

3.4.3 The state of the Company’s implementation of corporate governance, any deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviations

A. Corporate governance and code of ethics

Evaluation Items	Implementation Status			Deviations from Corporate Governance Best-Practice Principles for TWSE-TPEX Listed Companies and Reason(s)
	Yes	No	Explanations	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	√		The Company has established the “Corporate Governance Best Practice Principles” which is displayed on the website under the Corporate Governance section, and it is available for download by the stakeholders.	Complied with the Corporate Governance Best-Practice Principles for TWSE Listed TPEX-listed Companies
2. Shareholding Structure & Shareholders’ Rights				Complied with the Corporate Governance Best-Practice Principles for TWSE Listed TPEX-listed Companies
(1) Does Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?	√		The Company has assigned spokesperson and deputy spokesperson, and set up a Corporate Communications Unit, and their contact information are disclosed on the Company website. Shareholders can express their opinions by phone or email. The Company will handle the issues according to the relevant procedures.	
(2) Does the Company have a list of major shareholders and beneficial owners of these major shareholders?	√		The major shareholders of the Company report changes in shareholding to the Company every month pursuant to the law. The list of top 10 shareholders is also disclosed in the annual report every year.	
(3) Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates?	√		The Company has established relevant controls in the internal control system and “Related Party Transaction Management” in accordance with regulations.	
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	√		<p>The Company’s Code of Corporate Governance Practices prohibits insiders from trading in its shares during the closed period, which is 30 days prior to the announcement of the annual financial report and 15 days prior to the announcement of the quarterly financial report, once they have been informed of the relevant financial position and performance in the Company’s financial report.</p> <p>The Company conducts educational programs at least once a year for current directors, managers, and employees. Additionally, during pre-employment training for new hires, the human resources department organizes educational sessions. These courses include a reminder regarding insider trading regulations, emphasizing that insiders should refrain from trading in the Company’s stock during the closed periods, which are 30 days prior to the announcement of the annual financial report and 15 days prior to the announcement of the quarterly financial report, once they have been informed of the Company’s financial condition and performance.</p> <p>In 2023, VIVOTEK established an online course accessible through its internal system. This course was available from January 1 to December 31 for current directors, managers, and employees. It was designed to allow all VIVOTEK members to engage in online learning at their convenience, with the flexibility to revisit the course annually. In 2023, 1,262 people completed the training, totaling 631 hours. The course covers the prohibition of insider trading and the handling of material internal information procedures.</p>	

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<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly?</p>	√		<p>According to Article 20-3 of the Company's Corporate Governance Best Practice Principles, the composition of the Board of Directors shall be determined by taking diversity into consideration, such as having different professional background, working field or gender, etc., and shall have the knowledge, skills, and experience necessary to perform their duties. The Board of Directors shall possess the following abilities to achieve the ideal goal of corporate governance:</p> <ol style="list-style-type: none"> 1. Operational judgment capability 2. Accounting and financial analytical capability 3. Management capability 4. Crisis management capability 5. Industry knowledge 6. International market outlook 7. Leadership capability 8. Decision-making capability <p>The implementation capability of individual Board of Directors' members is shown in Note 1.</p> <p>The Board of Directors of the Company based on its spirit of diversity, is constituted by industrial elites and experts from all fields which is made up of 9 directors including 6 directors and 3 independent directors with tenure in three years. Our company adopts the "candidate nomination system" to select directors from the list of candidates by the shareholder's meeting. In the 8th Board meeting, the proportion of the independent directors constitutes about 33% of the Board with consecutive term less than three years; the proportion of directors who are the representative of Delta Electronics Inc. constituting about 44% of the Board, and natural person constitutes about 23 % of the Board. In order to comply with the gender equality policies in our country, female directors constitute 11% of the Board, male directors constitute 89% of the Board. 5 directors whose age ranged from 50 to 60 years old, which constitutes 56% of the Board, 4 directors in 61 to 70 years old, which constitutes 44% of the Board. All directors are qualified as a professional manager. The chairman of the Company leads the Board of Directors in implementing a good Board governance mechanism, improving supervision and strengthening its management function.</p> <ol style="list-style-type: none"> 1. In order to implement a good Board governance mechanism, the diversity and professionalism of the Board members need to be considered: <ol style="list-style-type: none"> (a) Diversity of Board members <p>Goal: As clearly specified in the "Corporate Governance Best Practice Principles", the appointment of directors should consider the overall composition of the Board of Directors. The composition of Board members should be diversified, such as having different professional backgrounds, fields of work or genders; as well as different knowledge, skills and attainment in order to exert the strategic guidance function. The specific goal of management: at least one female director, director with other position as manager of the company is not over one-third of the directors, independent director over one-third of the director, tenure of independent is not over 3 years, at least one-third of independent director have expertise of financial accounting, strategic planning, and AI application.</p> 	Complied with the Corporate Governance Best-Practice Principles for TWSE Listed TPEX-listed Companies

