

2023 VIVOTEK SUSTAINABILITY REPORT



VIVOTEK
A Delta Group Company

Table of Contents

About this Report	2
Message from the President	3

1. Overview	4	2. Sustainability Initiatives and Stakeholder Engagement	15	3. Corporate Governance	22
1.1 Operating Philosophy and Overview	5	2.1 Sustainability Mission and Promotion	16	3.1 Economic Performance	23
1.2 Honors and Awards	7	2.2 Global Sustainability Alignment	17	3.2 Board Functions and Shareholder Communication	26
1.3 Association Participation	10	2.3 Stakeholder Identification	18	3.3 Risk Management	35
1.4 Sustainable Brands and Innovation	11	2.4 Material Topics Identification Procedures	19	3.4 Information Security Management	40
1.5 Sustainability Application Cases	14	2.5 Material Topics Priority and Comparison	20	3.5 Customer Relationship Management	42
				3.6 Supply Chain Sustainability Management	46
4. Innovation and Quality Management	51	5. Environmental Care	66	6. Employee Relations and Social Participation	84
4.1 Innovative R&D and Collaborative Resources	52	5.1 Smart Factory Evolution	67	6.1 Employee Overview	85
4.2 Patents and Intellectual Property	59	5.2 Use of Renewable Energy	71	6.2 Recruitment and Retention	87
4.3 Quality Assurance for Customers	63	5.3 GHG Emissions, Water, and Waste Management	73	6.3 Employee Development and Training	91
		5.4 Risks and Opportunities of Climate Change	77	6.4 Employee Rights and Communication	95
				6.5 Diverse Welfare Benefits	102
				6.6 Occupational Safety and Health	106
				6.7 Social Participation	110
7. Appendix	114				
7.1 Reporting Scope and Boundary	115				
7.2 GRI Index Table and Sustainability Disclosure Topics & Metrics	116				
7.3 Third-party Verification Report/Assurance	124				

About This Report

VIVOTEK's sustainability journey begins with its brand catalyst, "Concern for Others." This ethos has driven the Company to proactively issue Sustainability Reports, addressing the aspects of E (Environment), S (Social), and G (Corporate Governance). These reports disclose issues of concern to various stakeholders, aligning with VIVOTEK's core values: Integrity, Accountability, Care, and Innovation while adapting a corporate culture that blends speed, transparency, quality, and teamwork in daily operational decisions. Moreover, VIVOTEK aligns with its parent group's objectives, focusing on the seven United Nations Sustainable Development Goals (SDGs), to establish a sustainable framework that involves setting short, medium, and long-term goals, along with action plans, while upholding the spirit of sustainability. VIVOTEK is committed to advancing as a global leader in the security industry.

This report centers around the theme of "Looking Ahead and Sustainable Innovation," responding to VIVOTEK's application of AI technology on product innovation. Also, the Company advances the deployment of sustainable actions in the surveillance industry and endeavors to optimize the response to various stakeholders, echoing the Company's commitment to corporate sustainability.

Scope and Period

- Reporting Period: January 1, 2023 to December 31, 2023
- Reporting Scope: The Report covers VIVOTEK's headquarters and overseas branches. (Please refer to Chapter 7.1 Reporting Scope and Boundary for more details.)
 - Any exceptions will be noted within the respective chapters.
 - The disclosing scope of Chapter 6 "Employee Relations and Social Participation" primarily focuses on VIVOTEK's headquarters.
 - Delta Electronics Inc. and the Company are in a parent-subsidiary relationship. The parent company referenced throughout the Report will be referred to as "Delta Group"

Internal Management Process and Issuance of the Report

This report was prepared by VIVOTEK's Corporate Sustainability Promotion Team with information collected through collaborative efforts. The Report was approved for issuance by the Board of Directors and was submitted by the Corporate Sustainability Promotion Team to the Board of Directors for review. In response to the paperless initiative, a digital copy of the Sustainability Report is available to the public on the Company's official website under the ESG section.

2023 Sustainability Report Release Date: August 2024
2024 Sustainability Report Release Date: Expected to be issued in August 2025

Reporting Guidelines

VIVOTEK has formulated the structure of the Report based on the concerns of the stakeholders. The contents of the Report are disclosed in accordance with the "GRI Sustainability Reporting Standards" (hereinafter referred to as the GRI Standards) issued by the Global Sustainability Standards Board (GSSB). Additionally, this report aligns with the United Nations Sustainable Development Goals (SDGs). Each chapter outlines the specific actions taken in response to the SDGs. The standards established by the Sustainability Accounting Standards Board (SASB) are enclosed in the Appendix of this report.

The financial data in this report are based on the annual financial report certified by PwC Taiwan.

- Contents of the Report: BSI Type 1 Moderate Assurance Level
- Environmental Data Used by the Report: BSI ISO 14064-1 Verification
- Financial Data and Key Performance Indicators: PwC Taiwan

Contact Information

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ESG Official Website : <https://www.vivotek.com/csr/content/10/ESG>
Sustainability Report : <https://www.vivotek.com/zh-Hant/csr/content/9>

Note : In accordance with the "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" of the Standard on Assurance Engagements 3000 (TWSAE3000) published by the Accounting Research and Development Foundation, PwC Taiwan performed a limited assurance on selected key performance indicators, of which the limited assurance report and the summary of assurance items are attached to Appendix 7.3 of this report.

Message from the President

VIVOTEK has been at the forefront of surveillance innovation over the past two decades, witnessing the industry's evolution from analog to digital and network-based systems. With the rapid advancement of artificial intelligence and big data, smart surveillance systems have become an indispensable part of modern society. Looking ahead, we will continue to provide surveillance solutions, expand our global sales channels, and leverage AI technology across various applications. We will also strive to optimize our cost structures to offer more competitive products and services. Furthermore, we are committed to developing green and smart technology to contribute to energy conservation and carbon reduction.

Committed to sustainable development, VIVOTEK aims at becoming an industry leader in global security and creating a safer, more sustainable living environment for future generations. We have proactively issued sustainability reports for seven consecutive years. This year, we will focus on key areas such as specific field applications, optimization of product combinations, and transition to a green economy. We will continue to innovate and adapt to evolving trends, demonstrating our dedication to corporate sustainable development. VIVOTEK's commitment to environmental, social and governance is outlined as follows:

Environmental Sustainability

VIVOTEK actively supports RE100, a global renewable energy initiative, and promotes environmental sustainability through investments in renewable energy, carbon reduction as well as energy conservation measures, and waste management. In 2023, we purchased 2,440,000 kWh green electricity and 1,482 renewable energy certificates, reducing carbon emissions by 1210.96 tons. This investment amounted to NT\$11,736,321. We also completed an ISO 14064-1 GHG inventory and third-party verification. Additionally, we replaced office lighting with LED fixture and achieved a recycling rate of over 90% for non-hazardous waste.

Social Sustainability

VIVOTEK has launched the sustainable "Safety Map" project for three consecutive years, leveraging our surveillance expertise to innovatively promote social sustainability. Beginning with the "Community Safety Map" in 2021 and the "Security Map Planning Order" in 2022, we introduced a charitable educational event in 2023 with the "Build a Safety Map and Protect the Children of Shuangxi Elementary School" initiative. Through cross-departmental collaboration, we formed an internal security team to assess on-site hazards and provide specific recommendations for security improvements. By actively participating in social initiatives, we aim to create a safer living environment and contribute to sustainable development.

Governance Sustainability

VIVOTEK is committed to comprehensive information security protection and actively promotes sustainable governance. We achieved level two in the tenth corporate governance evaluation, demonstrating our strong operational management. To ensure thorough information security protection, we have established a robust information security management structure, continuously optimize our processes, and developed policies for company and product information security as well as emergency procedures. Furthermore, we have strengthened internal security system measures, formed a task force to address information security issues, and worked to maintain our ISO 27001-certified information security management system (ISMS). Through these efforts, we are actively fulfilling our commitment to corporate governance and comprehensive information security protection.



Alex Liao, President of VIVOTEK

President :

Overview

- 1.1 Operating Philosophy and Overview
- 1.2 Honors and Awards
- 1.3 Association Participation
- 1.4 Sustainable Brands and Innovation
- 1.5 Sustainability Application Cases



Operating Philosophy and Overview

VIVOTEK Inc. was established in February 2000, with its headquarters located in Zhonghe District, New Taipei City. It comprises the Brand Business Group and ODM Business Group and operates globally under its own brand and is a leader in the global surveillance industry. The brand name "VIVOTEK" is composed of four English words: "VI" for Video, "VO" for Voice, "O" for Communication, and "TEK" for Technology.


With 24 years of industry experience, the Company has established itself as a leader and has gained widespread recognition in the market for advanced video and audio technology. Focusing on Taiwan's strengths in research, development, production, and manufacturing, VIVOTEK is dedicated to developing IP cameras and video management software. We incorporate AI, machine learning, edge computing, and other advanced technologies into our products and services. In 2017, VIVOTEK joined Delta Group, a global leader in power management solutions. This collaboration has solidified VIVOTEK's position as a key player in the security and intelligence aspects of Building Automation Solutions. We remain committed to providing reliable, intelligent surveillance solutions and strive to become a global leader in the security industry.

Overview on VIVOTEK

Company Name	VIVOTEK Inc.
Date of Establishment	2000
Headquarters Address	No.192, Liancheng Road, Zhonghe District, New Taipei City
Chairman	Bill Lo
President	Alex Liao
Capital	NT\$866 million
Global Offices	USA, Japan, Netherlands, India, Mexico
Stock Code	3454 TW


Bill Lo, Chairman of VIVOTEK (left) and Alex Liao, President of VIVOTEK

Performance Highlights in 2023




91.6
NT\$ Billion

Consolidated Revenue
NT\$9.16 Billion




5.65
NT\$

Earnings Per Share
NT\$5.65



Level 2

Level Two Corporate Governance Evaluation



1,300
Persons

Number of Employees
1,300 persons

Business Philosophy

Adhering to its core values of Integrity, Caring, Innovation, and Accountability, VIVOTEK's business philosophy is deeply rooted in Integrity." This foundational value enables the company to extend its care (Caring) to customers, employees, shareholders, and strategic partners. The spirit of Innovation is integrated into its solutions, leading to the continuous launch of cutting-edge and innovative products that have been recognized through various international innovation and design awards. VIVOTEK is committed to fulfilling its responsibilities to customers and itself by embodying the spirit of Accountability. Looking ahead, VIVOTEK will embrace challenges, seek new opportunities, and foster innovation. It will enhance the industry's ecosystem, expand its overseas brand channels, and collaborate with global strategic partners to create comprehensive surveillance solutions.

Corporate Culture

As part of the rebranding initiative, the principles of Speed, Transparency, Quality, and Teamwork have been adopted to represent the four key elements of our corporate culture. These values are actively promoted and integrated into our daily work routines, becoming the shared beliefs, attitudes, and work approach of every VIVOTEK employee. VIVOTEK's staff consistently adhere to high standards, ensuring the establishment of rigorous working practices in processes such as R&D, design, manufacturing, and production. This commitment guarantees the introduction of high-quality products into the market, fostering trust and support from customers.

Corporate Sustainability Policy

Considering evolving domestic and international sustainability trends, their relevance to our core business, and the impact of the Company's and the Group's overall operating activities on stakeholders, VIVOTEK has formulated sustainable development policies, systems, and management guidelines, along with specific implementation plans. Any significant policy adjustments will be implemented after approval by the Board of Directors or authorized senior management. To achieve sustainable development goals, establish a robust corporate governance framework, and fulfill its corporate sustainability responsibilities, VIVOTEK will implement sustainable development through the following four principles:



This chapter reflects the UN Sustainable Development Goals, i.e., SDG 9.4 Industry, Innovation, and Infrastructure and SDG11.3/SDG11.7 Sustainable Cities and Communities.

Honors and Awards

1. Moment of Glory

Level 2 Rating in the Corporate Governance Evaluation Demonstrates the Operational Success of the Company



Obtained a level 2 rating in the tenth Corporate Governance Evaluation.

Selected as One of the Top 20 among the World's Top 50 Surveillance Companies for Eleven Consecutive Years



Awarded as one of the top 20 surveillance companies and top 12 global surveillance technology businesses by the surveillance magazine a&s International, achieving an impressive track record over the years.

Obtained International Verification



- A. ISO27001 Certification: The Company established a dedicated information security task force, set up information security risk management processes and procedures, and successfully obtained the "ISO 27001 Information Security Management System" certification from the British Standards Institution (BSI).
- B. ISO14064-1 Verification: To enhance the quality and credibility of GHG data inventory, the Company completed the "ISO 14064-1: 2018 GHG Inventory" verification through a third-party, BSI.

The Ongoing Safety Map Series of Activities Continues to Contribute to Our Sustainability Journey



Guiding colleagues to leverage their surveillance expertise to address security challenges and creating a safety map for Shuangxi Elementary School in Taipei City, which exemplify our commitment as a leading surveillance brand dedicated to sustainable development.

Selected as One of Taiwan's Top 40 International Brands for four Consecutive Years by the Industrial Development Bureau



Through a combination of brand strategy enhancement and internal brand integration, the Company has successfully revitalized its brand and earned recognition as an outstanding Taiwanese brand enterprise.

Current Certifications

- | | | |
|---|---|---------------------|
| 1 | ✓ | ISO 9001: 2015 |
| 2 | ✓ | ISO 14001: 2015 |
| 3 | ✓ | ISO 14064-1: 2018 |
| 4 | ✓ | ISO/IEC 27001: 2013 |
| 5 | ✓ | IECQ QC080000: 2017 |
| 6 | ✓ | TIPS |

■ **VIVOTEK's Awards and Recognition 2001-2013**

- | | | |
|-------------|---|---|
| 2001 | ▶ | <ul style="list-style-type: none"> The multi-media communication platform development plan was presented the top award for new product by the Ministry of Economic Affairs and approved by the Ministry of Economic Affairs for emerging strategic industries. |
| <hr/> | | |
| 2004 | ▶ | <ul style="list-style-type: none"> The newly developed swivel network camera won the SecuTech Expo Security Equipment Innovation and Technology Award. |
| <hr/> | | |
| 2005 | ▶ | <ul style="list-style-type: none"> Obtained the right to use the Taiwan Boutique Logo from the Ministry of Economic Affairs. The swivel zoom IP camera won the EURO TRADE magazine Best of Taiwan Award and received the Best Choice Award of Computex Taipei 2005 from the Ministry of Economic Affairs. Received the Taiwan and Asia-Pacific High-tech Growth Top 50 Award from Deloitte & Touche. |
| <hr/> | | |
| 2006 | ▶ | <ul style="list-style-type: none"> The 3G-compliant IP camera won the Taiwan Excellence Award and the Best of Taiwan Award from EURO TRADE magazine. Received the 2006 Taiwan and Asia Pacific High-tech Growth Top 50 Award from Deloitte & Touche. |
| <hr/> | | |
| 2007 | ▶ | <ul style="list-style-type: none"> Received the Asia-Pacific High-tech FAST 500 Enterprises award from Deloitte & Touche. IP7138 / IP7139 won the 2007 Taipei International Security Equipment Exhibition "Safety Technology Innovation Product Award" and "Online Voting Popularity King". Megapixel IP Camera IP7138/IP7139 and 3GPP IP Camera IP7131 / IP7132 won the 2007 Taiwan Excellence Award. Ranked among the Global Security 50. Received the 10th Little Giant Award from the Small and Medium Enterprise Division of the Ministry of Economic Affairs. Received the 15th Industrial Science and Technology Development Award - Outstanding Innovative Enterprise Award from the Ministry of Economic Affairs Technology Office. Received the 16th National Rock Award from the Small and Medium Enterprises Division of the Ministry of Economic Affairs. |
| <hr/> | | |
| 2008 | ▶ | <ul style="list-style-type: none"> Received the 2007 Asia Pacific High-tech Fast 500 Enterprises award from Deloitte & Touche. Won the SecuTech Award at the 2008 Taipei International Security Equipment Exhibition. PZ7151 / PZ7152 won the 2008 Best SecuTech Product. |
| <hr/> | | |
| 2010 | ▶ | <ul style="list-style-type: none"> Received the Taiwan Excellence Award from the Foreign Trade Association. Received the Top 50 Security Control Elite Award from A&S. IP8161 was awarded the Symbol of Excellence. |
| <hr/> | | |
| 2011 | ▶ | <ul style="list-style-type: none"> IP8162P won the SecuTech Best Network Camera. FE8171V won the Outstanding Information Application and Product Award. Received the 19th Taiwan Excellence Award. Won the Secutech Best Camera Contest. |
| <hr/> | | |
| 2012 | ▶ | <ul style="list-style-type: none"> Selected as the best megapixel camera at the 2012 International Security Surveillance Exhibition. Selected again among the world's top 50 security control (Security 50) products. |
| <hr/> | | |
| 2013 | ▶ | <ul style="list-style-type: none"> 2013 Taiwan Excellence Award. 2013 Taipei International Security Expo Best Camera Award. 2013 Top 50 Best Operational Performance based on the Top 2000 Survey conducted by Commonwealth Magazine. A&S 2013 Top 50 Global Security Enterprises. 2013 Deloitte Asia Pacific High Technology, High Growth Fast 500. |

■ **VIVOTEK's Awards and Recognition 2014-2023**

- | | | |
|-------------|---|---|
| 2014 | <ul style="list-style-type: none"> Received the Deloitte Asia Pacific High Technology and High Growth Fast 500 award. Won the Best IP HD Camera Competition at the 2014 Taipei International Security Expo. | <ul style="list-style-type: none"> IP Surveillance Solution won the Hong Kong IT Pro Corporate Choice. |
| 2015 | <ul style="list-style-type: none"> 2015 China International Public Safety Expo Golden Tripod Award. | <ul style="list-style-type: none"> 2015 Taiwan Excellence Award. |
| 2016 | <ul style="list-style-type: none"> Top 100 Innovative Products in the 2016 Information Month. | <ul style="list-style-type: none"> 2016 Taiwan Excellence Award. |
| 2017 | <ul style="list-style-type: none"> Ministry of Economic Affairs' 4th Potential Backbone Enterprise Award. Ministry of Science and Technology Engineering Department's Industry-Academia Achievement Briefing Award. 2017 Taiwan Excellence Silver Award. | <ul style="list-style-type: none"> Won the 2017 Taipei International Security Expo camera contest. Received the Product of the Year Award from US magazine Security Today. |
| 2018 | <ul style="list-style-type: none"> 2018 Taiwan Excellence Award. Best IoT Security Award from Nordic magazine DETEKTOR International. | <ul style="list-style-type: none"> Received Product of the Year Award from US magazine Security Today. Joined the International Open Security & Safety Alliance. |
| 2019 | <ul style="list-style-type: none"> Won the 2019 Taiwan Excellence Award. | |
| 2020 | <ul style="list-style-type: none"> 20th anniversary of VIVOTEK Inc. Won the 2020 Taiwan Excellence Award. | <ul style="list-style-type: none"> Selected as Taiwan's Best International Brand Potential Star in 2020. |
| 2021 | <ul style="list-style-type: none"> Selected as Taiwan's Best International Brand Potential Star in 2021. Received top 20 honors as one the world's top 50 surveillance companies. Received the Session Defense Award from the Industry Bureau of the Ministry of Economic Affairs. | <ul style="list-style-type: none"> Passed the Ministry of Labor's talent development quality management system evaluation. Organized ESG activities-Creating a Safety Map for Jienhe District, New Taipei City. |
| 2022 | <ul style="list-style-type: none"> Level 2 rating in the 8th Corporate Governance Evaluation / Level 1 rating under the small and medium-cap (NT\$ 5 – 10 billion) category. Selected as Taiwan's Best International Brand Potential Star in 2022. The only Taiwanese company to receive Top 20 honors as one the world's top 50 surveillance companies. | <ul style="list-style-type: none"> Won the 2023 Taiwan Excellence Award. Organized ESG activities - Creating a Safety Map for the An-con Mental Retardation Training Services Institution in Taoyuan as part of the company's sustainability initiatives. |
| 2023 | <ul style="list-style-type: none"> Level 2 rating in the 9th Corporate Governance Evaluation. Selected as Taiwan's Best International Brand Potential Star in 2023. Ranked 12th among the world's top 50 surveillance companies. | <ul style="list-style-type: none"> Organized ESG activities – Building a Safety Map for Shuangxi Elementary School in Taipei City as part of the company's sustainability initiatives. |

This chapter reflects the United Nations Sustainable Development Goals, i.e. SDG 17 Partnerships for the Goals.

1.3 Association Participation

By joining public associations and surveillance industry organizations, VIVOTEK gains new knowledge and continues to gather important industry information, while promoting cooperation and exchanges involving production, government, the academe, and research in order to achieve inter-functional cooperation in different fields, industries, and companies that enhance competition and international visibility.

VIVOTEK is affiliated with the following associations in Taiwan

- | | |
|---|-----------------|
| • Industry Association of Intelligent Security and Safety | Founding Member |
| • Taiwan Electrical and Electronic Manufacturers' Association | Regular Member |
| • Taipei Computer Association | Regular Member |
| • Importers and Exporters Association of Taipei | Regular Member |
| • Taiwan Safety and Security Industry Association | Regular Member |
| • Taiwan CERT/CSIRT Information Security Alliance | Regular Member |
| • Taoyuan City Industrial Association | Regular Member |
| • Asia Silicon Valley-Major League IoT | Regular Member |
| • Taiwan Climate Partnership | Regular Member |

VIVOTEK is affiliated with the following global associations

- | | |
|--|----------------|
| • Open Network Video Interface Forum (ONVIF) | Regular Member |
| • HDMI Licensing, LLC | Regular Member |



1.4 Sustainability Brand and Innovation

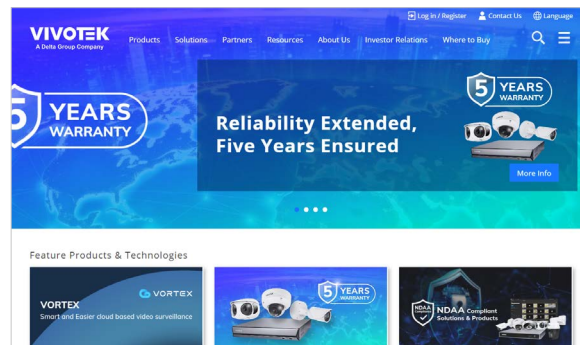
1. 2021 Rebranding

VIVOTEK's decision to upgrade and reposition its brand image stems from its continuous exploration of the surveillance field and the evolving global market. Participating in the "Brand for Future" initiative marked the beginning of this transformation, which successfully positioned VIVOTEK's brand, introduced a new branding identification system as well as communication strategy, and signified VIVOTEK's journey towards a higher level of sustainable business development.

2. External Communication on Rebranding

To promote the new brand image and values externally, we utilize a variety of communication channels. These include revamping the VIVOTEK brand logo to emphasize its modern and user-friendly image, implementing the brand slogan "We Get the Picture" to highlight our deep understanding of customer needs, and positioning our brand values with a vision of becoming the world's first-line surveillance brand. Additionally, we showcase the brand's appeal and innovation through product design, our community website, exhibition participation, and media communication.

