3

Responsible Governance

- Corporate Governance
- Financial Performance
- Tax Governance
- Business Ethics & Integrity
- Risk Management
- Information Security
- Human Rights Management

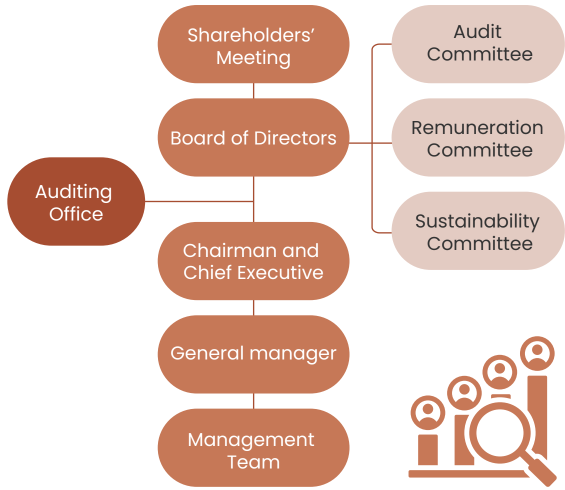
Responsible Governance

Corporate Governance

Board of Directors

BenQ Materials has established its corporate governance framework and implementation practices in accordance with the Company Act, the Securities and Exchange Act, and other relevant laws and regulations of the Republic of China (Taiwan). The corporate governance structure established under the Board of Directors includes the Audit Committee, the Remuneration Committee, and the Sustainability Committee. The Audit and Remuneration Committees are composed entirely of Independent Directors, while the Sustainability Committee includes two non-Independent Directors. All directors, including independent directors, are elected by shareholder vote.

The Board of Directors is the highest governance body of BenQ Materials. Its duties include: supervising the Company's strategy, monitoring the management and the operation and arrangement of the corporate governance system. It is also responsible for the Company and the shareholders, and shall exercise its powers in accordance with the law, the Company regulations, or the resolutions of the shareholders' meetings. In accordance with Article 26-3, Paragraph 8 of the Securities and Exchange Act, BenQ Materials has adopted the "Rules of Procedure for Board Meetings," and all related matters are conducted accordingly. The Board shall convene at least four times a year. In 2025, the Board held four meetings. For details, please refer to page 12 of the BenQ Materials Annual Report: "Corporate Governance Operations."



Items	Number of Board Seats	Independent Director	Concurrently Serves as a Company Managerial Officer	Female Directors
Number of Seats	9	4	2	1
% of Total Board Seats	100%	44.44%	22.22%	11.11%
Consecutive Terms of Independent Directors	In compliance with regulatory term limits			
Average Tenure of All Directors	10.6 years			

Composition and Nomination Process

According to the Articles of Incorporation of BenQ Materials, the election of directors (including independent directors) follows a candidate nomination system, conducted in accordance with the Company Act, the Securities and Exchange Act, and other relevant regulations. Additionally, Article 20 of the Corporate Governance Best Practice Principles stipulates that the composition of the Board of Directors shall consider diversity. Except for directors concurrently serving as managerial officers, who shall not comprise more than one-third of the board seats, appropriate diversity policies should be established based on actual operational needs and business development. As of 2025, the Board of Directors consists of nine members, including four independent directors. All members possess over five years of relevant experience in fields such as business, law, finance, accounting, or other areas related to the Company's operations.

The Chairman of BenQ Materials served as the chair of the highest governance body and also as Chief Executive Officer. The primary reason for holding a concurrent senior management position was to improve operating efficiency and decision-making and execution capability and to strengthen the independence of the Board of Directors. The Company had actively trained suitable candidates internally. In addition, the Chairman also maintained close and full communication with all Directors regarding the Company's recent operating conditions and planned directions to implement corporate governance.

Board Diversity

All current board members are nationals of the Republic of China (Taiwan), reflecting the Company's primary operational locations and market focus in the Asia region. While there are no foreign directors at present, several members possess extensive experience in multinational corporate management and international market operations, enabling the Board to effectively address global business needs. To further implement the Board Diversity Policy, one female Director was newly appointed in 2025, continuing to enhance the functions of the Board of Directors and strengthen its oversight function.

Name	Position	Gender	The tenure of office of Independent Directors			Professional knowledge and skills					Age			Employee Status Note 2	Sustainability Roles	Industry Experience GICS Level 1 Note 3
			Under 3 yrs	3-9 yrs	Over 9 yrs	Business Management	Academic Research	Sustainable Development	Industry Knowledge	Legal Accounting	50-60 yrs old	61-70 yrs old	71-75 yrs old			
Zhien-Chi Chen	Chairman	Male				V		V	V			V		V	Serve as the Chair of the Sustainability Committee/ ESG Committee, responsible for overseeing and coordinating committee decisions and actions.	Information Technology (GICS 45)
Peter Chen	Director	Male				V		V	V			V				Industrials (GICS 20)
Ray Liu	Director	Male				V		V	V		V			V	Serve as the Vice Chair of the Sustainability Committee/ ESG Committee, ensuring effective implementation of committee decisions and actions.	Industrials (GICS 20)
Michael Tseng	Director	Male				V			V			V				Industrials (GICS 20)
Jasmin Hung	Director	Female								V	V					Financials (GICS 40)
Frank Yeh	Independent Director	Male			V	V		V	V				V		Serve as a member of the Sustainability Committee, responsible for overseeing and coordinating committee decisions and actions.	Information Technology (GICS 45)
Louis Y.Y. Lu	Independent Director	Male		V			V	V		V			V			Information Technology (GICS 45)
Kung Wang	Independent Director	Male		V		V	V			V			V			Industrials (GICS 20)
Chun-Lin Liu	Independent Director	Male		V			V	V			V					Health Care (GICS 35)

Note 1: Members of the 12th Board of Directors.
Note 2: Stakeholder (employee) representative.
Note 3: Industry experience is assessed based on the Level 1 classification of the Global Industry Classification Standard (GICS), as defined by S&P.

Category	Male	Female	Total
Number of Executive Directors	2	0	2
Number of Non-Executive Directors	6	1	7
Total	9	0	9
Independent Director	4	0	4

Age	Male	Female	Total
51 to 60 years old	2	1	3
61 to 70 years old	3	0	3
71 to 75 years old	3	0	3

Note: 100% of board members are aged over 50.

Number of board members holding directorships in fewer than 4 other companies	8
Number of independent or non-executive directors with industry experience	3
Number of non-executive directors with expertise in risk management	4
Average board meeting attendance rate for the year	93%

Diversity Target

In accordance with the "Corporate Governance Best-Practice Principles," the Company has established a board diversity policy. The composition of the board considers the Company's actual operations, business model, and development needs, and adopts a diversity approach that includes gender, age, cultural background, and professional experience.

As of today, the Board comprises nine members (including four independent directors), with more than half possessing expertise in business management and relevant industry knowledge. Among the independent directors, Louis Y.Y. Lu, Kung Wang, and Chun-Lin Liu have extensive academic and research backgrounds, while independent director Frank Yeh is the Vice Chairman of WPG Holdings, bringing significant experience in corporate leadership and strategic decision-making. For other important positions held by members of the governance body, please refer to p.3 of the Annual Report. The percentage of board members who are also employees is 22%, and independent directors account for 44%. In terms of age distribution, three directors are aged between 50 and 60, three between 61 and 70, and three are over 71. The Company has set specific targets for board diversity, as detailed in the following table:

Category	Diversity Target	Status
Gender	At least one female director	Achieved
Term	More than half of the independent directors should not serve more than three terms	Achieved
Concurrent Roles	• The number of directors serving as the manager of the Company should not exceed one-third of the number of directors • An Independent Director shall not concurrently serve as an independent director of more than three other listed companies	Achieved
Professional Competence	At least one-third of the seats on the Directors and Independent Directors must possess expertise in industry or business management	Achieved

Key Topic Communication

The highest governance body of BenQ Materials met regularly to discuss matters. 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.

Board members and senior management maintain continuous and close communication. In addition to scheduled meetings, the management team regularly reports on the Company's key sustainability implementation progress to the Board of Directors, allowing for feedback collection and strategic alignment; there were a total of 26 such reports in 2025. The key annual action items and operational updates are disclosed in the 2025 Annual Report of BenQ Materials under "Board Functioning" and "Audit Committee Operations."

Accounting Department
Quarterly financial statements reporting

Risk Management Department
Annual regular reporting

Intellectual Property Department
Annual regular reporting

Audit Department
Quarterly internal audit findings report

Information Security Department
Annual regular reporting

ESG-related Departments
Annual regular reporting

Conflict of Interest

During board discussions and resolutions, if any director has a personal interest in the matter that may compromise the interest of the Company, the director shall comply with Article 206, Paragraph 2 of the Company Act, which refers to Article 178 regarding conflict-of-interest avoidance. Such directors shall abstain from the discussion and voting on the related proposal. When necessary, the Chair may assign another director to preside over the discussion. The Annual Report discloses the names of directors who recused themselves, the subject matter of the resolution, and the reason for the conflict of interest. In addition, information related to cross-shareholdings with stakeholders, the existence of controlling shareholders (as detailed in the List of Major Shareholders on p.34 of the 2025 Annual Report), and related-party transactions is disclosed in the Annual Report to mitigate or avoid potential conflicts of interest. In 2025, all recusal cases involved directors, committee members, or executives abstaining from discussions and voting due to their roles in the matters under deliberation. Details regarding board-level conflict-of-interest recusal cases are disclosed in the Corporate Governance chapter of the Annual Report.

In 2022, BenQ Materials has amended its Corporate Governance Best Practice Principles and Procedures for Handling Material Information and Preventing Insider Trading in accordance with regulatory updates. The Company strictly prohibits insiders from trading securities using undisclosed material information. Trading restrictions include, but are not limited to, blackout periods for directors during the 30 days before the announcement of the annual financial report and 15 days before the announcement of quarterly financial results.