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			<p>Achievement: All goal of management are achieved.</p> <p>(b) Professionalism of Board members Goal : The overall consideration for the election of the Board of Directors of the Company, including operational judgment, accounting and financial analytical capabilities, management capability, crisis management capability, industry knowledge, international market outlook, leadership, decision-making capability, etc. The Company has appointed external lecturers to give lectures to directors every year, or arranged external education courses for directors to upgrade the overall knowledge of board members on economic, environmental and social issues.</p> <p>Achievement: In 2023, several directors of Delta Electronics participated in the company's self-organized director training courses. The topics included "Corporate Strategic Development Direction" and "Technology, Applications, and Socio-Economic Impacts of Artificial Intelligence." Additionally, many directors chose to attend various seminars organized by the Chinese Corporate Governance Association and the Taiwan Securities and Futures Market Development Foundation according to their professional competency needs.</p> <p>2. Increasing the operating frequency of Board meetings is considered necessary to improve supervision function of the Board of Directors: Goal :The Company's board meeting shall be convened at least once every quarter to review business performance and discuss key operational strategies for operation, including environmental, social and economic impact, risks and opportunities. Achievement: A total of 6 meetings of the Board of Directors were held in2023, with an average attendance rate of 100%.</p> <p>3. Increasing the efficiency of the Board of Directors is considered necessary to strengthen management functions of the Board of Directors: Goal: According to the regulation of "Regulations Governing Self-Evaluation or Peer Evaluation of the Board of Directors" internal board performance evaluation shall be conducted at least once a year. The Company's board performance evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years. Achievements: The evaluation of the board performance for 2023 was conducted by using internal questionnaires, which the evaluation result is reported on the Board meeting on February 27th, 2024:</p> <ol style="list-style-type: none"> 1. The overall average score of self-evaluation on Board performance is 5(out of 5) points. 2. The overall average score of self-evaluation on Board members is 4.80 (out of 5) points 3. The overall average score of self-evaluation on Audit Committee is 5 (out of 5) points 4. The overall average score of self-evaluation on Compensation Committee is 5 (out of 5 points.) 	
(2) Other than the Compensation	√		In addition to establishing the Compensation Committee	

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Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?			<p>and the Audit Committee as required by law, the Company established a Risk Management Committee on January 30, 2024, with approval from the Board of Directors. This committee is comprised of three independent directors: Mr. Sin-Hui Yan, Ms. Shu-Jou Lin and Mr. Chung-Yang Huang. Their terms of office align with those appointed by the Board of Directors. The convenor of the Risk Management Committee, Independent Director, Ms. LIN, SHU-JOU, specializes in strategic management and global industry analysis, which meets the required professional competence of the Risk Management Committee.</p> <p>The responsibilities of the Risk Management Committee are set out below:</p> <ol style="list-style-type: none"> 1. Review risk management policies, procedures and frameworks, and periodically review their applicability and effectiveness; 2. Approve the risk appetite (risk tolerance) and guide the allocation of resources; 3. Ensure that the risk management mechanism adequately addresses the risks faced by the Company and is integrated into the day-to-day operational processes; 4. Approve risk control priorities and risk levels; 5. Review the implementation of risk management, make necessary recommendations for improvement, and report to the Board of Directors on a regular basis (at least once a year); 6. Risk Management Decisions of the Executive Board. 	
(3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of performance to the Board of Directors, and use the results as reference for directors' remuneration and renewal?	√		<p>A. The Company has formulated the "Regulations Governing Self-Evaluation or Peer Evaluation of the Board of Directors" and the evaluation shall be regularly conducted once a year.</p> <p>Evaluation cycles: Other than the internal board performance evaluation shall be regularly conducted once a year, also the evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars once every three years.</p> <p>Evaluation subjects: The evaluation subjects include the board as a whole individual directors, Audit Committee and Compensation Committee.</p> <p>Evaluation methods: Including internal self-evaluation of the board of directors, self-evaluation of directors, peer-evaluation or other appropriate methods for performance evaluation.</p> <p>Evaluation Criteria:</p> <ol style="list-style-type: none"> i. The criteria for evaluating the performance of the Company's board of directors includes the following five aspects: <ol style="list-style-type: none"> (a) Participation in the operation of the Company. (b) Improvement of the quality of the board of directors' decision making. (c) Composition and structure of the board of directors. (d) Election and continuing education of the directors. (e) Internal control. ii. The criteria for evaluating the performance of 	

