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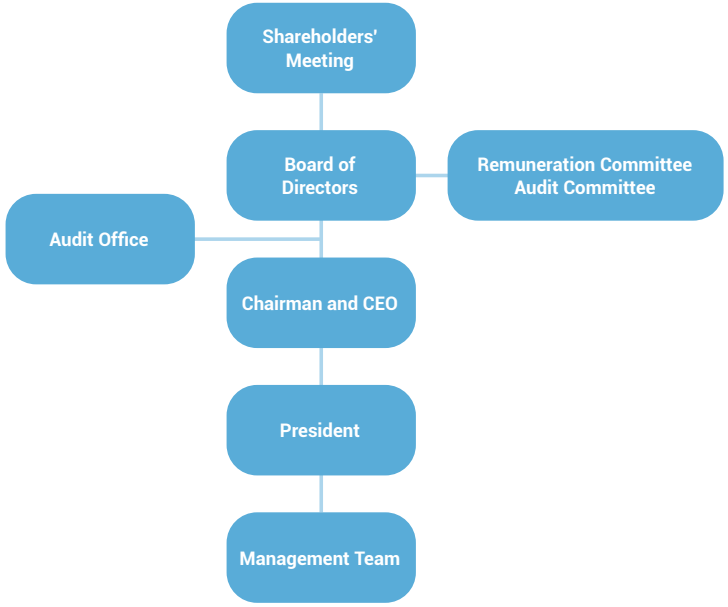
Corporate Governance

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). Under the Board of Directors, two functional committees have been established: the Audit Committee and the Remuneration Committee. Both committees are composed entirely of independent directors. All directors, including independent directors, are elected by shareholders.

The Board of Directors is the highest governance body of BenQ Materials. It is primarily responsible for setting corporate strategies, supervising management, overseeing the implementation of corporate governance practices, and being accountable to the company and its shareholders. 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 convenes at least four times a year. In 2024, the Board held four meetings. For details, please refer to page 12 of the BenQ Materials Annual Report: "Corporate Governance Operations."



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 2024, 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 Chairperson of the Board also serves as the Chief Executive Officer, acting as both the highest governance authority and a member of executive management. This dual role aims to enhance operational efficiency and execution of strategic decisions. To strengthen board independence, the company actively develops internal successors. Moreover, the Chairperson maintains close communication with all board members to ensure transparent updates on business performance and strategic direction, thereby upholding sound corporate governance.

item	Number of Board Seats	Independent Directors	Directors Holding Executive Positions	Female Directors
Number of Seats	9	4	2	0
% of Total Board Seats	100%	44.44%	22.22%	0%
Consecutive Terms of Independent Directors	In compliance with regulatory term limits			
Average Tenure of All Directors	13.33 years			

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, the Company plans to appoint one female director in 2025, with the goal of enhancing board competence and strengthening its oversight function.

Name	Title	Gender	Seniority of Independent Director			Professional Knowledge or Skill				Age			Employee Identity (Note 2)	Sustainability roles	Industry Experience GICS Level 1 (Note 3)
			Less than 3 years	3-9 years	More than 9 years	Corporate Management	Academic Sector	Industry Knowledge	Legal, Financial, Accounting Background	50-60 years old	61-65 years old	66-70 years old			
Chieh-Chih Chen	Chairman	Male				★		★			★		★	Serve as the Chair of the ESG Committee, responsible for overseeing and coordinating committee decisions and actions.	Information Technology (GICS 45)
Kun-Yao Li	Director	Male				★		★				★			Industrials (GICS 20)
Chi-Hung Chen	Director	Male				★		★			★				Industrials (GICS 20)
Jia-Ray Liu	Director	Male				★		★		★			★	Serve as the Vice Chair of the ESG Committee, ensuring effective implementation of committee decisions and actions.	Industrials (GICS 20)
Wen -de Li	Director	Male				★		★			★				Industrials (GICS 20)
Fu-Hai Yeh	Independent Director	Male			★	★		★				★			Information Technology (GICS 45)
Yu-Yang Lu	Independent Director	Male		★			★		★			★			Information Technology (GICS 45)
Gong Wang	Independent Director	Male	★			★	★		★			★			Industrials (GICS 20)
Jun-lin, Liu	Independent Director	Male	★				★			★					Health Care (GICS 35)

Note 1: Members of the 11th 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	Non-gender-specific
Executive Directors	2	0	2
Non-Executive Directors	7	0	7
Total	9	0	9
Independent Directors	4	0	4

Age Group	Male	Female	Total
51-55 years	2	0	2
61-70 years	5	0	5
71-75 years	2	0	2

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	4
Number of non-executive directors with expertise in risk management	4
Average board meeting attendance rate for the year	97%

Board Diversity Objectives

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, Lu Yu-Yang, Wang Gong, and Liu Jun-Lin have extensive academic and research backgrounds, while independent director Yeh Fu-Hai is the Vice Chairman of WPG Holdings, bringing significant experience in corporate leadership and strategic decision-making.