ESG Training for the Board of Directors

BenQ Materials provides regular ESG-related training to members of the Board of Directors to strengthen their understanding of key sustainability topics and enhance their oversight capabilities. In 2025, training sessions covered areas such as sustainable supply chain management, carbon reduction strategies, business ethics, information security, and corporate governance. For details, please refer to the 2025 BenQ Materials Annual Report (p.29).

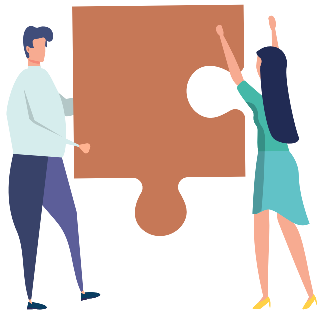
Board Performance Evaluation

On May 6, 2019, the Board of Directors approved the "Board Performance Evaluation Policy," which requires the Company to conduct an annual self-assessment of the Board and its members, and an external evaluation at least once every three years. The most recent self-assessment was completed at the end of 2025, and the results were reported to the Board in February 2026. The average self-assessment score of directors reached 96.7 points, and the Board achieved a 93% attendance rate in 2025, indicating sound operational performance.

Additionally, in October 2024, the Company engaged the Taiwan Corporate Governance Association to conduct an external evaluation, covering the period from October 2023 to September 2024. This evaluation comprehensively reviewed the Board's operational effectiveness, focusing on five key dimensions: Board of Directors composition and division of responsibilities, guidance and oversight, delegation of authority and risk management, communication and collaboration, and self-discipline and continuous improvement. The goal was to ensure the Board of Directors continuously enhances governance quality and operational efficiency. The next external evaluation is scheduled for the second half of 2027. For details, please refer to the BenQ Materials Annual Report (p.13).

Five Main Aspects of Internal Self-Evaluation of the Board of Directors

- Participation in the operation of the Company
- Improvement of the quality of the Board of Directors' decision making
- Composition and structure of the Board of Directors
- Election and appointment of directors
- Continuing education and internal control



Functional Committee

Audit Committee

BenQ Materials established its Audit Committee on November 16, 2007, following approval at an extraordinary shareholders' meeting. The Audit Committee is composed entirely of independent directors, with no fewer than three members, in compliance with legal requirements. The current term began after the re-election in June 2025.

The Audit Committee convenes regularly on a quarterly basis, with at least four meetings held each year. In 2025, the committee convened four times. For details regarding the attendance of each member and other relevant information, please refer to the disclosure in BenQ Materials' annual report or on the BenQ Materials website.

Remuneration Committee

BenQ Materials established its Remuneration Committee on October 25, 2011. As of December 31, 2024, the committee comprised four independent directors.

The Remuneration Committee meets at least twice a year and may convene additional meetings as needed. In 2025, two meetings were held. Acting with due diligence and fiduciary responsibility, the committee submits recommendations to the Board of Directors for discussion.

The Remuneration Committee assists the Board in overseeing the process of determining remuneration, evaluating the linkage between the pay of directors and executives and the Company's performance, and providing input on compensation policies. The Committee also ensures that the Company's compensation strategies are competitive within the industry, reflect operational performance and are benchmarked against the market. Relevant remuneration details for board members and senior executives are disclosed in the Company's annual report, providing transparency for all stakeholders regarding the relationship between executive compensation and corporate performance.

Executive Remuneration Strategy

Incentivizing the management team to create long-term shareholder value and attracting, retaining, and cultivating outstanding talent form the basis of BenQ Materials' compensation strategy. The overall compensation and benefits approval process for senior management follows the compensation policy design established by the Remuneration Committee, and is regularly discussed and approved by the Remuneration Committee before being submitted to the Board of Directors for approval. With regard to the compensation of executive management, the Company collaborates with external compensation consulting firms, benchmarks against annual market survey reports and determined based on the Company's overall operational performance, individual performance, and contributions. To promote the implementation of corporate sustainability initiatives, the performance outcomes of sustainability-related projects—within each executive's scope of responsibility—are integrated into their annual performance goals. These sustainability-related targets span environmental impact reduction, social responsibility, green product development, and corporate governance. At least 20% of each executive's performance evaluation is weighted toward these four ESG dimensions, based on their managerial responsibilities. Final performance evaluations are comprehensively reviewed by the Remuneration Committee and submitted to the Board of Directors for approval prior to determining annual bonuses or incentive payouts.

Furthermore, the Company has established a clawback mechanism for senior management. In the event of punishment due to violations of integrity or laws and regulations, performance bonuses payable will be revoked and stock-related rights and interests will be clawed back. With regard to retirement benefits, senior management receives the same pension contributions as all other employees, in accordance with applicable laws, regulations and internal policies, ensuring retirement security for all staff.

Note: Signing bonuses and severance payment systems for Board members and senior executives will be planned in the future.

Description of Executive Remuneration Structure	
Fixed Remuneration	Fixed remuneration is designed in accordance with the compensation policy established by the Remuneration Committee. It is regularly reviewed and approved by the committee, serving as a foundation for talent attraction and retention. The remuneration level is benchmarked against annual market survey data to ensure competitiveness and fairness, and is designed to be attractive for senior executive positions.
Variable Remuneration	Variable remuneration is based on the Company's overall business performance and individual contributions. The Remuneration Committee conducts a holistic performance assessment and submits the results to the Board of Directors for final approval • **Sustainability indicators:** The performance evaluations of the Chairman, General Manager, and senior executives include the implementation results of sustainability projects. Starting in 2025, weights have been assigned to the Company's targets corresponding to material sustainability issues. For details, please refer to the senior executive sustainability indicators in the table below. • **Financial KPIs:** Key financial indicators include revenue, operating profit, and earnings per share (EPS).

Senior Executive Sustainability Metrics

BenQ Materials Sustainability Mission	Material Topic	Sustainability Indicators	Senior Executive Weight	Short-Term Goals				Medium-Term Goals	Long-Term Goals
				2025 Target	2025 Result	Target Achievement Status	2026 Target	2027 Target	2030 Target
Responsible Governance	Corporate Governance	Corporate Governance Evaluations	15%	Top 6 to 20%	Top 6 to 20%	★	Top 6 to 20%		
	Business Ethics & Integrity	Zero Integrity Violations		Zero integrity-related incidents	Zero integrity-related incidents	★	Zero integrity-related incidents		
	Information Security	Data Security Guarantee		Zero material information security incidents	Zero material information security incidents	★	Zero material information security incidents		
Responsible Product	Product Responsibility	Carbon footprint reduction for key products, using 2020 as the baseline	20%	↓ 30%	Achievement of 50% of the main products	▲	Existing items decreased by 35% New products decreased by 20% within 5 years	—	Existing items decreased by 55%
	Innovation Management	New Product Revenue Ratio		Increase year by year, reaching 20% in 2027	—	—	Increase year by year, reaching 20% in 2027	20%	Greater than 30%
	Quality Management	Product Customer Satisfaction (Score)		90 points	The overall achievement rate was 85.71%	▲	90 points		
	Product Safety and Marketing	Major violations related to marketing, product labeling, and instructions for use		Zero major violations	Zero major violations	★	Zero major violations		
Environmental Sustainability	Climate Strategy	Reduce greenhouse gas emissions (Scope 1 and 2), using 2020 as the base year	25%	↓ 15%	↓ 20.61%	★	↓ 18%	↓ 21%	↓ 30%
		Reduce greenhouse gas emissions (Scope 3) compared with the previous year		○	○	—	↓ 2.5% per year		
		Increase the proportion of renewable energy		23.8%	24.98%	★	Increase usage year by year	Increase usage year by year	50%
	Waste Management	Waste resource recovery rate		>77%	82.04%	★	>77%	>77.5%	>80%
Partnership	Sustainable Supply Chain	ESG audit completion rate for critical tier 1 suppliers	15%	Complete the supplier ESG risk inventory and audit prioritization	Re-identify the list of critical tier 1 suppliers	★	Select high-risk vendors and conduct on-site audits	—	—
		Promote carbon management jointly with suppliers		↓ 5% per year	The target adjustment was set at a 3% annual decrease, with data collection expected to be completed in 2026	▲	↓ 3% per year		
Friendly Workplace	Talent Attraction and Retention	Average training hours per indirect employee (including other companies)	25%	35 hours	43.9 hours	★	43 hours	45 hours	45 hours
		Key talent retention rate		90%	93%	★	90%		
	Diversity and Inclusion	Percentage of female supervisors at the section level and above		Greater than 30%	36.26%	★	Greater than 30%		
		ESG audit material deficiencies closure rate		○	100%	★	100%		

Note: " ★ " = Target achieved; " ▲ " = Partially achieved; "X" = Not achieved; " ○ " = New strategic target established in 2026; " — " = No target set for the year.

Ratio of the Highest Compensation in the Organization to Employee Compensation

Ratio of the highest-paid individual in the organization to the average employee compensation in 2025 [Note 1]	10.43
Ratio of the highest-paid individual in the organization to the median employee compensation in 2025 [Note 2]	13.37
Percentage increase in the ratio of the highest-paid individual in the organization to the median employee compensation [Note 3]	-6.98 [Note 4]

Note 1 : Annual total compensation ratio = Total annual compensation of the highest-paid individual in the organization / Average annual total compensation of all employees, excluding the highest-paid individual.
Note 2: Total compensation of the highest-paid individual in the organization / Median annual income of full-time non-supervisory employees.
Note 3: Increase ratio of total compensation of the highest-paid individual in the organization / Increase ratio of the median compensation of all employees, excluding the highest-paid individual.
Note 4: The total compensation of the highest-paid individual in the organization was lower than the previous year, while the median employee compensation increased; therefore, the figure is negative.