Rebranding with a New Vision

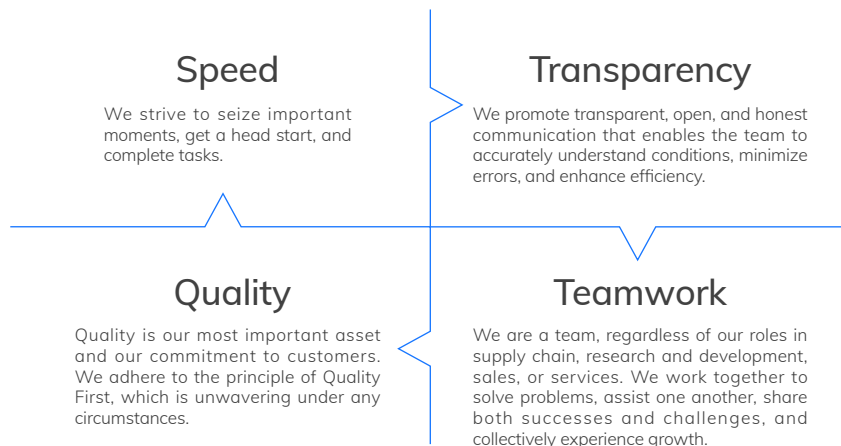


3. Internal Communication on Rebranding

The rebranding is not only a change in external image, but also a transformation of VIVOTEK's internal cohesion. By redefining core values and internal activities, we have built a shared internal language and connection. This enables every employee to understand and embrace the brand's core values, integrating them into their work and promoting the internalization and inheritance of our corporate culture.

Brand Culture

Rooted in the core values of Speed, Transparency, Quality, and Teamwork, we ensure that every employee understands and embraces these values through various internal activities.



To promote the new brand image and values internally, we utilize a variety of communication channels. These include organizing rebranding events to introduce the rebranding initiatives, providing employees with exclusive products such as reusable shopping bags, t-shirts, and ID cards, launching a brand ambassador election to encourage employee promotion of brand projects, and designing a company brand image wall to energize the workplace. These measures aim to enhance employee understanding and recognition of the brand while strengthening team cohesion.

Global BRAND BOOST Events

We strengthen our corporate culture and sustainability mission through annual global events that enhance employee understanding and implementation of our core values while also boosting brand recognition. In 2023, these events successfully brought together teams worldwide, with nearly 500 participants, 90% employee satisfaction, over 20,000 social media impressions, and 4,000 interactions. The events included:

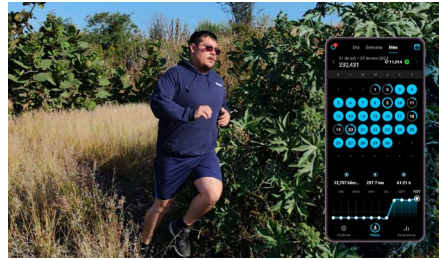
- A. **Demonstrating Quality Commitment in Photography Competition:** Nearly 1/5 of employees took part in the global search event to showcase the global reach of VIVOTEK's brand products. The shared pictures and stories, ranging from major transport hubs in Taiwan to stadiums in Texas (USA), vividly demonstrated the stable operational quality of our products in diverse fields and highlighted VIVOTEK's commitment to quality.
- B. **Witnessing the Spirit of Speed in Racewalking Challenges:** VIVOTEK organized a global racewalking competition to fulfill its corporate sustainability mission by encouraging colleagues around the world to participate in carbon emission reduction through walking. This event not only attracted hundreds of colleagues worldwide but also reduced 11.7 tons of carbon emissions through walking, equivalent to planting 975 trees. (Note 1: According to the Health Promotion Administration of the Ministry of Health and Welfare, every 10,000 steps reduce 1.42 kg of carbon emissions. Based on the research of the Forestry Bureau, every additional tree reduces 12 kg of carbon dioxide annually. With a total of 82,436,961 steps, this racewalking campaign reduced approximately 11.7 tons of carbon emissions, equivalent to planting 975 trees.)
- C. **Creating Eco-friendly Potted Plants with Teamwork:** Colleagues collaborated in a green, craft workshop to create unique eco-friendly potted plants by repurposing discarded lenses. This DIY experience fostered camaraderie among colleagues, reflecting the collaborative spirit of our team and our commitment to sustainable development.
- D. **Cross-Visit to O'right:** VIVOTEK launched a cross-site brand visit with the green brand, O'right. By touring the green architecture, organizing workshops, and engaging in transparent interactions, we deepened our employees' understanding of sustainable development.

■ **Global Search Event**



In the global search event, a colleague captured VIVOTEK cameras in action at a shopping mall in Saudi Arabia, demonstrating the stable functionality and quality of the products in extreme desert climate conditions.

■ **Global Walking Challenge**



Through employee participation in the global walking challenge, we have taken a significant step towards carbon reduction, achieving our corporate sustainability mission and embodying the spirit of speed.

■ **Brand Visit**



In the green workshop, colleagues worked together to create unique eco-friendly brand bonsai using recycled lenses, demonstrating their innovation and teamwork.

■ **Green Workshop**



During the brand visit, colleagues toured the green brand, O'Right, observed their 20 years of sustainability practices firsthand, and gained a deeper understanding of the importance of sustainable development.

The brand transition of VIVOTEK is a crucial step in its journey towards becoming a sustainable brand. Not only does VIVOTEK elevate its external brand image, but it also presents a new brand identity and values to the world in a diverse manner. Additionally, VIVOTEK values employee cohesion and facilitates the deepening and inheritance of its corporate values. In the future, VIVOTEK will continue to strive for brand innovation, implement its commitment to sustainability, and build a sustainable surveillance brand.



This chapter reflects the United Nations Sustainable Development Goals, i.e. SDG 9.4 Industry, Innovation, and Infrastructure and SDG 11.3/11.7 Sustainable Cities and Communities.

1.5 Sustainability Application Cases

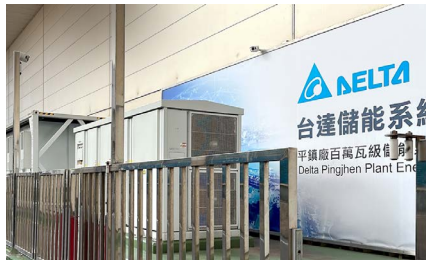
VIVOTEK aligns its sustainability development goals with the key directions of the Delta Group. Focusing on seven United Nations SDGs, the following are relevant application cases: The VORTEX Smart Surveillance solution for the Delta plant and the AI crowd surveillance solution. These cases align with the Delta Group's goals, specifically SDG 9 Industry, Innovation, and Infrastructure, SDG 11 Sustainable Cities and Communities, and SDG 17 Partnerships for the Goals. We will actively incorporate sustainability initiatives into each successful case to expand sustainable business opportunities in the global market.

Global success stories detailing the implementation of the United Nations' SDGs

■ Case 1

VORTEX Smart Surveillance Solution: Enhancing the safety efficiency of the energy storage system in Delta's factory

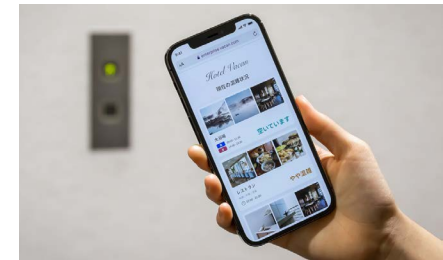
Delta's factory in Pingzhen houses important energy storage tanks and related facilities. However, these assets are often located in remote, sparsely-populated areas, making them vulnerable to sabotage and trespassing. VIVOTEK's smart cloud-based security service, VORTEX, provides remote management and simplifies operating procedures. With AI-driven intrusion detection and a real-time alert system, event video investigation and analysis are expedited, enhancing the protection of Delta's assets and significantly improving security efficiency.



■ Case 2

Real-time AI Crowd Surveillance Solution: Improving visitor experience at the Shopping Plaza in Karuizawa, Japan

The gradual reopening of international tourism after the pandemic has led to a surge of enthusiastic tourists to Japan. Commercial facilities, particularly in tourist destinations like Tokyo, are facing significant challenges in crowd control. To address this challenge, VIVOTEK provides a comprehensive solution to assist the renowned Karuizawa shopping plaza and spa resorts in Japan. Its technology offers accurate people-counting and tracking capabilities using cameras as well as AI deep learning, and integrates digital signage and mobile apps to display crowd information and enhance visitor experience.



Please refer to Chapter 2.2 Global Sustainability Alignment and other relevant chapters for more details about the United Nations Sustainable Development Goals (SDGs).

Sustainability Initiatives and Stakeholder Engagement

- 2.1 Sustainability Mission and Promotion
- 2.2 Global Sustainability Alignment
- 2.3 Stakeholder Identification
- 2.4 Material Topics Identification Procedures
- 2.5 Material Topics Priority and Comparison

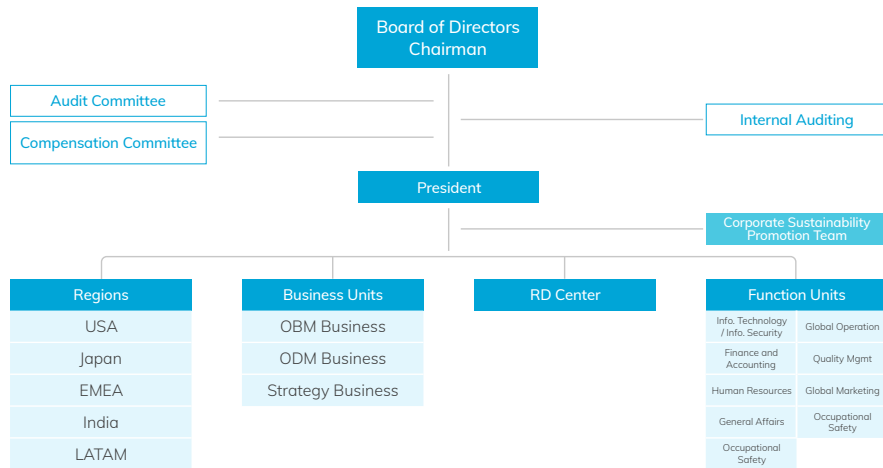


2.1 Sustainability Mission and Promotion

2.1.1 Sustainability Mission

VIVOTEK's corporate vision is to become a leading global surveillance brand, driven by its core purpose of providing society with the most reliable and trustworthy smart surveillance solutions. Our brand catalyst is "Concern for Others," representing our commitment to caring. We consistently address Environmental (E), Social (S), and Governance (G) issues, set goals, and take concrete actions. Dedicated to promoting corporate sustainable development as a mission, we support and adhere to international labor and human rights standards, including the "United Nations Global Compact," the "Universal Declaration of Human Rights," the "UN Guiding Principles on Business and Human Rights," the "OECD Guidelines for Multinational Enterprises," and the "Social Responsibility International Standard," as well as the regulations of the countries where we operate. We treat all partners with dignity and respect, including all VIVOTEK employees, subsidiaries, business partners, suppliers, and contractors

■ Organizational Structure of VIVOTEK Corporate Sustainability Promotion Team



2.1.2 Sustainability Promotion

The VIVOTEK Corporate Sustainability Promotion Team reports directly to the President's Office, with the President serving as the highest supervisory authority. The Team consists of members from various divisions across more than 8 units, including Human Resources, Finance and Accounting, Global Marketing, General Affairs, Operations, Quality Management, Information Technology, and RD Center. Its primary responsibility is to drive corporate sustainability and publish sustainability reports. The team also regularly organizes courses and training sessions aligned with global regulations and trends, and ultimately reports to the Board of Directors on a regular basis. Regarding material event communication, the GHG inventory and sustainability planning progress are reported to the Board of Directors quarterly. A total of 4 reports were submitted in 2023.

To concretely facilitate sustainability, significant policies must be approved and announced by the Board of Directors. The Board has also adopted the "Sustainable Development Best Practice Principles" based on four tenets: implementation of corporate governance, development of a sustainable environment, social protection, and strengthening of information disclosure on corporate social responsibility. Please refer to the Company website for policy information.

■ Corporate Sustainability Internal Training

Providing educational guidance on sustainability trends, basic ESG knowledge, TCFD, and carbon reduction to VIVOTEK's senior management and the individuals responsible for sustainability in each unit.



2.2 Global Sustainability Alignment

United Nations Sustainable Development Goals (SDGs)

In 2015, the United Nations adopted the Sustainable Development Goals (SDGs), consisting of 17 overarching goals and 169 specific targets. VIVOTEK aligns its product and service development direction with these SDGs. This approach not only keeps the Company in sync with global trends but also resonates with the brand catalyst of "Concern for Others." VIVOTEK aims to embody sustainability in its daily operations, leveraging its brand influence to contribute to the achievement of these goals.

The VIVOTEK Corporate Sustainability Promotion Team is guided by its core professional competencies and aligned with the future strategic directions of the Delta Group. It focuses on seven specific United Nations Sustainable Development Goals (shown in the picture below,) driving VIVOTEK's sustainability initiatives. VIVOTEK takes concrete actions for and implements each initiative. For more detailed information, please refer to the respective chapters of this Report.

VIVOTEK highlights the seven United Nations Sustainable Development Goals and their corresponding material topics.

SDGs	Target	Corresponding Material Topic
4	4.5	Talent Cultivation and Retention
7	7.a	Environmental Care
9	9.4	Environmental Care
11	11.3、11.7	Environmental Care
12	12.2、12.5、12.6	Environmental Care and Supplier Sustainability Management
13	13.3	Environmental Care
17	17.17	Customer Relationship Management and Supplier Sustainability Management



2.3 Stakeholder Identification

VIVOTEK follows the AA1000 Stakeholder Engagement Standard and uses international sustainability issues and operational needs as reference materials to define the six categories of main stakeholders, i.e. employees, corporate customers, investors and shareholders, society, government agencies, and partners.

■ Six Types of Stakeholders and their Communication Results

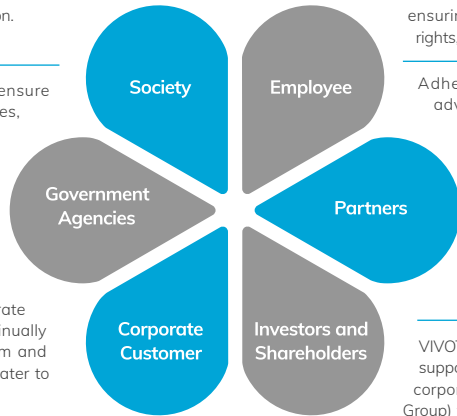
Stakeholders	Scope of Stakeholders	Issues of Concern	Communication Channels	Communication Frequency	Corresponding Chapters
Employee	All employees	Information on recruitment and retention Working conditions Labor rights Important Company announcements Employee inquiries Performance appraisal	Management-Labor Meeting Employee Welfare Committee Intranet Employee Mailbox Departmental Meeting Individual Interview	Quarterly Frequently Anytime Ad hoc Ad hoc Ad hoc	6.4 Employee Rights and Communication
Partners	Suppliers, outsourcing contractors, manpower dispatch, and system certification companies	Risk management Partnership Management (including suppliers) Personnel Recruitment and Management Equipment and Calibration Maintenance	Telephone and Email Contact Supplier Factory Visit Supplier Audit Instrument Calibration Supplier, Reliability Equipment Manufacturer Email	Ad hoc Ad hoc Every 6 months Ad hoc	3.6 Supply Chain Sustainability Management
Corporate Customers	Domestic and foreign customers (including domestic and foreign government procurement) and distributors	Customer Relationship Management Company Information Update (innovation and technology sharing)	Corporate Website Client Meeting Customer Satisfaction Survey Online Customer Service System	Anytime Ad hoc Every 6 months Ad hoc	3.5 Customer Relationship Management
Investors and Shareholders	General shareholders and institutional shareholders	Corporate Governance, Operation Disclosures Long-term Strategy & Operational Outlook Personnel Recruitment and Management Equipment and Calibration Maintenance	Financial Reports Annual Shareholders' Meeting Institutional Conference Teleconference & E-mail Corporate Website	Quarterly and annually Annually Twice a year Ad hoc Anytime	3.1 Operational Performance
Society	Media, social welfare organizations, and management committees	Media Relations Maintenance Social welfare Discussion of the Working Environment	Corporate Website Press Release Media Meal Contact by Phone and E-mail	Ad hoc Ad hoc At least once a year Ad hoc	No corresponding chapter available. Engagement results are actively obtained through communication channels and frequency.
Government Agencies	Competent authorities	Patent Related Affairs Laws, Event Promotion Environmental Safety Inspection Industry promotion and promotion of industry development	Phone and Email Contacts with Intellectual Property Office Telephone, Email, Official Correspondence Contact with FSC and IRS Phone and Email Contacts with Fire Department Phone and Email Contact and Event Participation with Other Associations	Monthly Ad hoc Ad hoc Ad hoc	1.3 Association Participation

■ Six Categories of Stakeholders

VIVOTEK maintains a long-term relationship with domestic and international media outlets. We proactively disclose key products and operational information to the public, effectively communicating the spirit of sustainable development. We embody the brand ethos of cultivating relationships with online communities. VIVOTEK also cares about the local community and has established good relationships with social welfare organizations and committees to promote social participation.

To stay ahead of global trends and ensure compliance with government mandates, VIVOTEK is actively updating its product design and planning processes, while setting a benchmark for the surveillance industry.

VIVOTEK consistently strives to deepen collaborative relationships with corporate customers and foster loyalty. We continually upgrade our after-sales service system and provide comprehensive solutions that cater to customers' needs.



VIVOTEK has a global workforce exceeding 1,300 individuals, spread across its headquarters in Taiwan as well as branches and offices worldwide. The Company places significant emphasis on each employee, developing a comprehensive welfare and employee care policies that align with international initiatives such as gender equality.

These efforts foster a sustainable workplace culture that attracts and retains exceptional talent, while ensuring comprehensive protection of labor rights, benefits, and career development.

Adhering to international human rights advocacy and work protocols, VIVOTEK sets consistent requirements and standards for suppliers, outsourcing contractors, manpower dispatch, and system certification companies. This is done to minimize environmental impact throughout the operational process and align with various international norms.

VIVOTEK dedicates itself to securing financial support and backing from both individual and corporate shareholders (including the Delta Group) for the Company's ongoing sustainable development endeavors.

■ The sustainability promotion adheres to the following process for identifying relevant materiality and communication results.



2.4 Material Topics Identification Procedures

VIVOTEK regularly communicates with its stakeholders and reviews their feedback, while staying informed about sustainability developments. Adhering to the sustainability policies of the Delta Group and complying with GRI Standards, we identify material sustainability issues. With the expertise of senior management, we assess the economic, environmental, and social (ESG) impact level and likelihood of occurrence for each issue to calculate the positive/negative and actual/potential impact levels. Then, the Corporate Sustainability Promotion Team evaluates and arranges them in order of priority. For 2023, we determined six material topics: Environmental Care, Innovative Research and Development, Economic Performance, Talent Cultivation and Retention, Customer Relationship Management, and Supplier Sustainability Management. Based on these topics, we establish long-term goals, implement specific action plans, and track the progress and effectiveness of key actions to create a positive and sustainable impact on society.

2.5 Material Topic Priority and Comparison

VIVOTEK actively responds to stakeholder concerns, while meeting their needs and expectations through various regular communication channels. The Company's stakeholders represent three key areas: Governance, Society, and Environment. These areas encompass six categories: Employees, Corporate Customers, Investors and Shareholders (including the Delta Group), Social Organizations, Government Agencies, and Partners.

In 2023, the Company assessed six material issues: Environmental Care, Innovative R&D, Economic Performance, Customer Relationship Management, Talent Cultivation and Retention, and Supplier Sustainable Management. Our detailed report consolidates the analysis results and provides insights into the degree of impact, management approach, and boundaries of material topics in accordance with GRI Standards.

■ VIVOTEK's Material Topics and Impact Boundaries

Sustainability Aspect	2022 Priority	2023 Priority	Material Topic	Impact Description	Impact Level		Indicator	Corresponding Chapter	Impact Boundary					
					Positive / Negative Impact	Actual / Potential Impact			Internal		External			
									VIVOTEK Employees	Corporate Customers	Partners	Government Agencies	Social Organizations	Investors and Shareholders
Environment	1	1	Environmental Care	Due to increasing awareness of net-zero emissions, governments worldwide are advocating for energy laws and requiring enterprises to take action on climate change. The Company is enhancing its sustainable competitiveness by formulating climate-responsive policies, strengthening energy and supplier management, as well as engaging in green low-carbon development.	Negative Impact	Actual	302 305 306	5.1 Smart Factory 5.2 Use of Renewable Energy 5.3 GHG Emissions, Water, and Waste Management 5.4 Risks and Opportunities of Climate Change	✓	✓	✓	✓	-	✓
Governance	2	2	Innovative R&D	Investing in research and development (R&D), proactively innovating, and optimizing product as well as business modes in response to market trends and customer needs are key to the Company's competency and operational capacity.	Positive Impact	Actual	Customized Topic	4.1 Innovative R&D and Collaborative Resources	✓	✓	-	-	-	✓

VIVOTEK's Material Topics and Impact Boundaries

Sustainability Aspect	2022 Priority	2023 Priority	Material Topic	Impact Description	Impact Level		Indicator	Corresponding Chapter	Impact Boundary					
					Positive / Negative Impact	Actual / Potential Impact			Internal		External			
									VIVOTEK Employees	Corporate Customers	Partners	Government Agencies	Social Organizations	Investors and Shareholders
Governance	3	3	Economic Performance	VIVOTEK endeavors to become a trusted leading brand. Guided by the operational philosophy of Integrity, Innovation, Care, and Accountability, we have established a comprehensive governance structure and regulations, pursued excellence in performance, aggressively protected stakeholders' equity, and developed a sustainable business.	Positive Impact	Actual	201	3.1 Economic Performance	✓	✓	-	-	-	✓
Society	5	4	Customer Relationship Management	We listen attentively to customers' needs, stay updated on industry trends, and provide solutions as well as professional services to satisfy customers and achieve mutual growth.	Positive Impact	Actual	416	3.5 Customer Relationship Management	✓	✓	-	-	-	✓
Society	4	5	Talent Cultivation and Retention	Each employee of VIVOTEK is a vital partner and valuable asset for sustainable development. The Company fosters employee team-building and strives towards sustainable operations through a solid welfare system, training, career development courses, and a combination of brand activities and internalization.	Positive Impact	Actual	401 402 404 405	6.2 Recruitment and Retention 6.3 Employee Development and Training 6.4 Employee Rights and Communication	✓	-	✓	-	-	-
Governance	6	6	Supplier Sustainability Management	Suppliers are important partners of the Company. We share common beliefs and advocacies through the establishment of a supplier management mechanism to promote sustainable development in our relationship.	Positive Impact	Actual	204 308 414	3.6 Supply Chain Sustainability Management	✓	✓	✓	-	✓	✓

Corporate Governance

- 3.1 Economic Performance
- 3.2 Board Functions and Shareholder Communication
- 3.3 Risk Management
- 3.4 Information Security Management
- 3.5 Customer Relationship Management
- 3.6 Supply Chain Sustainability Management



3.1 Corporate Governance

The reporting scope of economic performance includes VIVOTEK's headquarters, overseas branches, and subsidiaries. (Please refer to Chapter 7.1 Reporting Scope and Boundary of the Report)

3.1.1 Management Principles and Implementation Results

1. Management Principles, Policy and Commitment

- (1) Facilitating global deployment and promoting the sustainable development of the brand
- (2) Optimizing production automation and smart factories
- (3) Continuing research, development, and innovation, expanding the vertical market for surveillance systems, and providing smart and cloud solutions

2. Principles of Performance Assessment and Management

- (1) Aiming to become the world's first-line surveillance brand and regaining its position in the top 10 of the A&S Security 50 by 2025

3. Actual Implementation

- (1) Ranked Level 2 at the tenth Corporate Governance Evaluation
- (2) Awarded Top 20 among 50 Global Surveillance Companies for eleven consecutive years
- (3) Recognized as one of the Top 40 international brands in Taiwan for four consecutive years by the Industrial Development Bureau, Ministry of Economic Affairs; selected as Taiwan's Best International Brand Potential Star
- (4) Proactively issued sustainability reports over the past seven years to demonstrate its commitment to sustainability and addressing stakeholders' concerns
- (5) Prioritized R&D and intellectual property, achieving 100% patent grant rate in both Taiwan and the US
- (6) Invested NT\$721,504,000 in innovative R&D, maintaining the same level of investment as in 2022
- (7) No record of violations related to environmental, public security, labor, personal information, and company laws

3.1.2 Description of Operational Performance in 2023

The overall revenue was NT\$9.162 billion in 2023, representing a 7.9% decrease compared to 2022. In 2023, the Company's consolidated net income was NT\$510 million, with earnings per share (EPS) of NT\$5.65 and a return on equity (ROE) of 14.18%.

