within the accounting firm has resulted in a change of certified public accountants. The CPAs, Philip Tang and Ching-Wen Kao, have been replaced by Wang Yong-Sheng and Philip Tang.		
This indicates that the appointee or CPA(s) has terminated or declined the appointment.	Party	Certified Public Accountant/ CPA	Appointee
	Situation		
	Proactive termination of appointment	N/A	N/A
	No longer accepting (continuing) appointments	N/A	N/A
Opinions and reasons for audit reports issued without reservations in the last two years	None		
Whether there are any differing opinions with the issuer	None		
Other disclosure matters (The provisions of Article 10, Paragraph 6, Subparagraph 1, Items (iv) to (vii) of this Regulation shall be disclosed.)	None		

(II) Regarding the successor CPAs

Name of firm	KPMG Taiwan
Name of CPA	Victor Wang, Philip Tang
Appointment date	January 1, 2024
Consultation prior to appointment regarding specific accounting treatments or principles and potential audit opinions on financial reports	None
The written opinion of the successor CPA regarding disagreements with the predecessor CPA	None

- (III) Response letter from the predecessor CPA regarding the matters specified in Article 10, Paragraph 6, Subparagraphs 1 and 2, Item 3 of the “Regulations Governing Information to be Published in Annual Reports of Public Companies”: N/A

V. The Company’s Chairman, General Manager, or Any Manager in Charge of Finance or Accounting Matter in the most recent year held a position at the Accounting Firm of its Certified Public Accountant or at an Affiliated Enterprise of Such Accounting Firm: N/A.

VI. In the most fiscal year and up to the date of publication of the annual report, the transfer of shareholding and changes in shareholding pledges of directors, supervisors, managerial officers and shareholders holding more than 10% of the share. For equity transfers or pledges where the counterparty is a related party, the name of the related party, its relationship with the company, directors, supervisors, managerial officers, or shareholders holding more than 10% of the shares, and the number of shares transferred or pledged shall be disclosed.

- (I) Changes in shareholdings of Directors, Supervisors, Managers, and Major Shareholders: Please refer to the MOPS.
- (II) Stock transfer with related party: None.
- (III) Stock Pledge with related party: None.

VII. Information regarding shareholders among the top ten by shareholding ratio, who are related parties or have spousal or second-degree (or closer) kinship relationships with one another.

2025-03-30; Unit: thousand shares; %

NAME	CURRENT SHAREHOLDING		SPOUSE & MINOR SHAREHOLDING		SHAREHOLDING BY NOMINEES		AMONG 10 LARGEST SHAREHOLDERS, NAME AND RELATIONSHIP WITH ANYONE WHO IS A RELATED PARTY UNDER NO. 6 OF THE FINANCIAL AND ACCOUNTING STANDARDS OR A RELATIVE WITHIN THE SECOND DEGREE OF KINSHIP		NOTE
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Designation (or Name)	Relationship	
BenQ Corporation Director Representative: Michael Tseng (shareholding: 0 thousand shares)	-	-	-	-	-	-	Qisda Corporation	Parent and Subsidiary Company	-
Qisda Corporation Director Representative: Zhien-Chi (Z.C.) Chen (shareholding: 1,490 thousand shares) Peter Chen (shareholding: 73 thousand shares) Ray Liu (shareholding: 252 thousand shares)	43,659	13.61%	-	-	-	-	BenQ Corporation	Parent and Subsidiary Company	-
							Gordias Investment Limited	Parent and Subsidiary Company	-
Gordias Investment Limited Principle: Qiu-Jin Hong (shareholding: 153 thousand shares)	15,182	4.73%	-	-	-	-	Qisda Corporation	Parent and Subsidiary Company	-
							BenQ Corporation	Affiliates	-
Kuen-Yao (K.Y.) Lee	4,580	1.43%	775	0.24%	-	-	-	-	-
Changhwa Commercial Bank, Ltd. is entrusted with the custodianship of the Mega Taiwan ESG Sustainable High Dividend Equal-Weight ETF Securities Investment Trust.	3,509	1.09%	-	-	-	-	-	-	-
Dongmu Association	3,327	1.04%	-	-	-	-	Kuen-Yao (K.Y.) Lee	Chairman	-
HSBC (Taiwan) Commercial Banking Co., Ltd. has been entrusted with the custodianship of the Vistancres Trust's Vistancres Emerging Markets High Dividend Fund.	2,461	0.77%	-	-	-	-	-	-	-
Taishin International Commercial Bank is entrusted with BenQ Materials' employee shareholding trust property account	1,981	0.62%	-	-	-	-	-	-	-
Zhien-Chi (Z.C.) Chen	1,490	0.46%	-	-	-	-	-	-	-
Xi-Hua Li	1,149	0.36%	-	-	-	-	-	-	-

Total number of shares held in the same reinvested enterprise by the Company, its directors, supervisors, managers, and any enterprise controlled directly or indirectly by the Company, together with the consolidated shareholding ratio

December 31, 2024; Unit: Thousand shares;%

Investee business (Note)	Ownership by the Company		Investment directly or indirectly controlled by directors, supervisors, and managers of BenQ Material		Total Ownership	
	Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership
Visco Vision Inc.	9,334	14.82%	991	1.57%	10,325	16.39%
Cenefom Corporation Limited	11,646	50.98%	511	2.24%	12,157	53.21%
Genejet Biotech Co. Ltd	4,270	79.35%	-	-	4,270	79.35%
MLK BIOSCIENCE CO., LTD.	217	20.00%	-	-	217	20.00%
Coatmed Incorporation	598	7.48%	-	-	598	7.48%

Note 1: Investments accounted for using the equity method by the Company

Chapter 3 Capital Overview

I. Capital and Shares

(I) Source of Capital

1. Source of Capital

Unit: NT\$ thousand, thousand shares

Year/ Month	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Note		
		Number of Shares (thousand shares)	Amount (NT\$ thousand)	Number of Shares (thousand shares)	Amount (NT\$ thousand)	Source of Capital	By Cash Offset Payment for Shares	Others
1998.07	10	1,000	10,000	1,000	10,000	Establishment of share capital	None	-
1998.12	10	50,000	500,000	25,000	250,000	Capital increase by cash NT\$ 240,000 thousand	None	Note 1
1999.10	15	50,000	500,000	50,000	500,000	Capital increase by cash NT\$ 250,000 thousand	None	Note 2
2000.03	28	200,000	2,000,000	100,000	1,000,000	Capital increase by cash NT\$ 500,000 thousand	None	Note 3
2002.05	10	200,000	2,000,000	116,135	1,161,350	Surplus capital increase NT\$ 131,350 thousand Capital increase by capital surplus NT\$30,000 thousand	None	Note 4
2003.06	10	200,000	2,000,000	129,015	1,290,155	Surplus capital increase NT\$ 128,805 thousand	None	Note 5
2003.09	34	200,000	2,000,000	159,015	1,590,155	Capital increase by cash NT\$ 300,000 thousand	None	Note 6
2004.06	10	300,000	3,000,000	194,633	1,946,326	Surplus capital increase NT\$ 356,171 thousand	None	Note 7
2005.05	10	300,000	3,000,000	215,539	2,155,389	Surplus capital increase NT\$ 209,063 thousand	None	Note 8
2007.07	10	300,000	3,000,000	236,937	2,369,373	Surplus capital increase NT\$ 41,554 thousand Capital increase by capital surplus NT\$172,430 thousand	None	Note 9
2008.07	10	300,000	3,000,000	266,530	2,665,301	Surplus capital increase NT\$ 295,927 thousand	None	Note 10
2010.03	22	400,000	4,000,000	286,530	2,865,301	Private placement of common stock cash capital NT\$200,000 thousand	None	Note 11
2010.10	23	400,000	4,000,000	310,130	3,101,301	Listed cash capital increases NT\$ 236,000 thousand	None	Note 12
2011.07	10	400,000	4,000,000	320,675	3,206,745	Capital increase by capital surplus NT\$105,444 thousand	None	Note 13
2022.07	-	480,000	4,800,000	320,675	3,206,745	Increase in total capital	None	Note 14

Note 1: Approved in the Jing (087) Shang No. 087139840 Letter of the Ministry of Economic Affairs on December 8, 1998.

Note 2: Approved No. Tai Cai Zheng Zi (1) 86673 of Securities and Futures Commission, Ministry of Finance dated October 8, 1999.

Note 3: Approved No. Tai Cai Zheng Zi (1) 27749 of Securities and Futures Commission, Ministry of Finance dated March 29, 2000.

Note 4: Approved No. Tai Cai Zheng Zi (1) 126201 of Securities and Futures Commission, Ministry of Finance dated May 15, 2002.

Note 5: Approved No. Tai Cai Zheng Zi (1) 0920124742 of Securities and Futures Commission, Ministry of Finance dated June 6, 2003.

Note 6: Approved No. Tai Cai Zheng Zi (1) 0920141689 of Securities and Futures Commission, Ministry of Finance dated September 9, 2003.

Note 7: Approved No. Tai Cai Zheng Zi (1) 0930124509 of Securities and Futures Commission, Ministry of Finance dated June 2, 2004.

Note 8: FSC approval letter under Ching-Kuan-Cheng Yi-Tze No. 0940119822 dated May 18, 2005.

Note 9: FSC approval letter under Ching-Kuan-Cheng Yi-Tze No. 0960038627 dated July 24, 2007.

Note 10: FSC approval letter under Ching-Kuan-Cheng Yi-Tze No. 0970033409 dated July 4, 2008.