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			<p>the board members (self-evaluation or peer-evaluation) includes the following six aspects:</p> <ul style="list-style-type: none"> (a) Familiarity with the goals and missions of the Company. (b) Awareness of the duties of a director. (c) Participation in the operation of the Company. (d) Internal relationship management and communication. (e) The director's profession and continuing education. (f) Internal control. <p>iii. The criteria for evaluating the performance of the audit committee should at least includes the following five aspects:</p> <ul style="list-style-type: none"> (a) Participation in the operation of the Company. (b) Awareness of the duties of the audit committee. (c) Improvement of quality of decisions made by the audit committee. (d) Makeup of the audit committee and election of its members. (e) Internal control. <p>iv. The criteria for evaluating the performance of the compensation committee should at least includes the following four aspects:</p> <ul style="list-style-type: none"> (a) Participation in the operation of the Company. (b) Awareness of the duties of the compensation committee. (c) Improvement of quality of decisions made by the compensations committee. (d) Makeup of the compensation committee and election of its members. <p>Evaluation results: Our company has invited outer professional independent institution to conduct the evaluation of Board performance on 2021. The evaluation of Board performance in 2023 has adopted the method of internal questionnaires, and the evaluation results have been reported to the Board of Directors on February 27th, 2024. The improvement measures suggested in the report were as follows: (1) The average score of self-evaluation on Board performance is 5(out of 5) points. (2) The average score of self-evaluation on Board members is 4.80 (out of 5) points. In the assessment of the six major criteria, the average scores for two criteria were slightly lower than in 2021. The assessment results are as follows: "Internal Relationship Management and Communication" self-assessed score for 2023 was 4.72, lower than the 4.83 scored in 2021. "Directors' Professionalism and Continuing Education" self-assessed score for 2023 was 4.78, lower than the 4.89 scored in 2021. The scores for the remaining four criteria were comparable to those in 2021. Proposed improvement measures for "Internal Relationship Management and Communication" and "Directors' Professionalism and Continuing Education" are as follows: 1. The company will arrange seminars on topics relevant to the market or industry. 2. In addition to regular reports on materials/capacity/ESG, the management team will address operational issues by periodically</p>	

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			<p>requesting relevant teams to provide reports. For instance, on April 29th, ALBERT will be requested to report on the OBM operating strategy in the US market. Furthermore, arrangements will be made for the management team to present the operating strategy for VORTEX.</p> <p>(3) The overall average score of self-evaluation on Audit Committee is 5(out of 5) points. (4) The overall average score of self-evaluation on Compensation Committee is 5 (out of 5) points. <u>Conclusion: The result of the performance evaluation of the board as a whole was effective</u></p> <p>B. The above-mentioned evaluation results have been disclosed on the Company's official website, and it may be used as reference for individual directors' remuneration and nomination and renewal.</p>	
(4) Does the Company regularly evaluate its external auditors' independence?	√		<p>Our Audit Committee evaluate the independency and suitability of the CPAs, except to demand CPAs to provide "the declaration of independence" and "AQIs," also according to the standards of note 2 and 13 AQI indexes for evaluation. Besides the confirmation of the expenses of VISA and tax cases by the CPAs and our company, which has no other financial interests and relationships in business. The family members of the CPAs are also not in violation of the requirement of independence, and to refer the information of AQI index to ensure the CPAs and their firm are superior in the review experience and training hours than the level of their peers. The latest result of evaluation after the discussion of Audit Committee on April 29th, 2024, has reported to the Board of Directors and passed the evaluation of the independency and suitability of CPAs for resolution on April 29th, 2024, who are worthy to be the CPAs of our company.</p>	
4. Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?	√		<p>The resolution of the creation of position Head of Corporate Governance was passed in the Board meeting on October 26, 2020. The Assistant General Manager of Accounting and Finance Department is appointed to serve concurrently as Head of Corporate Governance, who possessed three years or more working experience in legal affairs, finance, stock affairs or corporate governance related affairs of public company.</p> <p>The Head of Corporate Governance is responsible for handling matters related to board meetings and shareholders' meeting, providing related regulations to the directors and assisting directors with legal compliance, producing minutes of board meetings and shareholders' meetings, assisting in arranging continuing education of directors, furnishing information required for business execution by directors, assisting directors with legal compliance, and respond to questions from directors and shareholders.</p> <p>The focus of matters in 2023 is as follows:</p> <ol style="list-style-type: none"> 1. There were 6 board meetings, 4 audit committee meetings and 4 compensation committee meetings convened, and the meeting minutes have been produced. 2. Convened the annual general meeting and meeting minutes were produced on May 31st. 3. Assisted in arranging the continuing education of directors. 4. Arranged the communication meetings among independent directors, the CPA and the Chief Auditor. 5. Assisted directors in understanding the update and 	Complied with the Corporate Governance Best-Practice Principles for TWSE Listed TPEX-listed Companies