The total revenue for the fiscal year 2023 is derived from companies that are required to be included in the consolidated financial statements of affiliates under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises. These companies are identical to those included in the consolidated financial statements of parent and subsidiary companies as defined in the International Financial Reporting Standards 10 approved by the Financial Supervisory Commission. Since all relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, there is no need to prepare separate consolidated financial statements of affiliates.

Description of Revenue and Per Capita Salary/Benefits over the Past Three Years

Unit: NT\$/Million

Year	2021	2022	2023
Revenue	5,452	9,948	9,162
Income Tax Expense	(5)	99	64
Employee Salaries and Benefits	1,400	1,830	1,963
Government Subsidies	11	1	0
Per Capita Employee Salaries and Benefits	1.26	1.29	1.49

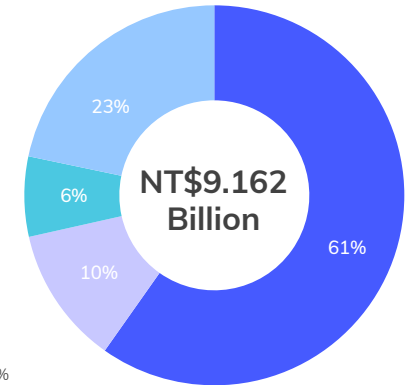
Note: The company applied for government subsidies in 2021 and 2022 as a result of the pandemic.

VIVOTEK annually participates in market surveys and assesses market salary levels as well as economic indicators. This data is used as a basis for adjusting employee salaries. As a result, per capita employee salaries and benefits have increased year by year.

Additional financial information can be found [here](#).

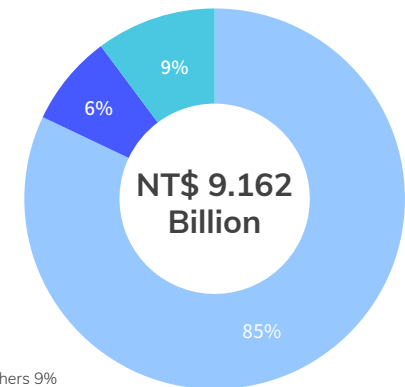
1. Sales Ratio by Region

VIVOTEK has been expanding into overseas markets for several years. In 2023, the regional sales breakdown was as follows: 61% in the USA, 10% in Taiwan, 6% in Canada, and 23% in other regions. We expect to increase sales in all regions and develop new sales territories.



2. Sales Ratio by Product

VIVOTEK's sales ratio by product was 85% for IP cameras, the highest percentage, followed by 6% for IP video recorders, and 9% for others. The Company is committed to providing comprehensive security solutions. In addition to hardware devices, VIVOTEK offers environmentally-friendly software solutions to meet market demand. It expects to increase sales by proactively innovating and addressing sustainability concerns.



3. Operational Performance over the Past Three Years

Looking ahead, VIVOTEK will continue to prioritize speed, transparency, quality, and teamwork to provide the most reliable intelligent surveillance system. We will also expand our sales channels through global localization to increase market share. Leveraging our strong R&D capabilities, we will integrate artificial intelligence into practical applications for various industries and businesses. Externally, we aim to meet customers' growing demand for artificial intelligence technology; while internally, we will enhance operational resilience and optimize costs. Adhering to our core value of "Care," VIVOTEK will embody our brand ethos, contribute to social sustainable development, and solidify our position as a leading global surveillance brand.

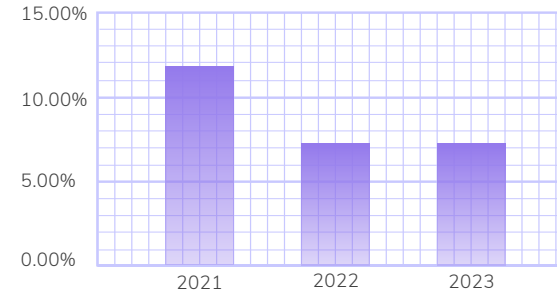
Unit: NT\$/Million

Year	2021	2022	2023
Earnings Per Share (NT\$)	2.17	8.11	5.65
Cash Dividends (NT\$)	1.4	5.5	3.8
Stock Dividends (NT\$)	0.00	0.00	0.00
Return on Assets (%)	4.24	11.94	7.83
Return on Equity (%)	7.02	22.35	14.18

4. Industrial Innovation Ordinance

In 2023, VIVOTEK's research and development expenses accounted for 7.87% of our revenue, highlighting the importance we place on innovation. We are actively engaged in R&D to maintain a competitive edge and drive value through innovative thinking. VIVOTEK is also committed to sustainable development by supporting tax policies that promote innovation and economic growth.

R&D Expenses as a Percentage of Revenue over the Past Three Years



VIVOTEK invested over NT\$700 million in innovative research and development in 2023, maintaining the same level of investment as the previous year. In today's highly competitive global market, intellectual property rights play a crucial role in enhancing the Company's competitive advantage. VIVOTEK utilized the Taiwan Intellectual Property Management System (TIPS) in 2014, which has undergone successful verification for 10 consecutive years. As of December 31, 2023, the Company has accumulated a total of 633 global patent applications and 487 global patent approvals. In terms of patent quality, the Company achieved a 100% approval rate for invention patents in both Taiwan and the US in 2023. VIVOTEK values R&D as well as intellectual property rights and demonstrates its commitment to innovation through proactive actions. (Please refer to Chapter 4.2 Patents and Intellectual Property of this report for more information.)

3.2 Board Functions and Shareholder Communication

3.2.1 Composition and Operation of the Board of Directors

The Board of Directors is composed of 9 members, of whom 1 is a female director and 8 are male directors. Their professional qualifications and experiences are detailed in the following table. Information on the Board's operations, such as meeting attendance, proposals and resolutions, directors' continuing education, and shareholding changes (shareholding ratios, transfers, right of pledge, etc.), can be found in the 2023 Annual Report, on the Company website, or the Market Observation Post System (MOPS) of TWSE.

The members of the current Board of Directors are described below in terms of the relevance of their professional experience to ESG capabilities I

Name	Condition	Professional Qualifications and Experience
Bill Lo	Representative of Delta Electronics, Inc.	<p>Education: • Bachelor's Degree in Management Science, National Chiao Tung University</p> <p>Experience: • President of Building Automation BG, Delta Electronics, Inc. (8 years of experience) • President of IBM Greater China Group Industrial Sector, IBM (China) Company Limited (More than 30 years of experience)</p> <p>Areas of expertise: • Programming with focus on computer-related fields • Integrating green-smart manufacturing and automation technologies, pioneering a new industrial technology at Delta Electronics, Inc. , and transitioning the company towards sustainable operations • Operations and business management</p>
Simon Chang	Representative of Delta Electronics, Inc.	<p>Education: • EMBA of Chung Yuan Christian University</p> <p>Experience: • President and COO of Delta Electronics, Inc. (More than 40 years of experience)</p> <p>Areas of expertise: • Industrial automation covering areas such as drives, motion, controls, sensing, and visual inspection • Innovative research and development of smart manufacturing-related products; providing efficient, integrated solutions for customers worldwide, and advancing towards green-smart manufacturing • Operations and business management</p>
Ciou-Yuan Lai	Representative of Delta Electronics, Inc.	<p>Education: • Master's Degree in Industrial Management, National Taipei University of Technology</p> <p>Experience: • Director of the global intelligent manufacturing project and Regional President of Delta Electronics, Inc. (More than 20 years of experience) • President of Delta Electronics Investment Subsidiary</p> <p>Areas of expertise: • Factory manufacturing management • Operations and business management</p>
Chien-Hong Wu	Representative of Delta Electronics, Inc.	<p>Education: • Master's Degree in Business Administration, Pennsylvania State University, USA</p> <p>Experience: • President of IBM Consulting, Taiwan (More than 16 years of experience) • President of the Security Solutions Division, Building Automation Business Group, Delta Electronics</p> <p>Areas of expertise: • Strategy development and digital transformation consultancy • Cloud Technology Import and Information System Construction Services • Operations and business management</p>
Chih-Chung Lan	Director	<p>Education: • Bachelor's Degree in Accounting, Tamkang University</p> <p>Experience: • Vice Chairman and President of VIVOTEK (More than 20 years of experience)</p> <p>Areas of expertise: • Accounting • Auditing • Market development and strategic planning • Operations and business management</p>
Alex Liao	Director	<p>Education: • Master of Science, Syracuse University, USA</p> <p>Experience: • President of VIVOTEK (More than 20 years of experience)</p> <p>Areas of expertise: • Programming • Development of Digital Monitoring Products • Leadership, marketing, operations management, and strategic planning; providing professional insights on future development trends and strategies for the Company</p>

The members of the current Board of Directors are described below in terms of the relevance of their professional experience to ESG capabilities II

Name	Condition	Professional Qualifications and Experience
Shu-Jou Lin	Independent Director	<p>Education: • Ph.D. in International Business, National Taiwan University • Master's Degree in Economics, National Taiwan University • Bachelor's Degree in Economics, National Taiwan University</p> <p>Experience: • Professor at the Graduate Institute of Global Business and Strategy, National Taiwan Normal University • Member of VIVOTEK's Audit Committee, Compensation Committee, and Risk Management Committee</p> <p>Areas of expertise: • Strategic management, technology management, and entrepreneurship management • Global industry analysis</p>
Sin-Hui Yan	Independent Director	<p>Education: • Ph.D. in Accounting, National Taiwan University • Master's Degree in Accounting, University of Illinois Urbana-Champaign • Bachelor's Degree in Accounting, Tamkang University</p> <p>Experience: • Professor and Chair of the Department of Accounting, CFO of Tamkang University, 30 years of teaching experience • Consultant and member of the Financial Accounting Committee, Accounting Research and Development Foundation • Member of the Board of Examiners, Examination Yuan • Convener of VIVOTEK's Audit Committee and Member of VIVOTEK's Compensation Committee</p> <p>Areas of expertise: • Accounting and tax planning, extensive industry experience • Auditing</p> <p>Professional qualifications: • CPA of R.O.C</p>
Chung-Yang Huang	Independent Director	<p>Education: • Ph.D. in Electrical and Computer Engineering, University of California, Santa Barbara, CA, USA • Master's Degree in Electrical Engineering, National Taiwan University • Bachelor's Degree in Electrical Engineering, National Taiwan University</p> <p>Experience: • Professor in the Department of Electrical Engineering, National Taiwan University • Co-Founder of YOCTOL.AI • Member of the National Development Fund Investment Commission • Deputy Director of Creativity and Entrepreneurship Program, National Taiwan University • Senior Manager of Cadence Design Systems (ex-Verplex Systems Inc.) • Member of VIVOTEK's Audit Committee and Compensation Committee</p> <p>Areas of expertise: • SoC circuit design verification • Automation and optimization of circuit design • Verifiable circuit design • Constraint satisfaction issues • AI research, specializing in IC design verification and AI technology application</p>

3.2.2 Diversity of the Board of Directors

In accordance with Article 20 of the "Code of Corporate Governance Practices," the Board of Directors shall be structured in such a way that it determines the appropriate number of seats for more than five directors, considering the scale of the Company's business development and the shareholdings of its major shareholders, as well as the operational needs of the Company. Diversity shall be taken into consideration in the composition of the Board members. Additionally, the directors who serve as managerial officers of the Company shall not exceed one-third of the number of seats in the Board of Directors. Appropriate diversification guidelines, including basic qualifications (gender, age, and nationality), professional background, and industry knowledge, shall be formulated depending on the operation, mode of operation, and developmental demands of the Board of Directors.

Members composing the Board of Directors shall generally possess the overall knowledge, skills, and competence necessary for their positions. The overall required capabilities are (1) operational judgment, (2) accounting and financial analysis, (3) business management, (4) crisis management, (5) industry knowledge, (6) global market perspective, (7) leadership, and (8) decision-making. Please refer to Page 8-9 for the appointment status of the Board members. The members of the Board of Directors do not have business transactions, cross shareholdings, and supplier relationships with suppliers or other stakeholders. The Delta Group holds 56.75% shares of VIVOTEK; therefore, other directors do not possess any controlling power.

The composition of the Board members is diversified. Specific management objectives of diversification policies are formulated according to the Company's operation, operational mode, and developmental demands. The management objectives and achievement status in 2023 are as follows.

2023 Management Objective

At least one female director	✓ Achieved
Directors who serve as managerial officers of the Company shall not exceed one-third of the number of seats in the Board of Directors.	✓ Achieved
The number of independent directors exceeds one-third of the number of seats in the Board of Directors.	✓ Achieved
The term of office of independent directors has not exceeded three terms.	✓ Achieved
At least one-third of independent directors possess expertise in financial accounting, strategic planning, or the employment of AI.	✓ Achieved

Background of Board Members

Diversity Core		Basic Information					Industrial experience					Professional ability			
Name	Job Title	Gender	Nationality	Age	Serving as a Company Employee	Operational Judgment	Accounting and Financial Analysis	Business Management	Crisis Management	Industry Knowledge	Global market perspective	Leadership	Decision-making	Environmental Protection	Social Responsibility
Bill Lo	Chairman	Male	R.O.C	61-70	No	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Simon Chang	Director	Male	R.O.C	61-70	No	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Ciou-Yuan Lai	Director	Male	R.O.C	50-60	No	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Chien-Hong Wu	Director	Male	R.O.C	50-60	No	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Chih-Chung Lan	Director	Male	R.O.C	61-70	No	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Alex Liao	Director	Male	R.O.C	50-60	Yes	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Sin-Hui Yan	Independent Director	Male	R.O.C	61-70	No	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Chung-Yang Huang	Independent Director	Male	R.O.C	50-60	No	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Shu-Jou Lin	Independent Director	Female	R.O.C	50-60	No	Good	Good	Good	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent

- (A) All Directors are outstanding individuals with extensive professional and practical experience. They demonstrate strong leadership and decision-making abilities, proven business management skills, sound operational judgment, effective crisis management, deep industry knowledge, and global market perspective. They are also capable of promoting environmental protection and social responsibility.
- (B) All Directors are native-born Taiwanese. None of the directors hold positions as Company employees, except for Director Alex Liao.
- (C) Five (5) Directors are aged 50-60, while 4 are aged 61-70.
- (D) Female Directors account for 11% of the total number of Directors, while male Directors account for 89% of the total number of Directors.
- (E) The average tenure of a Director is 7.1 years. Directors with less than 8 years of service are Bill Lo, Simon Chang, Ciou-Yuan Lai, Chien-Hong Wu, Alex Liao, Sin-Hui Yan, Chung-Yang Huang, and Shu-Jou Lin. Chih-Chung Lan has served as Director for 24 years. The term of office of Independent Directors, Sin-Hui Yan and Chung-Yang Huang, is 7 years. Independent Director Shu-Jou Lin's term of office is 0 year. The tenure of the three Independent Directors does not exceed 3 consecutive terms.
- (F) The diversification, complementarity, and implementation pertaining to directors adhere to standards set forth in Article 20 of the Code of Corporate Governance Practices. In the future, the Company will continue to update its diversity policies as needed, considering the Boards' operations, mode of operation, and development needs. These policies may include, but are not limited to basic qualifications, professional background, and industry knowledge. This is to ensure that Board members have the necessary knowledge, skills, and competence to perform their duties effectively.

3.2.3 Independence of the Board of Directors

VIVOTEK has established a Director Election Mechanism that adopts a cumulative voting system and candidate nomination system. The Company encourages shareholders to participate in the election by allowing those who hold a certain number of shares or more to propose candidates. The qualifications of nominees are assessed, and any violation of the provisions in Article 30 of the Company Act are investigated and announced in accordance with the law. This approach protects shareholders' rights and interests, prevents monopoly or excessive abuse of nomination rights, and maintains independence.

The director election process is open and fair, adhering to the candidate nomination procedures outlined in Article 192-1 of the Company Act. Directors are elected at shareholders' meetings from a list of director candidates in accordance with VIVOTEK's Articles of Incorporation, Corporate Governance Best Practice Principles, Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and Article 14-2 of the Securities and Exchange Act.

- There are a total of 3 independent directors, accounting for 33%. All independent directors are compliant with the relevant regulations on independent directors stipulated by the FSC.
- In accordance with paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act, there are no spousal or familial relationships within the second degree of kinship among any of the directors. Also, none of the directors have engaged in any of the activities defined in Article 30 of the Company Act.

The directors and independent directors of the Board are autonomous individuals who independently exercise their authority and power to ensure transparent and independent operations. The Company has implemented Regulations Governing Procedures for Board of Directors' Meetings. If any director or juristic person represented by a director has a material interest in any agenda item, the director must disclose the relevant details of the interest at the meeting. When the interest is likely to conflict with the Company's best interests, the director must abstain from participating in discussions or voting on that item. Furthermore, the director must recuse himself/herself during discussions and voting on the matter and cannot act as a proxy for another director to exercise voting rights on that issue.

- At least one integrity management training course per year with 100% participation rate.
- 100% code of ethics signing rate.
- Please refer to Section 3.4, "The state of the company's implementation of corporate governance" under the "3. Corporate Governance Report" of the 2023 Annual Report for the status of directors' recusal on motions where they have material interests.

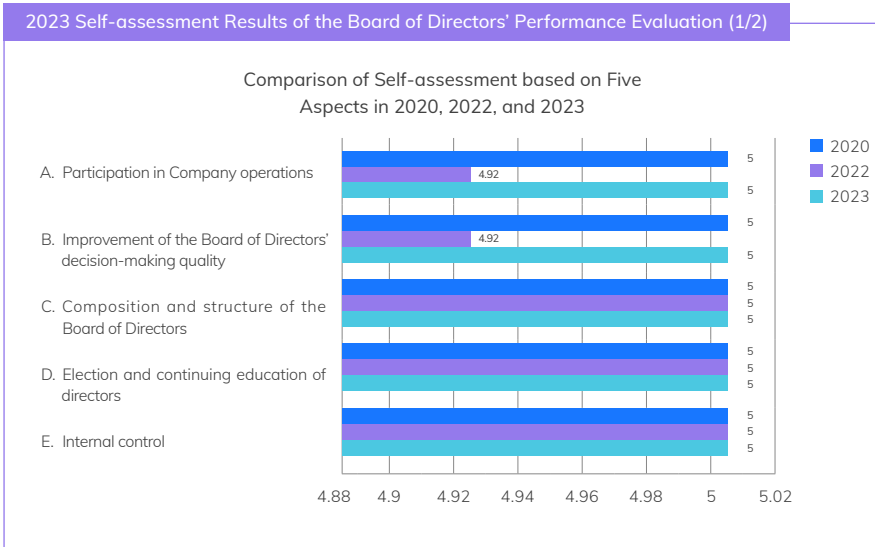
In addition, the three independent directors comply with relevant laws and regulations. In conjunction with the duties of the Audit Committee, they review the Company's existing or potential risks to ensure effective implementation of internal controls, along with the selection and dismissal of certified public accountants, and the independence as well as fairness of the financial statements.

3.2.4 Performance Evaluation and Remuneration of the Board of Directors

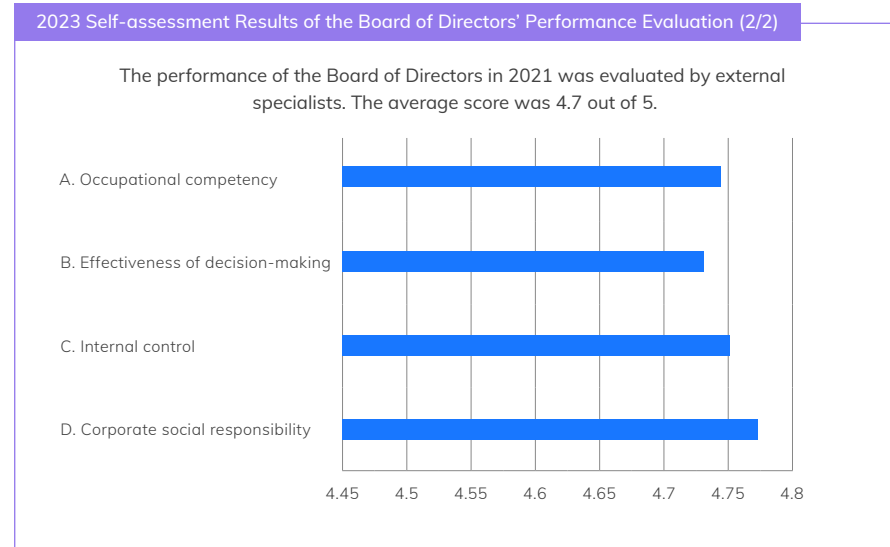
The Company has established a Board Performance Evaluation System that conducts an annual internal self-assessment of the Board and a self-assessment of the Board members. The details are as follows. Additionally, improvement plans are proposed for those who underperform on individual evaluation criteria for the current year. These plans are then presented at the Board of Directors' meetings.

■ **The performance evaluation of the Board of Directors encompasses five aspects: participation in Company operations, improvement of the Board of Directors' decision-making quality, composition and structure of the Board, election and continuing education of directors, and internal control.**

- A. Evaluation Results: Average score of 5 out of 5
- B. Improvement Plans: None



The information for 2021 is shown in the image below.