Note 11: Approved in the Jing-Shou-Shang No. 09901039790 Letter of the Ministry of Economic Affairs on March 3, 2010.

Note 12: FSC approval letter under Ching-Kuan-Cheng Yi-Tze No. 0990057080 dated October 19, 2010.

Note 13: FSC approval letter under Ching-Kuan-Cheng Yi-Tze No. 1000032124 dated July 12, 2011.

Note 14: Approved in the Jing-Shou-Shang No. 11101119190 Letter of the Ministry of Economic Affairs on July 6, 2022.

2. Type of Shares

2025-03-30; Unit: share

2023-03-30, Unit: share

Type of Shares	Authorized Capital					Note
	Issued Shares			unreleased Shares	Total	
	OTC	Non-OTC	Total			
Common stock	320,674,514	-	320,674,514	159,325,486	480,000,000	Listed company stock

3. Summary declaration system-related information: The Company does not issue any securities.

(II) List of major shareholders

March 30, 2025

Name of Major Shareholders	Shareholding (shares)	Shareholding Ratio (%)
BenQ Corporation	80,847,763	25.21%
Qisda Corporation	43,659,294	13.61%
Gordias Investment Limited Principle	15,182,178	4.73%
Kuen-Yao (K.Y.) Lee	4,580,396	1.43%
Changhwa Commercial Bank, Ltd. is entrusted with the custodianship of the Mega Taiwan ESG Sustainable High Dividend Equal-Weight ETF Securities Investment Trust.	3,509,282	1.09%
Dongmu Association	3,327,410	1.04%
HSBC (Taiwan) Commercial Banking Co., Ltd. has been entrusted with the custodianship of the Vistancres Trust's Vistancres Emerging Markets High Dividend Fund.	2,461,000	0.77%
Taishin International Commercial Bank is entrusted with BenQ Materials' employee shareholding trust property account	1,981,469	0.62%
Zhien-Chi (Z.C.) Chen	1,489,898	0.46%
Xi-Hua Li	1,149,208	0.36%

(III) Dividend Policy and Implementation Status

1. Dividend Policy:

The dividend policy stipulated in Article 19, and Article 20 of the Articles of Association is as follows:

- (1) Article 19: If the Company makes a profit in the year, it should allocate 5% to 20% for employee compensation and no more than 1% for director compensation. When there are accumulated losses, the Company shall offset the appropriate amounts before remuneration. The objects of the remuneration of employees in the preceding paragraph to be paid to stocks or cash may include employees of subordinate companies that meet certain conditions, and the conditions and distribution methods are authorized by the Board of Directors or its authorized people to decide.

- (2) Article 19-1: If the Company has a net profit for the current year, it shall first use the profit to pay income taxes and make up for any accumulated losses, and then set aside 10% as a legal capital reserve. Any excessive balance may be reserved or transferred to be a special reserve pursuant to relevant laws. Any remaining balance in retained earnings may be appropriated for dividends with accumulated undistributed surplus in accordance with a proposal for appropriation of earnings as approved by the Board of Directors and submit it to the shareholders' meeting for distribution of shareholder dividends.
 - (3) Article 20: The Company is a technology- and capital-intensive industry, which is in the growth phase. In order to meet the long-term capital planning and meet the needs of shareholders for cash flow, the Company's dividend policy adopts the remaining dividend policy to improve the Company's growth and sustainable operation. If there is a surplus in the Company ' s annual final accounts, tax shall be paid in accordance with the provisions of Article 19-1, to make up for the previous losses, the second 10% shall be the statutory surplus reserve, and the special surplus reserve shall be set or converted according to the provisions of the law Afterwards, if there is still a surplus, the dividend distribution shall not be less than 10% of the previously calculated surplus. In order to expand operations and increase cash flow in the future, the proportion of cash dividends distributed each year shall not be less than 10% of the total amount of cash and stock dividends distributed in the year.
2. Distribution of dividends proposed in the shareholders' meeting of this year:
On February 24, 2025, the resolution of the Board of Directors of the Company approved the distribution of shareholders' cash dividends of NT\$198,818,199 (NT\$0.62 per share), and will submit a report on the 2025 shareholders' regular meeting.
 3. Significant changes of dividend policy:
None.
- (IV) The impact of the proposed free placement of shares this year on the Company's business performance and earnings per share: Not applicable.
- (V) Employee dividends and compensation of directors and supervisors
1. The percentage or scope of employee dividends and remuneration of directors and supervisors as stated in the Company's articles of association:
As stipulated in the Company's Articles of Association:
Article 19: If the Company makes a profit in the year, it should allocate 5% to 20% for employee compensation and no more than 1% for director compensation. When there are accumulated losses, the Company shall offset the appropriate amounts before remuneration. The objects of the remuneration of employees in the preceding paragraph to be paid to stocks or cash may include employees of subordinate companies that

meet certain conditions, and the conditions and distribution methods are authorized by the Board of Directors or its authorized people to decide.

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Article 20: The Company is a technology- and capital-intensive industry, which is in the growth phase. In order to meet the long-term capital planning and meet the needs of shareholders for cash flow, the Company's dividend policy adopts the remaining dividend policy to improve the Company's growth and sustainable operation. If there is a surplus in the Company 's annual final accounts, tax shall be paid in accordance with the provisions of Article 19-1, to make up for the previous losses, the second 10% shall be the statutory surplus reserve, and the special surplus reserve shall be set or converted according to the provisions of the law Afterwards, if there is still a surplus, the dividend distribution shall not be less than 10% of the previously calculated surplus. In order to expand operations and increase cash flow in the future, the proportion of cash dividends distributed each year shall not be less than 10% of the total amount of cash and stock dividends distributed in the year.

2. The current basis for estimating the amount of compensation for employees and directors, the basis for calculating the number of shares for employee compensation for stock distribution, and the accounting treatment when the actual distribution amount is different from the estimated number:

The Company estimates and recognizes the employees' compensation based on the annual profits (meaning the pre-tax profit before deducting of employees' and directors' compensation) after the deduction of the accumulated losses and then calculated according to a specific percentage. In addition, the Directors' compensation is calculated based on the expected amount of payments and recognized as operating costs or operating expenses. Where the employee's compensation is issued by the shares, the number of shares distributed will be calculated based on the closing price of ordinary shares on the day before the Board of Directors' resolution. If there is any change after the date of issuance of the financial report in the following

year, it will be treated as changes in accounting estimates and the effect of this change will be recognized as profit or loss for the following year.

3. Proposed distribution of compensation by the Board of Directors:

Approved by Board of Directors of the Company on February 24, 2025

(1) Distributions of employees' remuneration of NT\$ 25,491,073 and Directors' compensations of NT\$ 1,911,830 in cash. There is no difference with the estimated amount of the recognized expenses in the year.

(2) The ratio of the amount of employee compensation distributed by stocks to the total of net profit after tax and total employee compensation for the current period: Not applicable.

4. The actual distribution of employees 'and directors' remuneration in the previous year, the number of differences with those who recognize differences between employees' and directors' remuneration, reasons and handling situations:

(1) The employee's remuneration distributed in cash was NT\$ 52,738,969 and Directors' remuneration is NT\$ 3,955,423 in the previous year.

(2) The actual distribution is the same as the proposed distribution approved by the Board of Directors.

5. Average employee salary adjustment

The Company regularly participates in international market salary surveys to adjust salary levels and provide competitive salaries in the market; adjusts salary based on the operations of the Company, price index, economic growth rate, and individual performance. The salary adjustment rate is 4.5% in 2024.

(VI) Share repurchases: None.

II. Insurance of Corporate Bonds

(I) Corporate bond issuance: None

(II) Special stock issuance: None

(III) Overseas depositary receipt issuance: None.

(IV) Employee stock option certificate issuance: None.

(V) Mergers or acquisitions or transfer of shares of other companies to issue new shares: None.

(VI) Restricted employees' rights to deal with new shares: None.

III. Implementation of the fund utilization plan

As of the quarter before the printing date of the annual report, the Company has not issued or privately placed securities that have not been completed or completed within the last three years and the planned benefits have not yet shown.

Chapter 4 Operational Highlights

I. Business Content

(I) Business Scope

The Company focuses on the development of the "Material Science" professional field, and uses polymer, precision coating, injection and extrusion, optics, precision engraving, and roll-to-roll process as core technologies for R&D and manufacturing, and continues to develop applications and components for related industries, in order to provide the most competitive functional film products, Advanced Battery Materials, and medical products to drive the Company continuing to profit and grow.

(II) Industry Overview

1. Current status and development of the industry

Functional film:

The current development and application of the functional film industry includes TFT-LCD, OLED, and Micro-LED. Furthermore, with the growing capacity of new-generation product production and trends towards high-value products such as automotive audio-visual systems and lightweight portable devices, the average size of displays is getting larger, and the demand for raw materials of functional films is also increasing significantly. Meanwhile, the supply and demand gradually balanced when some manufacturers withdrew from the market and the Company invested in new capacity.

In addition, because the development of applications is getting diverse, and the demand of high resolution, high weather resistance and next-generation display technology are increasing, the products should not only fulfill the existing functions but also combine cross-material product design to enhance the performance of displays in the areas of wide viewing angle, eye protection, color and safety.

Medical products:

With the increasing aging population, the demand for medical products, such as medical equipment, eyewear, and medical chemical products, medical services, and medical care is gradually increasing. There is a need to continually expand the scope of medical services and develop a diversified service system. In recent years, technology and healthcare have been integrated together across multiple sectors, and due to the Covid-19 pandemic, healthcare-related industries have grown significantly in the last two years. According to market research firm Global Industry Analysts, the global digital health care market is expected to reach US\$456.9 billion by 2026.