The percentage of board members who are also employees is 22%, and independent directors account for 44%. In terms of age distribution, two directors are aged between 50 and 60, five between 61 and 70, and two are over 71.

The Company has set specific targets for board diversity, as detailed in the following table.

Category	Diversity Target	Achievement Status
Gender	At least one female director	Not yet achieved; one female director is expected to be appointed in 2025
Tenure	More than half of the independent directors should not serve more than three terms	Achieved
Concurrent Roles	• No more than one-third of board members should concurrently serve as company executives • Independent directors shall not concurrently serve as independent directors of more than three other listed companies	Achieved
Professional Expertise	At least one-third of board members and independent directors shall possess industry or business management expertise	Achieved

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Key Topic Communication

BenQ Materials' highest governance body convenes regular meetings where independent directors are briefed and consulted by representatives from accounting, internal audit, legal, finance, and risk control departments. These briefings cover the latest audited financial statements, internal audit results, ongoing litigation, and overall financial performance, ensuring that independent directors can assist investors in validating the company's governance and information transparency, thereby safeguarding shareholder interests.

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. The key annual action items and operational updates are disclosed in the 2024 Annual Report of BenQ Materials under "Board Functioning" and "Audit Committee Operations."

Accounting Department: Quarterly financial statement reporting	**Information Security Department:** Annual regular reporting
Audit Department: Quarterly internal audit findings report	**Intellectual Property Department:** Annual regular reporting
Risk Management 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, existence of controlling shareholders, and related-party transactions are disclosed in the Annual Report to mitigate or avoid potential conflicts of interest. In 2024, 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.

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 2024, training sessions covered areas such as sustainable supply chain management, carbon reduction strategies, business ethics, information security, and corporate governance.

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 2022.

The Audit Committee convenes regularly on a quarterly basis, with at least four meetings held each year. In 2024, the committee convened four times. Details regarding the attendance of each member and other relevant information can be found in BenQ Materials' annual report or on the company 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 2024, two meetings were held. Acting with due diligence and fiduciary responsibility, the committee submits recommendations to the Board of Directors for discussion.

The committee assists the Board in evaluating the linkage between the remuneration of directors and executives and the company's performance, determining bonus allocation ratios, and providing input on compensation policies. The committee also ensures that the company's compensation strategies are aligned with industry competitiveness, operational performance, and market benchmarks.

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

To incentivize the management team to create long-term shareholder value while attracting, retaining, and developing top talent, BenQ Materials has established an executive compensation strategy grounded in these principles. The total compensation and benefits for senior management are designed in accordance with the remuneration policies formulated and approved by the Remuneration Committee.

Executive compensation is benchmarked 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 across 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.

Executive Compensation 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 KPIs: Senior executives' performance evaluations incorporate sustainability project execution outcomes. Based on their scope of responsibility, performance targets cover four key ESG dimensions—Environmental (e.g., GHG emissions reduction, renewable energy usage), Social (e.g., regulatory violations and penalties), Green Products, and Corporate Governance. These sustainability indicators account for at least 20% of the annual performance evaluation weighting. • Financial KPIs: Key financial indicators include revenue, operating profit, and earnings per share (EPS).

Note: Please refer to Section 2-1-3 Sustainability Goals for the relevant indicators.

Ratio of Highest Organizational Pay to Employee Pay

Ratio of the highest total annual compensation to the average employee compensation (Note1)	Ratio of the highest total annual compensation to the median employee compensation (Note2)	Pay ratio increase of the highest-paid individual compared to the median employee pay increase (Note3)
12.85	16.23	-21.14 (Note4)

Note1：Annual total compensation ratio = Total annual compensation of the highest-paid individual / Average total annual compensation of all employees (excluding the highest-paid individual)
Note2：Total compensation of the highest-paid individual / Median total compensation of all full-time, non-supervisory employees
Note3：(Increase in total compensation of the highest-paid individual) / (Increase in median employee compensation, excluding the highest-paid individual)
Note4：The highest-paid individual received a lower total compensation compared to the previous year, while the median employee pay increased; hence, the value is negative.

Executive Shareholding Status

Executive Officer (Note1)	Ratio of Shareholding Value to Annual Fixed Compensation (Note2)
Chairman, Chien-Chih Chen	6.13
General Manager, Chia-Jui Liu	1.76 (Note3)
Vice President, Pei-Yi Liu	

Note1：Refers to senior executives based in Taiwan only.
Note2：Calculated based on the closing share price as of December 31, 2024.
Note3：Ratio of average shareholding value to average fixed compensation.