The self-evaluation of individual directors includes six aspects: alignment with the Company's goals and missions, understanding of director's duties, participation in Company operations, management of internal relationships and communication, director's professionalism and continuing education, and internal control.

2023 Self-assessment Results of the Board Members' Performance Evaluation

A. Evaluation Results: Average score of 4.80 out of 5

B. Improvement Plans: The following are the proposed improvement measures for "D. Management of internal relationships and communication" and "E. Director's professionalism and continuing education":

- ✓ The Company will arrange seminars on topics related to the market or the industry.
- ✓ Regarding the management of team communication, the management team will be asked to report on operational issues on an unscheduled basis, in addition to fixed material, capacity, and ESG reports. For example, the president of the US branch reported to the Board of Directors in the first quarter of 2024 on the operational strategy of the brand business in the US market. Additionally, the management team will report on the VORTEX operational strategy.

Note: Please refer to the aforementioned for the description of the improvements made to the items with relatively large discrepancies in the evaluation scores between the previous and the next two years.

2023 Self-assessment Results of the Board Members' Performance Evaluation

Aspect	2020	2021	2022	2023
A. Alignment with the Company's goals and missions	4.63	4.78	4.81	4.89
B. Understanding of director's duties	4.72	4.85	4.89	4.85
C. Participation in Company operations	4.63	4.68	4.79	4.78
D. Management of internal relationships and communication	4.67	4.72	4.83	4.72
E. Director's professionalism and continuing education	4.7	4.78	4.89	4.96
F. Internal control	4.74	4.81	4.85	4.85

The results of the aforementioned self-assessment and external evaluation have been reported to the Board of Directors and disclosed in VIVOTEK's 2023 Annual Report and on the Company website.

Furthermore, according to the Rules for Performance Evaluation of the Board of Directors, approved by the Board, an external professional independent institution or a team of external specialists conducts the assessment once every three years.

The main compensation for directors at VIVOTEK is remuneration, which excludes fixed and variable salaries, signing bonuses, recruitment incentives, severance pay, clawback mechanisms, and retirement benefits. In accordance with Article 12-2 of the Company's regulations and the Compensation Management Guidelines, the Board of Directors is authorized to evaluate directors' performance and contributions based on the Compensation Committee's evaluation of their participation in the Company's operations, alignment with the Company's goals and missions, understanding of director's duties, as well as professionalism and continuing education records. These evaluations are also considered in relation to industry norms. Additionally, if the Company is profitable in the current fiscal year, up to 4% of the profits are allocated as director remuneration, as stipulated in Article 18 of the Company's Articles of Incorporation. Independent directors receive fixed compensation and do not participate in the distribution of director remuneration.

While director remuneration is currently not included in the achievement of sustainable development performance, the feasibility of including it will be continually discussed, and relevant regulations serving as the basis will be adjusted accordingly.

Note: Please refer to the aforementioned for the description of the improvements made to the items with relatively large discrepancies in the evaluation scores between the previous and the next two years.

3.2.5 Functional Committee – Audit Committee

The Company has established the Audit Committee, as mandated by law, composed entirely of independent directors. The committee meets at least once every quarter and may convene when necessary. The Audit Committee's annual responsibilities include ensuring the fair presentation of the Company's financial statements, the selection (dismissal), independence, and performance of certified public accountants, the effective implementation of the Company's internal controls, the Company's compliance with relevant laws and regulations, and the management as well as control of existing or potential risks of the Company.

The Audit Committee reviews reports of significant findings on the Company's internal controls submitted by the head of internal audit. At least once a year, the committee communicates directly with the head of internal audit regarding these reports.

The rest of the communication methods, items, and results are disclosed in the 2023 Annual Report under Section 3.4.2 "The state of operations of the Audit Committee" within "The state of the company's implementation of corporate governance" and on the Company website.

Number of Audit Committee Meetings in 2023: VIVOTEK held a total of 4 Audit Committee meetings with an average attendance rate of 100% among independent directors. In the most recent year, the Audit Committee held 4 meetings. Below is the record of attendance of independent directors:

In 2023, the 2nd Term of the Audit Committee held 2 [A] meetings. The attendance of the independent directors is as follows:

Job Title	Name	Number of Actual Attendance [B]	Number of Attendance by Proxy	Actual Attendance Rate(%) [B/A]	Remarks
Convener	Sin-Hui Yan	2	0	100% (Note1 and 2)	
Commissioner	Ji-Ren Lee	2	0	100% (Note1 and 2)	Former appointee Re-elected on 2023.6.15
Commissioner	Chung-Yang Huang	2	0	100% (Note1 and 2)	

In 2023, the 3rd Term of the Audit Committee held 2 [C] meetings. The attendance of the independent directors is as follows:

Job Title	Name	Number of Actual Attendance [D]	Number of Attendance by Proxy	Actual Attendance Rate(%) [D/C]	Remarks
Convener	Sin-Hui Yan	2	0	100% (Note1 and 2)	Re-elected appointee Re-elected on 2023.6.15 Served for no more than three consecutive terms
Commissioner	Chung-Yang Huang	2	0	100% (Note1 and 2)	
Commissioner	Shu-Jou Lin	2	0	100% (Note1 and 2)	New appointee Re-elected on 2023.6.15

Note 1: If an independent director leaves office before year-end, the date of departure should be noted in the Remarks column. The actual attendance rate (%) shall be calculated based on the number of Audit Committee meetings held and the number of actual attendances during his/her term of office.

Note 2: If a by-election of an independent director occurs before year-end, both the new and former independent directors shall be listed. A note should be made in the Remarks column indicating whether the independent director is formerly, newly or consecutively appointed along with the by-election date. The actual attendance rate (%) shall be calculated based on the number of Audit Committee meetings held and the number of actual attendances during his/her term of office.

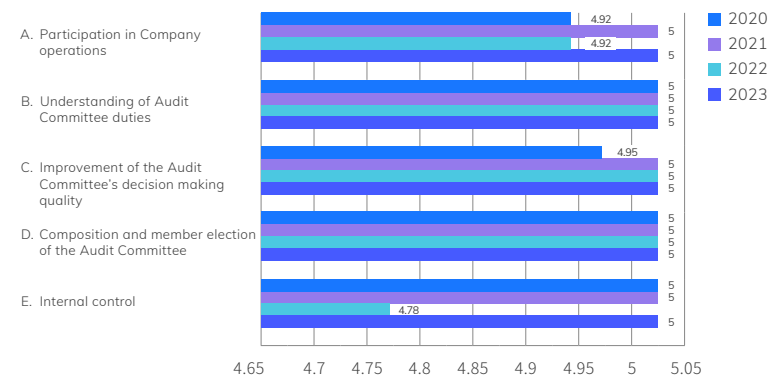
The performance evaluation items for the Audit Committee

The performance evaluation items for the Audit Committee include the following five aspects: participation in Company operations, understanding of Audit Committee duties, improvement of Audit Committee's decision-making quality, as well as composition and member election of the Audit Committee, and internal control.

2023 Self-assessment Results of the Audit Committee's Performance Evaluation

A. Evaluation Results: Self-assessment score of 5 out of 5
B. Improvement Plans: None

Comparison of the Audit Committee's Self-assessment based on Five Aspects in 2020, 2021, 2022, and 2023



3.2.6 Functional Committee – Compensation Committee

The Compensation Committee is tasked to assist the Board of Directors with the implementation and evaluation of the Company's overall compensation and benefit policies as well as the compensation of directors and managerial officers. Presently, the Compensation Committee is composed of three independent directors. It holds at least two meetings a year and may organize meetings on an ad hoc basis.

In 2023, the 5th Term of the Compensation Committee held 3 [A] meetings. The attendance of the independent directors is as follows:

Job Title	Name	Number of Actual Attendance [B]	Number of Attendance by Proxy	Actual Attendance Rate(%) [B/A]	Remarks
Convener	Ji-Ren Lee	3	0	100% (Note1 and 2)	
Commissioner	Sin-Hui Yan	3	0	100% (Note1 and 2)	Former appointee Re-elected on 2023.6.15
Commissioner	Chung-Yang Huang	3	0	100% (Note1 and 2)	

In 2023, the 6th Term of the Compensation Committee held 1 [C] meeting. The attendance of the independent directors is as follows:

Job Title	Name	Number of Actual Attendance [D]	Number of Attendance by Proxy	Actual Attendance Rate(%) [D/C]	Remarks
Convener	Chung-Yang Huang	2	0	100% (Note1 and 2)	Re-elected appointee Re-elected on 2023.6.15 Served for no more than three consecutive terms
Commissioner	Sin-Hui Yan	2	0	100% (Note1 and 2)	
Commissioner	Shu-Jou Lin	2	0	100% (Note1 and 2)	New appointee Re-elected on 2023.6.15

Note 1: If an independent director leaves office before year-end, the date of departure should be noted in the Remarks column. The actual attendance rate (%) shall be calculated based on the number of Audit Committee meetings held and the number of actual attendances during his/her term of office.

Note 2: If a by-election of an independent director occurs before year-end, both the new and former independent directors shall be listed. A note should be made in the Remarks column indicating whether the independent director is formerly, newly or consecutively appointed along with the by-election date. The actual attendance rate (%) shall be calculated based on the number of Audit Committee meetings held and the number of actual attendances during his/her term of office.

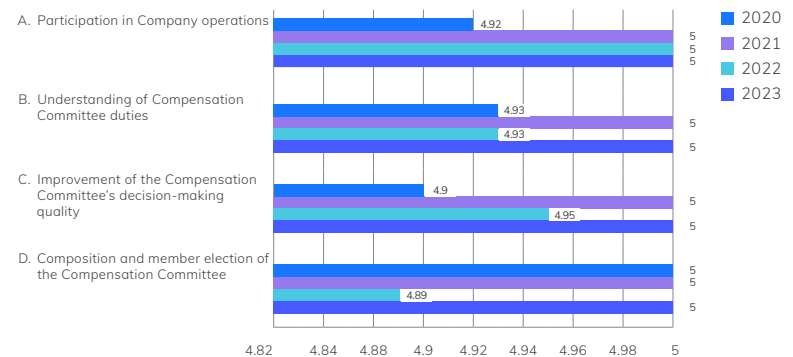
The performance evaluation items for the Compensation Committee

The performance evaluation items for the Compensation Committee include the following five aspects: participation in Company operations, understanding of Compensation Committee duties, improvement of the Compensation Committee's decision-making quality, as well as composition and member election of the Compensation Committee, and internal control.

2023 Self-assessment Results of the Compensation Committee's Performance Evaluation

A. Evaluation Results: Self-assessment score of 5 out of 5
B. Improvement Plans: None

Comparison of the Compensation Committee's Self-assessment based on Four Aspects in 2020, 2021, 2022, and 2023



3.2.7 Professional Training for Directors

On April 27, 2023 and July 31, 2023, several VIVOTEK directors participated in Delta Electronics' self-organized directors training courses. These courses covered topics such as "Company Strategic Development Direction" and "Technology, Applications, and Societal Impacts of Artificial Intelligence." In addition, a number of directors chose to attend various seminars organized by the Taiwan Corporate Governance Association, Securities & Futures Institute, and Taipei Foundation of Finance based on their professional development needs. In total, the directors completed 90 hours of training. The table below outlines the specific content of these courses:

■ Training Courses for Board Members

Job Title	Name	Date	Courses	Hours	Note
Chairman	Bill Lo	112.07.31	Technology, Applications, and Societal Impacts of Artificial Intelligence.	3	In order to strengthen corporate governance, VIVOTEK has established a mechanism for supervisors to ensure the disclosure of relevant information. In 2023, VIVOTEK was ranked in the top 6%-20% of listed companies at level 2 among 952 listed companies in the TWSE's Corporate Governance Evaluation. This recognition highlights VIVOTEK's efforts in protecting shareholder rights and interests, treating shareholders equitably, strengthening Board structure and operations, enhancing information transparency, and promoting corporate sustainability.
		112.09.04	Corporate Governance – Sustainable Carbon Management – Low Carbon Transition Pathway Planning – Carbon Inventory.	3	
Director	Simon Chang	112.04.27	Company Strategic Development Direction.	3	
		112.07.31	Technology, Applications, and Societal Impacts of Artificial Intelligence.	3	
Director	Ciou-Yuan Lai	112.07.31	Technology, Applications, and Societal Impacts of Artificial Intelligence.	3	
		112.10.17	M&A Practices - Hostile Takeover.	3	
Director	Chien-Yu Hsu	112.07.31	Technology, Applications, and Societal Impacts of Artificial Intelligence	3	
		112.08.30	Training Course for Directors, Supervisors (including Independent directors), and Corporate Governance Officers.	12	
Director	Chien-Hong Wu	113.3.26-27	Training Course for Directors, Supervisors (including Independent directors), and Corporate Governance Officers.	12	
Director	Alex Liao	112.07.31	Technology, Applications, and Societal Impacts of Artificial Intelligence.	3	
		112.10.18	Talent Sustainability Challenges After the Epidemic.	3	
Director	Chih-Chung Lan	112.09.15	Board Meetings: Common Board Meeting Mistakes for Listed Companies.	3	
		112.10.17	How Independent Directors Can Combine Business Judgment with Duty of Loyalty.	3	
Independent Director	Sin-Hui Yan	112.05.05	How Enterprises Can Prevent Corruption – Case Analysis.	3	
		112.07.31	Technology, Applications, and Societal Impacts of Artificial Intelligence	3	
		112.10.17	Corporate Governance – Principle of Treating Customers Fairly in the Financial Services Industry.	3	
		112.11.03	ESG-related Legal Issues Confronting the Board of Directors.	3	
Independent Director	Chung-Yang Huang	112.11.03	Corporate Governance – Information Security – Digital Financing Trends.	3	
		112.12.05	Global Economic Outlook and Industry Trends in 2024.	3	
Independent Director	Shu-Jou Lin	112.07.31	Technology, Applications, and Societal Impacts of Artificial Intelligence.	3	
		112.09.27	Training Course for Newly Appointed Directors, Supervisors and Corporate Governance Officers (12hrs).	12	

3.2.8 Shareholder Communication

VIVOTEK held two Investor Conferences during the first half and second half of the year on May 24, 2023 and November 30, 2023, respectively. Both conferences were conducted online and included participation from legal entities, shareholders, and media representatives. In addition to announcing financial performance and operational highlights, the president and management team presented business and financial reports, and discussed future prospects.

All briefings and videos of the Investor Conferences have been published in the Investor Relations section on VIVOTEK's official website.

3.3 Risk Management

3.3.1 Management Principles and Implementation Results

1. Management Principles, Policy and Commitment

- (1) Improving and formulating risk management policies.
- (2) Regularly monitoring and analyzing risk issues and risk communication.

2. Principles of Performance Assessment and Management

- (1) Implementing a risk management policy and establishing a Risk Management Committee.
- (2) Reporting once a year to the Board by the top risk management executive.

3. Actual Implementation

- (1) In 2023, the president reported to the Board of Directors who then approved and released the risk management policies and implementation status.
- (2) In 2024, the Board of Directors approved the establishment of a Risk Management Committee.



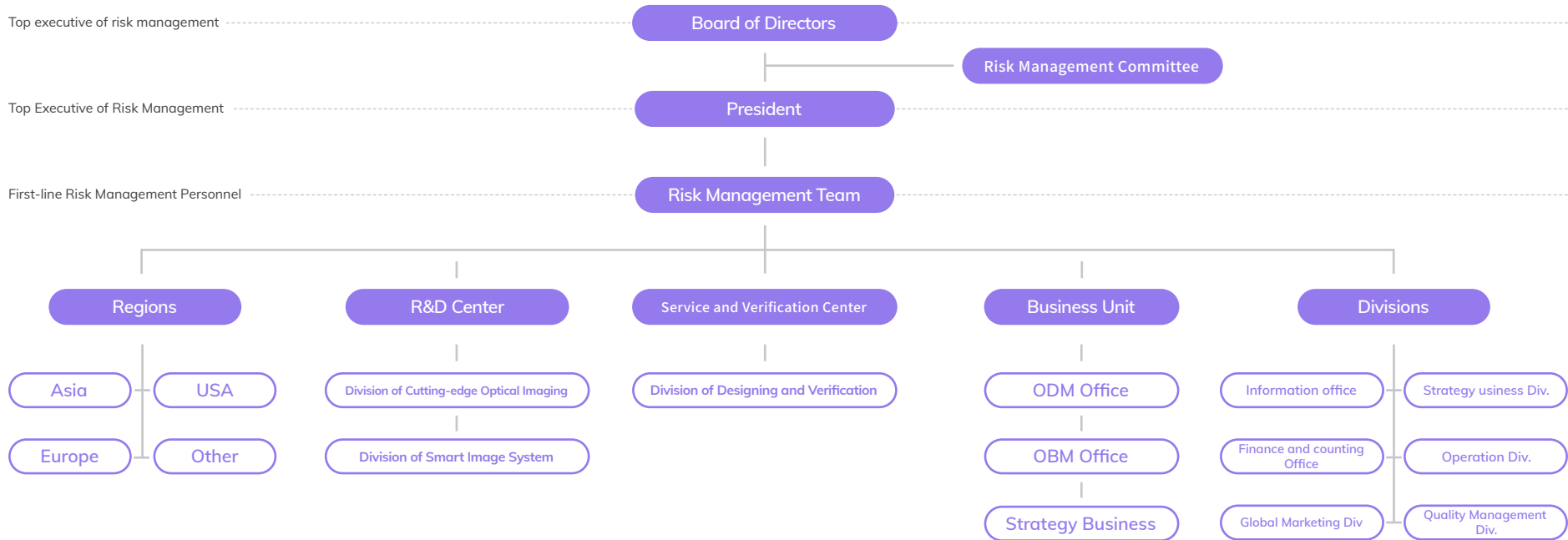
3.3.2 Risk Management Organization

The fourth meeting of the ninth term of VIVOTEK Board of Directors approved the establishment of a Risk Management Committee. The Board of Directors approves and appoints Committee members consisting of at least three individuals, more than half of whom must be independent directors. All board members shall elect independent directors to serve as convener and chairman of the meeting.

During the meeting, a resolution was passed to appoint Mr. Sin-Hui Yan, independent director; Ms. Shu-Jou Lin, independent director and Mr. Alex Liao, director, as members of the Committee.

The responsibilities of the Risk Management Committee include: (1) Reviewing risk management policies, procedures, and structures, while regularly evaluating their applicability and effectiveness; (2) Approving risk appetite (risk tolerance) to guide resource allocation; (3) Ensuring that the risk management mechanism adequately addresses the risks faced by the Company and is integrated into day-to-day operations and business processes; (4) Approving risk control priorities and risk levels; (5) Examining risk management implementation, proposing necessary improvements, and reporting to the Board of Directors on a regular basis (at least once a year); (6) Executing the Board of Directors' risk management decisions.

■ Risk management organization



3.3.3 Risk Management Assessment Methods

According to the "Risk Management Policy" formulated by the Company, through the identification, evaluation, control, supervision and communication of potential risks, and qualitative or quantitative management methods, the risks faced during operations are reduced to a tolerable and controllable range with each potential risk described below:

■ Risk Types :

Divided into five aspects - Strategy, Operations, Finance, Hazardous events, and Regulatory Compliance.

■ Two Types of Risk Assessments :

- I. Possibility of a Risk Event classified into Five Levels:
 - (1) Almost unlikely
 - (2) Unlikely
 - (3) Likely
 - (4) Very likely
 - (5) Almost certain

- II. Severity of Impact Once a Risk Event Occurs:
 - Impact on revenue, costs, assets, and staff can be categorized as follows
 - High (approximately US\$100M)
 - Medium (approximately US\$10M-100M)
 - Low (approximately US\$1M-US\$10M)

VIVOTEK Risk Management Authority		
Risk Type	Risk Factor	Competent Authority
Strategy	Industrial changes	President
	Technological changes	President
	Business model formulation	President
	Organizational structure adaptability	President
Business continuity risks (i.e. risks of operational interruption including supply chain interruption and production chain interruption)		Operations Div.
Operations	Information security	Information Technology Div.
	Supply chain management	Operations Div.
	Market demand and capacity expansion	Operations Div.
	Intellectual property rights	Intellectual Property Department
	Customer concentration	Individual business units
	Corporate image	President's Office
Finance	Talent attraction, retention, and training	Human Resources Department
	Strategic investment	President's Office
	Interest rates, exchange rates, and inflation	Finance Department
	Taxes	Finance Department
	Credit	Finance Department
Hazardous Event	Liquidity	Finance Department
	High-risk / high-leverage financial investment and derivative transactions (financial or commodity)	Finance Department
	Climate change	Labor Safety Team
	Occupational safety and health	Labor Safety Team
Regulatory Compliance	Fire or other man-made disasters	Operations Div. and Labor Safety Team
	Natural disasters	Labor Safety Team
	Environmental regulations (including carbon pricing, energy taxes, renewable energy regulations, etc.)	President's Office
Regulatory Compliance	Anti-trust, anti-corruption and fraud	Legal Department
	Personal information protection	Human Resources Department

3.3.4 Risk Analysis and Practical Response Strategies

1. Matters with increasing risks based on the evaluation results of risk factors for the current year are as follows:

	Risk Description	Response Strategy
Industry Changes	Crossover integration and cloud-based development in the surveillance industry have driven the growth of AI and IoT. This trend has increased the need for technological competitiveness.	<ul style="list-style-type: none"> Expanding research and development on AI applications to strengthen the ecosystem integration of front-end video quality and back-end application. Adjusting the functional roadmap quarterly according to customer needs and comparing it to the marketing plan.
Market Demand	<ul style="list-style-type: none"> Changes in the business environment affect budget expenditures. Geopolitical policies drive customer demand for localized manufacturing. Carbon Border Tax raises operating costs. 	<ul style="list-style-type: none"> Improving the manufacturing process and increasing the automation rate to reduce labor costs. Enhancing manufacturing transfer and management capability; incorporating group resources to facilitate overseas expansion projects; upgrading management depth in overseas production lines. Establishing key customer management strategies and execution plans; identifying and tracking business opportunities and risks. Considering circular economy mindset and changes. Setting up carbon footprint inventory and verification programs; assisting suppliers in establishing the same.
Customer Concentration	The top five customers influence supplier strategies and affect revenue.	<ul style="list-style-type: none"> Strengthening design capabilities and reducing costs to gain a significant competitive advantage. Developing standard samples in advance to anticipate customer demand. Exploring new market segments, such as ACaaS, smart retail, elderly care, and smart transportation to diversify risks.