2. Relationship Amongst Upstream, Midstream, and Downstream of the Industry

Upstream industry	Supplier of raw optical film substrates, chemical raw materials and medical-grade raw materials.
Midstream industry	Component manufacturers, with products including polarizer, backlight module, Driver IC, glass, etc; sterilization factories, packaging material factories, and medical product inspection and verification organizations.
Downstream industry	Liquid crystal display panel, liquid crystal display module, etc, medical brands, hospitals of all sizes, e-commerce stores, and end consumers, etc.

3. Industry development trends and competition

Functional film:

- With the development of metaverse, the rapid increase of VR/AR equipment, 5G, AIoT technology and the accelerated development of global digitalization, the penetration rate of consumer electronics products continues to increase, and new scenarios and new applications promote the diversified development of IT products. With the emergence of display demand, the market space for panels has also increased. Aligned with this trend, the demand for polarizers that offer high weather resistance, high resolution and ultra-thin design is steadily increasing. This surge in demand also presents new growth opportunities.
- Industrial development is mainly developing towards the post-epidemic trend, vehicle display, medical related and innovative consumption models. In terms of display technology, major panel manufacturers focus on high-resolution, super-large size, high refresh rate, OLED, Mini- LED, Micro-LED... and other multiple new technologies continue to deploy, actively carry out product innovation, and explore potential markets, which will help strengthen the competitiveness of enterprises in low demand periods.
- During 2024, the display industry has been under pressure, primarily due to China's aggressive capacity expansion in recent years and the slowdown in global demand. In this context, suppliers of polarizers from Japan and South Korea are adjusting their scale and refocusing their market strategies in response. Manufacturers in China are also gradually replacing the previous large-scale capacity expansion with mergers and acquisitions for integration. Overall, the polarized film market requires close attention to market dynamics and the adjustment of strategies to respond to changes in the competitive landscape.

Medical products:

The aging global population increases the demand for medical industry services. In addition, due to the impacts and challenges brought by the Covid-19 pandemic to various industries, countries are gradually moving towards the era of medical digitization. The integration of medical and technology is the trend of future. In order to protect patient health records, and eliminate information security risks, health care companies are urged to integrate technology and medical services. In addition, medical marketing has also become the key to the market competition. The high-

quality medical services and consumer recognition are critical for market branding and management.

(III) Technology and R&D Overview

R&D expenses invested in each of the past five years

Unit: NT\$ thousand

Item \ Year	2020	2021	2022	2023	2024
R&D Expense	639,769	759,320	886,717	939,026	1,084,405
Net operating income	15,049,948	16,481,686	15,541,465	17,127,523	18,588,978
Percentage of operating income (%)	4.25%	4.61%	5.71%	5.48%	5.83%

1. Successfully developed technology or product

Functional films: Wide-angle polarizer, high glare and low reflection polarizer, and high weather resistant optical film.

Battery materials: Low internal resistance, high strength lithium-ion battery isolating film.

Medical products: Dressings, scar removal silicone pens, medical-grade packaging, and low-temperature film materials.

2. Future R&D technology focus

Functional film: Enhancing quality design and applications, developing low-carbon emission materials and processes.

Advanced battery materials: Thin films for next-generation lithium-ion power batteries.

Medical products: Advanced medical devices, surgical application design, medical carriers, and coating technologies.

(IV) Long-term and short-term business development plans

1. Short-term plans:

Functional film

(1) Functional film: In terms of capacity expansion, in response to the market demand for high-value products, BenQ Materials will increase its high-quality capacity with appropriate investment.

(2) In terms of products, the Company provides competitive value-added products based on the current complete product layout, complemented by the advantages of its own core technology.

Medical products:

(1) Collaborating with various domestic and international medical associations, seminars, and clinical cooperation projects to enhance brand and product strength.

(2) Continue to expand into more overseas regions, from both breadth and depth, to strengthen the international market share of our products.

- (3) The Company should expand the diverse applications of barriers with medical access and customer information.
 - (4) The Company should actively develop upstream materials to be better engaged in the supply chain in the post-epidemic era.
2. Long-term development plan:
- Functional film:
- (1) The Company should develop and use recycled materials, and implement low carbon emission processes.
 - (2) The Company should also better differentiate itself in the material technology landscape.
- Medical products:
- (1) The Company should build a global image of being an integrated medical solution, deepen its root in the Asian market, and meanwhile develop brand awareness in Europe and America.
 - (2) The Company should consolidate its R&D resources and efforts on medical products in Taiwan and Asia to establish a complete medical-related product ecosystem.

II. Marketing and sales overview

(I) Market analysis

1. Sales (provided) area of main products (services)

Unit: NT\$ thousand

Year Region		2023		2024	
		Amount	Ratio(%)	Amount	Ratio(%)
Domestic Sales		4,869,329	28.4%	5,595,225	30.1%
Foreign Sales	Asia	11,211,682	65.6%	11,767,795	63.3%
	Others	1,046,512	6.0%	1,225,958	6.6%
	Export sales subtotal	12,258,194	71.6%	12,993,753	69.9%
Total		17,127,523	100.00%	18,588,978	100.00%

2. Market share

According to data from the survey report of the Yano Institute of Economic Research, the top six global polarizer manufacturers in 2024 are Shanjin Optoelectronics, Hengmei Optoelectronic, Samsung SDI, Sumitomo Chemical, Sapo Photoelectric, BenQ Materials, and Cheng Mei Materials. BenQ Materials' global market share is about 5.4%.

3. The market's future supply and demand situation and growth, competitive niche and development of the favorable, unfavorable factors, and countermeasures

Functional film:

- (1) Market demand and supply: The continued increasing production capacity of the next-generation panels will drive the average size of displays and the overall market demand to increase. The polarizer production capacity increased only

slightly compared to last year, which was mainly due to the slower-than-expected new production lines that was influenced by the Covid-19 pandemic. The overall outlook for 2024 is optimistic, but the Company needs to look closely at the low and high seasons of demand, maintain flexibility on its own, and take dynamic adjustments to the market.

- (2) Positive factor: The demand for high-end products is growing rapidly. Expanding the revenue share of BenQ's high value-added products.
- (3) Negative factor: risk of shortage of raw material supply.
- (4) Response strategy: enhance the supplier relationship, and strengthen the strategic cooperation between suppliers, BenQ and customers.

Medical products:

- (1) Market supply and demand: The market has high growth.
- (2) Positive factor: The demand for medical products is not affected by the economic recession; the market entry barrier is high; the global supply chain is volatile, which is favourable to customers' industrial layout and material integration.
- (3) Negative factor: The health insurance system has suppressed the market price, and it is difficult for high-end medical products to enter the market.
- (4) Countermeasures: make strategic investments to increase items and improve product power while entering the market quickly; increase resources for marketing business and brand promotion, and combine the Group's advantages to produce comprehensive marketing effects

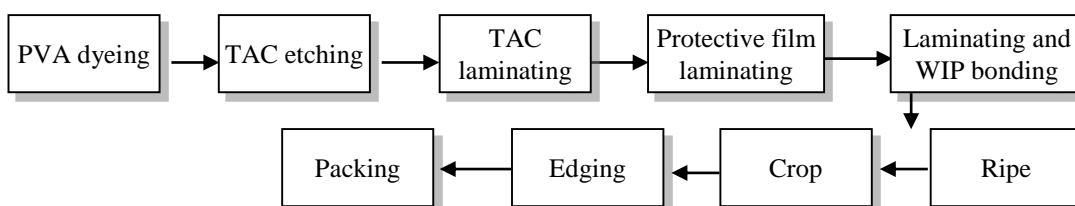
(II) Important uses and production process of main products

1. Important uses of main products

Main products	Important uses or functions
Display Materials	<p>The key and necessary components of the polarizer. With the diversification and popularization of display device applications, it has been widely used in LCD TVs, desktop LCD monitors, tablet computers, notebook computers, mobile phones, wearable devices, and special industrial control and professional displays.</p> <p>Current key applications are as follows:</p> <ol style="list-style-type: none"> 1. Liquid Crystal Display (LCD) The collocation of upper and lower polarizers controls the input and output of the optical polarization attitude. The polarization state of light changes when the alignment of the liquid crystal is changed under the drive of voltage, thus the display achieves the switching of light and dark. 2. Organic Light Emitting Display (OLED) A circular polarizer can effectively mitigate the mirror reflection problem of the internal metal electrode inside the OLED.

2. Production process of main products

Production process of functional film:



There are three production processes for polarizers:

- (1) Front-end stretch dyeing process: The polarizing film raw materials are mainly subjected to precision stretching and dyeing processes, and the iodine molecules are arranged efficiently in the roll-to-roll production process, thereby providing optical effects of high transmittance and high polarization.
- (2) Mid-section material bonding process: The polarizing film monomers that have been extended and dyed are attached to the protective layer and the adhesive layer, and the applicable optical film materials and optical adhesives are selected according to the application of the terminal product to provide the different characteristics required by the terminal display device, such as wide viewing angle, high weather resistance, high contrast, and anti-reflection effects.
- (3) Back-end sheet material processing process: The finished product in coil state is processed and cut to the size required by the terminal application to meet the appearance of different types of displays, such as general type, long type, circular and drilling and other special applications.

(III) Supply status of main raw materials

The main raw materials required in the production of functional film include PVA films, TAC films, PET films, PMMA films, compensation films, protective films, release films, chemicals etc. Currently, the main suppliers are from Japan, and PVA films, PET films, compensation films belong to the oligopolistic market.