Board of Directors 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 2024, and the results were reported to the Board in February 2025. The average self-assessment score of directors reached 98.9 points, and the Board achieved a 100% attendance rate in 2024, 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:

❶ Board composition and role allocation.
❷ strategic guidance and oversight.
❸ delegation of authority and risk management.
❹ communication and collaboration.
❺ self-discipline and continuous improvement.

These efforts aim to enhance governance quality and operational efficiency. For more details, please refer to the 2024 BenQ Materials Annual Report (p.12).

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

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 Chairperson 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.

Shareholders' Rights

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 2024.

Establishment of external communication channel → Establishment of "Procedures for Handling Material Information and Prevision of Insider Trading" → Periodic disclosure of operation and sustainability information → Annual convention of external meetings periodically

Regulatory Compliance

Legal and Regulatory Compliance

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 2021 to 2024, the company was not subject to any environmental or ecological administrative fines exceeding NT$300,000 (approximately USD 10,000) per case. In 2024, 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, or other breaches of corporate governance principles or legal requirements. Relevant information is disclosed in the company's 2024 Annual Report (p.38).

Item	2021	2022	2023	2024
Number of Environmental Violations	3	1	2	0
Total Amount of Environmental Fines (NTD)	$129,000(Note 2)	$60,000(Note 2)	$504,000	$0
Environmental Liabilities Accrued at Year-End (NTD)	$0	$0	$0	$0

Note 1: Any single fine exceeding NT$1 million is considered a material violation. No material violations occurred in 2024.
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. Subsequently, on March 20, 2023, an amendment—Regulation (EU) 2023/607—was enacted and became effective immediately. This amendment extends the MDR transition period under specific regulatory conditions to December 31, 2027 (for Class III and Class IIb implantable devices) and December 31, 2028 (for Class IIa, Class IIb non-implantables, 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.

Business Performance

In 2024, BenQ Materials reported consolidated annual revenue of NT$18.59 billion, representing an 8.5% increase compared to 2023. However, consolidated operating profit for the year was NT$437 million, a decrease of 15.5% from 2023. Net income after tax was NT$250 million, with earnings per share (EPS) of NT$0.62.

Throughout 2024, BenQ Materials continued to actively comply with the sustainability-linked loan requirements of its syndicated lenders, which incorporate ESG-related criteria encompassing environmental protection, social responsibility, and corporate governance. By achieving the agreed ESG performance indicators, the company was granted corresponding interest rate reductions, demonstrating a joint commitment between the banking consortium and BenQ Materials to corporate social responsibility and long-term sustainable value creation.

R&D expenditures in 2024 amounted to approximately NT$1.0 billion, accounting for 5.83% 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 Technologies and Intellectual Property Management.

	2021	2022	2023	2024
Human Capital Return on Investment (HCROI)	6.70	5.57	6.12	6.03

Note: Human Capital Return on Investment (HCROI) =OperatingRevenue−(OperatingExpenses−EmployeeCompensationandBenefits) / Employee Compensation and Benefits.

Historical Revenue and Profit Performance

Unit: NT$ million	2020	2021	2022	2023	2024
Operating Revenue	**15,050**	**16,482**	15,540	17,128	18,589
Operating Costs	12,776	13,425	12,462	13,945	15,226
Gross Profit	**2,274**	**3,057**	**3,078**	**3,183**	**3,363**
Operating Expenses	1,726	2,079	2,382	2,591	2,926
Selling Expenses	870	1,050	1,174	1,311	1,479
Administrative Expenses	216	270	321	341	363
R&D Expenses	640	759	887	939	1,084
Others	0	0	0	0	0
Operating Profit	**547**	**977**	**697**	**592**	**437**
Non-operating Income (Expenses)	-38	231	1,058	39	-106
Profit Before Tax	**510**	**1,208**	**1,755**	**631**	**331**
Income Tax Expense	114	238	470	127	82
Net Income	**396**	**970**	**1,285**	**504**	**249**
Other Comprehensive Income (Net)	**-49**	-21	34	-26	110
Total Comprehensive Income	**347**	**949**	**1,319**	**478**	**359**
Earnings Per Share (EPS) (NT$)	**1.23**	**3.03**	**4.04**	**1.29**	**0.62**
Disclosure of Specific Expenditure Items (Unit: NT$ million)					
Employee Compensation and Benefits	2,120.67	2,527.53	2,877	2,840	3,112
Interest and Dividend Payments	-217.44	-263.57	-531	-755	-512
Government Grants (Investment & R&D subsidies)	12	18	20	68	52
R&D Expenses as % of Revenue	**4.25%**	**4.61%**	**5.71%**	**5.48%**	**5.83%**
Direct/Indirect Political Contributions	0	0	0	0	0
Community Investment Spending	3.84	4.77	15.04	22.8	7.14

Note: From 2020 to 2024, BenQ Materials did not make any political contributions, incur any lobbying expenses, or support any specific political parties or candidates.