2. Matters with improvements based on the evaluation results of risk factors for the current year are as follows:

	Risk Description	Response Strategy
Reduced Business Continuity Risks	Global production and supply chains have returned to normal; parts of the production and supply chains have been transferred to Vietnam; customer operations have returned to normal.	<ul style="list-style-type: none"> Analyzing the sales and inventory status of major chip suppliers in 2023 through a cross comparison; anticipating in advance their ordering capacity status of wafer / packaging in 2024; simultaneously considering product design and model with guaranteed supply. Implementing DfCC and DfMS on NPI; Procurement and R&D departments should monitor materials and suppliers during the design phase and refrain from selecting manufacturers or models with limited supply. Continuing mass production of new models at the Vietnam factory, deploying manufacturing engineers and quality control personnel for local management, expanding capacity, and facilitating the growth of local suppliers. Reorganizing after fully allocating customer funds or completing mergers/acquisitions to minimize business uncertainty; monitoring customer financial reports and competitor intelligence (mergers and acquisitions/competition/new competition); being aware of customer inventory levels and sales status.
Reduced Capacity Expansion Risks	As COVID-19 became less severe in 2023, it posed less of a risk. Various measures were taken for production lines and personnel.	<ul style="list-style-type: none"> Dividing staff into day / night shifts. Reducing load in work and dining areas. Regularly cleaning and sanitizing factory premises. Cooperating with Delta's access control for production.
Reduced Risks of Labor Surplus and Demand Uncertainty	The Company conducts quarterly manpower inventory assessment to ensure sufficient manpower without surplus.	<ul style="list-style-type: none"> Adjusting the labor force based on half-year business and financial projections; redeploying excess manpower and evaluating redundancy; increasing investments in automation to reduce manpower requirements. Notifying the Operations Division and HR Department within 3 months if additional labor is needed to fulfill an urgent order.

The Company's effective risk management measures and training have successfully mitigated the risks listed in the table above. Notably, there were no violations or penalties during the reporting period. For more information, please refer to page 67 of the 2023 Annual Report.

3.3.5 Internal Audit and Operations

VIVOTEK's internal audit office reports directly to the Board of Directors. It assists the Board, the Audit Committee, and management in the following areas: inspecting the operations of the Company and its subsidiaries, identifying internal control deficiencies, evaluating the overall validity and efficiency of the Company's internal controls, and providing the basis for the internal control system statements.

- (1) Implementing audit plans approved by the Board of Directors or conducting project audits when necessary.
- (2) Submitting monthly audit reports to independent directors.
- (3) Presenting and discussing significant internal control findings with the Board of Directors and Audit Committee on a quarterly basis.
- (4) Providing updates on the operating status of internal control functions at management level, focusing on general or project audits.
- (5) Reviewing self-inspections performed by each unit.
- (6) Monitoring the progress of addressing internal control deficiencies and abnormalities.

The annual Audit Plan for the current year was completed as scheduled and submitted to the Board of Directors and Audit Committee. No significant deficiencies were identified in the audit results for 2023.

3.3.6 Implementation of Business Integrity

To enhance integrity management, VIVOTEK has established the Procedures for Ethical Management and Guidelines for Conduct, approved by the Board of Directors. These guidelines outline integrity management policies and practices, aimed at fostering a good business operating model and creating a culture of integrity. VIVOTEK expects and requires company members, including the Board of Directors and senior management to actively implement this policy.

VIVOTEK's Code of Ethical Conduct strictly prohibits offering or accepting bribes, making illegal political donations, providing or accepting inducements, infringing intellectual property rights, having illegal third-party transactions, breaching of implied covenant and fair dealing in accordance with the Fair Trade Act, and unauthorized publication of internal material information without the consent of the Company. The Company has established relevant policies that are duly enforced to prevent unethical conduct, which has been clearly established in the Procedures for Ethical Management and Guidelines for Conduct, the Code of Ethical Conduct, and the whistle-blowing system. The Regulations Governing Reward and Punishment has stipulated the punishment and appeal system for those who violate the aforementioned policies.

The Human Resources Department, Legal Department, Intellectual Property Department and other relevant units formulate and implement the Company's integrity management policy, management of trade secrets, and confidential operating procedures. The Human Resources Department regularly reports to the Board of Directors on the implementation of the integrity management policy once a year.

Education/training and promotion relevant to integrity management are organized for directors, managerial officers, and all colleagues at least once a year. In the 2023 "Corporate Governance and Integrity Management Advocacy" training course, there were a total of 1,262 participants including directors, that collectively completed 631 hours of training, primarily attended by employees in Taiwan, with a completion rate of 93%.

Additionally, suppliers are required to sign the VIVOTEK Supplier Sustainability and Integrity Commitment. This commitment outlines their obligation to adhere to the VIVOTEK Supplier CSR Practices, VIVOTEK Supplier Code of Conduct, VIVOTEK Responsible Business Alliance, and VIVOTEK Integrity Commitment.

A whistle-blowing system and reward system as well as convenient reporting channels have been established, with dedicated personnel assigned to receive information from whistleblowers. The email address for reporting complaints is 1999@vivotek.com. Standard operating procedures are in place for investigating reported cases. Clear follow-up measures are taken after completion of investigation. A confidentiality mechanism and relevant measures are implemented to protect whistleblowers from potential retaliation or threats.

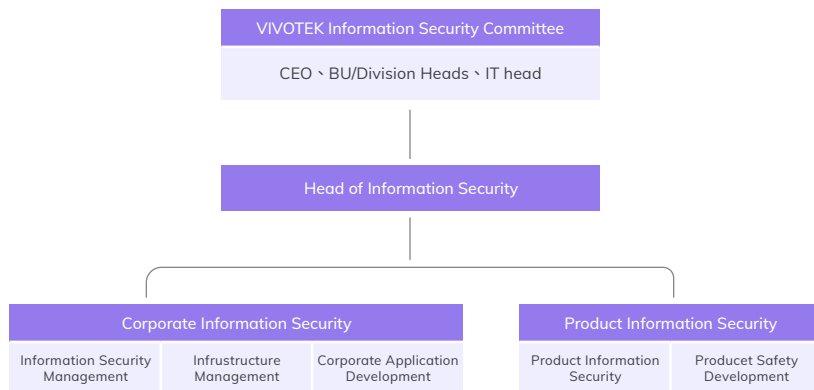
There were no whistleblowing incidents during this reporting period due to the Company's effective management measures and trainings.

3.4 Information Security Management

3.4.1 Information Security Organizational Structure

In 2020, VIVOTEK established its Information Technology Division to begin operation of an information security management structure. This division includes two major functions: Information Management and Information Security Management. The Information Security team composed of the CEO and senior executives meet annually to discuss the following topics and report to the Board of Directors:

1. Reviewing the status of information security implementation; assessing recent significant information security threats.
2. Examining and reviewing major cybersecurity incidents; tracking the outcomes of corrective measures.
3. Establishing unified metrics for information security risk objectives.
4. Resolving annual information security resources and ongoing management measures.



3.4.2 Information Security Policy and Procedure

VIVOTEK's information security policy is to protect business information and ensure continuous business operations. This policy applies to all colleagues, temporary contract personnel, and outsourced vendors who access information assets of the Company. All VIVOTEK employees must adhere to relevant information security standards and policies, including:

1. Respecting intellectual property rights.
2. Obtaining proper authorization before installing or using any software or services for business purposes.
3. Installing antivirus software.
4. Reporting lost information equipment promptly.
5. Using the company email system exclusively for business purposes.
6. Maintaining confidentiality of company business information and secrets.
7. Safeguarding company information system account passwords.
8. Reporting cybersecurity incidents and network security events promptly.

ISO 27001 Information Security Management System

In response to ISO 27001: 2013 certification requirements beginning 2021, a dedicated Information Security Team was set up at VIVOTEK. To ensure sttainable operations and maintain acceptable risk levels, we implemented mechanisms for information security risk management and standard procedures for cybersecurity incidents. Through continuous improvements on the PDCA: Managing Reviews and Audits, we maintain the effectiveness of our management system and guide relevant units in conducting annual risk assessments and providing educational training at headquarters. VIVOTEK has established regulations aligned with ISO 27001, ensuring compliance with both quality system and information security standards. We plan to upgrade to ISO 27001:2022 in 2025.

3.4.3 Corporate Network Information Security

■ **The key priorities of corporate network information security for 2023 are as follows:**

1. Maintaining ISO 27001 management system certification for the IT Department.
2. Implementing an MFA protection mechanism for corporate cloud email services.
3. Installing an endpoint access control and data breach protection mechanism.
4. Adding redundancy to the firewall mechanism to enhance availability and external protection.
5. Supplying data centers with power equipment and systemized cabling.
6. Increasing external bandwidth to enhance system availability.
7. Providing annual information security education and training to non-direct personnel at the corporate headquarters, targeting an average of 1.5 hours per person.

3.4.4 Product Information Enhancement

VIVOTEK products are primarily network-oriented, making them vulnerable to cyberattacks in an era where IoT and AI are universal. This has led to increased customer concerns about product information security. The software and firmware development process of VIVOTEK has incorporated static code scanning and dynamic vulnerability testing to ensure product safety, quality, and systematic management of technical vulnerabilities. Additionally, VIVOTEK products undergo periodic penetration testing by external verification entities to ensure that product safety is aligned with market and customer expectations.

■ **The key priorities of product information security for 2023 are as follows:**

1. Regularly sending products for verification to comply with Taiwan's IoT information security standards.
2. Developing products based on the IEC62443 ML2 framework.
3. Introducing a safer data encryption mechanism for cloud products to protect customer data from unauthorized access, including by system administrators.
4. Continuously conducting static scans and subsequently black-box testing during product development and addressing material and moderate vulnerabilities.
5. Revising products to ensure compatibility with security standards of new generation browsers.
6. Updating product application servers.

3.4.5 Emergency Response Mechanism

To effectively deal with information security issues related to enterprises and products, VIVOTEK established an information security emergency response team in 2020. Combining global marketing, sales operation, information security, product planning, and product R&D, the team handles and responds to product-related information security issues reported by external parties. In addition to dealing with product information security, it handles and addresses information security issues related to the Company website. Through standard operating procedures, efficient handling of issues is achieved to control damage and minimize customer complaints. In 2023, there were neither significant information security incidents nor complaints of customer privacy violations or loss of customer data.

VIVOTEK has an information security page on its official website, providing vulnerability policies, security enhancement guidelines, and related security bulletins. To ensure joint protection of end-user information security, VIVOTEK provides an online customer service email address: security@vivotek.com, for immediate reporting of vulnerabilities and other security issues.



This chapter reflects the United Nations Sustainable Development Goals, i.e. SDG 17.17 Partnerships for the Goals.

3.5 Customer Relationship Management

3.5.1 Management Principles and Implementation Results

1. Management Principles, Policy and Commitment

- (1) Upholding the highest standards of customer service; optimizing customer experience and service requirements; offering customer consultations via email, online support, and phone services.
- (2) Providing timely technical support to customers and addressing after-sales maintenance issues within the Turn-Around Time (TAT).
- (3) Developing an AI customer service system for smart Q&A and knowledge management to assist customer service agents in enhancing service quality and efficiency.

2. Principles of Performance Assessment and Management

- (1) Evaluating customer satisfaction; conducting monthly surveys to assess customer satisfaction with a perfect score of 100, as well as scores less than 90 for technical support and 80 for after-sales maintenance flagged for improvement.
- (2) Inviting customers to participate in a technical support survey after service completion, with a target score of over 90.
- (3) After-sales maintenance performance is measured based on repair turnaround time. The target achievement rate should be more than 90%. Customer satisfaction with overall after-sales maintenance should be more than 80.
 - A. TAT for after-sales maintenance repair should be less than 10 days.
 - B. TAT for estimated returns should be less than 5 days.
- (4) Integrating AI into the internal knowledge management system for customer service, combining generative AI with the Company's internal data to create a smart Q&A system that enhances customer service efficiency and knowledge.

3. Actual Implementation

- (1) Technical support has maintained a customer satisfaction score above 90 for six consecutive years, reaching 98 in 2023.
- (2) Customer satisfaction with after-sales maintenance was only 70 in 2023 due to staff turnover and insufficient maintenance capacity, which led to delays and a 60% TAT achievement rate. This issue is a priority for improvement in 2024.
- (3) Established the Return Merchandise Authorization service platform (hereinafter referred to as RMA); initiated improvements to the Company's after-sales maintenance system for customer service on January 1, 2024.
- (4) Resolved a total of 68 customer complaints in 2023.
- (5) There were no regulatory violations or breaches of voluntary commitments in 2023.

3.5.2 Global Partnerships

VIVOTEK cooperates with over 200 distributors and more than 120 software and hardware partners in 110 countries around the world. It has established mutual trust and a strong business relationship with global partners for over 20 years. VIVOTEK’s collaboration with upstream, midstream, and downstream supply chains, participation in international associations and alliances, focus on developing the best standards and specifications, as well as resource optimization will drive the surveillance industry forward.

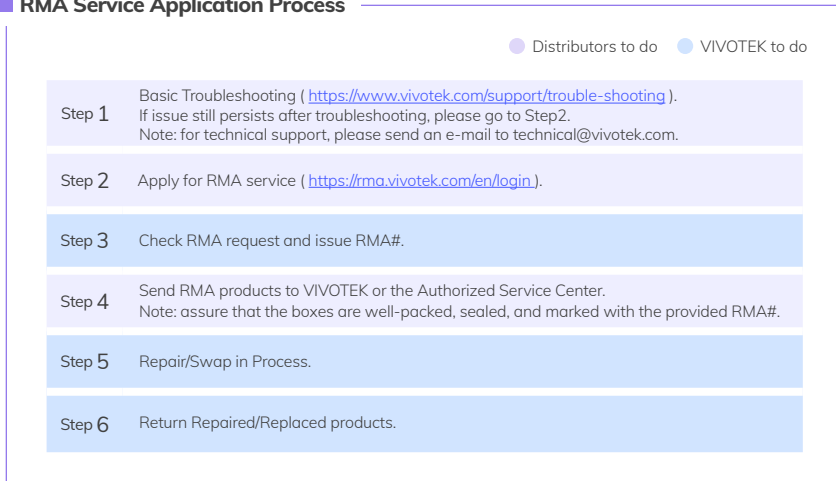
3.5.3 Customer Service

VIVOTEK values customer feedback and prioritizes customer satisfaction. We offer comprehensive technical support through various channels such as customer service emails, software technical support, a dedicated YouTube channel for technical support, and a technical support website. Customers have access to a wide range of support materials, including a knowledge base, frequently asked questions (FAQs), troubleshooting guides, instructional videos, and technical documents. By working with regional distributors, VIVOTEK extends its product support to customers in different areas and delivers valuable services to enhance customer experience.

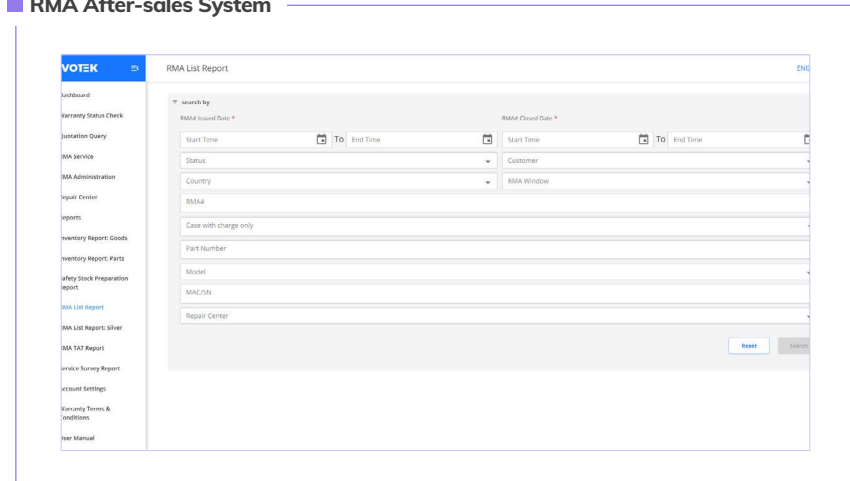
At the same time, VIVOTEK continues to actively research and develop AI and smart customer service systems. Our goal is to establish a professional knowledge database to serve as the Company’s internal smart Q&A platform that supports customer service and enhances technical content quality, demonstrating VIVOTEK’s technical expertise and capabilities in providing the best customer experience.

VIVOTEK has repair centers in key regions, including Asia-Pacific, the USA, Europe, India, Mexico, and Brazil. The RMA platform has been updated with enhanced functions and a user-friendly interface. It offers additional features, including notifications and a solid report management system to better monitor maintenance information and material inventory in individual locations. The goal is to streamline the maintenance or replacement process for distributors, as well as address after-sales service issues and establish long-term relationships with customers.

RMA Service Application Process



RMA After-sales System

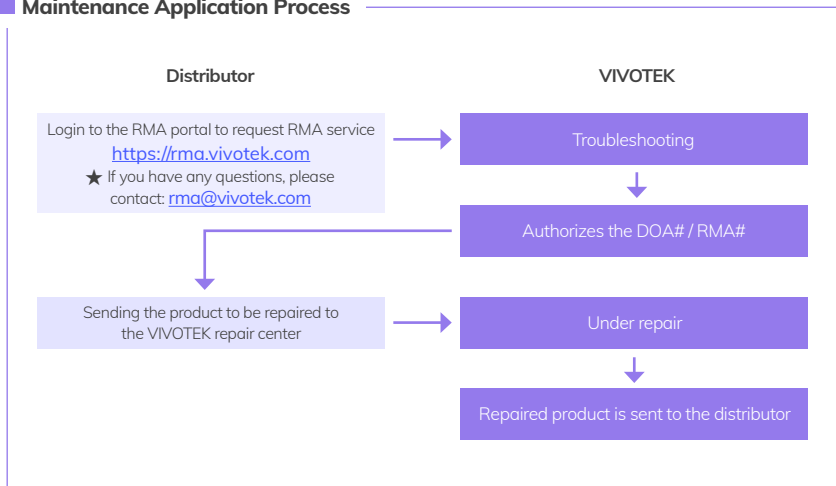


3.5.4 Customer Satisfaction

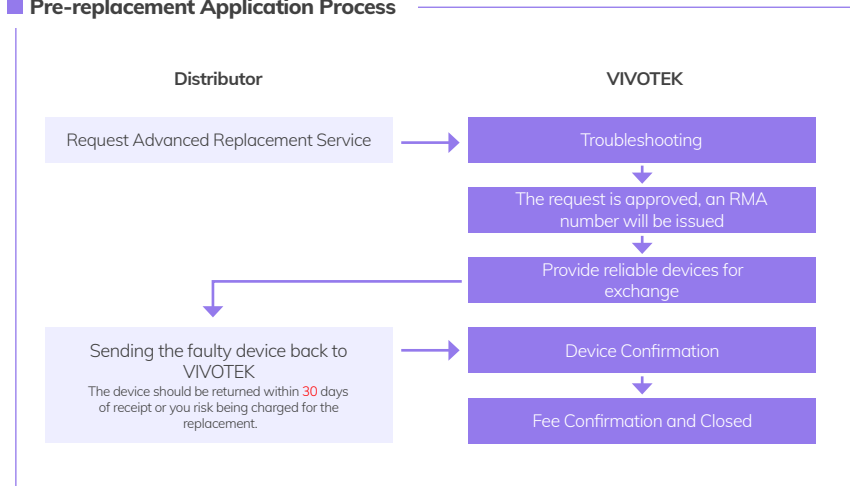
VIVOTEK upholds its responsibility and commitment to customers, aiming to enhance the quality of corporate services and exceed customer expectations. The Company strives to provide comprehensive services to achieve higher levels of customer satisfaction. Internally, the Company sets high standards for service efficiency, addressing customer technical support issues within 24 hours. Solutions are provided within 10 days, followed by customer satisfaction surveys regarding the technical support and services rendered. Customer feedback and reviews are crucial for enhancing product and service quality. VIVOTEK continuously strives for higher levels of satisfaction, particularly in the context of after-sales maintenance and replacement services. To reduce customer waiting time and mitigate risks associated with downtime due to equipment malfunctions, repairs, and replacements, the Company offers convenient pre-replacement services based on customer attributes and special requirements. VIVOTEK commits to addressing customer needs for equipment repair or replacement within 10 working days.

From product inquiries to technical or maintenance support, VIVOTEK is committed to providing attentive service and high-quality products. Our goal is to improve customer loyalty and satisfaction, while delivering exceptional service. The Company prioritizes customer service excellence across all channels.

Maintenance Application Process



Pre-replacement Application Process



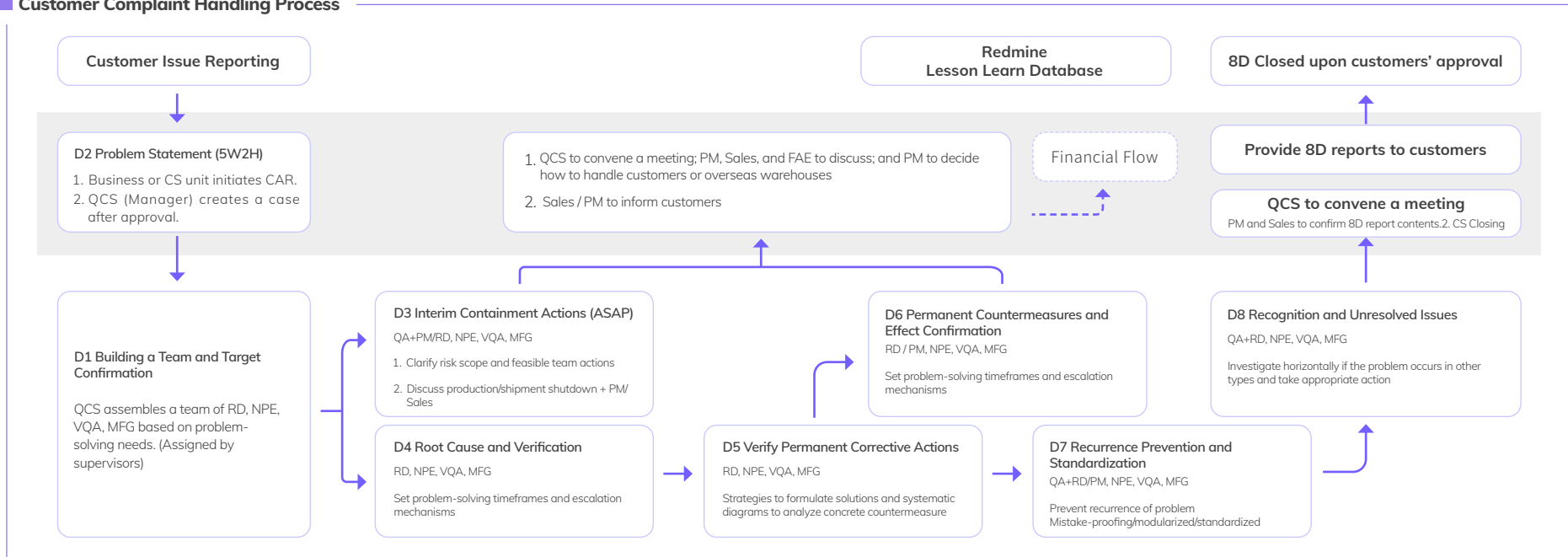
3.5.5 Customer Complaint Handling

VIVOTEK promptly investigates customer complaints by collecting and analyzing information, following ISO procedures for customer complaint management. It utilizes the Redmine software to establish a customer complaint management platform that facilitates the handling process internally and serves as a Lessons Learned Database for problem-solving and subsequent improvements. The professional quality control, TQM 8D, is also used to identify root causes, propose appropriate corrective actions, prevent recurrence, and offer prompt solutions to customers. Statistical analysis of customer complaint data and verification of the effectiveness of countermeasures are also conducted regularly. In 2023, a total of 68 customer complaints were resolved.