- (IV) The names of customers whose purchases (sales) accounted for more than ten percent of the total sales amount in any of the last two years, along with the corresponding purchase (sales) amounts, percentages, and reasons for any increases or decreases in these amounts

1. Major supplier information in the past two years

Unit: NT\$ thousand; %

2023				2024				As of the end of the previous quarter of 2025 (Note 2)			
Name	AMOUNT	Percentage of net purchases in the whole year (%)	Relationship with the Issuer	Name	AMOUNT	Percentage of net purchases in the whole year (%)	Relationship with the Issuer	Name	AMOUNT	Percentage of net purchases in the whole year (%)	Relationship with the Issuer
A	1,829,704	20	-	A	2,005,794	20	-	A	-	-	-
B	1,187,987	13	-	B	1,091,143	11	-	B	-	-	-
Others	6,334,587	67	-	Others	6,689,088	69	-	Others	-	-	-
Net purchase	9,352,278	100	-	Net purchase	9,786,025	100	-	Net purchase	-	-	-

Note 1: Reasons for changes: The Company's major suppliers have not changed significantly in the last two years.

Note 2: As of the date of printing the annual report, the most recent audited financial report for the previous quarter is the financial data for the year 2024, as reviewed by the accountant.

2. Major sales customer information in the past two years

Unit: NT\$ thousand; %

2023				2024				As of the end of the previous quarter of 2025 (Note 2)			
Name	AMOUNT	Percentage of net sales in the whole year (%)	Relationship with the Issuer	Name	AMOUNT	Percentage of net sales in the whole year (%)	Relationship with the Issuer	Name	AMOUNT	Percentage of net sales in the whole year (%)	Relationship with the Issuer
A	5,125,753	30	Stakeholders	A	5,385,094	29	Stakeholders	A	-	-	-
Others	12,001,770	70	-	Others	13,203,884	71	-	Others	-	-	-
Net sales	17,127,523	100	-	Net sales	18,588,978	100	-	Net sales	-	-	-

Note 1: Reasons for changes: The Company's major customers have not changed significantly in the last two years.

Note 2: As of the date of printing the annual report, the most recent audited financial report for the previous quarter is the financial data for the year 2024, as reviewed by the accountant.

III. Employee information

(I) Employee information for the most recent two years and up to the date of publication of the annual report

Year		2023	2024	As of March 30, 2025
Number of Employees (Person)	Direct employees	948	1,136	1,180
	Indirect employees	735	739	754
	Total	1,683	1,875	1,934
Average age (age)		36.7	37.1	37.1
Average years of service (years)		7.2	7.6	7.5
Education distribution ratio (%) Ratio(%)	PhD	2	2	2
	Master's	26	23	22
	Bachelor's	40	39	39
	High school	32	36	36
	Below high school	1	1	1

IV. Environmental protection expenditure information

Demonstrate the total amount of losses (including compensation) and punishment suffered by the Company for the pollution of the environment in the last two years and as of the date of publication of the annual report, and explain the future countermeasures (including improvement measures) and possible expenditures (including the estimated amount of losses if the countermeasures are not taken). If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated.

(I) The total amount of losses (including compensation) and punishment suffered by the Company due to environmental pollution

1. In December 2023, the Taoyuan Factory\ was fined a combined penalty of NT\$252,000 in accordance with Article 28, Paragraph 1, and Article 31, Paragraph 1, Subparagraph 2 of the Waste Disposal Act, as it was deemed jointly responsible by the competent authority due to failure of compliance with prescribed procedures by the supplier for handling waste. This penalty was imposed pursuant to Article 52 of the same Act.
2. In December 2023, the Longke Factory was fined a combined penalty of NT\$252,000 in accordance with Article 28, Paragraph 1, and Article 31, Paragraph 1, Subparagraph 2 of the Waste Disposal Act, as it was deemed jointly responsible by the competent authority due to failure of compliance with prescribed procedures by the supplier for handling waste. This penalty was imposed pursuant to Article 52 of the same Act.

(II) Future countermeasures (including improvement measures)

Improvement measures:

1. Establish a mechanism for reviewing and assessing the risk of new/existing waste transportation contractors.
2. Implement in-house processing to reduce the risk of outsourcing waste disposal.

The Company always complies with the government's environmental protection, safety, and health laws and regulations, and continuously invests resources every year to contribute to environmental protection. The current discharge values of air pollution and wastewater are far below the legal standards. In order to facilitate the public to understand the Company's efforts in corporate social responsibility operations, we also actively apply for awards and certifications.

V. Employment relations management

- (I) List the Company's employee welfare measures, further education, training, retirement systems and their implementation, as well as the agreement between labor and management and the various employee rights protection measures

1. BenQ Materials Human Rights Policy

- (1) Human Rights Policy: As part of its corporate social responsibility, BenQ Materials has implemented a human rights policy to protect the fundamental human rights of its employees and all stakeholders. The Company also emphasizes the importance of human rights within its supply chain and encourages its partners to uphold the same standards. BenQ Materials adheres to the principles set forth in the Universal Declaration of Human Rights (UDHR), the United Nations Guiding Principles on Business and Human Rights (UNGPs), and international human rights conventions such as the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. In addition, we adhere to the Responsible Business Alliance (RBA) Code of Conduct to uphold our commitment to human rights. We conduct regular human rights due diligence to identify and assess risks related to human rights issues. This allows us to effectively manage the impact and consequences of these risks and make adjustments as necessary.
- (2) Human Rights Management Policy:
 - There shall be no use of forced labor.
 - Prohibition of child labor.
 - Employees' right to privacy and freedom of association should be respected.
 - Ensure a work environment that is healthy, safe and free of harassment.
 - Support and help employees maintain their physical and mental well-being and achieve a healthy work-life balance.
 - Provide fair and adequate living wages on time, and explain legal deductions on payslips.
 - Ensure compliance with applicable labor and environmental laws at all locations to ensure adequate working conditions for employees.
 - Ensure that every employee has equal employment rights without any form of discrimination based on race, nationality, age, gender, marital status, or any other factor.
 - Ensure effective communication between labor and management, and promptly investigate and take appropriate action to address human rights violations and implement necessary remedial and improvement measures.
 - Ensure that multiple complaint channels, including anonymous reporting, are available to allow employees and other stakeholders to provide feedback on suspected violations.
- (3) Measures of human rights management:
 - implementing workplace protection that is tailored for employees with various working ages, working hours, wages and benefits, humane treatment, advocating non-discrimination conducts, respecting freedoms

of assembly and association, establishing management mechanisms, and promoting the execution of the mechanisms to ensure that employees' human rights are properly taken care of.

- The Company will promote a healthy and positive labor-management relationship by holding regular labor meetings, setting up multiple communication or complaints channels on matters that violate labor rights and interests, handling complaints or incidents confidentiality, creating a corporate environment that respects, cares for and protects human rights, and protect the rights of collective bargaining of labor organizations.
 - There has been no use of child labor, forced labor, etc.
 - In order to protect the rights and interests of employees and BenQ intellectual property, the employment contract should be signed with employees on the first day of employment. The employment contract has also clearly outlined the minimum notice period for the termination in accordance with the laws and regulations of where the Company operates.
 - The Company offers regular training courses on unlawful infringement, executes unsafe equipment improvement projects, and advocates safety conducts.
 - BenQ has committed itself to protecting employees' rights and interests and safeguarding human rights, and BenQ has established a number of regulations and measures in parallel with the implementation of various management systems.
- (4) Human Rights Due Diligence Process: A human rights risk assessment was conducted in accordance with RBA standards and workplace health and environmental conditions. Sixteen human rights issues were identified, encompassing areas such as working hours, personal freedom and safety, wages and benefits, maternity protection, non-discrimination and diversity inclusion, and user privacy protection. An employee survey was conducted to evaluate due diligence, revealing no significant internal human rights issues.
- (5) Training of human rights protection
- The framework of internal communication: to provide pre-employment training for new recruits to comply with relevant laws and regulations, including the prohibition of forced labor and child labor, anti-discrimination, anti-harassment, working hours management, and safeguarding humane treatment.
 - Offering online courses that target unlawful infringement: to understand the concept of unlawful infringement, the prevention of abuse, and approaches of the Company handling workplace abuse.

- Providing a complete series of occupational safety training: to provide different safety trainings targeting issues that different types of employees may encounter in the workplace, such as fire training, emergency response training, first responder training, general safety and health education training, plant safety training, newly promoted supervisor safety training, etc.

(6) Results of Human Rights Management Policy

- The rate of regular employees completing the training program relating to unlawful infringement achieved 100%;
- There are no cases relating to child labor, employment discrimination, workplace discrimination, unlawful assault, sexual harassment, etc.;
- The settlement rate of employee complaints through the grievance procedure pipeline reached 100%;
- The employee human rights due diligence investigation revealed no significant risk issues.