Executive Shareholding Status

Senior Executive [Note 1]	Ratio of Shareholding Value [Note 2] to Annual Fixed Compensation
Chairman: Zhien-Chi Chen	5.26 times
General Manager: Ray Liu	1.12 times [Note 3]
Vice President: Oliver Liu	1.75 times

Note 1 : Refers to senior executives based in Taiwan only
Note 2: Shareholding value is calculated based on the closing share price as of December 31, 2025
Note 3: Fixed compensation multiple = Average shareholding value of senior executives / Average fixed compensation

Sustainability Committee

In 2025, BenQ Materials established the “Sustainability Committee,” a Board-level functional committee composed of the Chairman and CEO, the representative of the corporate director and General Manager, and all independent directors. The Board of Directors also established the “Sustainable Development Best Practice Principles.” The Committee serves as the Company’s decision-making and supervisory body for sustainability-related work, covering the three major areas of environmental (E), social (S), and governance (G) matters. This enables the Board of Directors to fulfill its role as the highest decision-making body and discharge its supervisory responsibilities in protecting the rights and interests of the Company, shareholders, employees, and all stakeholders. The Sustainability Committee convenes at least once a year. Its first meeting was held in February 2026, and meetings may be convened at any time as needed.

Information disclosure is carried out in accordance with relevant laws and regulations and the Company’s corporate governance best practice principles. In preparing sustainability reports, the Company adopts internationally recognized standards or guidelines to disclose the implementation of sustainable development and fulfill corporate governance.

Internal Audit

BenQ Materials has established an Internal Audit Office to assist the Board of Directors and management in inspecting and reviewing deficiencies in the internal control system, as well as evaluating the effectiveness and efficiency of operations. The office provides timely recommendations to ensure the continuous and effective implementation of internal controls.

The Internal Audit Office is an independent unit under the Board of Directors. It is staffed with two full-time internal auditors, including the Chief Audit Executive. All internal audit personnel meet the legal qualification requirements and participate annually in professional training courses offered by certified institutions to continuously enhance their audit knowledge and skills.

The appointment or dismissal of the Chief Audit Executive is subject to the approval of the Audit Committee and the Board of Directors, in accordance with the "Audit Committee Charter" and the "Rules of Procedure for Board Meetings." The appointment or dismissal of other internal audit personnel is approved by the Chairman based on the proposal from the Chief Audit Executive.

An annual audit plan is developed based on risk assessments and statutory audit items, and is implemented upon approval by the Board of Directors. Audit reports and follow-up reports are submitted to the Chairperson for review and are delivered monthly via email to the Independent Directors. The Chief Audit Executive reports audit activities to the Audit Committee and the Board of Directors on a regular basis

The "Internal Control System" and "Internal Audit Procedures" were updated to include provisions on "Sustainability Information Management" and the revisions were approved by the Board of Directors on October 31, 2024. Furthermore, audits of sustainability information management operations were incorporated into the audit plan starting from 2025.

Shareholder Equity

BenQ Materials has established comprehensive communication channels to ensure that shareholders and investors can access and understand the Company's operational information in a timely manner. This is facilitated through the "Investor Relations" section of the corporate website and the Company's "ESG Website." To ensure equal treatment of shareholders and uphold fairness in securities trading, the Company has established the "Material Information Handling and Insider Trading Prevention Procedures." These procedures ensure that material information is managed and disclosed appropriately, preventing improper information leaks. The Company also ensures all employees are informed and aware of these rules and requirements, and strictly prohibits insiders from trading securities based on undisclosed material information.

In response to the Taiwan Stock Exchange's encouragement to enhance communication with investors and improve operational transparency, BenQ Materials held and participated in a total of four investor conferences in 2025.

Compliance with Laws and Regulations

Legal Compliance Status

BenQ Materials has established a dedicated Legal Department and implemented a contract review system that requires all external contracts and trademark application documents from each department to be reviewed by legal personnel. Given the Company's involvement in the production and sale of medical devices, a Medical Regulatory Affairs Division has also been established to ensure compliance with domestic and international medical device regulations and standards related to manufacturing, labeling, and marketing. Other relevant regulations are monitored regularly by responsible departments—such as Environmental Health and Safety (EHS), Plant Operations, Quality Assurance, Human Resources, and Finance—who track government announcements. When regulatory updates or new laws are issued, the responsible unit coordinates the dissemination of related notices throughout the Company.

From 2022 to 2025, the Company was not subject to any environmental or ecological administrative fines exceeding NT$300,000 (approximately USD 10,000) per case. In addition, in 2025, BenQ Materials also did not experience any major violations related to social or governance aspects, including but not limited to: labor disputes, human rights violations, major workplace safety incidents, fraud, financial misstatements, violations of related party transaction rules, issues concerning product information and labeling, marketing communication incidents, or other breaches of corporate governance principles or legal requirements. Relevant information is disclosed in the Company's 2025 Annual Report (p.40).

Items	2022	2023	2024	2025
Number of Environmental Violations	1	2	0	3
Total Amount of Environmental Fines (NTD)	NT$60,000 Note 2	NT$504,000 Note 2	NT$0	NT$204,000 Note 2
Environmental Liabilities Accrued at Year-End (NTD)	NT$0	NT$0	NT$0	NT$0

Note 1 : Any single fine exceeding NT$1 million is considered a material violation. No material violations occurred in 2025.
Note 2: These fines were due to reporting deficiencies and did not result in any environmental pollution.

EU Medical Device Regulation (MDR)

The EU Medical Device Regulation (MDR) (EU) 2017/745 governs medical devices entering the European Economic Area. It officially took effect on May 25, 2017, replacing Directive 93/42/EEC (Medical Device Directive, MDD), thereby elevating the regulatory instrument from a directive to a binding regulation, with a transitional period of three years. Products certified under the MDD may continue to be placed on the market for a limited grace period, provided there are no significant changes to their design or intended use. The final expiry date of this grace period is May 26, 2024.

Due to the COVID-19 pandemic, Regulation (EU) 2020/561 was published in the Official Journal of the European Union, postponing the MDR implementation date from May 26, 2020, to May 26, 2021. Regulation (EU) 2023/607, an amendment to the MDR, was published on March 20, 2023 and entered into force immediately. Under the amendment, for medical devices that meet the specific conditions prescribed by the regulation, the MDR transition period may be extended from May 26, 2024 to December 31, 2027 for Class III and Class IIb implantable devices, or to December 31, 2028 for Class IIa, Class IIb, Class Is, and Class Im devices.

BenQ Materials has already aligned its quality system with the MDR requirements and obtained a Notified Body Confirmation Letter. The validity of its MDD certificate has been extended accordingly, and the Company plans to complete MDR certification for its products within the aforementioned transitional period.

BenQ Materials Corp

Financial Performance

The global industrial environment was highly uncertain in 2025. Tariff policies and trade relationship adjustments under the new U.S. administration affected the pace of supply chains and end-market demand. Pull-in demand raised inventory levels and suppressed subsequent demand. At the same time, the appreciation of the New Taiwan dollar against the U.S. dollar placed pressure on the Company's profitability. Affected by the overall market environment, businesses centered on display materials faced headwinds. The Company continued to optimize its product portfolio and adjust order-taking and resource allocation to maintain operational stability and enhance business resilience. In 2025, consolidated revenue was NT$17.85 billion, and net loss after tax was NT$364 million. Please refer to p.44 of the Annual Report for further details.

In 2025, BenQ Materials continued to actively comply with the sustainability-linked loan requirements of its syndicated lenders, including ESG-related loan conditions concerning environmental protection, social responsibility, and corporate governance. BenQ Materials achieved the relevant ESG indicators and was granted corresponding interest rate reductions by the syndicated banking group, demonstrating a joint commitment between the banking consortium and BenQ Materials to corporate social responsibility and sustainable enterprise value creation.

R&D expenditures in 2025 amounted to approximately NT$1.15 billion, accounting for 6.45% of total revenue-a five-year high. This underscores the Company's strong commitment to innovation and its strategic investment in enhancing technological competitiveness and product advancement. For further details, please refer to Section 4.1: Core Technology and Intellectual Property Management.

Disclosure of Specific Expenditure Items

Unit: NT$ million

	2022	2023	2024	2025
Employee Compensation and Benefits	2,877	2,840	3,112	3,265
Interest and Dividend Payments	-531	-755	-512	-362
Government Grants (Investment & R&D subsidies)	20	68	52	19
R&D Expenses as % of Revenue	5.71%	5.48%	5.83%	6.45%
Direct/Indirect Political Contributions	0	0	0	0
Community Investment Spending	15.04	22.8	7.14	3.18

Note: From 2022 to 2025, BenQ Materials did not make any political contributions, incur any lobbying expenses, or support any specific political parties or candidates.

Human Capital Return on Investment (HCROI)

2022	2023	2024	2025
5.57	6.12	6.03	5.56

Note: Human Capital Return on Investment (HCROI) = Operating Revenue - (Operating Expenses - Employee Compensation and Benefits) / Employee Compensation and Benefits.

Tax Governance

In response to the international trend of tax governance, BenQ Materials uphold the concept of business ethics & integrity, implement tax laws and regulations, pursue sustainable development, formulate tax governance principles, and responsible units are responsible for implementing and reporting to the management to ensure the effective operation of the tax management mechanism to protect the Company. and investor interests. In 2025, the income tax expense amounted to NT$25 million, representing 0.14% of the total annual revenue.

Tax Governance Principle

1. The Company's tax strategy complies with the tax laws and legislative intent of all jurisdictions where it operates.
2. Transactions between related parties follow the arm's length principle and comply with internationally recognized transfer pricing guidelines issued by the OECD.
3. Financial reporting is transparent, and tax disclosures are handled in accordance with applicable regulations and standards.
4. The Company does not use tax havens or engage in tax planning with the intention of tax avoidance.
5. The Company does not shift profits to low-tax jurisdictions.
6. The Company maintains a mutually respectful relationship with tax authorities based on trust and transparency.
7. All major corporate decisions take into account their tax implications.
8. The Company analyzes the operating environment and utilizes management mechanisms to assess tax risks.

Tax Risk Management

BenQ Materials conducts operations and business expansion in overseas markets while complying with tax regulations across jurisdictions. To effectively manage tax risks, tax risk management has been incorporated into the Company's overall risk management program. The risk management organization regularly reports to the Audit Committee on the risk environment, key risk areas, risk assessments, and mitigation measures. For more details on risk management, please refer to Section 3.5. Risk Management.