8D Definition

- D1: Use Team Approach
- D2: Problem Description
- D3: Interim Containment Actions
- D4: Root Cause Analysis and Verification
- D5: Permanent Corrective Actions
- D6: Implement Permanent Corrective Actions
- D7: Recurrence Prevention & Standardization
- D8: Recognition & Remaining Potential Problem

Customer Complaint Handling Process



This chapter reflects the United Nations Sustainable Development Goals, i.e. SDG 12.2/12.5/12.6 Responsible Consumption and Production, SDG 13.3 Climate Action, and SDG 17.17 Partnerships for the Goals.

3.6 Supply Chain Sustainability Management

3.6.1 Management Principles and Implementation Results

1. Management Principles, Policy and Commitment

- (1) Signing the "VIVOTEK Sustainable Supplier and Integrity Commitment"
- (2) Suppliers working together to protect the environment and comply with relevant regulations
- (3) Encouraging suppliers to actively engage in environmental protection and uphold social responsibility
- (4) Striving for compliance with labor laws and conducting regular supplier evaluation as well as conflict minerals surveys
- (5) Implementing the Group's collaboration partner audit procedures to complete auditing and merging

2. Principles of Performance Assessment and Management

- (1) Signing the VIVOTEK Sustainable Supplier and Integrity Commitment is mandatory for new suppliers as part of their responsibility. Customer-specified suppliers are also subject to the same management procedures.
- (2) In cooperation with the Group, suppliers are obligated to adhere to standards such as ISO9001/14001, QC080000, and RBA.
- (3) Investigation and assessment are conducted via questionnaires on e-commerce platforms or email to ensure supplier compliance with labor regulations.
- (4) Supplier evaluation is based on five aspects: quality, technique, delivery, cost, and suitability. Suppliers must achieve a minimum B grade; those with C and D grades require guidance and follow-up; non-compliant suppliers will not be retained.

3. Actual Implementation and Results

- (1) The commitment rate in signing the "VIVOTEK Sustainable Supplier and Integrity Commitment" was 100%. Suppliers who have yet to sign will receive ongoing guidance in 2024.
- (2) All suppliers were fully compliant with the RoHS and REACH regulations.
- (3) The conflict minerals inventory and response rate from all new suppliers was 100%.
- (4) The number of suppliers with C and D grades was reduced to 0 starting in the second half of 2023.
- (5) No product recalls were caused by material issues.

3.6.2 Supplier Sustainability Management

To ensure sustainable supplier management, VIVOTEK prioritizes integrity, care, innovation, and responsibility. We implement policies that align with the Responsible Business Alliance (RBA) code of conduct, focusing on social responsibility, human rights protection, business ethics, and environmental protection to create a sustainable supply chain. In addition, we prohibit the use of conflict minerals in our products and supply chain materials. Moreover, we continuously work to improve quality, cost, delivery, suitability, and social responsibility among our suppliers. To reduce transportation-related GHG emissions, the Company maintains a localized procurement to support economic development in the region.

■ Commitment to Supplier Sustainability Management

1. Prioritize sustainable development as the primary objective of our cooperation
2. Supply products that contain no conflict minerals
3. Update supplier roadmap and promote new technology to enhance competitiveness of both parties
4. Educate suppliers on four aspects: quality, cost, delivery time, and service to facilitate smooth cooperation between both parties
5. Promote the importance of business ethics, human rights, and sustainability

The Company has always required new suppliers and potential partners to sign the Statement of Non-Use of Hazardous Substances, the Conflict Minerals Survey, and the VIVOTEK Sustainable Supplier and Integrity Commitment to ensure compliance with our environmental, social, and governance standards. Failure to sign these documents and conduct self-reviews will disqualify suppliers.

Furthermore, all suppliers new to the Company's supply chain shall be evaluated based on five aspects: Quality (Q), Technique (T), Cost (C), Suitability (S), and Delivery (D). Additionally, all suppliers are requested to include a self-evaluation control mechanism to improve the depth and implementation of their sustainability efforts. We seek to achieve a shared prosperity that balances the Company's interests with sustainable practices, benefiting both the Company and our suppliers. In 2023, environmental protection, social responsibility, and corporate governance standards were the sole criteria for selecting new suppliers.

Suppliers are essential partners in VIVOTEK's continued growth. The Company and its suppliers engage in continuous technical exchange to foster mutual growth and prosperity in the ever-evolving consumer market. This collaboration involves discussions on production techniques, eco-friendly material selection, quality enhancement guidance, and conflict minerals management. We encourage suppliers to adhere to labor, environmental, and business ethics standards, as well as relevant laws and regulations. We also cooperate with the Group's supply chain management team to conduct comprehensive investigations and advocate for suppliers, helping them improve their overall capabilities and meet international standards.

■ Sustainable Supplier Assessment Requirements



Green Supply Chain Strategy

VIVOTEK is dedicated to preserving the ecological environment and upholding its corporate environmental responsibilities. We guarantee that our products and operations comply with international environmental protection laws and regulations, and that our raw materials are sourced from a green supply chain. All VIVOTEK products sold in the market shall comply with environmental protection laws and regulations in every country. We implement preventive green management measures throughout our product design, production, and use to minimize environmental impact.

Green Supply Chain with Sustainable Commitment

Green Supply Chain with Sustainable Commitment					
Competent Authority	Management Mechanism		Commitment	2023 Implementation Projects	2023 Implementation Results
VIVOTEK Jointly managed by R&D, Quality Assurance, and Supply Chain Management Departments	Corporate Sustainability:	Material selection and supplier planning/evaluation.	Re-evaluation every six months for qualified suppliers	Regular re-evaluation every six months	No suppliers were terminated based on the evaluation results.
	Audit Confirmation:	Corporate sustainability implementation level.	Hazardous substance management and supplier advocacy in compliance with:	Email and on-site surveys on supplier compliance with international laws regarding environmental protection through random regulatory updates	Survey on existing and new qualified suppliers with 100% response rate in RoHS and REACH
	Actions Taken:	Including deadline for improvement and termination of purchase contract.	RoHS EU Directive REACH Regulation Update		

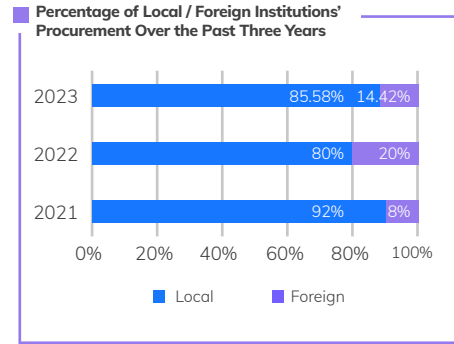
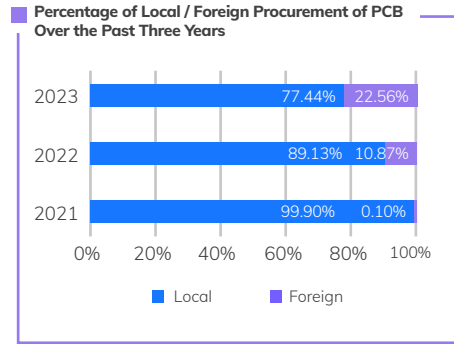
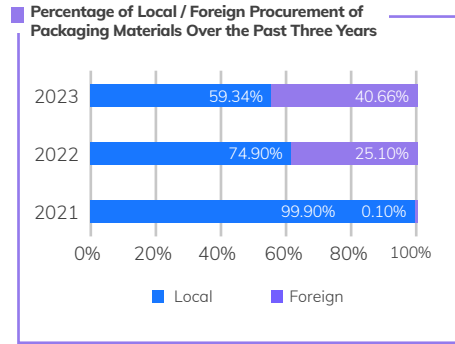
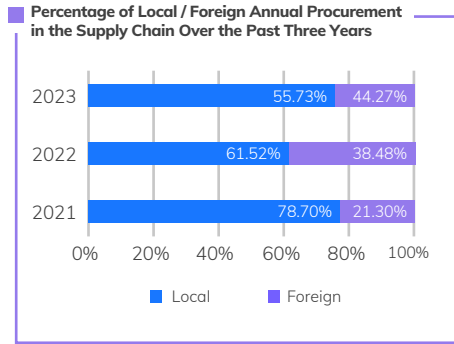
Types of Suppliers and Localization Strategy of Procurement

In order to promote social and economic development locally and reduce carbon emissions during transport, localization of procurement is VIVOTEK's primary consideration in finding partner suppliers. The VIVOTEK supply chain consists of electronic component suppliers, packaging material manufacturers, institutional manufacturers, and outsourcing facilities. Its materials are subdivided into PCBs, lens/MODs, electronics, wires, electromechanical, mechanisms, packaging materials, and others. Larger institutional materials and packaging materials are purchased locally to reduce carbon emissions caused by long-distance transport.

In 2023, there were approximately 567 suppliers that cooperated with VIVOTEK, in which local suppliers accounted for 69.1% and the transaction amount reached 55.73%. The locally-sourced suppliers refer to the suppliers that are profit-seeking enterprises with government uniform invoice numbers.

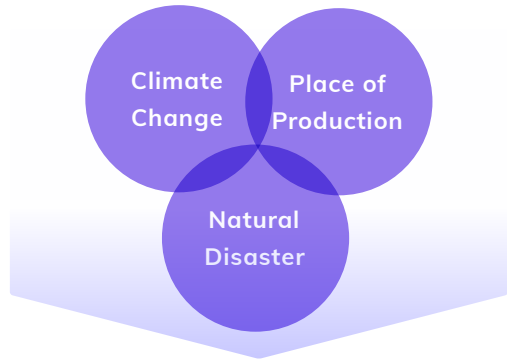
Please refer to VIVOTEK's 2023 Annual Report for the primary supplier categories.

Given the overall market trend and improved supply availability after the pandemic in 2023, we adopted a centralized procurement strategy. Domestic procurement saw a 14.7% increase compared to 2022. Domestic procurement and area supply would still remain a priority in VIVOTEK's business operations.



Note: The increased foreign procurement is due to the relocation of the supply chain for packaging materials to areas preferred by ODM customers. However, we will continue to communicate and work towards localized production in the future.

Summary of the 2023 Material Procurement Results



- Develop contingency plans and procedures for potential risks that may damage products and services.
- Establish an emergency notification system to provide immediate feedback when disasters occur.
- Anticipate material shortages due to seasonal/natural disasters.
- Diversify sources to avoid single raw material supplier.

Supplier Labor Rights Strategy

VIVOTEK adheres to internationally-recognized labor rights principles and does not infringe on workers' basic rights. We abide by relevant labor laws and regulations and prioritize hiring local workers to protect the legitimate rights and interests of employees. Hence, in keeping with these principles, we expect all suppliers to join us in safeguarding workers' rights and interests. VIVOTEK will remain accountable and continue to guide suppliers in complying with international standards as well as local legal requirements.

Furthermore, VIVOTEK does not support conflict minerals obtained through mining practices that finance armed forces in the Democratic Republic of Congo and surrounding countries, which have caused widespread conflict in the region. Since 2014, the Company has actively and passively conducted conflict mineral inspections on new suppliers or suppliers that customers recommend as a way of respecting human rights and veering away from conflict situations. The conflict minerals inventory and response rate of new suppliers were 100%. In the future, VIVOTEK will continue to perform due diligence to ensure that there is no risk of conflict mineral issues.

3.6.3 Supplier Evaluation Results

Every six months, the procurement unit and quality assurance unit will jointly evaluate each supplier's performance based on quality, technique, delivery, cost, and suitability. The results will be used for the annual supplier re-evaluation and selection.

Supplier Ratings

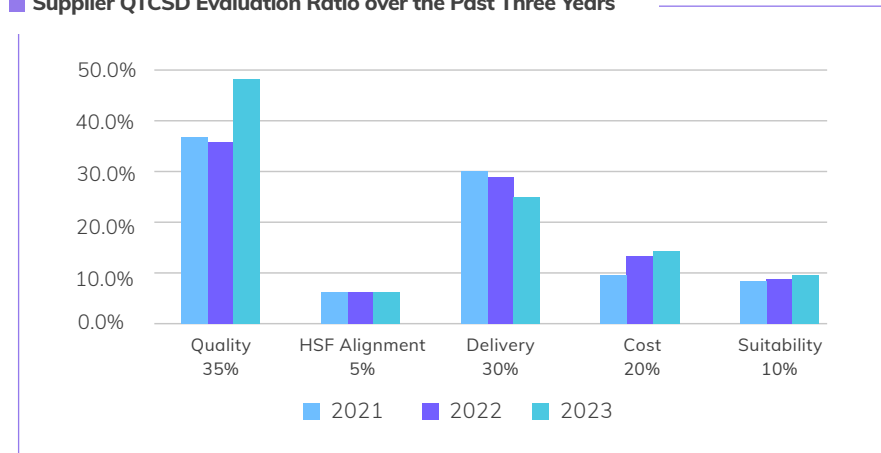
Score	Grade
85-100	Grade A Supplier : Priority suppliers that we increase our purchase volume.
75-84	Grade B Supplier : Suppliers that we can place orders for procurement and simultaneously strengthen our supplier management mechanism.
65-74	Grade C Supplier : Suppliers that we audit and provide guidance to.
0-64	Grade D Supplier : Suppliers subject to review.

Since the second half of 2023, grades C and D suppliers have been drastically reduced to 0 due to restored supply and demand after the pandemic. Suppliers are evaluated using a four-point grading system: A, B, C, and D. Grade C and Grade D suppliers will receive guidance or may not be retained depending on their performance.

Evaluation Results in 2023

Grade	First Half- Year	Second Half-Year
A	289	305
B	24	34
C	2	0
D	0	0

Supplier QTCS D Evaluation Ratio over the Past Three Years



Since 2023, we have collaborated with the Group's supply chain management team to mitigate supply chain risks and enhance our overall competitiveness. We have supported our suppliers in obtaining more environmental certifications to promote a green supply chain, and initiated RBA and human rights audits and guidance to foster sustainability and continuous improvement.

To achieve a sustainable supply chain in the future, the Company plans to include suppliers' management results of environmental protection, social responsibility, and corporate governance in the evaluation programs. Also, suppliers with relevant environmental protection or hazardous substance management (ISO14001 and QC080000) certifications will be granted extra points, encouraging them to proactively participate in environmental protection and social responsibility, working towards our shared sustainable development goals.

Innovation and Quality Management

- 4.1 Innovative R&D and Collaborative Resources
- 4.2 Patents and Intellectual Property
- 4.3 Quality Assurance for Customers



This chapter reflects the United Nations Sustainable Development Goals, i.e. SDG 4.4 Quality Education, SDG 9 Industry, Innovation and Infrastructure, and SDG 11.3/11.7 Sustainable Cities and Communities.

4.1 Innovative R&D and Collaborative Resources

4.1.1 Management Principles and Implementation Results

1. Management Principles, Policy and Commitment

- (1) Achieving a stronger competitive position in the surveillance industry.
- (2) Regularly holding new technology presentations.
- (3) Strengthening collaboration with the academe and industry.
- (4) Deploying intellectual property strategy.
- (5) Enhancing the precision and overall efficiency of intelligent analytics to achieve real-time and sustainable Green AI.

2. Principles of Performance Assessment and Management

- (1) Targeting a product lineup where 90% or more feature built-in intelligent video analytics by 2024.
- (2) Regularly producing technology roadmaps and hosting technology presentations.
- (3) Collaborating on at least one industry-academic project annually.
- (4) Undergoing periodic verification by the Taiwan Intellectual Property Management System (TIPS).
- (5) Ensuring annual intellectual property education and training, acquiring a significant number of valuable patents, and tracking intellectual property assets held by primary competitors.

3. Actual Implementation

- (1) In 2023, 60% of products featured built-in intelligent video analytics.
- (2) Organized 4 technology roadmap meetings and 2 innovative technology presentations; presented the technological achievements in new-generation electric image stabilization, facial recognition and analysis technology, automated image parameter calibration system, license plate detection and recognition, AI falsification detection, and edge end false alarm control; launched several products including edge-computing facial recognition cameras, AI-based tempering detector (VAST Security Station), and smart cloud surveillance services.
- (3) Collaborated with the National Kaohsiung University of Science and Technology to complete 1 industry-academic project and 1 technology transfer project.
- (4) Conducted 3 intellectual property educational trainings; passed the Taiwan Intellectual Property Management System (TIPS) certification in 2023.
- (5) Global patent applications have reached a cumulative total of 633, with 487 patents granted to date.

4.1.2 R&D and Implementation Results

VIVOTEK is committed to developing cutting-edge imaging and artificial intelligence (AI) solutions, mastering key technologies in embedded system AI deep learning, actively researching simplified neural network designs, establishing an independent technology value chain, and optimizing systems. These efforts involve integrating AI technologies into applications such as image quality enhancement, image detection, surveillance analysis, and cloud analysis services to enter the next-generation security and surveillance industry development field and allow more users to experience the practicality as well as convenience brought by intelligent video analytics under limited resources. This chapter also aligns with the theme of the Report which highlights VIVOTEK's commitment to enhance product value and create a safer living environment through the advantages of high-precision and diversified AI applications.

1. R&D and Implementation Results

(1) Implementation Results

By adopting a user-centric approach, VIVOTEK is advancing AI technology to develop new products and services that cater to the evolving trends and demands of the intelligent analytics market through the integration of AI into image detection and surveillance analysis products. VIVOTEK has progressively increased the proportion of products with built-in intelligent video analytics, reaching 60% in 2023.

The Company actively promotes collaboration and exchange with external resources, enhances the integration of research resources, and improves the efficiency of resource integration. In 2023, VIVOTEK in collaboration with the National Kaohsiung University of Science and Technology completed one industry-academic project and one technology transfer project.

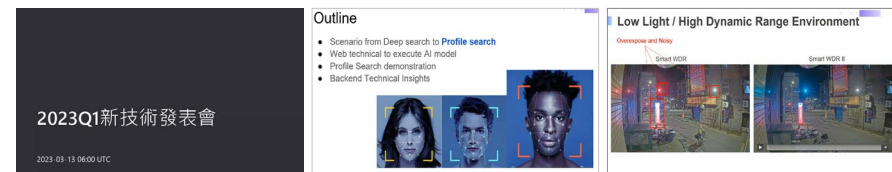
VIVOTEK launched several smart AI products in 2023: edge-computing facial recognition cameras, AI intellectual surveillance system (VAST Security Station), and smart cloud surveillance services. In addition to optimizing product functions, the Company offers a better user experience and meets evolving market demands for new AI surveillance systems.

The R&D achievements in 2023 involved various AI products and functions.



VIVOTEK is committed to integrating feedback and information from clients, business units, and global subsidiaries to regularly produce technology roadmaps and host technology presentations. The product roadmap formulation is overseen by Product Managers (PMs), who further incorporate technology into products. In 2023, VIVOTEK held 4 technology roadmap meetings and 2 innovative technology presentations, mainly showcasing the innovative technology achievements of next-generation electronic image stabilization (EIS 2.1), facial recognition and analysis technology (Face Profile), automated image parameter calibration system, license plate detection and recognition, AI-based tempering detector, and edge-end false alarm control.

New Technology Presentation in 2023 Showcasing Innovative Technology



4.1.3 Innovative Technology and Product Introduction

1. Innovative Technology and Solution

(1) AI-driven Solution

To most customers, adopting AI surveillance solutions can present multiple challenges and complexities. For example, installation, deployment, learning, and operation can be time-consuming. In response to these challenges, VIVOTEK has streamlined the process and launched several AI solutions that enable users to readily benefit from the powerful functions of AI through simple installation and configuration.



A. Deep Search

The powerful search function can drastically shorten users' judgment time. Deep Search utilizes AI technology to enhance searching efficiency and is composed of three main functions: Attribute Search, Scene Search, and Re-search. No longer relying on scrolling through video footage frame by frame, users can fulfill smart image search through the metadata provided by cameras. With the features and rules defined by metadata, we provide a smarter, quicker, and easier way to search images.

B. Scene Search

Scene Search allows users to screen and view images from different scenes captured by all cameras using intrusion, line crossing, and loitering detection. For instance, when the line crossing detection is selected, users can draw a line at any point on the image and choose a specific time range to quickly look for video clips of personnel or vehicles crossing that line within the designated timeframe.

AI Deep Search

The user experience of Deep Search aims to reduce the amount of time needed for video screening. With the help of VIVOTEK's Deep Search, processing efficiency can be significantly enhanced. A screenshot of the clearest image of people or vehicles that appear in front of the cameras will be taken. Each search result comes with a best image that displays the clearest point of interest even if the image contains multiple persons or vehicles. Moreover, there is a precise track extraction that clearly shows the movement of a tracked subject. The subject tracking also indicates precise starting and ending points, allowing an intuitive identification and tracking of persons or vehicles without playing the video.



VIVOTEK's AI surveillance solution does not require any calibration or analytic settings for the camera and plug-ins or module installations for the system. AI cameras will automatically calibrate upon startup and can identify new scenes when view changes. Therefore, cameras can learn scenes and adjust its algorithms based on the best analytic results of persons and vehicles. Through network video recorders (NVR) and video management system (VMS), the metadata of Vision Object Analytics is instantly transmitted to the entire system and can be accessed with connections without installing any plug-ins or modules.

Vision Object Analytics

The powerful algorithm recognizes the visual characteristics of people and vehicles. With scalable edge-computing AI technology, cameras conduct individual analytics and are not limited to server computing resources. Additionally, routing tracks are accurately captured with instant and exact search results through precise object tracking. Streamline your search process and reduce duplicates with precise object tracking.



(2) Retail Solution

VIVOTEK provides retail store management with powerful surveillance solutions. Various smart edge-computing cameras equipped with highly accurate video analytic functions can effectively address the diverse requirements of both single and multi-location operations and empower businesses to make better decisions in the competitive retail industry.

■ Comprehensive Retail Solution



A. Security & Loss Prevention

Security and real-time surveillance are key components of retail store infrastructure, directly impacting business outcomes. VIVOTEK’s comprehensive retail surveillance solution leverages advanced technology to monitor in-store activities, safeguard assets and property, enhance transaction security, and provide well-organized intelligent analytics.

B. Entrance / Exit

As the primary access point, store entrances experience high levels of foot traffic and therefore require high-quality video footage to capture clear images of all individuals entering and exiting the premises. However, surveillance solutions placed at store entrances often face challenges from harsh sunlight, which can compromise video quality and clarity. Wide Dynamic Range (WDR) technology can extend image visibility in high-contrast lighting conditions and improve object identification at store entrances.