2. Employee welfare measures and their implementation:

Respecting human nature and caring for employees is one of the Company's important business concepts. To this end, we are committed to creating a friendly workplace, properly taking care of the physical and mental health of colleagues or their families, and establishing various guarantees of their lives, so that they can be unconcerned. The Company is striving forward without worries. These initiatives have not only received recognition from the Company's employees but have also been affirmed by regulatory authorities. In 2024, we were awarded the 104 Corporation's Best Employers Award, Gold Medal for the Yourator's Employer Branding Award, and the Happiness Enterprise Award of the 1st "Taoyuan Golden Award" hosted by Taoyuan City Government. In actual operation, the Company's various welfare plans are made by the Welfare Committee composed of Company employees, which is responsible for the planning and implementation of employee welfare matters. The current welfare measures are as follows:

- (1) Provided by the Company : The Company provides universal health insurance, labor insurance, provision for retirement pensions, provision for accrued salary advance fund, provision for occupational disaster insurance, and medical room services.
- (2) The Company specially provides: New Year's Day and performance bonuses (related to responsibilities and performance results), group insurance and health examinations, employee dividends, wedding and funeral celebrations, injury and illness sympathy subsidies, dormitories, maternity leave days exceeding legal requirements, childcare allowances for children under three years old, new employee benefits leave, long-term care leave, meal and food subsidies, and employee education and training, reinstatement bonuses for employees on

parental leave, paternity (maternity) leave days exceeding legal requirements, and the implementation of flexible shift systems and flexible work arrangements.

- (3) Benefit planning: Distribution of holiday benefit points, Family Day, cultural and artistic seminars, sports competitions, festive activities, year-end parties, provision of scholarships, and club activities.

3. Education and training and its implementation:

- (1) Originated from the Company's basic management philosophy and high-quality corporate culture, it follows the following system in training:

System Name	Description	Course/ System Example
Core Development	The integrated system structure is based on the training and development activities designed in order to "achieve the Company's corporate vision, and the core competencies that each employee needs to develop."	Common courses such as corporate culture of the Company, self-management, team partners, and quality concepts.
Professional Development	The integrated system structure is based on the training and development activities designed in order to effectively complete the professional abilities required for each category and position.	Training systems by College: College of Quality, College of Biomedical Sciences, College of Science and Engineering, College of Artificial Intelligence, College of Business, among others.
Management Development	An integrated system structure based on the training and development activities designed for "management capabilities necessary to effectively integrate team strength to achieve team goals."	The College of Management has planned its curriculum according to the management competencies required at various levels, including foundational, intermediate, and advanced courses.

- (2) On-the-job postgraduate training:

In order to implement the Company's talent cultivation plan and enhance human quality, strengthen its management and professional capabilities, according to the training development list of the training system, reward relevant management or professionals for on-the-job higher education and overseas training and training, for the performance of work ability and the practice of organizational values, apply for training and repair assistance. The training hours and costs in the past two years are as follows:

Item	2023			2024		
	Total number of people-times (person)	Total hours (hours)	Total cost (NT\$: thousand)	Total number of people-times (person)	Total hours (hours)	Total cost (NT\$: thousand)
New recruit training	1,370	2,153	36	2,153	1,370	2,153
Professional job training	11,312	20,319	1,473	20,319	11,312	20,319
Supervisor training	1,057	3,203	2,531	3,203	1,057	3,203
General training	23,517	18,581	1,132	18,581	23,517	18,581
Total	37,256	44,256	5,172	44,256	37,256	44,256

4. Retirement system and its implementation:

- (1) The Company has employee retirement methods in accordance with the Labor Standards Law.
- (2) Since 1999, the “Retirement Supervision Committee” has been organized by employers and employees to manage and supervise matters related to retirement reserves. From August 1999 onwards, pensions have been set at 2% and paid out on a monthly basis.
- (3) After the implementation of the new labor retirement system in July 2005, the Company will follow the relevant regulations.
- (4) For employees who are subject to the pension regulations of the Labor Pension Act, the Company shall make monthly contributions at a rate no less than 6% of the employees' salaries in accordance with the Labor Pension Act. The salaries shall be as prescribed in the Table of Monthly Contribution Wage Classification approved by the Executive Yuan. The contributions are then deposited in the employee pension account at the Labor Insurance Bureau.
- (5) For the employees of Taiwan’s operating bases, BenQ Materials, in accordance with the Labor Standards Act and the Labor Pension Regulations, regularly allocates reserve funds to statutory pension accounts based on the actuary’s pension actuarial report under the old system, while the new system transfers funds monthly. As for individual pension accounts, each operating base in China is handled in accordance with the local labor laws of China, and pension insurance is purchased for employees so that employees can enjoy peace of mind after retirement.

5. Negotiations between employer and employees:

The Company values employees' opinions. In addition to holding regular company business briefings and monthly supervisor meetings for all employees, we adopt open management methods of supervisors, encourage colleagues to communicate with relevant personnel openly and transparently at any time, we require supervisors and relevant departments to provide prompt responses. The employee complaint handling closure rate for 2024 was 100%; quarterly Labour Management and Welfare Committee meetings are held and meeting minutes are published to ensure that all employees are informed, thus achieving the goal of implementing two-way communication.

6. Protection measures for working environment and employees' personal safety:

The Company has long been committed to environmental protection, energy conservation and employee care. It is expected that as the Company grows, the Company will also fulfill its social responsibilities and continue its business. In addition to complying with relevant domestic regulations, all factories have passed the internationally recognized ISO 14001 environmental management system and

ISO 45001 occupational health and safety management system certification. The specific measures are as follows:

(1) Focus on source management:

In order to control the relevant hazards from the source, the Company introduces the Management of Change (MOC). Any new construction and improvement projects are included in the control, such as the introduction of new chemicals, changes in fire protection divisions, changes in safety protection facilities, adding or relocating machines, adding and modifying pipelines, changes in major conditions and parameters, changes in power facilities, changes in tools and fixtures, other fire and explosion risks, and changes in organizational personnel, etc., to control risks and reduce environmental impact.

(2) Promote safety culture:

The Company continues to promote safety culture activities and upgrades the "mutual assistance phase" of "self-safety and self-responsibility" from the "dependence phase" of "employees' safety is the responsibility of supervisors." It hopes that every colleague play his or her safety role in a different position, integrate safety awareness into work and life, and achieve the team's vision of zero disaster.

(3) Strengthen communication and training on hazard prevention

In order to effectively enhance the awareness of all employees on safety and health, the Company plans courses for employees, including environmental protection, safety and health, emergency response, management systems, risk management, social responsibility and green products, so that employees can recognize hazards and implement safety standards and procedures to truly protect themselves and others. A monthly environmental safety conference is held to enhance the safety awareness of colleagues, and a departmental environmental safety officer mechanism is established to regularly collect employees' work safety requirements and deliver safety and health management measures and messages to achieve healthy two-way communication.

(4) Promote employee health

The Company is dedicated to creating a healthy workplace by providing health management services that exceed regulatory requirements. This includes a professional team composed of occupational medicine specialists, family medicine physicians stationed on-site, and dedicated nursing staff, all working together to develop comprehensive health management programs. In addition to the annual health check-ups, regular health promotion activities are organized, such as medical consultations, fitness assessments, stress management courses, and lectures on the prevention of human-related diseases. We also established an electronic health management platform that enables

employees to access health information and personal health data at any time, thereby enhancing their ability to manage their own health. In addition, a professional Employee Assistance Program (EAP) is also provided, offering psychological, legal, and other consulting services from a professional team to care for employees' mental and physical well-being. In response to the infectious diseases such as Covid-19, new influenza, etc., which may cause impact on enterprises and employees, in addition to continuous monitoring of relevant information, the Company has established a complete response organization and procedures for epidemic prevention or disaster reduction operations, to protect the health of employees and avoid operational shocks.

- (II) Explain the losses incurred by the Company due to labor disputes in the most recent two years and up to the date of publication of the annual report, and disclose the current and future estimated amounts and corresponding measures

The Company has maintained harmonious labor relations in the most recent two years and up to the date of publication of its annual report, and has not suffered losses due to labor disputes.

VI. Important contract

March 30, 2025

Type of Contract	Party	Contract Duration	Contract Content	Restrictions
Financing	Lending Syndicate	2022.06~2027.06	Enrich interim operating capital	None

Chapter 5 Review and Analysis of Financial Conditions, Operating Results, and Risk Management

I. Review and analysis of financial conditions

Comparison and Analysis of Financial Conditions: The main causes and impacts of major changes in assets, liabilities and shareholders' equity in the last two years

Unit: NT\$ thousand; %

Item \ Year	2024	2023	Difference	
			AMOUNT	%
Current assets	8,796,864	8,409,901	386,963	5
Long-term investment	570,747	465,829	104,918	23
Property, plant and equipment	11,852,477	10,107,104	1,745,373	17
Intangible assets, net	170,528	200,380	(29,852)	(15)
Other Assets	1,346,892	1,374,564	(132,590)	(10)
Total Assets	22,632,590	20,557,778	2,074,812	10
Current liabilities	7,622,778	6,513,991	1,108,787	17
Non-current liabilities	6,693,231	5,287,734	1,405,497	27
Total Liabilities	14,316,009	11,801,725	2,514,284	21
Share capital	3,206,745	3,206,745	0	0
Capital surplus	193,114	192,352	762	0
Cumulative profit (loss)	2,303,819	2,489,817	(185,998)	(7)
Other equity interest	11,576	(92,684)	104,260	(112)
Non-controlling interest	2,601,327	2,959,823	(358,496)	(12)
Total shareholder equity	8,316,581	8,756,053	(439,472)	(5)

Explanation of material changes in financial ratios:

1. Long-term investment: Mainly due to the increase in net value of long-term holdings.
2. Non-current liabilities: Mainly due to the increase in long-term borrowings.
3. Other rights: Mainly due to changes in exchange rates.

II. Evaluation and analysis of operation results

Comparative analysis of financial performance: the main reasons for the significant changes in operating income, operating net profit and pre-tax net profit in the current two years, the expected sales volume and its basis, the possible impact on the Company's future financial business and the corresponding plans.