Tax Governance

BenQ Materials, in response to international trends in tax governance, upholds the principle of integrity in business operations and is committed to full compliance with tax regulations as part of its pursuit of sustainable development. The company has established tax governance principles, with responsible units assigned to implement the policy and report to management to ensure the effective operation of the tax management system, thereby protecting the rights and interests of the company and its investors.

In 2024, the income tax expense amounted to NT$28 million, representing 0.15% 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

Income Tax Related Information	2021	2022	2023	2024
Profit Before Tax	1,198,417	1,481,351	470,695	227,508
Income Tax Expense	226,862	185,681	56,343	28,302
Effective Tax Rate on the Books	18.9%	12.5%	12%	12.4%
Payment of Income Tax	123,510	102,005	27,767	0
Effective Cash Tax Rate	10.3%	6.9%	5.9%	0%

Note 1: Tax situations are primarily disclosed in Taiwan.
Note 2: Book effective tax rate = current year income tax expense ÷ current year profit before tax; Cash effective tax rate = current year paid income tax ÷ current year profit before tax.

Ethical Management

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

Promotion Work Item	Responsible Department	Execution Method
Regulation establishment and educational promotion	Human Resource Division	Employee Code of Ethical Conduct" emphasizing the ethical management culture has been established, and the 'Regulations for Disciplinary Actionsfor various violation events have beens pecified
Assessment and Inspection of integrity risk	Human Resource Division	Enhance each operation process, implement responsibility allocation and reduce occurrence of fraud through system control.
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

Grievance Mechanism

To strengthen integrity governance and provide an effective communication and grievance 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 2024, there were no cases of violations related to integrity management or anti-corruption.

Internal Complaint Channel（Human resource）

Director supervisor | Human resource supervisor | Auditor | President's mailbox

Report Business Conduct Violations:
Integrity@BenQMaterials.com

Integrity Education Promotion and Training

In 2024, BenQ Materials continued to promote integrity awareness (including anti-corruption content) through various training programs. These included the Code of Conduct online course, integrity training for new employees, insider trading prevention, trade secrets regulations, data confidentiality and Personal Data Protection Act, and anti-trust law awareness. A total of 3,928 participants attended these sessions.

2024 Integrity-Related Training Summary

Training Program	Duration (hrs)	Description	Number of Participants	Total Training Hours
New Employee Integrity Course (including Anti-Corruption)	0.5	Mandatory for all new hires	783	391.5
Code of Conduct Online Course (including Anti-Corruption)	0.25	Mandatory online course for all employees	1,703	425.75
Insider Trading Prevention	2	Regularly conducted for managers and relevant employees	213	426
Trade Secret Regulation Awareness	2	Promoted via internal newsletters for managers and relevant staff	492	984
Data Confidentiality (Personal Data Protection Act)	1	Mandatory for all indirect employees and department assistants	646	646
Anti-Trust	2	Targeted training for managers and relevant personnel	91	182

Note: The above data does not include subsidiaries GENEJET, Cenefom, and Web-Pro.

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

	Management			Employees			Suppliers (Note 2)		
Region	Taiwan Sites	China Sites	Vietnam Site (Note 3)	Taiwan Sites	China Sites	Vietnam Site	Taiwan Sites	China Sites	Vietnam Site
Participants	248	72	6	1,809	753	0	239	10	0
Coverage Rate	90.2%	98.6%	100%	91.8%	99.3%	0%	94.84%	100%	0%

Note 1: Data includes subsidiaries GENEJET, Cenefom, and Web-Pro.
Note 2: Supplier training participants are calculated by the number of Tier-1 supplier companies.
Note 3: Vietnam site training for management was delivered to Taiwanese expatriate managers; no relevant training has yet been conducted for local employees.

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

To ensure the company's sustainable operations, a Risk Management Committee shall be established to identify, assess, manage, report, and monitor risks that may adversely impact the company's operational objectives on a regular annual basis.

- Before incidents occur, risks should be identified and controlled.
- During incidents, damage should be contained.
- After incidents, rapid recovery of product and service provision should be ensured.

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, cost-effectiveness of risk management should be considered and appropriate management tools applied.

However, exceptions apply in cases involving:

- Negative impacts on employee safety,
- Legal or regulatory violations,
- Reputational damage to the company.

Risk management goals

- Effective resource allocation
- Achieving corporate objectives
- Providing reliable information
- Enhancing management efficiency

Risk Management Vision:

- Commit to continuously providing products and services that create long-term value for customers, shareholders, employees, and society.
- Risk management requires a systematic risk management process and organizational structure, along with timely and effective identification, assessment, treatment, reporting, and monitoring of major risks that could impact the company's survivability, while enhancing employees' risk awareness.
- The goal of risk management is not to pursue "zero risk," but rather to optimize risk management costs by striving for maximum benefit under acceptable risk conditions.