Shoplifting incidents often occur in areas that are not adequately covered by security cameras. Using numerous cameras to monitor every blind spot can be costly, visually unappealing, and potentially disrupt customer shopping experience. VIVOTEK’s Low-Profile Cameras, Adjustable Multi-Sensor Cameras, 180° Panoramic Cameras, and 360° Surround Cameras can effectively eliminate blind spots within stores, ensure comprehensive surveillance angle coverage, and provide flexible viewing angles in various directions. When paired with VIVOTEK’s object detection technology, unattended objects or items left behind at stores/emergency entrances and exits can be reliably detected.

C. Storage Room

The storage room is a critical asset within the store and should be monitored 24/7 under all lighting conditions. However, constant monitoring of this high-security area by security personnel is impractical and cost-prohibitive. VIVOTEK’s Smart IR technology automatically adjusts IR lighting intensity and ensures that cameras are able to capture usable video footage in dark and low-light conditions. The Intrusion Detection technology detects any unauthorized personnel entering restricted areas (storage room), and alerts both the stores and security personnel. The Tailgating Detector provides an anti-tailgating solution that detects people passing through the doorway and ensures only one individual enters the secured area for each authorized card read.

D. Parking Lot

Over half of criminal incidents at shopping centers take place in parking lots. Using advanced cameras can secure parking areas, create a safer shopping environment for customers, and encourage increased store visits and purchases. VIVOTEK's 180° Panoramic Cameras (Model: MS9390-HV) offer comprehensive surveillance coverage for large, open spaces. Equipped with Loitering Detection technology, the cameras will automatically send alert notifications to relevant personnel when individuals are detected lingering in the parking lots.

E. Business Intelligence



Business intelligence is a key factor in growing a retail business. (For example, an accurate customer flow data is important for evaluating sales performance and optimizing operational strategies.) Leveraging in-store data and customer insights allows businesses to maximize their potential and proactively address customer needs.

VIVOTEK's 3D People Counting technology is unaffected by shadows, reflections, or glare and can filter out carts, strollers, and children. It is equipped with U-turn detection which prevents double counting, ensuring 98% overall accuracy in people counting. It also assists retailers in obtaining people counting analytics and optimizing their business operations.

VIVOTEK's Loitering Detection and Crowd Detection technologies can immediately identify situations and alert sales personnel when customers linger in a specific area for an extended period of time or when crowds or personnel exceed the capacity limits of designated store areas. Sales personnel can remain informed about customer status and offer timely assistance to increase sales, improve customer service, and even prevent shoplifting.

F. Checkout Counter

Customer disputes and cashier fraud frequently occur at checkout counters. VIVOTEK offers HD video surveillance that can identify and record such incidents and provide evidence for subsequent investigations. The POS (Point-of-Sale) Integration technology combines real-time footage and instant POS monitoring with transaction details to prevent losses of store assets and property and minimize retail shrinkage.

G. Management Office

Whether located remotely at company headquarters or on-site at a local retail store, managers must be able to monitor, analyze, and respond in real-time to potential security issues or customer needs. VIVOTEK's central management system (VAST 2 CMS) and cloud surveillance (VIVO Cloud) solutions empower managers and headquarters personnel to centrally manage multiple chain-store cameras from their workstations or smartphones. Our 24/7 mobile surveillance app enables real-time management, analysis, and response directly from mobile devices. We help managers provide better store support, customer service, and decision-making.

H. Multi-site Management



Shopping centers, large retailers, and chain stores face the challenge of providing a secure environment for their customers and employees. To enhance management efficiency across all areas, implementing a multi-site surveillance system is the best solution. However, multiple sites can mean substantial investment in network facilities.

Retailers can now take advantage of VIVOTEK's Multi-site Surveillance Management to reduce setup costs. They can utilize VIVOTEK's single video management platform (VAST 2) for remote monitoring to effectively improve cross-region management efficiency and reduce losses due to shoplifting and fraud through features like event detection and quick image search.

2. Future Research and Development Strategy

■ (1) Wide-area Surveillance

Wide-area surveillance has always been a significant challenge within the surveillance industry. Setting up a minimal number of cameras that can monitor the entire scene not only optimizes security management, but also effectively conserves resources and energy. However, beyond the challenges of camera angles, colors, environmental illumination, and positional differences, accurately integrating video content from multiple cameras remains a major hurdle. For instance, how can we confirm if objects captured by different cameras are the same? How do we continuously track the same object captured by different camera viewing angles? Amid these challenges, VIVOTEK remains committed to developing and refining relevant technologies in order to achieve the goal of seamless wide-area surveillance. Our ongoing research and development efforts include:

VIVOTEK is conducting the following research and development	
Wide-area Surveillance	A. We will continuously refine multi-lens ultra-wide-angle network cameras to maximize monitoring coverage from multiple lenses and create panoramic images. This will effectively address challenges related to camera angles, colors, environmental illumination, and positioning, providing users with a revolutionary ultra-wide coverage visual experience.
	B. By means of artificial intelligence deep learning technology, we will be able to analyze video content captured by multiple lenses and cameras, accurately integrate information, track and identify objects across wide areas, and ultimately provide wide-area intelligent surveillance services.

■ (2) Greener AI

Deep learning technology has become an inevitable trend in security surveillance. VIVOTEK is not only actively involved in developing technologies but has also introduced solutions for smart cities, smart transportation, smart factories, and other applications. The company aims to continuously optimize deep learning technology, enhancing the precision of intelligent analysis and overall efficiency. VIVOTEK will carry out the following research and development initiatives:

VIVOTEK is conducting the following research and development	
Greener AI	A. We will deploy embedded system artificial intelligence and deep learning technology. We will not only integrate existing embedded system artificial intelligence and deep learning technology with edge facilities for deep image analysis (edge AI), but also further improve overall computing efficacy to substantially increase analytic efficiency. Through this approach, edge AI will not be restricted to server resources and will be able to independently perform more complex and sophisticated tasks.
	B. The Hybrid Cloud Architecture is a mixture of in-camera local storage, edge AI video analysis, and video archiving as well as cloud backup that ensures bandwidth efficiency, easy accessibility, and a smarter video surveillance management service.

■ (3) AI-driven Image Optimization Technology

VIVOTEK remains committed to optimizing image quality. We will leverage AI's deep learning capabilities and apply analytic results to our image optimization technology. This not only enhances image quality, a primary concern for most users, but also provides tailored high-quality image data for various types of image analysis, significantly enhancing both accuracy and efficiency.

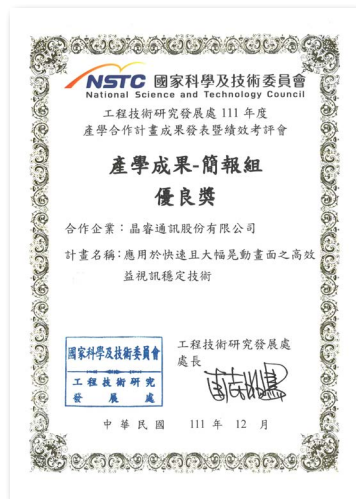
4.1.4 External Research Resource Integration Mechanism

To enhance the core technology and research capabilities of the R&D unit, promote industry collaboration, strengthen the integration of research resources, and stay ahead of future trends, VIVOTEK is actively driving its own R&D momentum and collaborating with external resources.

1. Strengthening Industry-academia Collaboration

In 2023, VIVOTEK in collaboration with National Kaohsiung University of Science and Technology, developed an "Efficient Deep Learning-based Technology for 24/7 Abnormal Event Detection Applicable to Surveillance Systems." By upgrading and innovating the neural network of surveillance system, we have effectively achieved a real-time 24/7 abnormal event detection that automatically and promptly alerts security personnel at the most appropriate times. With labor costs significantly reduced, we can effectively avoid material losses of life and property. This technology can be applied to critical premises, communities, and remote streets to automatically detect abnormal events in real-time, further preventing major crimes, improving social order, and safeguarding public security.

In addition to actively engaging in industry-academic collaboration projects, VIVOTEK has also been involved in technology transfers with National Kaohsiung University of Science and Technology for many years. Recent technology transfer projects include:



Year	產學技轉項目
November 2014	Multi-moving target detection technology for mobile vehicles' vision.
September 2015	Rapidly moving vehicle's vision stabilization technology.
October 2016	Real-time clarity enhancement technology for motion-blurred video frames.
September 2017	Real-time face detection and tracking technology for crowds in surveillance systems.
March 2018	Intelligent real-time dynamic face detection and tracking technology.
May 2019	Intelligent real-time moving video stitching technology.
June 2020	Restoration technology for intelligent blind motion-blurred images.
May 2021	Intelligent in-vehicle depth stereo matching technology.
May 2022	Highly efficient video stabilization technology for cameras subject to significant shaking.
May 2023	High-contrast and Low-Light Smart Image Enhancement

2. Joining the International Standards Organization, ONVIF

As one of the elite members of the Open Network Video Interface Forum (ONVIF), VIVOTEK actively participates in developing relevant standards and endeavors to provide and facilitate standardized interfaces for the surveillance industry in order to realize the effective interoperability of network surveillance products. VIVOTEK has launched numerous ONVIF-compliant products that can seamlessly integrate with any other surveillance products supporting ONVIF standards. This allows consumers to choose and utilize surveillance products while maintaining maximum flexibility and extensibility.



3. Future Outlook

VIVOTEK will expand its core AI technology research and development efforts, introducing innovative products and services from time to time that align with user needs and address evolving market demands for next-generation AI surveillance systems. In addition, VIVOTEK will integrate R&D results into product development, creating differentiated high-tech solutions and sustaining long-term growth momentum.

The Company actively promotes cooperation and exchange with external resources, strengthens the integration of research resources, and improves the efficiency of resource integration. At a minimum, one industry-academia collaboration project will be implemented annually.

To keep up with market trends and demand for intelligent analysis, VIVOTEK will incorporate artificial intelligence technology into image detection and surveillance analysis products. VIVOTEK will steadily increase the proportion of products equipped with built-in intelligent image analysis technology each year, with the goal of achieving full integration across all product lines by 2025.

VIVOTEK will also actively gather feedback from customers, business units, and global subsidiaries to regularly generate technology blueprints at the Research and Development Center, organize technology presentations, and create product blueprints in collaboration with PM, and ultimately integrate the technology into product planning.

4.2 Patents and Intellectual Property

4.2.1 Intellectual Property Overview

1. Intellectual Property Achievements

- (1) Completed a total of 15 Patent Analysis Cases for key technologies and related industrial categories; provided relevant information as reference for the product development team to understand competitors' advanced strategies and development of patented technologies; based on this analysis, formulated product development strategies and identified promising R&D technology areas; completed 20 patent applications in various countries; adequately and effectively maintained achievements in R&D and innovation through a robust intellectual property management system that facilitates a broad deployment of core technology patents.
- (2) Held 3 annual intellectual property trainings to enhance our colleagues' knowledge of intellectual property rights, stimulate patent proposals, and prevent risks associated with patent infringement or data breaches of trade secrets.
- (3) Validated by the Taiwan Intellectual Property Management System (TIPS) in 2023 to ensure continuous operation of the intellectual property system. The validation period for this registration is effective until December 31, 2025. We have been gradually introducing the TIPS AA-level validation to enhance the implementation of the enterprise's intellectual property management plan, transitioning from the established operational stage of the existing TIPS A-level validation to a more advanced phase of intellectual property application.
- (4) Completed a comprehensive inventory of the value of patents held by key competitors to analyze their patent strength and value, enabling a comparative analysis of patent value differences between the Company and its major competitors. This information serves as a reference when setting intellectual property strategies and goals.

2. Intellectual Property Strategy

VIVOTEK's intellectual property strategy at the initial stage prioritized quantity, focusing on increasing the number of patents. However, beginning 2017, the company shifted its focus to intellectual property quality, which was the second stage. To ensure patent viability, the Intellectual Property Department conducts preliminary patent searches and consults with applicants before filing patent applications. By enhancing patent quality, building a portfolio of valid patents, and effectively deploying intellectual property assets, VIVOTEK aims to maintain a steady pace and move towards the third stage, which is to create intellectual property value.

■ Three Stages of Intellectual Property Strategy

First Stage : 2000~2016 Number of Patents.

Second Stage : 2017~2023 Quality of Patents.

Third Stage : 2024~ Creation of Intellectual Property Value.

3. Intellectual Property Management System

To ensure effective and efficient operation of the Intellectual Property Management System, VIVOTEK holds annual management review meetings (most recently on December 12, 2023) before the end of each fiscal year to determine the intellectual property management policies and objectives for the coming year, which serve as the roadmap for all employee efforts. The formulation of policies and objectives shall consider existing regulations related to intellectual property, Company business strategies, external environmental changes, internal and external issues, stakeholders, and the effectiveness as well as improvement of the Company's Intellectual Property Management System. Additionally, during the management review meeting, revisions to intellectual property management policies, objectives, processes, and benefits are evaluated, and the appropriateness as well as effectiveness of the Intellectual Property Management System is confirmed.

4. Taiwan Intellectual Property Management System (TIPS) Certification

The intellectual property management policies and goals for 2024 are as follows:

(1) Intellectual Property Management Policies

A. Deeply cultivate key technologies

B. Reduce operational risks

C. Strengthen intellectual property planning

D. Create intellectual property value

(2) Intellectual Property Management Goals

A. At least 15 new patent applications

B. Hold 2 training sessions

C. 90% patent application approval rate in Taiwan

D. 90% invention patent application approval rate in the US

VIVOTEK has actively promoted its intellectual property management plan since 2012. The company first obtained certification in 2014 and has passed the TIPS verification for 10 consecutive years. The following outlines the implementation status in recent years.

Business Promotion Highlights

2012	Established the Intellectual Property Management Department responsible for handling intellectual property-related issues
2013	Established a systematic intellectual property management system and formulated the Company's Intellectual Property Management Policies and Goals
2014	Applied and passed TIPS verification for the first time
2015-16	Continued to implement the intellectual property management system and ensured its appropriateness and effectiveness through internal audit and external verification.
2017	Based on new TIPS regulations, as well as internal and external circumstances, stakeholders, and risks and opportunities, the Company formulated its Intellectual Property Management Policies and Goals to comply with 2016 TIPS verification standards.
2019	Strengthened intellectual property protection measures in case of employee resignation, added an intellectual property ownership reminder to the work handover list, and established a notification mechanism for employees who are resigning
2020	Strengthened confidentiality policy and procedures, and improved the labeling of confidential documents
2021	Planned the improvement of the intellectual property management system with the goal of achieving TIPS Level AA Certification for strengthening enterprise intellectual property operations and management plan
	Implemented the following intellectual property management practices in line with the TIPS Level AA Certification for strengthening enterprise intellectual property operations and management plan :
	<ul style="list-style-type: none"> √ Establishing a scoring system for intellectual property proposals based on the evaluation criteria such as statutory requirements, technological/product advantages, and market benefits; aligning the scoring system with the Company's intellectual property policies and objectives
2022	<ul style="list-style-type: none"> √ Improving information on patent inventory by conducting periodic reviews and updates on corresponding relationships between various patents and technologies/products √ Developing a knowledge management system for intellectual property-related information; regularly updating industry-relevant intellectual property, business, and R&D information √ Strategically planning the potential future applications of unused or less significant intellectual property rights or their combinations; conducting impact assessments in case of relinquishing intellectual property rights, considering the possibilities for commercial use such as licensing, technology transfer, or assignment
	Successfully obtained the latest TIPS Level A Certification, valid until December 31, 2025 To comply with TIPS Level AA standards, the following intellectual property management measures were implemented:
September 5, 2023	<ul style="list-style-type: none"> √ Established the standards governing the selection of outsourced intellectual property suppliers; performed evaluations periodically; reviewed the status of suppliers to ensure effective intellectual property management √ Finalized the inventory and updates on trade secrets; classified trade secrets into internal and external categories for better identification and management

5. Intellectual Property Training

To address potential risks arising from employees' limited understanding of intellectual property, the Company has implemented comprehensive training programs. In addition to requiring all new employees to complete the basic intellectual property training within a specified period and all employees to complete the mandatory Introduction to Basic Intellectual Property Rights courses, annual intellectual property training sessions are conducted to enhance employees' knowledge and awareness.

In 2023, we organized three training sessions on Free and Open Source Software Licenses, Software Patent Introduction and Application Practice, and Patent Application Practice Exercise. These sessions were attended by 188 participants with a total of 215 training hours.

■ The Free and Open Source Software Licenses course

The Free and Open Source Software Licenses course focuses on the introduction of Free and Open Source Software Licenses, types of Free Software Licenses, discussions on key regulations, usage guidelines, and the Open Source Announcement currently enforced at the Company. The goal is to enhance employees' understanding of Free Licenses and ensure strict compliance with the Company's regulations regarding their usage.

■ The Introduction to Software Patent and Application Practice course

The Introduction to Software Patent and Application Practice course covers the application and examination criteria for software patents. It explores the design of infringement and avoidance strategies related to software patents and discusses the implementation methods using the Internet of Things as an example. The course aims to equip R&D colleagues with a deeper understanding of software patents, bolstering the Company's capabilities in this area.

■ The Practical Patent Application Exercises course

The Practical Patent Application Exercises course includes patent application case studies, practical exercises, and group discussions to guide colleagues in developing effective patent proposals. It also provides relevant examples to illustrate the importance of patents and the benefits of patent application to inventors. The goal is to encourage colleagues to propose inventions and to build a strong portfolio of core technological patents for the Company.

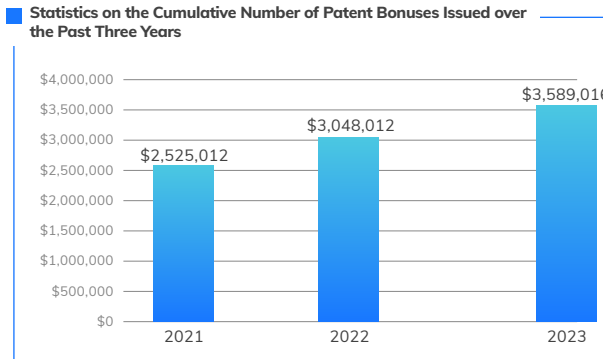
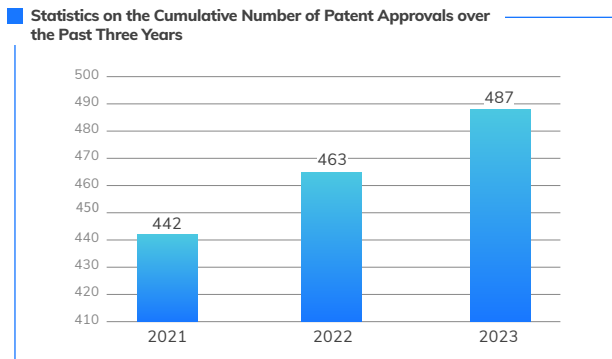
■ Intellectual property Training



6. VIVOTEK holds a substantial number of patents, exceeding those of other surveillance companies in Taiwan.

(1) Number of Intellectual Property Patents

- A. Patents: As of December 31, 2023, the Company had a global patent portfolio consisting of 633 patent applications and 487 granted patents. In terms of patent quality, VIVOTEK achieved a 100% approval rate for invention patents in Taiwan from 2021 to 2023. Notably, the approval rate for invention patents in the USA also improved significantly, rising from 90% in 2022 to 100% in 2023.
- B. Trademarks: Trademarks: As of December 31, 2023, the Company has obtained 126 trademarks in 42 countries. Currently, there are 10 pending trademark applications.
- C. Copyright and Trade Secrets: Steady growth.



Intellectual property rights		Number of cases	
Patent	Invention patent	Number of certificates received	379
		Number of applications	32
	Utility model patent	Number of certificates received	18
		Number of applications	0
	Design patent	Number of certificates received	90
		Number of applications	5
Trademark		Number of certificates received	126
		Number of applications	10
Copyright and trade secrets		Steady Growth	

Note: As of December 31, 2023

4.2.2 Future Outlook

- VIVOTEK will continue to conduct patent analysis on key technologies and related industries, providing insights to product development teams. This aids in understanding the industry's advanced patent technology landscape, enabling the formulation of development strategies. The Company seeks appropriate technology research and development areas, while its robust Intellectual Property Management System ensures optimal protection and management of innovative outcomes. Furthermore, efforts will enhance both the quantity and quality of patent applications, facilitating a broad deployment of core technology patents.
- VIVOTEK will continue to host annual Intellectual Property Management System training, share intellectual property knowledge with employees to raise awareness, increase the likelihood of patent proposals, and mitigate risks such as patent infringement or confidential information leaks.
- VIVOTEK will consistently pursue validation under the Taiwan Intellectual Property Management System (TIPS) to ensure secure IP system operations. The Company will progressively implement the enhanced enterprise IP management plan validated under TIPS AA level, advancing from the stage of full operation under TIPS A level to a deeper integration of IP practices under TIPS AA level.
- VIVOTEK will continuously assess the value of patents held by key competitors, analyzing and monitoring the strength, worth, and variable trends of their patent portfolios. This real-time evaluation of the difference in patent value between the Company and its main competitors serves as a reference for shaping intellectual property strategies and objectives.

This chapter reflects the United Nations Sustainable Development Goals, i.e. SDG 9.4 Industry, Innovation and Infrastructure and SDG 12.2/12.5/12.6 Responsible Consumption and Production.

4.3 Quality Assurance for Customers

4.3.1 Three Major Management Systems

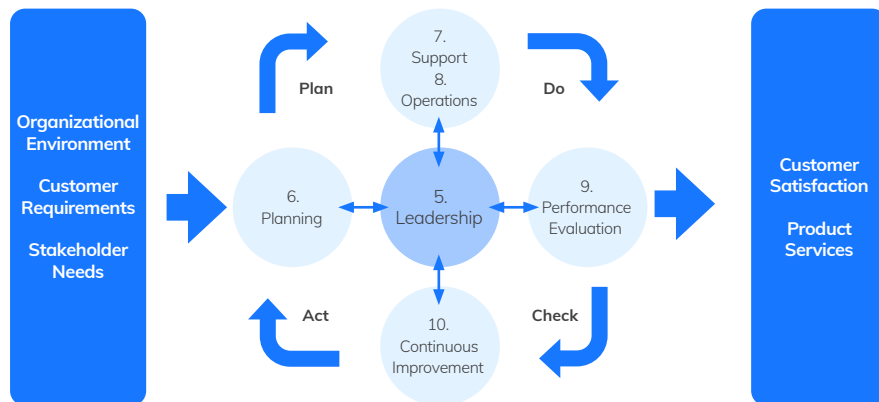
The Company has established Three Major Management Systems to ensure that its products and services consistently meet or exceed customer expectations and requirements.

1. Quality Management System

VIVOTEK continues to provide excellent products and services to customers, while consistently increasing its profit and market share. The Company believes that one of the best strategies to achieve its goals is to improve the quality of its employees. It promotes an active quality culture, emphasizing "quality first, service priority, and customer satisfaction" in the daily work of every employee. This is accomplished through quality improvement activities to enhance quality awareness, quality, and work efficiency:

Quality Improvement Implementation Process

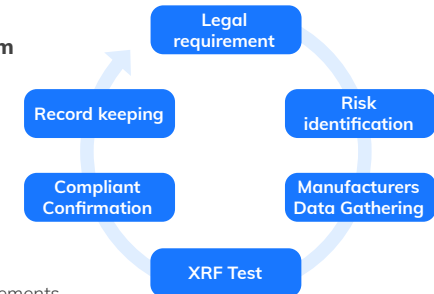
- (1) Gather feedback on product quality satisfaction through customer satisfaction surveys and utilize this data to identify areas for improvement.
- (2) Implement continuous improvement plans and actions for internal quality.
- (3) Arrange quality training courses for employees.