Unit: NT\$ thousand; %

Item \ Year	2024	2023	Change, by Percentage	
			Change, by Amount	%
Net operating income	18,588,978	17,127,523	1,461,455	9
Operating costs	15,225,893	13,944,978	1,280,915	9
Gross Profit	3,363,085	3,182,545	180,540	6
Operating Expenses	2,925,791	2,590,840	334,951	13
Operating net profit (loss)	437,294	591,705	(154,411)	(26)
Non-operating income and (expense)	(106,259)	39,004	(145,263)	(372)
Net profit (loss) before tax	331,035	630,709	(299,674)	(48)
Income tax benefit (fee)	(82,126)	(126,918)	(44,792)	(35)
Net (loss) in the current period	248,909	503,791	(254,882)	(51)

Explanation of material changes in financial ratios:

1. Operating net income (loss): Mainly due to the increase in marketing expenses and research and development expenses.
2. Non-operating income and (expenses): Mainly due to the differences of exchange rate.
3. Pre-tax net profit (loss) and net profit (loss) for the current period: Mainly due to an increase in operating expenses and non-operating expenditures.
4. Income tax benefits (expenses): Mainly due to the decrease in the provision of income tax.

III. Review and analysis of cash flow

Changes in consolidated cash flow in 2024:

Unit: NT\$ thousand

Year	Cash at Beginning of Year	Net Cash Flows from Operating Activities throughout the year	Net Cash Flows from Investment Activities throughout the year	Net Cash Flows from Financing Activities throughout the year	Cash surplus(Including exchange rate influence)
2023	653,134	1,094,187	(4,022,991)	2,887,565	619,690
2024	619,690	556,991	(1,777,635)	1,264,368	684,063
Change rate(%)	-5.12%	-49.10%	-55.81%	-56.21%	10.39%

(I) Notes to increase/decrease:

Operating activities: Mainly due to the increase in the outflow of accounts receivable and notes receivable (including related parties).

Investment activities: Mainly due to cash outflows from the acquisition of subsidiary companies in the previous year, as well as cash inflows from other financial assets in the current year.

Financing activities: Mainly due to the difference between the borrowing and the payment of bank loan and cash dividends in two periods.

(II) Analysis of cash liquidity in the coming year: The Company, on the premise of maintaining stable cash liquidity, will carefully plan and manage cash expenditures related to investments and operations while taking, cash balances on accounts, cash flows from operating activities and investing activities, and the status of financial markets into consideration.

(III) Improvement measures for expected cash shortage: no cash shortage.

IV. Annual reinvestment policy, the main reason for its profit or loss, the improvement plan and the investment plan for the coming year

The reinvestment policy of the Company focuses on related core business and develops in the field of materials science, making good use of core technologies (polymer, precision coating, ejection and extrusion, optics, precision engraving, and process of roll-to-roll), which will adopt lean production policies, strictly control expenditures, and actively develop potential customers with horizontal integration of industries chain. At the same time, the technical team will continue to derive other applications to create

higher added value to enhance the reinvestment business. The Company's net income from equity investments under the equity method that were recognized in the 2024 Consolidated Financial Statements was NT\$95,689 thousand. In the future, the Company will continue to invest in core business-related strategies, and focus on brand management and new business development.

V. Risk Management

BenQ Material Risk Management focuses on the risk management system and risk transfer planning of corporate governance, clearly sets out BenQ Material Risk Management vision and policy, effectively manages risks that exceed the Company's risk tolerance, and achieves cost optimization by using risk management tools.

(I) Risk management vision:

1. Undertake to continue to provide products and services to create long-term value for customers, shareholders, employees and society.
2. Risk management must have systematic risk management procedures and organizations to identify, evaluate, process, report and monitor major risks that affect the Company's viability, and enhance the risk awareness of all employees.
3. Risk management is not the pursuit of "zero" risk, but the pursuit of maximum benefit under the condition of acceptable risk to optimize the risk management cost.

(II) Risk management policy:

1. Ensure the Company's sustainable operation, establish a risk management committee, and identify, evaluate, process, report, and monitor the risks that may negatively affect the Company's operating goals every year.
2. Identify and control risks before an accident occurs, suppress losses when an accident occurs, and quickly resume product and service provision after an accident; and formulate a business continuity plan for major risk scenarios identified by the Risk Management Committee. Also, create a Emergency Response Manual and regularly updated.
3. For the risk that does not exceed the risk tolerance, the risk management cost must be considered and treated with different management tools, but the following conditions are not limited to this.
 - Negative impact on the safety of employees.
 - Cause violation of laws and regulations.
 - Negative impact on the Company's goodwill.

(III) Risk management structure and responsibilities:



To effectively control risk management, the Risk Management Committee (RMC) implements the construction, implementation, supervision, and maintenance of risk management plans. The committee effectively monitors risks through risk self-assessment reports and specific improvement plans for risk improvement plans, , analyze risk distribution and formulate risk improvement guidelines by managing annual reports.

VI. Risk management and evaluation

- (I) Effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

Changes in interest rate:

The main impact of changes in interest rate on the Company comes from the floating interest rate debts arising from supporting operations and investment activities. Changes in market interest rate will cause the floating interest rate of borrowings to change accordingly. In order to avoid higher interest rate in the future and increase the uncertainty of financing costs, the Company will undertake interest rate exchange transactions at appropriate times according to market conditions, and convert some floating interest rate liabilities to fixed interest rates to reduce the impact of interest rate fluctuations on the Company. In terms of assets, the Company's capital allocation is based on the principle of conservatism and stability to ensure the security of principal and maintain liquidity. Looking ahead, the benefits of capital expenditures and new product lines will gradually be realized. With sufficient working capital, loans can be repaid one after another to reduce the burden of interest expenses, and the ratio is expected to decline.

Changes in exchange rate:

The Company's revenue is mainly derived from the US dollar, and capital expenditure and manufacturing costs are mainly based on the Japanese Yen, supplemented by the New Taiwan dollar and the US dollar, so severe international exchange rate fluctuations may affect foreign currency-denominated operating income, operating costs and even profit

performance. In order to avoid the adverse impact of changes in exchange rate on the Company's operating results, the Company adopts natural hedging and forward foreign exchange hedging transactions to reduce the impact of exchange rate risk on the Company's profit and loss, and will continue to conduct hedging transactions in the future.

Inflation:

The price has risen steadily in recent years, which has no significant impact on the results of the Company's 2024 consolidated operations. The Company and its subsidiaries will continue to pay close attention to the inflation situation and appropriately adjust the product selling price and inventory to reduce the impact of inflation on the Company and its subsidiaries.

- (II) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

The Company and its subsidiaries did not engage in high-risk, high-leverage investments, and acted with the principle of prudence and stability to carry out funds allocation and hedging activities.

When the Company and its subsidiaries are engaged in capital lending, endorsements and guarantees, and derivative transactions, the Company will, in addition to complying with the relevant handling procedures, and to making a public announcement and filing the necessary reports in accordance with the regulations of the competent authorities:

1. Capital lending to others: As of the publication date of the Annual Report, the Company and its subsidiaries are limited to lending its capital to the Company and its subsidiaries.
2. Endorsement guarantee: As of the date of publication of the Annual Report, the Company and its subsidiaries did not provide any endorsement guarantee.
3. Derivative transactions: The Company and its subsidiaries engaged in derivative transactions that are in line with the Company's operation. The purpose is to avoid market risks and reduce the Company's operational risks.

The Company and its subsidiaries will continue to conduct hedging under the principle of avoiding risks arising from the fluctuation of foreign currency and interest rate. The Company and its subsidiaries will also take operating conditions and market trends into consideration to periodically examine portions exposed to interest rate and foreign currency risks and adjust the relevant hedging strategies.

- (III) Future R&D plan and estimated R&D expenses

The Company's estimated research and development expenses are gradually compiled according to the progress of new product and technology development to support future research and development plans. It is estimated that future research and development

expenses will remain above a certain amount and will be adjusted according to operating conditions.

(IV) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response

1. The relevant units of the Company have always paid close attention to and mastered the policies and laws that may affect the operation of the Company, and cooperated with the adjustment of internal systems to ensure the smooth operation. Therefore, recent changes in relevant laws and policies have no significant impact on the Company's financial and business operations.
2. The Company's business philosophy is compliance with relevant laws and regulations as the highest guiding principle; therefore, the Company's management team always pays attention to the changes of various relevant laws and regulations, and expects to respond to the different situations arising from the changes of regulations at any time. To date, the changes are not expected to result in a significant change in the Company's strategy.

(V) Effect on the Company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response

The company remains committed to closely monitoring and analyzing market and technological developments relevant to our products. We quickly adapt to and mitigate the impact of the latest technology and industry changes. In addition, we are actively engaged in promoting information security improvement initiatives to continuously improve the Company's cybersecurity maturity. The financial operations of the Company have not been significantly affected by recent technological changes and industry developments during the past fiscal year and up to the date of printing of this annual report.

(VI) Effect on the Company's crisis management of changes in the Company's corporate image, and measures to be taken in response

The Company regularly checks the external environment, operation pattern, management system, and other matters, understands the situation of any unexpected accidents that may affect the reputation of the Company, simulates the possible impact, proposes countermeasures, and reduces the uncertainty of the Company to a minimum; and a risk management unit is in charge of operation-related risk and impact analysis and cooperates with the risk management committee to formulate relevant contingency plans.

(VII) Expected benefits and possible risks of M&A

The Company is not currently engaged in any other corporate mergers or acquisitions but will evaluate and avoid the cost-effectiveness and potential risks of any future strategic investments or vertical or even horizontal integration.