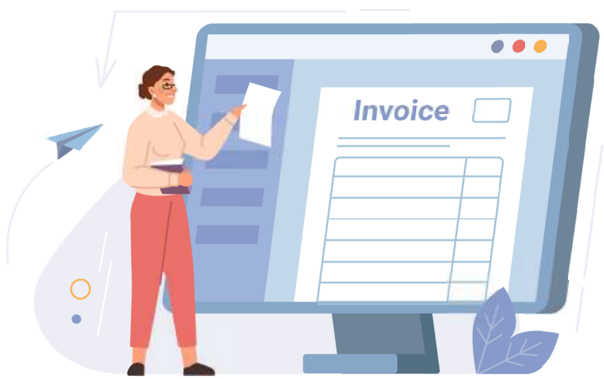
Tax Management

BenQ Materials designates the Board of Directors as the highest decision-making and supervisory body for tax governance. In collaboration with senior management, the Board formulates tax governance strategies and conducts monthly reviews to ensure responsiveness to emerging risks. The Finance Department is responsible for tax management, with the Chief Financial Officer serving as the highest authority overseeing tax matters. Daily tax operations are carried out by the Head of Accounting, supported by qualified and experienced tax professionals. Additionally, BenQ Materials engages external tax advisory firms to enhance professional capabilities and ensure compliance.

Tax Payment Status

Item	Unit	2024	2025
Net profit (loss) before tax	NT$ thousand	227,508	-318,735
Cash Taxes Paid		0	41,178
Income Tax Expenses		28,302	25,293
Book Effective Tax Rate	%	12.4%	-7.9%
Cash Effective Tax Rate		0%	-12.9%

Note 1: Disclosure in 2024 was mainly based on Taiwan; in 2025, disclosure is based on the consolidated financial statements, including overseas subsidiaries.
Note 2: Book effective tax rate = current year income tax expense ÷ current year profit or loss before tax; Cash effective tax rate = current year paid income tax ÷ current year profit before tax.



Business Ethics & Integrity

Code of Conduct

BenQ Materials has established a comprehensive Anti-Bribery and Anti-Corruption Policy, which is incorporated into the Company's Code of Integrity approved by the Board of Directors. This policy explicitly prohibits all forms of bribery and improper benefits, including directly or indirectly offering, promising, soliciting, or accepting cash, gifts, political contributions, inappropriate hospitality, or donations.

The policy applies to directors, senior executives, employees, subsidiaries, suppliers, customers, agents, and contractors, and includes, but is not limited to, the following key elements (please refer to the full Code of Integrity for details):

1. Prohibition of bribery and acceptance of bribes
2. Prohibition of illegal political contributions
3. Prohibition of improper charitable donations or sponsorships
4. Prohibition of unreasonable gifts, hospitality, or other improper benefits
5. Prohibition of unfair competitive practices
6. Annual integrity, anti-bribery, and anti-corruption training for all employees and senior executives

The Risk Management Committee regularly conducts risk assessments for major operating sites each year to proactively identify potential anti-corruption risks. In 2025, the assessment coverage rate reached 100%, and the assessment results were all classified as low risk.

Promotion Work Item	Responsible Department	Execution Method
Regulation establishment and educational promotion	Human Resources Department	The Company has established the Employee Code of Integrity, which emphasizes a culture of ethical business conduct, as well as the Disciplinary Measures, which set forth handling principles for various types of disciplinary violations. Furthermore, regular education, training, and awareness campaigns are also conducted
Assessment and Inspection of integrity risk (including anti-corruption)	Human Resources Department	Enhance each operation process, implement responsibility allocation and reduce occurrence of fraud through system control.
	Risk Management Committee	Risk assessments are conducted regularly each year for major operating sites to proactively identify potential anti-corruption risks.
	Procurement Department	All tier 1 key suppliers and tier 1 suppliers were required to sign the code of conduct; for further details, please refer to 6.1 Supply Chain Management.
Handling of violation of ethics	Senior supervisors form the Major Disciplinary Committee to perform review	For major violation of integrity, the execution status is reported to the Board of Directors according to relevant regulations and operation procedure.

Integrity Promotion and Training

In 2025, the Company continued to promote integrity awareness training, including anti-corruption content. Courses included the Code of Integrity online course, integrity training for new employees, insider trading prevention, trade secrets regulations, data confidentiality protection under the Personal Data Protection Act, and other courses. A total of 6,329 participants attended these sessions.

2025 Integrity-Related Training Summary

Course Name	Duration (hrs)	Course Description	Number of Participants	Training Hours
Integrity Course for New Employees (including anti-corruption)	0.5	Mandatory for all new hires	1,057	584.0
Online Code of Conduct Course (including anti-corruption)	0.25	Mandatory online course for all employees	2,790	1127.9
Insider Trading Prevention Course	2	Regularly conducted for managers and relevant employees	624	346.7
Propaganda of Trade Secrets Act	2	Promoted via internal newsletters for managers and relevant staff	828	713.1
Data Confidentiality Protection (Personal Data Protection Act)	1	Mandatory for all indirect employees and department assistants	1,030	1311.8

Note 1 : The above data include subsidiaries GeneJet, Cenefom, and Web-Pro (including the Vietnam Site).
Note 2: In accordance with the 2025 training plan, no antitrust-related courses were offered; therefore, no relevant training data are available for this year.

BenQ Materials Code of Conduct (including Anti-Corruption Policy) Communication and Training Results

	Management			Employees			Suppliers Note 2		
Region	Taiwan Sites	China Site	Vietnam Site Note 3	Taiwan Sites	China Site	Vietnam Site	Taiwan Sites	China Site	Vietnam Site
Participants	263	76	4	2,077	891	0	62	1	0
Coverage Percentage	93.9%	100%	10%	82.33%	100%	0%	95.38%	100%	0%

Note 1: The above data include subsidiaries GeneJet, Cenefom, and Web-Pro (including the Vietnam Site).
Note 2: The number of suppliers who attended training was calculated based on the number of new tier-1 suppliers added during the year who had signed the supply chain code of conduct.
Note 3: Vietnam site training for management was delivered to Taiwanese expatriate managers; no relevant training has yet been conducted for local employees.

Business Ethics Violation Mechanism

To strengthen integrity governance and provide an effective communication mechanism, BenQ Materials not only requires suppliers to sign an Integrity Cooperation Commitment Letter, but has also established a formal whistleblowing and grievance platform. This platform allows suppliers, contractors, and other stakeholders to report concerns regarding violations of business ethics or improper conduct, either anonymously or with their identity disclosed.

The Company explicitly commits to maintaining whistleblower confidentiality and has implemented anti-retaliation measures to ensure that individuals raising concerns are not subject to any form of punishment or adverse treatment. If any violation of integrity cooperation principles is verified, the Company may terminate the partnership in accordance with the agreement or permanently blacklist the party involved. Related handling procedures, contact information, and statistical data are disclosed regularly in the sustainability report or on the Company's official website.

If the reported matter involves general employees, it should be submitted to the department supervisor. If it concerns directors or senior executives, it should be submitted to the Audit Committee. In 2025, there were no cases of violations related to business ethics & integrity or anti-corruption.

Internal Complaint Channel

- Director supervisor
- Human resource supervisor
- GM Mailbox
- Auditor

Ethics Violation Complaint Mailbox:
Integrity@BenQMaterials.com

Risk Management

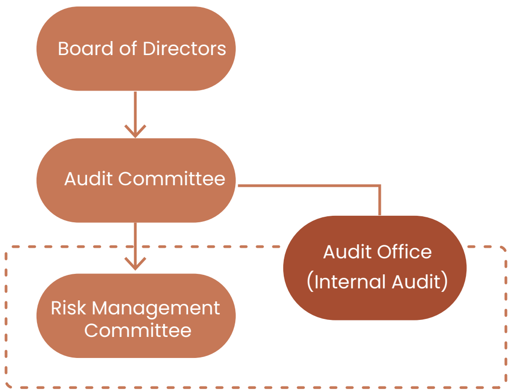
In 2010, BenQ Materials established the Risk Management Committee (RMC), focusing on the risk management system and risk transfer planning in corporate governance. The committee sets out the risk management vision and policies, analyzes internal and external strategic risks, financial risks, operational risks, and hazard risks, and conducts risk identification and evaluation, improvement plans, and regular management reviews to effectively manage risks exceeding the risk tolerance. The aim is to build BenQ Materials into a resilient company capable of withstanding risks.

In 2020, the Board of Directors approved the "Risk Management Policy and Procedures." On August 8, 2022, the Taiwan Stock Exchange Corporation issued the "Practical Guidelines for Risk Management of Listed and OTC Companies" (Letter No. 1110015360), and the first Board meeting in 2023 completed the revisions and approval.

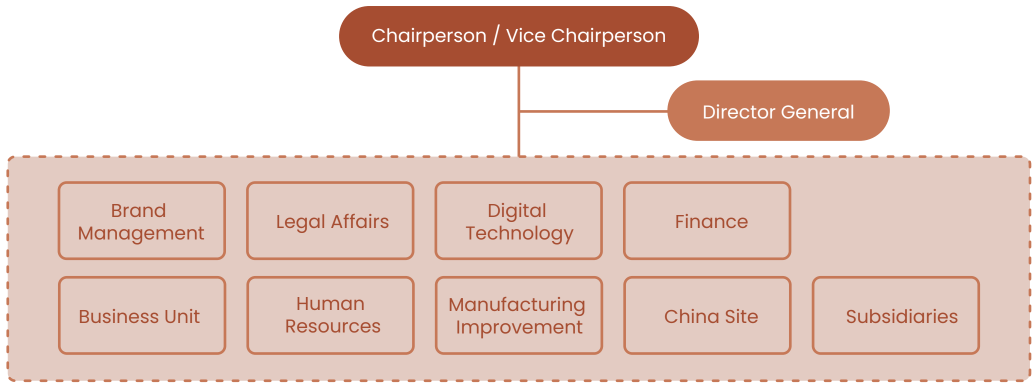
Risk Management Policy

- 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.
- Identify and control risks before an accident occurs, suppress losses when an accident occurs, and quickly resume product and service provision after an accident. For material risk scenarios identified by the Risk Management Committee, Business Continuity Plans (BCPs) and Emergency Response Manuals shall be formulated and updated regularly.
- For risks that do not exceed the Company's risk tolerance, the cost-effectiveness of risk management should be considered and appropriate management tools applied. However, exceptions apply if such actions pose a risk to employee safety, result in violations of laws or regulations, or negatively impact the Company's reputation.