Risk Assessment and Monitoring

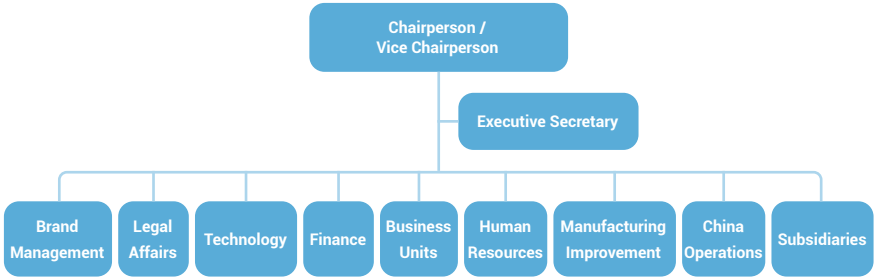
BenQ Materials' Risk Management Committee is chaired by the Chairman and CEO, with the President serving as Vice Chair. The Chief Financial Officer concurrently serves as the Executive Secretary and leads the Risk Management Unit. Heads of major business units serve as committee members. The committee 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.

Risk Governance Structure

Board of Directors
↓
Audit Committee
↓
Risk Management Committee

Risk Management Committee Organizational Chart



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.

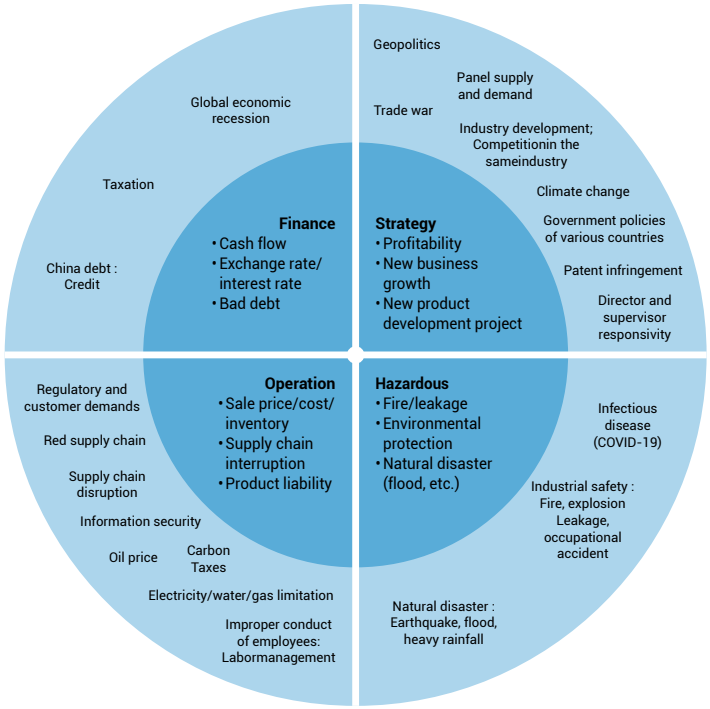
Each business unit formulates risk response measures by considering:

- The company's annual top-level risk mitigation objectives
- Results of internal unit-level risk identification and assessment
- 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.

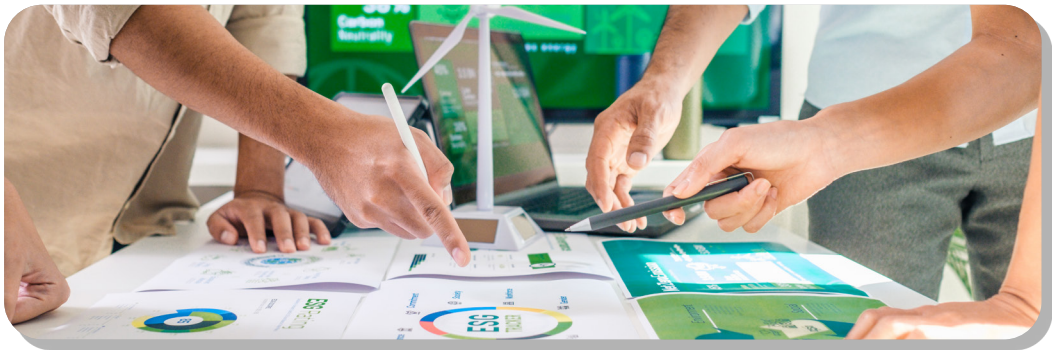
The overall operation of the risk management system is overseen by the Audit Committee and the Board of Directors, with annual reports delivered to both bodies on a regular basis.

risk radar



Risk Control Flowchart：

Risk Identification and Assessment	Define Top 3 Risks	Response and Follow-up	Regular Monitoring and Tracking
• Each business unit uses the "Risk Assessment Checklist" annually to identify and evaluate its risk items.	• Review and monitoring of external risk events • Internal operations and risk improvement • Internal monitoring and reporting statistics • Risk assessment results output	• Each business unit formulates a "Risk Mitigation Plan" based on the Top 3 Risks, risk identification and assessment results, and other events that may impact operations.	• Follow RMC emergency reporting and investigation procedures • Conduct management review meetings semi-annually • Track progress of risk mitigation plans quarterly



Risk Appetite

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

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 2024, two risk management review meetings were held, during which a total of 27 risk mitigation plans were managed. Nearly 40% of these were mid- to long-term plans that will continue into 2025.