(VIII) Expected benefits and possible risks of plant expansion

BenQ Materials has successfully transformed into an enterprise focusing on the development of "Material Science" professional field to create a golden triangle operating structure of functional films, medical products and Advanced Battery Materials, and high-value-added products (such as polarizer front-end processes, chemicals/ biomedicine/ energy, and other materials). It will continue to develop and construct new product manufacturing plants to achieve the Company's sustainable management and development and the philosophy of taking root in Taiwan.

In order to meet the development of the above operation strategy, the Company has planned the Yunke plant as a key manufacturing base. According to the Company's future operational strategic planning and product development schedule, it will complete the construction of related plants to maximize economic scale benefits.

(IX) Risks encountered in concentration of purchases or sales

1. The risks and countermeasures of purchases concentration:

The Company needs to obtain the raw materials needed for production in due course. Some of the purchased raw materials are supplied by a single manufacturer. Therefore, if there is a shortage of raw materials of the supplier or its upstream manufacturers and the Company fails to find alternative materials in time, it will result in the risk of being unable to meet the needs of customers in a timely manner. As a result, the Company's revenue and profit may decline. The Company continues to bring in local suppliers to reduce the proportion of imported raw materials. In addition to effectively reducing supply chain costs, it also reduces supply chain risks. In addition, for raw materials that come from a single supplier, the Company distributes its raw material purchases from upstream suppliers in addition to the Company's cooperation with existing suppliers to bring in more than one production plant. The Company is also committed to bringing in new suppliers and expects to minimize the risks involved.

2. The risks and countermeasures of sales concentration:

The Company's main customers account for a significant proportion of the Company's revenue, and in recent years, the Company's main customers have been adjusted as the product portfolio changes. If major customers reduce, delay or cancel orders, or experience financial difficulties, it will have an impact on the Company's revenue and profit. Therefore, the Company is committed to maintaining a close relationship with our customers and will continue to provide services that satisfy their needs. The Company will also strictly monitor the changes in customers' credit status and is committed to the development of potential customers in order to reduce the risk of concentrated sales.

- (X) The impact and risk of significant transfer or replacement of shares of Directors, independent directors or large shareholders holding more than 10% of the shares on the Company

There is no significant transfer or replacement of shares of the Company's directors

- (XI) The impact, risks, and response measures of changes in management rights on the Company

In the most recent year and up to the date of publication of the annual report, the Company has not experienced any change in management rights.

- (XII) Disclosure of issues in dispute, monetary amount of claims, filing date, parties involved, and status of any litigation or other legal proceedings within the latest fiscal year and as of the date of the annual report where the Company and/or any of its directors, supervisors, president, person in charge, shareholders with 10% or more share ownership, or affiliates are involved in a pending litigation, legal proceedings or administrative proceedings, or a final judgment or ruling which may have a material adverse effect on the Company's shareholder equity or price of securities

1. Major litigation, non-litigation or administrative litigation in which the Company is currently involved: None.
2. Where the Directors, Supervisors, general managers, substantive responsible people, major shareholders, and affiliated companies with a shareholding ratio of more than 10% have decided on major litigation, non-litigation, or administrative litigation events that have been confirmed or are still affiliated in the last two years and up to the date of publication of the annual report, and the results may have a significant impact on shareholders' rights and interests or securities prices:

The lawsuits of the Company's corporate director, Qisda Technology Co., Ltd. (referred to as Qisda), are described as follows:

A number of direct and indirect consumers in Canada filed a class-action lawsuit for damages in January 2012 on the grounds that the Qisda and its subsidiaries participated in the pricing agreement of ODD (Optical Disk Drive) products and violated Canadian antitrust laws. Qisda has reached a settlement agreement with the plaintiffs, which has been formally approved by the court, concluding the case.

- (XIII) Impact and risk of information system

In view of the current emerging information security attack trends, such as ransomware, social attacks, and counterfeit emails, which seriously threaten the information security of global companies and individuals. In order to protect the Company's rights and the goal of sustainable operation, it has established establish a safe and reliable computerization operating environment to ensure the safety of the Company's computer data, systems, equipment, network and maintain normal operation. The Company has established the "Information Security Policy Procedures" and the "Information Security Practices"

formulated in accordance with the framework in accordance with the ICT Security Management Law, Personal Data Protection Law, Copyright Law, Electronic Signature Law and other regulations. The audit department shall conduct regular audits and report to the Board of Directors in accordance with the established measures.

1. Information Security Management Framework

The Company has established an information security management committee at the end of 2021 (one meeting is held every year), and the risk management committee (one meeting is held every six months) regularly reviews the current situation of the Company's information security governance, reports its operation to the Board of Directors at the end of each year, and continues to pay attention to For information security issues, plan response plans and strengthen the purchase of information security protection software and hardware, including new antivirus software updates, joint protection establishment of global security networks, internal operating system upgrades, and vulnerability repairs. The Company has established a Cybersecurity Department, which includes a Cybersecurity Supervisor and two Cybersecurity Specialists.

2. Information Security Policy

In order to strengthen information security management, the Company has established various reliable information application systems to protect electronic information assets, avoid and reduce business damage, enhance business interests and ensure sustainable business operations. It better meets international information security management trends and responds to customer information security requirements, and formulates corporate information security policies with reference to the ISO27001 information security international standard. Over the years, we have continued to improve various internal information security management mechanisms, regularly carry out information security advocacy and employee information security education and training, etc., to implement information security policies, protect customer data and Company intelligence output, strengthen information security incident response capabilities and achieve Information security policy metrics. Join the Taiwan Computer Emergency Response Team Coordination Center (TWCERT) in 2023 to participate in collaborative defense operations.

3. Information Security Specific Management Plan and Resource Allocation for Information Security Management

(1) Cyber attacks are ever evolving and changing, and information systems cannot completely prevent any third-party denial-of-service attacks. Cyber attacks may introduce malware to the Company's internal network for intentional damage or information theft via emails, online phishing, or brute-force attacks. Brute-force attacks may force the Company's production and operations to stop, while information theft attacks may lead to leaks of material operating information, or personal information from employees or customers.

- (2) The Company adopts active information security strengthening procedures. Besides introducing next-generation firewalls, email filtering, Internet access protection, operating system updates, installing anti-virus software, and 24/7 managed security service, the Company also evaluates risks related to information security each quarter through internal risk management system and reports status of risk control and improvement plans to the Risk Management Committee to control and mitigate relevant cyber risks.
 - (3) In 2024, the Company completed the construction of the Event Detection and Response Mechanism (EDR, NDR, and MDR) and the Multi-Factor Authentication Mechanism (MFA).
 - (4) Given the recent frequent cyberattacks, in order to lower the risk of significant cybersecurity incidents leading to substantial losses for the Company, we maintain an ongoing cyber-security insurance policy with a coverage amount of US\$5 million.
 - (5) To effectively enhance the overall information security governance capability, ISO 27001 Information Security Management System international standard was adopted in 2022 (valid from April 1, 2022, to March 31, 2025), and its implementation has been extended to Suzhou and Wuhu plants. Continued bi-weekly ISMS improvement meetings throughout 2024.
 - (6) We perform continuous vulnerability patching on critical systems.
4. Employee regular information security training
 Conducted information security education and training for the information office, online information security education and training for the entire company (676 people), and information security lectures for senior executives (44 people), and implemented the information security month in October, in Taoyuan, Longtan, Yunlin, Factories such as Suzhou and Wuhu hold information security publicity activities. Through various information security education and training courses, we not only enhance employees' awareness of information security but also ensure that information security concepts can be integrated into daily operations. In addition, the Company regularly promotes relevant information security knowledge to employees through emails. In order to further reduce the risk of employees clicking malicious emails by mistake, the Company plans to conduct social engineering drills quarterly throughout 2024.
 5. Supplier Information Security Management
 In April 2022, the first information security risk assessment for suppliers of each business group was conducted. In 2024, a total of 64 suppliers underwent the assessment. In addition to providing references for external risks of the Company, information security guidelines will also be provided to relevant manufacturers to improve the overall information security maturity, to reduce the corresponding risks that may occur.

6. The Company did not have any major cyberattacks that impacted the Company's operations in 2024.

(XIV) Impact and Risk of Intellectual Property Management

Intellectual property aims to protect the performance of R&D achievements and technological competitiveness. According to the Company's technology development and product strategy, it formulates medium and long-term intellectual property strategies, and enhances the overall patent strength by strengthening the Company's patent layout and regularly reviews the implementation results to protect the Company's freedom of operation and strengthen its competitive advantage.

1. Strategies and Targets of Intellectual Property

The Company actively encourages innovation and independent R&D. The strategy of intellectual property rights focuses on the core technology and integrates the Company's technology and product development layout of quality patents as the first priority. It continues to promote the layout of patents, develop high-potential technologies, innovations in the production and operation processes, and effectively manage and use high-quality patents.

In order to implement corporate governance laws and regulations, an intellectual property management plan combined with the Company's operating strategy has been formulated, and the implementation situation is disclosed on the Company's website, which will help gain the trust of shareholders and customers. In order to establish the patent management and trademark management required for the R&D cycle and the Company's intellectual property management, and to deepen the Company's trade secrets management, the Company is promoting four major management policies and goals, including:

Management policy:

- (1) Implementing corporate governance compliance
- (2) Improve intellectual property management and establish an intellectual property management system.
- (3) Improve the intellectual property framework and consistently build an intellectual property portfolio.
- (4) Raising employees' awareness of protecting intellectual property and creating intellectual property value

Management objectives:

- (1) Optimization of the TIPS management system
 - Continuously improve the intellectual property management regulations, regularly review the various intellectual property management operational procedure documents and practical implementation status, and make adjustments as necessary.