Risk Governance Structure



Risk Management Committee Organizational Chart



Risk management vision

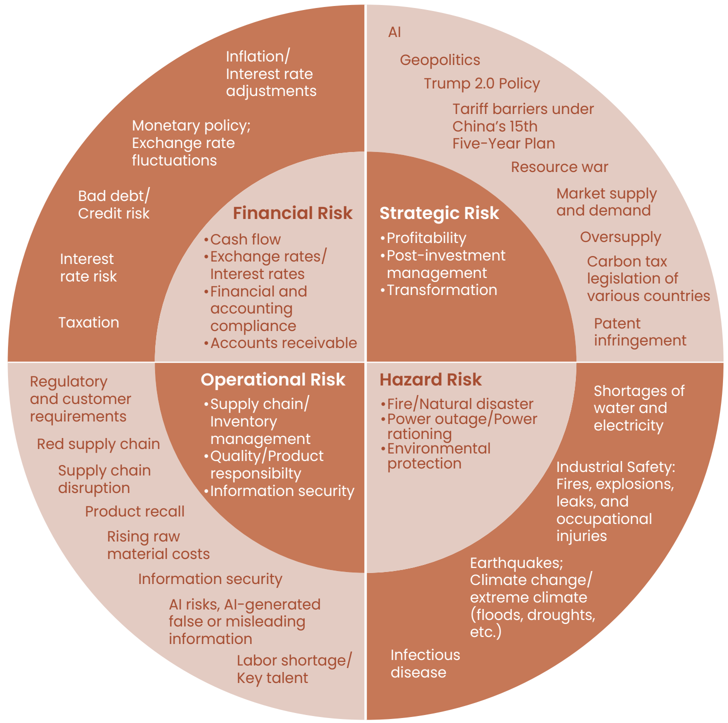
- Undertake to continue to provide products and services to create long-term value for customers, shareholders, employees and society.
- Risk management must have systematic risk management procedures and organizations to identify, evaluate, process, report and monitor major risks that affect the Company's viability, and enhance the risk awareness of all employees.
- 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.

Risk Assessment and Monitoring

BenQ Materials' Risk Management Committee is chaired by the Chairman and CEO, with the President serving as Vice Chair. The Chief Financial Officer concurrently serves as the Executive Secretary and leads the Risk Management Unit. Heads of major business units serve as committee members. The committee regularly reports to the Board of Directors and the Audit Committee on an annual basis. The Board of Directors, Audit Committee, Risk Management Committee, Risk Management Unit, and operational units each hold defined responsibilities for risk oversight and management. For further details, please refer to the BenQ Materials official website.

Each year, all adverse events that may affect the achievement of the Company's operational objectives are categorized into four major risk types: strategic, operational, financial, and hazard risks (including consideration of emerging risks, which are classified based on their nature). A risk radar chart is developed based on risk identification, analysis, and evaluation to support risk management. Each business unit formulates risk response measures by considering: the Company's annual top-level risk mitigation objectives, results of internal unit-level risk identification and assessment, and other events that may impact operations. Management review meetings are held semi-annually to report, discuss, monitor, and review the effectiveness of risk management implementation. The overall operation of the risk management system is overseen by the Audit Committee and the Board of Directors, with annual reports delivered to both bodies on a regular basis.

Risk Radar Chart



Risk Control Flowchart

Risk Identification and Assessment

Each business unit uses the "Risk Assessment Checklist" annually to identify and evaluate its risk items

Define Top 3 Risks

- Review and monitoring of external risk events
- Internal operations and risk improvement
- Internal monitoring and reporting statistics
- Risk identification assessment results
- Risk Radar Chart

Risk Response and Tracking

Each operating unit formulates a "Risk Improvement Plan" by comprehensively considering the Top 3 Risks, risk identification and assessment results, and other events that may affect operations

Regular Monitoring and Tracking

- Follow the RMC emergency incident reporting and investigation procedures.
- Management review meetings are convened semi-annually.
- The implementation progress of risk improvement plans is tracked quarterly.

BenQ Materials Risk Appetite

Control Level	b	b	a	a	a
	c	b	b	a	a
	c	b	b	b	a
	c	c	b	b	b
	c	c	c	c	b
Y/X	Impact Level				

Note 1: Impact Level = Likelihood of Occurrence × Magnitude of Impact (Magnitude of Impact includes: financial loss, property damage, casualties, impact on company reputation, etc.)
Note 2: Risk Value = Impact Level × Control Level

In 2025, two risk management review meetings were held, during which a total of 27 risk improvement plans were managed. Nearly 30% were medium- to long-term improvement plans and will continue to be implemented in 2026. The operation and implementation of risk management in 2025 were reported to the Board of Directors in February 2026, with routine reporting held once a year.

Additionally, in response to climate change risks, the Company has followed the Task Force on Climate-related Financial Disclosures (TCFD) framework to identify and assess risks and opportunities, and has formulated response plans for major risks. A total of 25 adaptation action plans have been developed for the short, medium, and long term. (For details, see Section 5.2. Climate Change Management).

Risk Response Case Studies

Risk Category		Risk Description	Potential Impact	Response Measures
Strategic Risk	Economic Conditions / Industry Trends	The implementation of Trump 2.0 policies, geoeconomic confrontation, trade frictions, international conflicts, and uncertainty in monetary policies have intensified global economic volatility. Slower economic growth has reduced end-market demand.	A decline in end-market demand affects the Company's revenue and profitability.	• Develop high-value-added products and optimize product mix to improve profit structure. • Diversify business layout to accelerate growth in other business units and expand market reach. • Strengthen customer engagement to monitor market conditions and dynamically adjust material preparation and production plans. • Strict control over costs and inventory levels.
Operational Risk	Supply Chain Disruptions / Shortages	External factors such as natural disasters, climate change, cybersecurity threats, and geopolitical issues may cause supply chain disruptions or material shortages.	Raw material shortages may lead to production halts, delays, or changes in production plans; failure to deliver products on time could impact short- and mid-term orders.	• Continue implementing dual sourcing. • Evaluate alternative materials during material selection and development. • Monitor external developments and supplier conditions. • Regularly review inventory level fluctuations. • Use air freight as a contingency when necessary.

Business Continuity Planning (BCP)

For scenarios identified as significant risks by the Risk Management Committee, all departments are required to jointly formulate Business Continuity Plans (BCPs) to manage potential incidents. This includes pre-incident risk identification and control assessments, preventive improvement measures, loss containment strategies during incidents, and rapid recovery of product or service delivery post-incident.

BenQ Materials has established BCPs for fire, earthquake, flooding, strikes, infectious diseases (such as influenza and major novel diseases like COVID-19), and information security interruptions. To ensure the effectiveness of these BCPs, these plans are reviewed and updated annually, and the Company conducted an information security BCP drill focused on recovery in 2025. For further details, please refer to Section 3.6. Information Security.

Risk Management Audit

The internal audit unit of BenQ Materials reports directly to the Board of Directors and the Audit Committee. It supervises all operating units and subsidiaries by regularly assessing the implementation of the internal control system. During the periodic evaluations of internal control effectiveness, the audit process incorporates risk management factors to conduct audits on organizational operations and risk management. The audit unit also participates in the semi-annual management review meetings convened by the Risk Management Committee and provides timely recommendations.

Risk Culture Development

To deepen the risk management culture, risk management awareness is integrated into daily decision-making and operational activities to shape a comprehensive enterprise risk management culture. The 2025 Company-level risk improvement targets, namely the Top 3 Risks, such as profitability and quality, were aligned with the Company's operational objectives to ensure the achievement of overall business performance. BenQ Materials has established the Employee Incentive Policy, Compensation Management Policy, and Performance Appraisal Management Policy, under which rewards and recognition are approved.

2025 Board Training on Risk Management-Related Topics

No.	Risk Dimension	Course Name
1	Operational Risk	Labor and Human Rights Trends in the Global Supply Chain and Corporate Practices Sharing
2		Practical discussion on the latest development trends of artificial intelligence and risk management framework
3		Business Value and Digital Risks of Generative AI
4	Financial Risk	Financial Statements Overhaul! A Complete Guide to IFRS 18: "Presentation and Disclosure in Financial Statements"
5		Global business management strategies
6	Strategic Risk	Trump 2.0: Corporate Strategies for Global Tax Reform and Supply Chain Restructuring
7		Current Global Economic Situation
8		The Global Economic Impact of Trump 2.0

The Risk Management Unit periodically conducts awareness campaigns and risk alerts. In 2025, a total of 12 internal communications were issued, supplemented by ad hoc risk reminders from the Chair and Vice Chair of the Risk Management Committee, aiming to embed risk awareness into daily operations and strategic decision-making processes. BenQ Materials integrates risk-related topics as part of routine business practices. In addition to regular communications, the Company also delivers annual training programs targeting all employees or specific stakeholder groups, as outlined below:

2025 Company Training on Risk Management-Related Topics

No.	Risk Dimension	Course Name
1	Hazard Risk	EHS Monthly Meeting Awareness / Training
2		Common Manufacturing Hazards - Electrical Shock Hazard Prevention
3	Strategic Risk	Global Economic Trends Seminar for the Second Half of 2025
4		Global Economic Trends Seminar for 2026
5	Operational Risk	Legal Responsibilities and Strategies for Sustainable Marketing
6		TIPS (Taiwan Intellectual Property Management System) Training
7		AI Applications and Enterprise Risk Management - From the Perspectives of Personal Data, Information Security, and Trade Secrets
8		Annual AEO (Authorized Economic Operator) Training
9		Personal Data Incident Drill Workshop
10		Insider Trading Prevention
11		Information Security Awareness Training
12		Trade Secret Infringement and Protection in the Technology Industry
13		Annual Integrity and Ethics Training
14		Personal Data Protection Act (PDPA) Compliance Training

In addition to the aforementioned training programs, BenQ Materials further integrates risk management thinking and sustainability principles into its product development processes. The Company ensures that all new products incorporate Environmental, Social, and Governance (ESG) risks and opportunities from the design phase. Currently, BenQ Materials follows four internal Standard Operating Procedures tailored to different product categories: Functional Film Product Design and Development Management Procedure, Medical Business Product Design and Development Management Procedure, Advanced Battery Material Product Design and Development Procedure, and Functional Textile Product Design and Development Management Procedure.