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 24 adaptation action plans have been developed for the short, medium, and long term. (For details, see Section 5-2-2 Climate Change Management Strategy and Actions.) The report was presented to the Audit Committee and the Board of Directors on October 31, 2024.

Risk Response Case Studies

Risk Category		Risk Description	Potential Impact	Response Measures
Strategic Risk	Economic Conditions /Industry Trends	Geopolitical tensions and policy changes resulting from elections (with 2024 being a global election year), uncertainties around inflation and interest rates, fluctuations in oil and raw material prices, and volatile monetary policies may impact the overall economy; slower economic growth could lead to 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 plans, they are reviewed and updated annually. In 2024, the BCP system was migrated to the cloud.

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 embed enterprise risk management (ERM) into the company's operational fabric, BenQ Materials actively fosters a risk-aware culture across all levels of the organization. Risk considerations are integrated into daily decision-making processes and core business activities to strengthen organizational resilience.

In 2024, the company established top-priority risk improvement targets (Top 3 Risks) - including profitability and product quality - and explicitly linked these to corporate strategic objectives to reinforce alignment between risk mitigation and performance outcomes.

To institutionalize accountability and incentivize risk-conscious behavior, BenQ Materials implements structured human capital policies, including the Employee Incentive Policy, Compensation Management Policy, and Performance Appraisal Framework. These are used to evaluate individual and departmental contributions to risk mitigation, and to align variable compensation with the achievement of defined risk-related KPIs.

2024 Board Training on Risk Management-Related Topics

No.	Risk Category	Course Title
1	Operational Risk	Carbon Connections: Carbon Fees, Taxes, Credits, and Trading
2		Cybersecurity Oversight Strategies for the Board
3		Intellectual Property Risk Management Based on TIPS Framework
4		Labor Dispute Prevention and Corporate Governance
5		Understanding and Preventing Workplace Misconduct
6		2024 Insider Trading Compliance and Legal Briefing
7	Financial / Operational Risk	Introduction to IFRS Sustainability Disclosure Standards and Global Net-Zero Trends
8	Strategic Risk	Short- and Long-Term Economic Trends Every Executive Should Know

The Risk Management Unit periodically conducts awareness campaigns and risk alerts. In 2024, a total of 17 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:

No.	Risk Category	Course Title
1	Operational Risk	Gender Equality and Workplace Sexual Harassment Prevention
2		Risk of Financial Misstatement and Legal Liability
3		Insider Trading Practices and Prevention
4		Trade Secrets Protection and Case Studies
5		Fair Trade Act Compliance
6		Annual AEO (Authorized Economic Operator) Training
7		TIPS (Taiwan Intellectual Property Management System) Training
8		Personal Data Protection Act (PDPA) Compliance Training
9		Information Security Awareness Training
10		Annual Integrity and Ethics Training
11	Strategic Risk	2025 Global Economic Outlook and Trends
12	Hazard Risk	EHS Monthly Meeting Awareness / Training
13		Advanced Chemical Substance Management 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
- 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

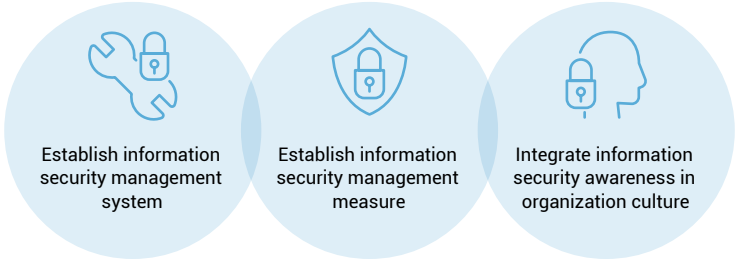
Risk Category	Risk Description	Impact or Potential Consequences	Response Strategies
Economic	The 2024 U.S. presidential election and Trump's tariff policies may increase government revenues and encourage manufacturing reshoring to the U.S., but also elevate manufacturing costs, potentially passed on to consumers and exacerbating inflation.	• Economic slowdown and intensified inflation may reduce consumer demand for non-essential or non-medical products, leading to supply-demand imbalance. • Due to tariff barriers, enterprises (customers/competitors/suppliers) may accelerate capacity relocation to the U.S. or third countries, impacting industry trends, company strategy, and operational planning.	• 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. • Strictly control costs and inventory levels.
Technological	The widespread application of emerging technologies such as artificial intelligence (AI) intensifies cybersecurity threats including cyber espionage, cyberwarfare, and misinformation.	• Cyberattacks may paralyze systems, disrupt production and delivery, affecting business operations. • Misuse or poor management may lead to data breaches or decision-making pitfalls, eroding customer trust and causing revenue loss.	• Adhere to ISO 27001 Information Security Management System; see details in Section 3-6: Information Security. • Conduct relevant training and awareness programs.