- Regularly conduct internal audits and hold management review meetings, as well as organize training courses on the "TIPS System" for the training of working group members.
 - Application for re-verification
- (2) Patent management
- Managing and maintaining patent applications and assets in accordance with relevant patent management regulations, and issuing patent incentives
 - Continuously operating the RD document management system to enhance the protection of confidential information
 - Regularly updating the patent information platform to provide information on patent application activities and technological developments in specific technical fields
 - Stabilizing and accumulating patent rights, it is anticipated that 10 patent applications will be completed this year
- (3) Trademark Management
- Managing and maintaining trademark assets in accordance with relevant trademark management regulations and continuously updating the trademark management list
 - Avoiding trademarks being cancelled for non-use, regular inventory of trademark usage
 - Stabilizing and accumulating trademark rights, it is anticipated that 20 trademark proposals or extension applications will be completed this year
- (4) Brand Management
- Performing brand asset management in accordance with relevant brand management rules and holding internal meetings to promote brand management standards
 - Estimated completion of 1 piece of branding design this year
- (5) Education and training related to intellectual property rights
- One course of intellectual property concept training for all employees
 - One basic/advanced intellectual property course for research and development personnel
 - One course of training course on the protection of trade secrets.
 - Advanced training course for intellectual property specialists
2. Intellectual Property Management System
- Actively promote intellectual property management to implement the intellectual property management system. The TIPS Taiwan Intellectual Property Management System (Taiwan Intellectual Property Management System) re-verification application was approved in 2022(Certificate No. TIPS-2022-cert.-015, valid till December 31, 2024). Through the re-verification application of the intellectual

property management system, the Company's intellectual property management objectives and implementation will be deepened. Various operating procedures and practical operations have passed the TIPS A-level verification again in October 2024 (Valid till December 31, 2024).

The main measures in the intellectual property management system are as follows:

(1) Patents

The Intellectual Property Office is the principal entity responsible for the Company's patent-related activities. The patent management and incentive system include regulations regarding patent application, research and development record management, patent rights maintenance assessment, incentive measures, and other relevant management standards. Furthermore, through patent layout, we aim to enhance overall patent strength to bolster competitiveness. Additionally, regulating the review mechanism before the public disclosure of research and development results helps protect company innovations and mitigates the risk of confidential information leakage.

(2) Trademarks

The legal department is the principal entity responsible for the Company's trademark-related activities. Improve the trademark application and usage control process, regularly update the trademark management list, and review the use of owned trademarks while maintaining records. Proactively implement a brand layout to mitigate brand risks and protect the Company's brand, enhancing brand value.

(3) Confidential Information Management

In order to protect the management of the Company's confidential information, the relevant regulations on the ownership of intellectual property rights, confidentiality obligations, and non-infringement of the former company's intellectual property are specified in the relevant operating procedures for the appointment and resignation of new employees, to maintain the Company's business secrets and respect other companies' trade secrets. Conduct relevant educational training to enhance employees' understanding of intellectual property concepts, continually adhere to the relevant provisions of confidential data management, effectively reduce the risk of confidential information or critical technology leakage, and protect the Company's important confidential data. Efforts should be made to consistently improve the management of confidential documents to mitigate the risk of unauthorized disclosure of sensitive information or critical technology.

3. Implementation of intellectual property management

The Company has integrated the intellectual property management system with the operational strategy, in compliance with the intellectual property management plan. The implementation outcomes have been reported to the fourth Board of Directors'

meeting in 2024 on October 31, 2024. We have developed the Intellectual Property Management Manual in accordance with the Taiwan Intellectual Property Management System Regulations (TIPS). This manual serves as the basis for implementing and enforcing our intellectual property management system and ensuring its effective operation. The execution of management includes:

- (1) Implement and verify corrective actions for 2024 TIPS re-verification and 2023 random inspection findings;
- (2) Optimize the processes related to intellectual property management, including patents, brands, and trademarks, and integrate various intellectual property management regulations. Regularly review the relevance of all operational procedure documents related to intellectual property and make adjustments as necessary;
- (3) Strengthen the control of electronic research and development records, conduct regular sampling to ensure the implementation of management mechanisms related to the research and development process; maintain the patent information system to provide the latest patent technology trends to the technical research and product development units;
- (4) Implement key technology patent mining and intellectual property layout strategies to effectively protect critical competitive advantages; complete the global patent layout for the research and development results of battery separator membranes and medical packaging materials technology;
- (5) In alignment with the Company's ESG practice, we will make use of the R&D results of recycled PET film material for patent deployment.
- (6) Effectively controlling and managing the maintenance process of domestic and foreign intellectual property documents and intellectual property assets using the intellectual property management system. Irregularly updating the management system and control procedures in accordance with changes in domestic and foreign intellectual rights laws and regulations to maintain the effectiveness of the patent management system;
- (7) Using an incentive system to encourage employees to obtain intellectual property protection (Including patents or trade secrets, etc, for R&D results);
- (8) Revising the management process of confidential documents of intellectual property, including the use and storage of the documents, confidentiality period, decryption and destruction, etc; Strengthening the management mechanism of R&D to prevent the risk of infringement and leakage of business secrets.
- (9) Periodically initiate internal audit procedures within the research and development cycle to ensure that the acquisition, maintenance, and use of intellectual property rights are handled in accordance with company policy;

- (10) implement intellectual property education and training programs at all levels to ensure that all employees have the necessary knowledge for their respective roles in intellectual property protection. This initiative not only contributes to the creation of intellectual property value but also mitigates operational risks.
4. Intellectual property achievements

As of December 2024, the Company has submitted over 1,290 patent applications globally and has obtained more than 830 patents. Our patent portfolio spans major markets and countries, including Taiwan, the United States, the European Union, Japan, Mainland China, South Korea, India, and Southeast Asia. In the current year, we have submitted over 63 patent applications and obtained 39 patent certificates, with a primary focus on battery isolating films, functional optical film technology, and biomedical dressings.

As of December 2024, the Company has proposed more than 500 trademark designs worldwide and has obtained 475 trademark exclusive rights. This year, 16 trademark applications were filed, resulting in the acquisition of 12 exclusive trademark rights, covering Taiwan, the United States, the European Union, Japan, mainland China, South Korea, Southeast Asia, New Zealand, and Australia.
5. Education Training

Intellectual property related courses are regularly organized to enhance the concept of intellectual property of the Company's colleagues and promote the Company's intellectual property management system, so as to jointly implement the intellectual property strategy and implement the intellectual property management system.
6. Advantages and Contributions of Intellectual Property to Business Operations
 - (1) Implement corporate governance compliance and intellectual property management to enhance investor confidence: Continuously implement corporate governance compliance, which will help improve corporate governance and enable customers and investors to understand the Company's intellectual property value and competitive advantages.
 - (2) Raising employee awareness of intellectual property and the value of intellectual assets: Through standardization of intellectual property management and internal training, we aim to improve employees' understanding of the management of patents, trademarks and confidential information. Enhancing intellectual property planning, application and maintenance management processes, improving the quality and management efficiency of intellectual property assets, and promoting technological innovation and value creation.
 - (3) Continuous improvement of the existing intellectual property management processes, protecting R&D results, and strengthening confidentiality management: Ongoing utilization of the "R&D document management system" to strengthen the management of R&D records will help protect the Company's

R&D results and avoid the risk of leaking business secrets. Applying intellectual property management documentation and standardized management helps improve processes such as intellectual property planning, acquisition, and maintenance. At the same time, promoting cross-departmental collaboration to ensure the consistency of intellectual property strategies and operational plans helps to improve the quality and management of intellectual assets, enhance the overall quality of intellectual assets, and achieve the company's goal of sustainable development.

- (4) Improving the quality of intellectual assets: Integrating research and development strategies with operational objectives, adhering to TIPS management standards, and using effective patent design and technology protection to improve patent quality, create technological barriers for the Company, and create competitive advantages in the marketplace.

7. The Outlook of Intellectual Property Management

BenQ Materials is grounded in "Materials Science" and continuously innovates through the interapplication of its core technologies to produce four major categories of products: functional films, advanced battery materials, medical products, and waterproof breathable fabrics. The Company actively promotes patent deployment and operates across multiple brands and fields, consistently providing high-quality products and services, thereby demonstrating its research and development capabilities and competitiveness in the field of materials science applications.

Intellectual property is critical to a company's ability to sustain profitability. By implementing and promoting the TIPS system. This year, we will align with the Company's business strategy and improve operational efficiency by strengthening our intellectual property management system. In the future, BenQ Material will strive for continuous breakthroughs and innovative advances, building on a solid foundation of intellectual property management. Additionally, we will demonstrate long-term corporate value.

- 8. The Company had no major intellectual property-related litigation or non-litigation cases in 2024.

(XV) Other important risks and countermeasures: None.

VII. Other important matters: None.

Chapter 6 Special Disclosure

I. Information on Affiliates: Please refer to the "Three Reporting forms for Affiliated Enterprises" section on MOPS.

II. Other necessary supplement

- (I) In the most recent year and as of the date of publication of the annual report, the handling of private equity securities: none.
- (II) Other necessary supplementary notes: None.
- (III) In the most recent year and up to the date of publication of the annual report, if there is an event that has a significant impact on shareholders' equity or the price of securities specified in Item 2 Paragraph 3 of Article 36, of this law, it shall also be stated item by item: none.

BenQ Materials Corporation

Chairman : Zhien-Chi (Z.C) Chen



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