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			<p>promulgation of related regulations.</p> <p>6. Arranged purchasing directors, supervisors and managers the insurance (D&O) and submitted the content of insurance to the Board.</p> <p>The supervisor of corporate governance has executed the relevant operations as the above commands. The total training hours in 2023 were 12 hours, name of the courses are as follows:</p> <ol style="list-style-type: none"> 1. Technology, Applications, and Socio-Economic Implications of Artificial Intelligence. 2. Risks and Opportunities of Climate Change and Net Zero Emission Policies on Business Operations. 3. A Seminar on Corporate Governance Blueprint 3.0 and Directors' Responsibilities. 4. Technology development and application opportunities of ChatGPT, a chat robot. 	
5. Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	√		<ol style="list-style-type: none"> 1. The Company emphasizes the communication of all stakeholders, it has established an investor relations service area as a Stakeholders Section and the e-mail address for communication with stakeholders is: ir@vivotek.com. The contact window is Ms. Xiao from the Global Marketing Division. 2. The Company has established "Corporate Governance" section for investors on its website to provide an access for the investors and stakeholders to the latest information, downloads corporate governance related regulations, and relevant board resolutions and important matters. <p>The Company has established a dedicated web page of "Corporate Social Responsibility" (CSR), and the fulfillment of CSR also disclosed on the web page. The company has also established a dedicated web page for "corporate sustainability", and the fulfillment of corporate sustainability is also disclosed on the web page and the contact person of the enterprise is sustainability team's Ms. Hsieh. The email address for communication and collection of stakeholders' feedback is csr@vivotek.com.</p>	Complied with the Corporate Governance Best-Practice Principles for TWSE Listed TPEX-listed Companies
6. Has the Company appointed a professional registrar for its Shareholders' Meetings?	√		The Company has appointed Mega Securities Co., Ltd. as registrar for our Shareholders' Meetings.	Complied with the Corporate Governance Best-Practice Principles for TWSE Listed TPEX-listed Companies
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financial, business and corporate governance status? (2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)? (3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter	√ √ √		<p>The Company has established a public website to disclose regularly its financial, business and corporate governance related information.</p> <p>Other than maintaining an English-language website, the Company also established a spokesperson system. Information related to shareholders' meetings or investors' meetings is updated immediately on the Company website.</p> <p>The Company has announced and reported the annual financial statements and the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadlines required by the regulations.</p>	Complied with the Corporate Governance Best-Practice Principles for TWSE Listed TPEX-listed Companies

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financial statements as well as the operating status of each month before the prescribed deadline?				
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	√		<p>1. Employee Rights and Benefits and Employee Care Programs. Please refer to Chapter 4, "Corporate Sustainability" and "5. Labor Relations" in Chapter 6, "Business Overview" of this annual report.</p> <p>2. For details of the enforcement of the rights of investors, suppliers, and interested parties, please refer to Chapter 4, "Corporate Sustainability," of this annual report.</p> <p>3. For further details on the directors' continuing education, the execution of risk management policies and risk measurement standards, the implementation of customer policies, and the procurement of liability insurance for directors and supervisors, please refer to the respective sections within our annual report. You can find detailed explanations in "VI. Risk Matters in Recent Years and Up to the Printing Date of the Annual Report" on Chapter 8, "Review and Analysis of Financial Condition and Results of Operations and Risk Matters." These sections provide comprehensive insights into our practices and strategies in these areas.</p>	Complied with the Corporate Governance Best-Practice Principles for TWSE Listed TPEX-listed Companies
<p>9. The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange in the most recent year and propose the priority and measures to those matters that have not yet been improved.</p> <p>A. VIVOTEK was evaluated as a top 6% to 20% company in 2023 according to the results of the 10th Corporate Governance Evaluation, the Company will continue to evaluate the following possible improvement plans:</p> <p>(a) Disclosures of measures taken related to climate change potential risks and opportunities.</p>				