Note: Risk categories are classified in accordance with the World Economic Forum (WEF) framework, which includes Economic, Environmental, Geopolitical, 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.



Information Security Management Policy:

1 Strengthen the company's information security management to establish reliable information application systems.

2 Protect electronic information assets to prevent and mitigate business losses.

3 Enhance business interests and ensure sustainable corporate operations.

Information Security Management Objectives:

1 Protect the security of the company's information services and ensure that information is only accessible to authorized personnel to maintain confidentiality.

2 Protect the security of the company's information services by preventing unauthorized modifications to ensure accuracy and integrity.

3 Establish a business continuity plan for information services to ensure uninterrupted operations.

4 Ensure that all company information services comply with relevant laws and regulations.

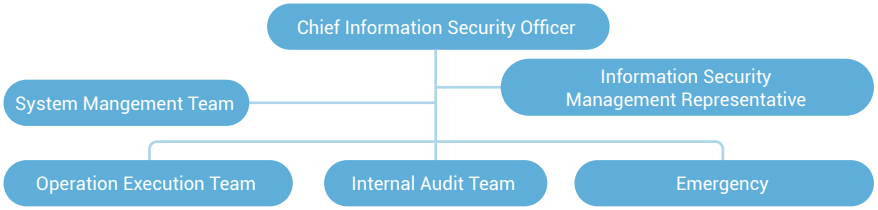
Information Security Management Organization

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 one additional full-time security personnel. It operates under the Digital Technology Center and also encompasses the Smart Application Division and the Machine Vision Division of the Advanced Equipment Development Department.

Information Security Management Committee Organizational Chart



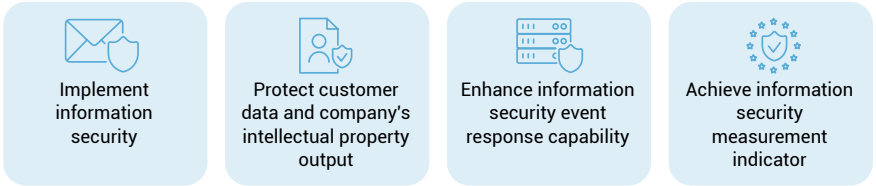
Information Security Management System

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 obtained ISO 27001:2013 certification in 2021. To further enhance the comprehensiveness of its information security management system, the company adopted the ISO 27001:2022 standard in 2024 and successfully passed the updated certification in 2025.

The scope of ISO 27001 certification covers major production sites in Taiwan and Mainland China, as well as key systems such as ERP, FEOL MES (Front End of Line Manufacturing Execution System), and FlowER (Business Process Management System). In 2024, beyond these data centers and systems, the company extended ISO 27001 principles to the Smart Application Division and the Machine Vision Division of the Advanced Equipment Development Department.

Information Security Management System Construction Goal



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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.

Information Security Management Measures

Hardware Protection

- Equipment Inspection: Maintenance contracts are signed with vendors for important systems and equipment, and regular inspections of equipment status are conducted.
- 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 2024, 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.

- Security Protection: Quarterly vulnerability scans and remediation are conducted on systems and network devices. Systems must be updated before going online to prevent outdated versions from being scanned during scheduled assessments.
- Monitoring Mechanism: In 2023, security assessments were conducted on equipment, hosts, and networks. The scope included malware scans, event analysis and response, and firewall policy reviews. Improvement plans were proposed based on the findings and tracked for implementation.
- Incident Monitoring and Response: In 2024, the company introduced Endpoint Detection and Response (EDR) and Network Detection and Response (NDR) systems for real-time continuous monitoring, critical server data collection, and advanced correlation analysis to detect and respond to suspicious activities on hosts and endpoints. Managed Detection and Response (MDR) services were also adopted to provide external professional support and 24/7 monitoring, enabling rapid threat detection and response, including pre-incident alerts and mitigation.

Information Security Incident Response Plan

- Annual Disaster Recovery Drills: In 2024, BenQ Materials conducted a disaster recovery drill for the shipping cycle system to strengthen its disaster response capability and minimize potential losses in the event of an incident.