During the Planning Phase of product development, teams are required to produce a Planning Report, which serves as the foundation for subsequent development decisions. This report not only consolidates the Feasibility Study, Quality Targets, and Design Specifications, but also emphasizes Risk Assessment and the Evaluation of ESG Targets and Feasibility, thereby enhancing the product's sustainability value and risk resilience.

Emerging Risk Response

In response to the constantly evolving global landscape, BenQ Materials has identified long-term emerging risks based on the World Economic Forum (WEF) risk categories, focusing on two key dimensions: economic and technological. For each identified risk, the Company outlines the potential impact and proposes concrete response strategies to strengthen its sustainability performance and risk management capabilities.

BenQ Materials - Long-Term Emerging Risks

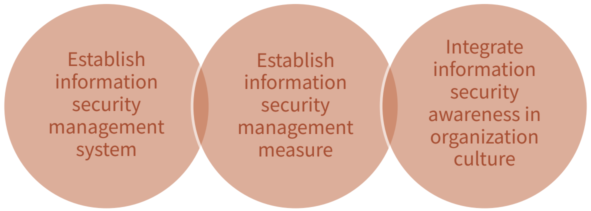
Risk Category	Risk Description	Influence or Potential Impact		Response Measures
Economy	Amid the continued escalation of geoeconomic confrontation and geopolitical risks, the policy directions of major countries remain highly uncertain. Trump 2.0 policies may intensify trade and industrial intervention. Coupled with slowing global economic growth, expanded market supply and demand fluctuations may create structural risks to companies' long-term operational stability and strategic planning.	**Rising operating costs**	Tariffs, trade restrictions, and policy intervention increase raw material, logistics, and compliance costs.	• Monitor policy and external changes; assess and respond to potential impacts on the Company. • Diversify business layout; accelerate growth of professional healthcare business and expand market coverage. • Develop high-value-added products and optimize product portfolio. • Strict control over costs and inventory levels.
		Volatile market demand	Slower global economic growth results in differentiated end-market demand and increases uncertainty in sales forecasts.	
		Price and gross margin pressure	Intensified supply-demand imbalance increases price volatility and erodes product gross margins.	
		Increased strategic adjustment costs	Accelerated supply chain restructuring, market shifts, and risk diversification increase management complexity.	
		Operational resilience challenges	The increasing frequency and magnitude of external shocks test companies' long-term operations and sustainable management capabilities.	
Technological	In an operating environment highly driven by digitalization and artificial intelligence, cybersecurity threats have evolved from isolated attacks into compound risks that may cause system disruptions and cascading supply chain impacts. If an incident expands, it may affect operational continuity, customer trust, and regulatory compliance requirements, posing long-term challenges to enterprise operational resilience.	**Increased risk of operational disruptions**	Attacks on core systems or key platforms may cause production, services, or transactions to be suspended.	• Adhere to the ISO 27001 Information Security Management System. • Conduct relevant training and awareness programs. • For related operations, please refer to Section 3.6 Information Security.
		Cascading supply chain impacts	Impacts on third-party systems or critical suppliers may expand delivery delays and performance risks.	
		Increased financial losses	Costs may increase due to system recovery, cybersecurity response, operational downtime, and potential fines.	
		Damage to customer trust and brand reputation	Cybersecurity incidents or data leaks may affect customer confidence and long-term partnerships.	
		Regulatory and compliance risks	Failure to comply with data protection and cybersecurity-related regulations may result in regulatory concerns or penalties.	
		Pressure on operational resilience	The increasing frequency and scope of incidents create challenges for business continuity and recovery capabilities.	

Note: Risk categories are classified in accordance with the World Economic Forum (WEF) framework, including economic, environmental, geopolitical, social, and technological risks.

Information Security

Information Security Policy

BenQ Materials has established a secure and trustworthy computerized operating environment to ensure the security of data, systems, equipment, and networks, as well as to maintain uninterrupted operations. (For details, please refer to the Information Security Policy.) The "Information Security Policy and Procedures" were developed in accordance with the Cybersecurity Management Act, Personal Data Protection Act, Copyright Act, Electronic Signature Act, and based on international information security standards such as ISO 27001. All employees, temporary staff, visitors, and vendors conducting business with the Company (including their employees and temporary staff) were required to comply with this policy when maintaining, safeguarding, using, or managing the Company's assets.



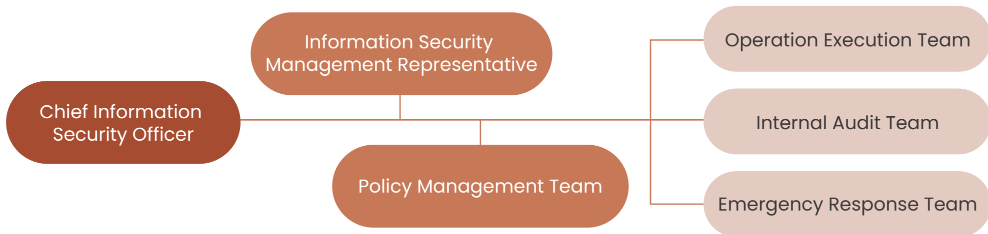
Information Security Management Policy:
- Strengthen the Company's information security management to establish reliable information application systems.
- Protect electronic information assets to prevent and mitigate business losses.
- Enhance business interests and ensure sustainable corporate operations.

Information Security Management Objectives:
- Protect the security of the Company's information services and ensure that information is only accessible to authorized personnel to maintain confidentiality.
- Protect the security of the Company's information services by preventing unauthorized modifications to ensure accuracy and integrity.
- Establish a business continuity plan for information services to ensure uninterrupted operations.
- Ensure that all company information services comply with relevant laws and regulations.
- Establish information security performance indicators and regular testing mechanisms. Through audits, assessments, monitoring, and management reviews, the Company ensures effectiveness and continuous improvement.
- Strengthen third-party and supply chain information security management to reduce supply chain cybersecurity risks.

Information Security Management Organization

In 2021, BenQ Materials established the Information Security Management Committee and appointed a Chief Information Security Officer (CISO) along with an Information Security Representative (Dedicated Security Manager) to strengthen its information security management framework. To respond to evolving cybersecurity trends and comply with policies set by the Financial Supervisory Commission, the Company holds at least one annual review meeting on information security management. In 2023, the role of CISO was officially instituted. In April 2024, the Company further enhanced its cybersecurity governance by expanding the organizational structure of the IT department into the Digital Technology Center and establishing a dedicated cybersecurity unit - Information Security Section. This section is staffed with a dedicated security manager and two additional full-time security personnel, totaling three members. It operates under the Digital Technology Center and also encompasses the Smart Application Division, the Machine Vision Division of the Machine Intelligence Division, and the subsidiary.

Information Security Management Committee Organizational Chart



Information Security Management System

To ensure proper protection of information assets, BenQ Materials implements risk assessment procedures, establishes and enforces relevant regulations to determine the risk level of its information assets. Based on the results of these risk assessments and internal meetings, the Company determines appropriate treatment measures—such as risk mitigation, transfer, elimination, or acceptance—to effectively manage risks. BenQ Materials' Taoyuan Headquarters, Longtan Plant, and Yunlin Plant obtained ISO 27001 certification, 2013 version, in 2021. To make information security management more comprehensive, the Company introduced certification under the new version of ISO 27001 (2022 version) in 2024 and passed certification in 2025. The certificate is valid from April 1, 2025 to March 31, 2028.

The scope of the ISO 27001 certification covers Taoyuan Headquarters, Longtan Plant, Yunlin Plant, ERP, the FEOL MES (Front End of Line Manufacturing Execution System), and the FlowER (BPM) system in Taiwan. In addition to the aforementioned server rooms and systems, the Suzhou Plant and Wuhu Plant in mainland China are also included in the management scope. In 2024, the Company planned to further extend management to the Smart Application Division, the Machine Vision Division of the Machine Intelligence Division, and subsidiaries with reference to ISO 27001 principles.

In 2025, BenQ Materials joined the cybersecurity governance structure of its parent company, Qisda, and complied with the corresponding security requirements. A cybersecurity maturity rating system has been established, and BenQ Materials, including its affiliated subsidiaries, is required to meet the parent company's cybersecurity evaluation standards, with continuous efforts made each year to enhance cyber resilience.

Information Security Management System Construction Goal

- Implement information security
- Protect customer data and company's intellectual property output
- Enhance information security event response capability
- Achieve information security measurement indicator

Information Security Risk Assessment

BenQ Materials, in accordance with its Information Security Risk Assessment and Management Procedures, defined the risk levels for Taiwan and Mainland China in 2022 and developed improvement plans for high-risk items. In 2023, the Company conducted a reassessment of the information security systems in both Taiwan and Mainland China, completing the evaluation in the third quarter. Two higher-risk issues were identified and incorporated into the Company's risk management operations, with improvement plans initiated in 2024.

In 2025, the Company continued to strengthen information security and operational resilience, with a focus on enhancing business continuity and disaster recovery capabilities for critical systems to ensure service stability; improving the incident classification, reporting, and decision-making governance mechanism for information security events; promoting consistent implementation of risk assessment and control measures between the parent company and subsidiaries; continuously inventorying and improving the risks of end-of-service (EOS) information equipment.

Information Security Management Measures

In 2025, the Company continued to strengthen information security and operational resilience by promoting information security business continuity drills involving each business unit, enhancing the overall effectiveness of information security governance and corporate sustainable operations. The Company also upgraded systems and hardware that had reached end of service and strengthened information security protection.

Hardware Protection

- **Equipment Inspection:** Maintenance contracts are signed with vendors for important systems and equipment, with cybersecurity clauses incorporated into the contracts to ensure equipment updates and vulnerability patching. Equipment status is inspected regularly.
- **Establish Data Backup Mechanism:** A backup system has been set up, performing daily backup operations for servers and databases. In addition, a high availability (HA) mechanism has been established for important equipment.

Network Security Protection and Monitoring

BenQ Materials has established the "Website Information Security Management Inspection Guidelines." Since 2021, the Company has conducted vulnerability scans and remediation for key system hosts and websites. In 2025, the scope of scanning was further expanded by increasing both the number and frequency of scans on network devices and system hosts to enhance overall system security strength.

Cybersecurity

- Firewall functions have been upgraded with IPS intrusion detection system protection.
- A dedicated line dual-backup automatic switching mechanism has been introduced.
- The Company-wide network has introduced controls to prohibit unauthorized network equipment from connecting to the internal network system.
- VPN encrypted connections and two-factor authentication have been introduced for remote work.

Information Security Early Warning

- Relevant cybersecurity early warning equipment and mechanisms have been introduced to visualize internal security risks that were previously opaque. By integrating external cybersecurity intelligence and analysis, the Company can identify external hacker intrusion behavior in advance and take early countermeasures. Protect the security of internal corporate data and systems.
- Internal and external vulnerability scans are conducted regularly, and vulnerabilities are proactively patched to reduce information security risk exposure.
- Outside-in penetration testing drills are conducted to perform in-depth vulnerability testing and analysis, identify potential risks in equipment and systems, and improve security.
- Join the Taiwan Computer Emergency Response Team Coordination Center (TWCERT) in 2023 to participate in collaborative defense operations.
- From 2024 to 2025, the Company expanded the breadth of early warnings. Externally, Panorays was used for external network security analysis and rating, enabling visualization and continuous monitoring of supplier information security risks. Internally, the Trend Micro MDR/XDR integrated monitoring platform was used to establish a 24/7 expert real-time early warning and automated response mechanism, strengthening the Company's detection speed and remediation resilience against unknown threats.

Information Security Protection

- Multi-Factor Authentication (MFA) has been introduced to verify user legitimacy through two authentication procedures, preventing unauthorized users from accessing internal company information or carrying out destructive activities.
- Privileged Access Management (PAM) privileged access management has been introduced to prevent internal privileged users from abusing access or having their credentials stolen externally. Centralized management and regular audits reduce intrusion risks.
- DLP data loss prevention has been introduced to prevent the leakage of confidential data and key technologies, safeguarding the Company's core competitiveness.
- Incident detection and response mechanisms, including EDR, NDR, and MDR, have been introduced to strengthen vulnerability risk control for key hosts and enable automatic responses to suspicious events.
- User internet behavior management has been introduced to identify potential cybersecurity risks through abnormal behavior analysis.
- Source code security scanning has been introduced to detect application vulnerabilities and strengthen development security.

Information Security Response Plan

Disaster drills are conducted regularly each year. In 2025, disaster drills were conducted for key systems, including the shipment cycle and manufacturing production systems, and were expanded to include operational process reviews across business units to strengthen disaster response capabilities and reduce the Company's losses in the event of an incident.

Cyber Insurance

Since December 2020, BenQ Materials has procured corporate cybersecurity risk insurance to cover expenses incurred from information security incidents, such as business interruption, incident response, and recovery costs. The coverage includes subsidiaries in which BenQ Materials holds a majority shareholding, thereby mitigating potential losses from security breaches. In 2025, the Company continued its cybersecurity insurance coverage.

Information Security Training

Internal Education and Training

Every October is designated as Cybersecurity Month at BenQ Materials. In 2025, the Company conducted online cybersecurity courses for all employees and held dedicated cybersecurity seminars for mid- and senior-level managers. Awareness was further raised through posters and email announcements. A total of 844 employees completed Company-wide online information security training, and 88 senior executives attended information security seminars. In October, Information Security Month was promoted, with information security awareness activities held at the Taoyuan, Longtan, Yunlin, Suzhou, and Wuhu sites.

External Education and Training

To strengthen cybersecurity risk awareness among mid- and senior-level executives, in 2025, the Company engaged external cybersecurity consultants to present on the topic of "Forward-Looking AI and Compliance Orientation." The training helped participants understand AI and cybersecurity compliance risks from a forward-looking perspective, strengthen decision-making judgment, reduce conflicts between regulatory compliance and operations, and enable enterprises to introduce AI in a safe, compliant, and sustainable manner.

Social Engineering Drills

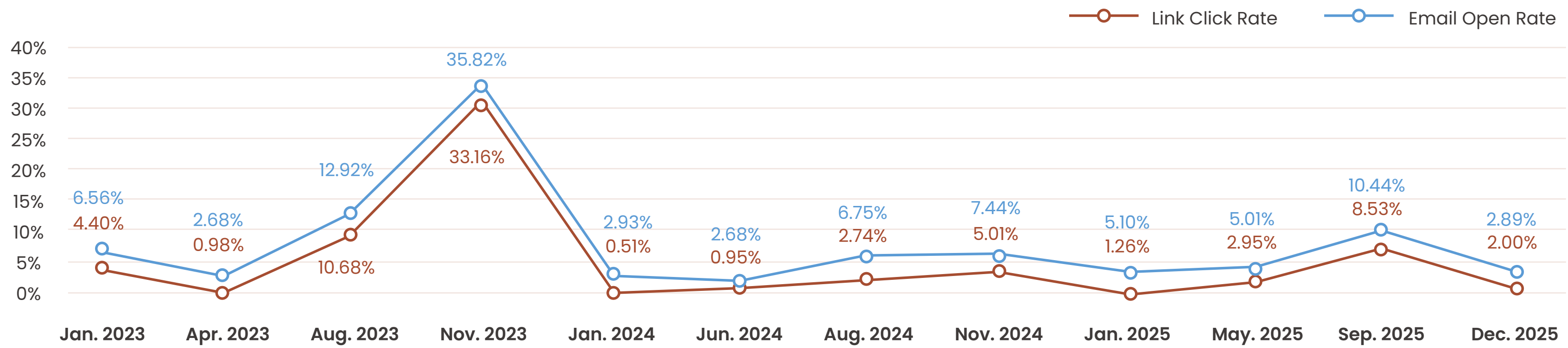
Since April 2021, the Company has conducted monthly email social engineering drills and provided employees with information security training on email sending and receiving to reduce the risk of employees mistakenly clicking malicious emails and strengthen email security awareness. Through continuous awareness promotion and staff retraining, the false-click rate continued to decline in Q1 2024.

In 2025, social engineering drills were enhanced by increasing the realism of the emails. In addition to including subsidiaries in the drills, the Company also adjusted the level of email simulation. Through continuous awareness promotion and staff retraining, the total number of participants for the year reached 4,068, with drills conducted quarterly. Email open rates ranged from 2.9% to 10.44%, and the average click rate was below 6.5%, meeting the strategic target.

Information Security Personnel Training

Information security personnel actively participated in external seminars and completed more than 40 hours of cybersecurity training, including CYBERSEC Taiwan, Trend Micro product protection training, and other courses. They also continue to plan for international information security certifications, such as CISA, CEH, ISO 27001: 2022 Information Security Management System Lead Auditor, and IEC 62443-2-1 Cybersecurity Management System Lead Auditor, to enhance professional competencies and keep abreast of key issues.

Open Rate Trends



Supplier Information Security Management

Each business unit ranked suppliers based on procurement amount and conducted a self-assessment for the top 10. A total of 71 suppliers were subject to self-evaluation. The cybersecurity self-assessment guideline uses a weighted scoring system based on performance in various areas, with suppliers categorized as follows:

Grade A+ (Excellent)	Supplier has a comprehensive and effectively implemented information security management system; weighted score ≥ 90%.
Grade A (Good)	Supplier has a well-established information security management system; weighted score ≥ 80%.
Grade B (Fair)	Supplier has a basic information security management system in place; weighted score ≥ 60%.
Grade C (Needs Improvement)	Supplier lacks an implemented information security management system; weighted score < 60%.

The overall average cybersecurity rating for 2025 was 76.85 points, categorized as Grade B (Fair), showing improvement from the previous year. Suppliers rated as Grade C (Needs Improvement) were provided with information security guidelines and recommended actions to strengthen their cybersecurity measures.

Supplier Information Security Evaluation

In 2025, an information security risk assessment was conducted for the top 10 suppliers of each product business unit, covering a total of 70 suppliers. The purpose was not only to provide an external risk reference for the Company but also to offer cybersecurity guidelines to suppliers to improve overall maturity and reduce potential risk exposure. The assessment results showed that 10% of suppliers did not meet information security control standards, defined as scoring below 60 points, resulting in an overall pass rate of 90%.

Information Security Planning

BenQ Materials will continue to implement internal audits and verification in accordance with the ISO 27001: 2022 system, dynamically assess and improve high-risk assets, and introduce a Security Operations Center (SOC), sandbox testing, Host-based Intrusion Detection System (HIDS), and SIEM AI in accordance with the information security rating requirements of the parent company. While improving overall incident response capabilities, the Company will optimize supply chain security and deepen digital trust relationships with corporate partners, building an information security protection network that combines compliance and resilience.

Human Rights Management

BenQ Materials complies with the principles of international human rights conventions, including the Universal Declaration of Human Rights (UDHR), the United Nations Guiding Principles on Business and Human Rights (UNGPs), and the OECD Guidelines for Multinational Enterprises. The Company also takes actions in accordance with the Responsible Business Alliance (RBA) Code of Conduct to fulfill BenQ Materials' commitment to human rights. The Company will also regularly conduct human rights risk identification and assessment through human rights due diligence procedures to effectively control the impacts and effects of human rights risks and make dynamic adjustments. For details on the BenQ Materials Human Rights Policy, please refer to the ESG website.