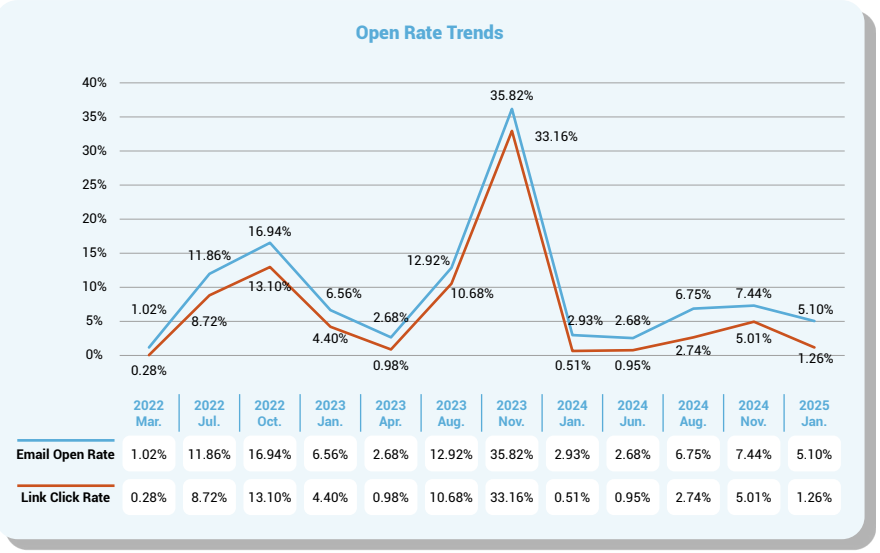
Information Security Education and Training

- Internal Training: Every October is designated as Cybersecurity Month at BenQ Materials. In 2024, 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. Company-wide online cybersecurity training achieved a pass rate of 83%, while mandatory seminar courses for senior management saw a 78% pass rate. Efforts to improve participation and pass rates are ongoing through active promotion of relevant training.
- External Training: To enhance mid- and senior-level managers' awareness of cybersecurity risks, external consultants delivered a course on "Case Study and Incident Response in Cybersecurity" in 2024. Dedicated information security personnel also completed certifications including IEC 62443-2-1, ISO 27017 & 27018, and ISO 27001, ensuring cybersecurity concepts are embedded in daily operations.

Social Engineering Drills

Since April 2021, BenQ Materials has conducted monthly email-based social engineering simulations to educate employees on information security practices related to email usage. These exercises aim to reduce the risk of employees clicking on malicious emails and to strengthen awareness of email security.

In 2024, the drills were further enhanced by improving the realism of phishing emails and expanding participation to include subsidiaries. As a result of ongoing awareness campaigns and employee retraining, the click-through rate continued to decline during Q1 2024.



	2022 Mar.	2022 Jul.	2022 Oct.	2023 Jan.	2023 Apr.	2023 Aug.	2023 Nov.	2024 Jan.	2024 Jun.	2024 Aug.	2024 Nov.	2025 Jan.
Email Open Rate	1.02%	11.86%	16.94%	6.56%	2.68%	12.92%	35.82%	2.93%	2.68%	6.75%	7.44%	5.10%
Link Click Rate	0.28%	8.72%	13.10%	4.40%	0.98%	10.68%	33.16%	0.51%	0.95%	2.74%	5.01%	1.26%

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Group-Level Information Security Management

BenQ Materials has joined the cybersecurity governance structure of its parent company, Qisda, and complies 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.

Supplier Information Security Management

In 2024, an information security risk assessment was conducted for the top 10 suppliers of each product business unit, covering a total of 71 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.

Supplier Information Security Evaluation

Each business unit ranked suppliers based on procurement amount and conducted 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 2024 was 75.6 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.

Cybersecurity Insurance Arrangement

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 2024, the company continued its cybersecurity insurance coverage.

Information Security Planning

- Governance and Policy Framework:

  The company aligns its cybersecurity policies with the ISO/IEC 27001 international standard and obtained ISO 27001 certification in April 2022. In 2024, the company adopted the updated ISO/IEC 27001:2022 version and successfully obtained the renewed certification in 2025. In parallel, the company established key cybersecurity performance indicators to continuously strengthen and improve its cybersecurity governance mechanisms and enhance its ability to respond to and recover from cybersecurity incidents.

- Technology Implementation:

  In 2024, the company implemented Multi-Factor Authentication (MFA), Endpoint Detection and Response (EDR), and Managed Detection and Response (MDR) systems to strengthen access control and enhance real-time detection and response capabilities. In 2025, BenQ Materials plans to further align with the cybersecurity rating requirements of its parent company by deploying a Security Operations Center (SOC), Security Information and Event Management (SIEM), source code scanning, privileged account management, and sensitive data governance mechanisms.

- Business Continuity Management:

  Under its Business Continuity Management (BCM) framework, BenQ Materials aims to expand cybersecurity response drills to all business units in 2025. The objective is to ensure that, in the event of a natural disaster or human-caused incident, critical operations can be sustained without disruption from information system failures. This will enable the organization to maintain a minimum acceptable level of operations under all circumstances and reduce the risk of existential operational failure.