Human Rights Due Diligence

BenQ Materials continues to strengthen its human rights risk management system and management measures in accordance with international human rights standards and relevant regulations, including the RBA Code of Conduct and applicable human rights regulations at each operating site. The Company conducts comprehensive human rights due diligence and human rights risk matrix analysis across overall operating sites once every three years. Through supply chain ESG audits, grievance mechanisms, and daily management measures, the Company continuously monitors potential human rights risks and improvement status.

The most recent comprehensive human rights risk matrix survey was conducted in 2023, covering internal employees at five major operating plants. Following the questionnaire surveys, risk assessment, and internal analysis, no major human rights risk issues were identified overall. From 2024 to 2025, the Company focused on Critical Tier 1 Suppliers, continued to conduct ESG audits, and simultaneously expanded the scope of identification and management of potential human rights risks in the supply chain. Based on the comprehensive survey and audit results, no material human rights risks have been identified at the Company's operating sites or in its supply chain. In 2025, the Company also did not receive any material human rights grievance cases.

To further enhance the completeness of value chain management, BenQ Materials expects to conduct comprehensive human rights due diligence in 2026 for suppliers, contractors, and investees. The Company will prioritize risks based on likelihood and severity of impact, formulate improvement measures and establish a follow-up management mechanism.

Policy Establishment	Establish human rights policy and supplier code of conduct
Risk Assessment	Assess 16 human rights topics and conduct ESG audits of suppliers
Mitigation and Adaptation	Set goals and actions for high-risk human rights issues
Tracking and Communication	Regularly track goal achievement status
Public Disclosure	Disclose in the sustainability report and ESG website

Human Rights Due Diligence Process

Risk Assessment and Identification

In alignment with the UN Guiding Principles on Business and Human Rights and the Responsible Business Alliance (RBA) Code of Conduct, BenQ Materials evaluates 16 key human rights topics. The assessment also references the AA1000 Stakeholder Engagement Standard (AA1000 SES) and GRI Standards. The following are the human rights issues BenQ Materials prioritizes:

Governance: Protection of User Privacy

Labor rights: Personal Liberty and Safety / Working Hours / Wages and Benefits / Freedom of Assembly and Association / Prohibition of Child Labor / Physical and Mental Health Rights / Freedom of Speech and Expression / Maternal Protection / Non-discrimination and Inclusion / Freedom to Choose Employment / Prohibition of Forced Labor / Right to Family Life

Health and safety: Occupational Safety / Work Injuries and Occupational Diseases / Public Health and Nutrition

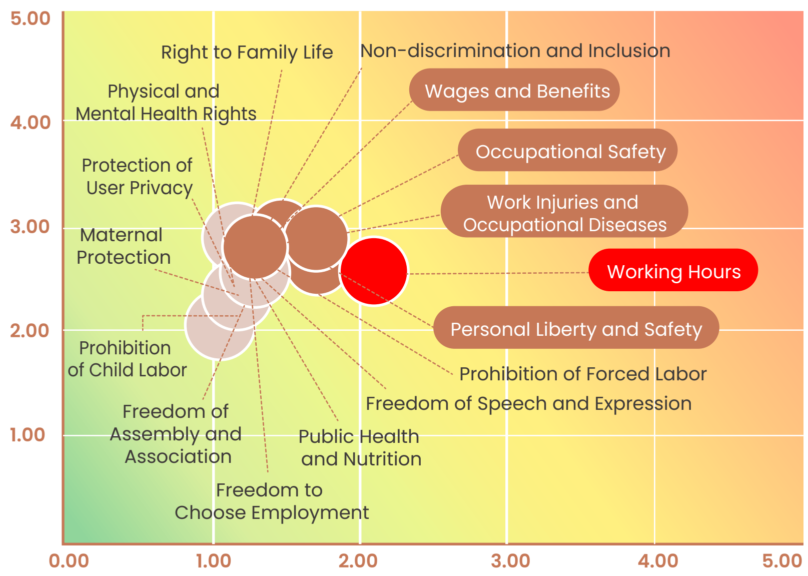
BenQ Materials Corp

Human Rights Risk Matrix

In 2023, BenQ Materials conducted a human rights risk assessment for internal employees, covering all formal staff at its operational sites in Taiwan (Taoyuan Plant, Longtan Plant, Yunlin Plant, Suzhou Plant, and Wuhu Plant). A total of 533 survey responses were collected. Based on internal data analysis, no significant human rights risks were identified. The topic of "working hours" was found to approach a low-to-moderate risk level, while other issues such as wages and benefits, occupational safety, work-related injuries and illnesses, and personal freedom and security were all assessed as low risk.

In addition to continuing management of the aforementioned five topics, BenQ Materials proactively incorporated additional human rights issues into its scope of management, including the prohibition of child labor, maternity protection, and diversity and inclusion. For issues that do not have a direct or indirect impact on human rights, compensatory actions are not required.

The 2024-2025 supplier ESG audit scope also included human rights-related assessments. All suppliers evaluated met the compliance requirements, and no human rights risks were identified. Looking forward, BenQ Materials will continue to enhance supply chain due diligence, expand assessment coverage, and improve governance across the supply chain. For more information, please refer to Section 6-4 Existing Supplier Management.



Tracking and Communication

Risk Groups	Human Rights Issues	Management Measures	Risk Assessment	Mitigation Measures	Remediation Measures	Types of Remediation Measures	Implementation of Remediation Measures	Communication Channels
Employees Suppliers	Occupational Safety and Work-Related Injuries	• Establishment of Occupational Safety Code of Conduct • Establishment of OSH Management Manual • Establishment of Secondary and Tertiary OSH Procedures	• Health examination results for general/specific hazards • Results of regular monitoring • Annual hazard identification and risk assessment • Supplier ESG audits	• Establish an Occupational Safety and Health Committee to regularly review and improve risks • Promote hazard identification and risk assessment • Introduce ISO 45001 at each operating site • Conduct safety education and training	• Suspend work in emergency situations in accordance with the law • Incident investigation and employee assistance programs • Establish an abnormal incident reporting process • Provide occupational injury leave and salary compensation in accordance with the law	Comply with internal management regulations	In 2025, a total of 11 recordable occupational injury incidents occurred. The Company provided occupational injury leave of 62 days and salary compensation, and completed return-to-work assessments before employees returned to the workplace. The Company also carefully attended to the physical and mental conditions of employees who were accidentally injured at work, helping them return to the workplace smoothly and with confidence.	• Monthly Safety Meetings • Regular Occupational Safety and Health Committee Meetings
Employees Suppliers	Working Hours	Establish working hour management rules and an attendance and overtime application system	• Monitor overtime hours • Convene labor-management meetings • Employee satisfaction surveys • Supplier ESG audits	• Strict overtime review • Optimization of human resource allocation • Regularly provide attendance records to supervisors for management	• Provide compensatory leave or overtime pay • Require unit supervisors to make improvements • Adjust manpower and shift scheduling systems	Comply with internal management regulations	No human rights impacts occurred	• Employee Opinion Mailbox • Labor-management meetings

Risk Groups	Human Rights Issues	Management Measures	Risk Assessment	Mitigation Measures	Remediation Measures	Types of Remediation Measures	Implementation of Remediation Measures	Communication Channels
Employees	Wages and Benefits	Formulate remuneration and benefits policies that balance external competitiveness and internal fairness	• Review external market remuneration levels to ensure internal remuneration remains above a certain standard • Refer to benchmark companies and statutory requirements for benefit systems when planning related benefits	Regularly review remuneration and benefits programs to ensure competitiveness and regulatory compliance	If an audit identifies that wages and benefits violate regulatory requirements, return the rights owed to employees and notify them of subsequent remedial measures	Monetary compensation	No human rights impacts occurred	• Internal system • App inquiries • Benefit change announcements
Employees	Personal Liberty and Safety	Provide a safe, healthy, and harassment-free work environment	• Grievance investigation cases • Feedback through communication channels	• Establish and publicly disclose the "Procedure for Preventing Unlawful Infringement in the Performance of Duties" • Regular employee training	• Respondent: Disciplined in accordance with regulations • Complainant: Provided with psychological support or job duty adjustments	Non-monetary compensation	No human rights impacts occurred	• GM Mailbox • Employee Opinion Mailbox • Complaint mailbox and hotline for unlawful infringement
Female Employees Suppliers	Maternal Protection	Establish a maternal health protection plan and conduct risk classification in accordance with the law	• Wellness Center reporting cases • Supplier ESG audits	• Maternal protection measures exceeding statutory requirements, including parental leave, nursing rooms, prohibition of night shifts, and reserved parking spaces for pregnant employees	Inform the Human Resources unit that job duties or working hours may be adjusted	Non-monetary compensation	No human rights impacts occurred	• Maternity Protection Hotline
Employees Children Suppliers	Prohibition of Child Labor	• Prohibit the employment of children under the age of 15 in accordance with the law • Review personal data during the recruitment process and recheck it upon onboarding to ensure that all employment complies with legal requirements	• Review the recruitment process to ensure a mechanism for checking identity documents • Supplier ESG audits	• Review personal data and work experience during the recruitment process • Recheck and verify employee data upon onboarding to ensure compliance with legal requirements	Handle in accordance with work rules	Comply with internal management regulations	No human rights impacts occurred	• GM Mailbox • Employee Opinion Mailbox • Labor-management meetings
Foreign Migrant Workers	Diversity and Inclusion	Follow RBA labor-related indicators	• RBA self-assessment • RBA customer audit	• Prohibit brokers from withholding foreign employees' passports, bankbooks, and residence certificates, and prevent additional fees • Provide foreign employees with basic wages, working hours, and leave equivalent to those of local employees • Conduct satisfaction surveys for foreign migrant workers	If violations of RBA requirements are identified during audits, require corrective measures to be proposed within a specified period and inform migrant workers of subsequent compensation status	Comply with internal management regulations	A total of 16 improvement items were identified in third-party RBA audits and improvement reports were completed within the prescribed deadline. Starting from 2026, the Company expects to implement various deficiency improvement plans, including internal audits, contractor audits, dormitory public safety declaration, and a zero-fee program.	• Labor-management meetings • RBA customer audit • Brokerage firm