2. Hazardous Substance Management System

VIVOTEK ensures that its products comply with international environmental protection laws and customer requirements in accordance with the Hazardous Substances Free (HSF) policy. By adhering to the IECQ QC080000 Hazardous Substances Management System, the company identifies and manages hazardous substances throughout the product lifecycle, including finished products, semi-finished products, used components, accessories, packaging materials, and process-related materials:

Hazardous Substance Management System



- (1) Compile green regulations and customer requirements.
- (2) Identify and assess risks associated with regulations and customer requirements.
- (3) Utilize the Green Product Management (GPM) system to request component information and test reports from manufacturers; ensure that parts and suppliers consistently meet environmental compliance standards at all times.
- (4) Implement incoming XRF sampling management operations in a timely manner based on material risk levels according to risk assessments.
- (5) Ensure compliance with RoHS Directive, Appendix XVII of the REACH Regulation, Substance of Very High Concern (SVHC) requirements, and customer specifications.
- (6) Maintain a secure record of relevant test data and reports provided by manufacturers for customer audits.
- (7) The percentage of health and safety impact assessment on key products in 2023 was approximately 10%. Future efforts will focus on facilitating the selection of green components to reduce impact ratio.

3. Environmental Management System

To demonstrate its commitment to corporate sustainability and achieve its goals, VIVOTEK has implemented the ISO14001 Environmental Management System and obtained external certification to ensure compliance with the following principles:

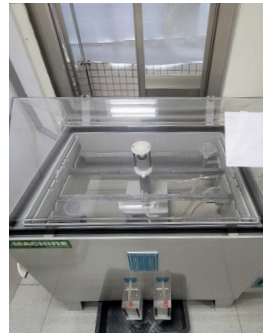
- (1) Commitment to follow government environmental protection regulations and exceed the Company's benchmark.
- (2) Design products in a way that there is minimal impact on the environment during production, use, and disposal, thereby reducing waste and resource (material and energy) consumption.
- (3) Implement carbon and waste reduction, enhance employees' independent environmental management capabilities, and continuously improve environmental management performance.

4.3.2 Product Quality Assurance

1. Product Quality Verification

VIVOTEK has established an internal reliability testing capability to conduct environmental tolerance verification for new products, ensuring that the products meet customer application requirements. Quarterly production reliability sampling tests are carried out to ensure the quality of mass-produced products.

Number and Items of Reliability Testing Tools



2023 Environmental Targets and Results

Environmental Targets	2022	2023
Number of Environment-related Complaints from External	0	0
Recyclable Industrial Waste Accounting for More Than 95%	97%	98%

Tools	Quantity	Experimental Units
Constant Temperature and Humidity Machine	6	High temperature and humidity (50 - 60°C / 95% Rh) Temperature heat cycle Low temperature (-20°C - -50°C)
Oven	3	High temperature (life testing)
Salt Spray Tester	1	96~200 hours
Drop Test Machine	1	30~165cm drop test
IPX8 Ingress Protection Tester	1	IPX8 Test (Water immersion at 1m / 30mins)

2. Requirements for Environment-related Substances

Committed to environmental sustainability and customer safety, VIVOTEK ensures that all product lines, including network cameras, network video recorders, and network video servers, are 100% compliant with international regulations, such as RoHS and REACH. This guarantees that our products pose no harm to human health or the environment.



Furthermore, other assurance mechanisms include:

- (1) Before onboarding, new suppliers or outsourcing parties must sign the Self-declaration on Restrictive Substances. This declaration ensures that the restrictive substances as well as materials, components, modules, or relevant accessories they provide adhere to VIVOTEK standards.
- (2) In the event of regulatory changes, the aforementioned Declaration shall be amended. The Company's Procurement Unit shall be notified and re-sign the document as per suppliers' request to ensure that the materials, components, modules, or relevant accessories provided comply with the latest legal requirements.
- (3) When new components are introduced, the Company's Quality Assurance unit will review the hazardous substance test reports submitted by suppliers, select parts that meet customer requirements regarding hazardous substances, and provide customers with compliance reports.
- (4) Prompt reviews, confirmations, and improvements shall be made based on customer feedback regarding compliance with Hazardous Substances Free (HSF) standards.

Item	2022	2023
Number of Customer Complaints Regarding Non-compliance with Hazardous Substances Free (HSF) standards	0	0

3. Continuous Improvement Capability

The Company offers training courses in quality technology to enhance employee's understanding of comprehensive quality concepts and problem-solving skills, thereby driving continuous quality improvement activities.

Course Name	Implementation Period	Status	Activity Records
Problem Analysis and Resolution	2023 Q2	Completed	
TQM	2023 Q4	Completed	

Environmental Care

- 5.1 Smart Factory Evolution
- 5.2 Use of Renewable Energy
- 5.3 GHG Emissions, Water, and Waste Management
- 5.4 Risks and Opportunities of Climate Change



This chapter reflects the United Nations Sustainable Development Goals, i.e. SDG9.4 Industry, Innovation and Infrastructure, SDG11.3/11.7 Sustainable Cities and Communities, SDG 12.2/12.5/12.6 Responsible Consumption and Production, and SDG13.3 Climate Action.

5.1 Smart Factory Evolution

5.1.1 Management Principles and Implementation Results

The factory's manufacturing capability has been enhanced through the implementation of rationalization, standardization, automation, and intelligent technologies. Factory intelligence aims to optimize production efficiency and quality, reduce production costs, integrate production data management, as well as strengthen operational decision-making quality, respond to demand changes in real-time, and promote energy efficiency and carbon reduction in production processes.

1. Management Principles, Policy and Commitment

- (1) Rationalized and Standardized Product Design Rationalizing product design to help reduce material costs and simplify production hours; standardizing product design to make material preparation and production operations more consistent; preparing for automation apart from improving quality.
- (2) Introduction of Automation Equipment Analyzing all manual operations in the factory production process; evaluating and promoting the use of automation equipment to replace manual labor to enhance efficiency, minimize human errors, and ensure stable and consistent production quality.
- (3) Equipment Networking and Data Integration Connecting all equipment to the network; collecting production data from all equipment; integrating data from various production lines and factory areas for a more effective and comprehensive production management.
- (4) Remote Monitoring and Management Monitoring the production status of all factory production lines in real-time; enabling immediate command and dispatch to quickly respond to changing demand and supply conditions.
- (5) Integration of AI Technology Leveraging advanced AI technology; integrating with automation equipment; continuously optimizing production technology; assisting management personnel in making more informed decisions.

2. Principles of Performance Assessment and Management

- (1) Percentage Decrease in Manpower Demand VIVOTEK continues to implement various intelligent production projects. The introduction of automated equipment and optimized production line integration led to a 35% reduction in manpower demand in 2023. With the evaluation of new equipment underway in 2024, an additional 20% reduction in manpower demand is expected.
- (2) Percentage Decrease in Production Hours The introduction of automation equipment, such as Auto-focus Lens Automation Equipment and Automated Finished Product Testing Lines, will reduce production hours and enhance efficiency. It is expected that these implementations will lead to a 30% reduction in production hours. Future efforts will focus on continuously expanding automation to reduce production hours by another 30%.
- (3) Percentage Increase in Space Utilization With the aid of automation equipment and restructured production lines, space utilization can be increased by 10% or more.

3. Actual Implementation

- (1) Main Board Automatic PCB Router and Collector Machines are in the mass production phase and have been introduced.
- (2) Automated IC Programmers are in the mass production phase and have been introduced.
- (3) Main Board Automated Test Equipment is expected to be introduced in Q4, 2024.
- (4) SMT Automated Robot Dispensers are expected to be introduced in Q3, 2024.
- (5) Third-generation Auto-focus Lens Automation Equipment has been introduced.
- (6) Auto Cleaning and Assembly Machines for Lens Modules are expected to be introduced in Q3, 2024.
- (7) Second-generation Automated Finished Product Testing Lines are expected to be introduced in Q4, 2024.

5.1.2 Implementation and Future Planning on Automated Production Lines

1. Third-generation Auto-focus Lens Automation Equipment (in the development phase and has been introduced)

- (1) Reducing manpower (1 worker) with the implementation of automated loading and unloading.
- (2) Increasing 25% of production capacity.
- (3) Testing standardization as well as digitization to reduce downtime caused by production failures.
- (4) Traceable production value for big data analysis.



Second Generation



Third Generation

2. Second-generation Automated Finished Product Testing Lines (in the development phase and expected to be introduced in Q4, 2024)

- (1) Reducing manpower (2 workers) with the implementation of automated testing
- (2) Increasing 53% of production capacity.
- (3) Testing standardization as well as digitization to reduce downtime caused by production failures
- (4) Traceable production value for big data analysis.



First Generation



Second Generation

3. Auto Cleaning and Assembly Machines for Lens Modules (in the production testing phase and expected to be introduced in Q3, 2024)

- (1) Replacing chemical detergent with CO2 cleaning.
- (2) Standardizing quality control with AOI anomaly detection.
- (3) Increasing production capacity by 53%.
- (4) Traceable production value for big data analysis.



4. Main Board Automatic PCB Router and Collector Machines
(in the mass production phase and has been introduced)

- (1) Replacing manual contact operations with automated loading and unloading functions to enhance operation quality and reduce 1 manual laborer.
- (2) Using the down-milling bare board depaneling mode to eliminate additional expenses on jigs and reduce cost by NT\$190,000.
- (3) Standardizing production consistency through fully automated operations.
- (4) Providing PQM and MES functions as well as traceable production value for big data analysis.



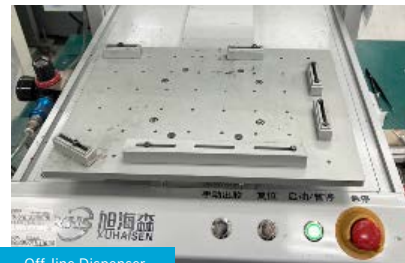
Human-Machine Collaborative Router



Automatic PCB Router and Collector Machines

5. SMT Automated Robot Dispensers
(in the development phase and expected to be introduced in Q3, 2024)

- (1) Saving labor costs and reducing manpower (1 worker) with the implementation of fully automated dispensing operations.
- (2) Replacing off-line dispensing operations with fully automated in-line dispensing operations to enhance production efficiency and reduce CT50 seconds of handling time.
- (3) Standardizing production consistency through fully automated operations.
- (4) Providing PQM and MES functions as well as traceable production value for big data analysis.



Off-line Dispenser



Automatic Dispenser

6. Main Board Automated Test Equipment
(in the development phase and expected to be introduced in Q4, 2024)

- (1) Testing standardization and quality consistency through fully automated operations.
- (2) Saving labor costs and reducing manpower (3 workers) with the implementation of automated panelization testing.
- (3) Enhancing operation quality with automated press and jig testing, eliminating the need for manual insertion or removal.
- (4) Providing PQM and MES functions as well as traceable production value for big data analysis.



Manual Insertion and Removal Testing Operation



Automated Function Testing

7. Automated IC Programmers
(in the mass production phase and have been introduced)

- (1) Saving labor costs and reducing manpower (1 worker) with the implementation of fully automated IC programming operations.
- (2) Fully automated IC programming operations for production standardization and quality consistency.
- (3) Enhancing operation quality with automated IC programming operations, eliminating the need for manual insertion or removal.



IC Programming Operation with Manual Insertion and Removal



Automated IC Programming Equipment

5.1.3 24 Years of Surveillance Excellence in Taiwan

VIVOTEK is a proud Taiwanese brand with a global reach. Founded in Taiwan, we have been selling our products worldwide. Our commitment to supporting local R&D design, manufacturing, and quality standards is reflected in the excellence of our products.

VIVOTEK boasts a world-class R&D team, a strong portfolio of patents and technologies, and a commitment to develop innovative solutions that set market standards and meet customer demand. Prioritizing product quality and information security, the Company established production facilities in Zhonghe, New Taipei City, and Taoyuan City. We employ Taiwanese and Vietnamese workers, and are committed to respecting human rights, fostering employee development, and ensuring a good working environment. As a socially responsible company, VIVOTEK is dedicated to giving back to the local community and helping the region through advanced technologies and quality assurance that will drive mutual growth and sustainable development.

Committed to environmental sustainability, VIVOTEK’s manufacturing process and products are free from Ozone Depleting Substances (ODS), and its operations minimize air pollution emissions.

5.1.4 Lean Production and Production Automation

VIVOTEK is committed to producing high-quality products and achieving sustainable growth. To this end, we have strategically implemented automated production at our Zhonghe and Taoyuan factories in Taiwan, reducing our reliance on human resources while enhancing production efficiency and product quality. Furthermore, we are dedicated to fulfilling corporate social responsibilities by actively contributing to environmental and social protection.

Building upon the Group’s successful experience in production management, VIVOTEK applies the principles of lean production. The Production Department and Central Coordinating unit establish and implement the rationalization and standardization process, while the Automation Team focuses on planning and utilizing automated production equipment. The overall production process is streamlined and optimized, minimizing external processing. By streamlining production schedules, we can reduce inefficient handling and waste of remanufacturing inventory space, thus effectively improving factory space usage and production capacity. In terms of project process management, VIVOTEK introduces Daily Production Schedule (DPS), Daily Variance Report (DVR) and Daily Report Meeting (DRM) to establish standards, generate reports for more effective utilization, and improve overall operational efficiency.

In 2023, VIVOTEK continued to introduce lens auto-focus equipment to standardize and digitize operations, expecting to increase production capacity by 25%. Additionally, the automated finished product testing line, which promotes standardization and comprehensive data recording of test results for subsequent statistical analysis and process optimization, is expected to increase production capacity by 53%. Also, to meet the demand for high-definition products, the development of the 4K-compatible six-axis auto-alignment equipment has been completed. We continue to invest in advanced production techniques and maintain our commitment to high-quality product standards. With the target plan of implementing automated production lines this year, the capacity is set to increase from 20 pieces to 80 pieces per hour.

■ Target Planning on Point and Line to Plane

Point	Differentiating each production stage and constructing individual station automation equipment, which currently involves implementing Auto-alignment Machines and Automated CO2 Cleaning of Sensor Boards and Lens Assembly.
Line	Connecting the process equipment at each stage to form a complete production line and introducing the automated finished product testing line to the Taoyuan factory.
Plane	Planning the workflow for Zhonghe and Taoyuan factories and developing a layered data management system for automated equipment to monitor production status and data, and effectively control capacity efficiency.

VIVOTEK’s Operator Reward Program is an annual initiative held in the first quarter of the year. Based on performance metrics from the previous year and future operational goals, all production units review and update the regulations governing monthly working bonuses. These revised regulations are communicated to operators and implemented following the President’s approval. In 2023, the optimization and merging of production lines were implemented. Cross-coaching was also conducted between local and foreign production teams to enhance job capabilities and learning opportunities. Bonuses were also offered to leaders in foreign production lines.

This chapter reflects the United Nations Sustainable Development Goals, i.e. SDG 13.3 Climate Action.

5.2 Use of Renewable Energy

5.2.1 Management Principles and Implementation Results

1. Management Principles, Policy and Commitment

Supporting the use of renewable energy and aiming to achieve 100% renewable energy usage by 2030.

2. Principles of Performance Assessment and Management

Proportion of renewable energy usage: Planning to use 55% green energy in 2024.

3. Actual Implementation

- (1) The Finance Department has incorporated carbon fees into the internal management reports and established a corresponding ICP cost center to review carbon fee applications and include carbon investment projects, such as renewable energy, energy technology development, and low-carbon innovation, in the annual budget.
- (2) VIVOTEK used renewable energy in 2023. As of 2023, a total of 2,446,376 kWh green energy and 1,482 renewable energy certificates (Note 1: The figures of the renewable energy certificates are sourced from the National Renewable Energy Certification Center.) were purchased, reducing 1,210.96 tons of carbon emissions in total (Note 2: The 2022 Electricity Carbon Emission Factor announced by the Energy Administration, Ministry of Economic Affairs was 0.495 kgCO₂e/kWh) with 46.1% of green electricity in the overall electricity consumption.



5.2.2 Responding to Various International Initiatives of the Delta Group

Actively responding to the global renewable energy initiative RE100 advocated by the Group, VIVOTEK focuses on saving energy, using solar energy for self-consumption, and investing in renewable power plants. At the same time, it evaluates the transaction maturity of the local green power market on top of the Power Purchase Agreement (PPA) or the Renewable Energy Certificates (RECs) and strives to achieve its set goals. Joining the RE100 Initiative would further promote the development of green energy in the downstream supply chain and achieve 100% usage of renewable electricity and carbon neutrality in the industry. Aside from actively deploying manpower and resources required for RE100, VIVOTEK has also set up a corresponding ICP cost center unit to review applications for carbon fees and include carbon-reducing investment projects, such as renewable power, energy technology development, and low-carbon innovation, in the annual budget.



Since joining the Delta Group in 2017, VIVOTEK has also relocated the offices of some overseas subsidiaries to Delta's overseas buildings. Currently the subsidiaries in Europe, Japan, and Australia have moved in the common office buildings. On one hand, it is advantageous for these companies to employ the building resources, draw support from the core technology capabilities of the Group to develop smart and energy-saving solutions, and engage in the application as well as promotion of green architectures to alleviate the impact on climate. On the other hand, rental costs can be reduced and operational efficiency can be improved.

5.2.3 Use of Solar Panels and Purchase of Renewable Energy Resources

In 2020, the US subsidiary of VIVOTEK officially utilized a rooftop solar power generation equipment. Nearly 700 rooftop solar panels were installed in VIVOTEK's office building in San Jose, California. The area of each solar panel is 77x39x1.57 inches. It is estimated that 253,000kWh of renewable energy can be produced through the solar photovoltaic system. On one hand, the solar panels can help maximize the outputs by independently generating energy from a local power company. On the other hand, it helps save electricity cost, which benefits the utilization of resources and the expansion of operations towards a green business culture.



Source of Image: Archimedes Mandap

VIVOTEK used renewable energy such as solar photovoltaic and hydropower in 2023. As of the end of December 2023, a total of 2,446,376 kWh green energy and 1,482 renewable energy certificates were purchased, reducing 1,210.96 tons of carbon emissions in total with 46.1% of green electricity in the overall electricity consumption.

This chapter reflects the United Nations Sustainable Development Goals, i.e. SDG 7.a Affordable and Clean Energy, SDG 12.2/12.5/12.6 Responsible Consumption and Production, and SDG 13.3 Climate Action.

5.3 GHG Emissions, Water, and Waste Management

5.3.1 Management Principles and Implementation Results

1. Management Principles, Policy and Commitment

- (1) Yearly reduction of 2% in greenhouse gas intensity compared with the baseline year.
- (2) Targeting over 90% in total volume of recyclable industrial waste by 2025.
- (3) Completing organization-wide greenhouse gas inventory by 2027.

2. Principles of Performance Assessment and Management

- (1) Actively promoting energy replacement projects within the Company.
- (2) Implementing organization-wide greenhouse gas inventory according to planned schedules.
- (3) Reviewing and improving carbon emissions, waste, and other indicators annually.

3. Actual Implementation

- (1) Regarding the organizational greenhouse gas inventory, the third-party verification and statement for the year 2023 were finalized in accordance with ISO 14064-1: 2018 in the first quarter of 2024. The scope of inventory includes direct (Scope 1), indirect (Scope 2), and other indirect (Scope 3, 4, 5, and 6) GHG emissions in the Zhonghe factory, Taoyuan factory, offices in Taiwan, and subsidiaries. The Company has also planned to initiate the organizational greenhouse gas inventory for overseas offices in the second half of 2024.
- (2) Promoting water conservation and responsible water use in office environments; installing water-saving devices to reduce water consumption and minimize waste.
- (3) The percentage of recyclable industrial waste reached 98.84% in 2023, which significantly surpassed the target set in 2019, i.e. over 90% in total volume of recyclable industrial waste. The recycling rate has significantly increased, demonstrating remarkable progress and achieving Company goals.
- (4) The significant increase in recyclable waste was attributable to the effective breakdown, classification, and recycling of pallet trays and mechanisms.
- (5) Responding to the global challenge of climate change, integrating the aspects of smart factory evaluation, reinforcing the results of renewable energy utilization, aligning with the RE100 initiatives and the UN SDG13 Climate Action, and demonstrating our commitment to aggressive climate change adaptation.

5.3.2 Environmental Care Objectives

Using 2023 as the baseline year, VIVOTEK responds to various policies regarding environmental care, sets energy-saving, carbon-reducing, and waste management goals, and acts accordingly. The achievements are periodically discussed with the Sustainability Committee whereas the progress in greenhouse gas inventory is reported quarterly to the Board of Directors for oversight.

Environmental Care	Policy and Objective	Measures Taken for the Next 2 Years	Remarks	
Energy Conservation and Carbon Reduction	To reduce 1% every 2 years	<ul style="list-style-type: none"> Replace light fixture in office areas with energy-efficient lighting (T8/T5/LED). Adjust lighting in work areas to reasonable levels as needed. Promote production line automation. Implement scheduled equipment shutdown to save electricity. Regularly maintain air conditioning to ensure operational efficiency. 	<ul style="list-style-type: none"> Educate employees about the importance of turning off lights when not in use, especially during lunch breaks and after work hours. Regularly disconnect refrigerators. Encourage employees to use the stairs and public transportation. Promote a vegetarian and eco-friendly lifestyle. Purchase renewable energy beginning 2022 to increase usage rate year by year. 	Given the nature of the industry, energy-saving, efficient energy use, and greenhouse gas reduction strategies are focused within the factory.
Waste Management	To attain over 90% in total volume of recyclable industrial waste by 2025	<ul style="list-style-type: none"> Continuously promote the recycling of pallet trays throughout the production lines. Breaking down waste into the smallest possible units for recycling. Collaborate with qualified recycling vendors specializing in plastics and metals. 		

Note: Water consumption goals are not set as there is no water usage during the process.

5.3.3 Action Plans and Performance on Energy Conservation and Carbon Reduction

Action Plans and Performance on Energy Conservation and Carbon Reduction

- Purchased 2,446,376 kWh of green electricity, 1,482 renewable energy certificates; reduced 1,210.96 tons of carbon emissions.
- Other energy-saving and carbon-reducing measures:

Energy-saving and Carbon-reducing Measures	Replacing LED Lighting	Replacing Chillers
Energy Saving (Unit: KWH)	29,082	57,341
Reduced Energy Consumption (Unit: MJ)	104,696	206,427
Reduced Carbon Emissions (Unit: tCO2e)	14.4	28.38

- Note:
- Formula to calculate purchased electricity: 1 kwh = 3.6 Mega Joules (MJ)
 - The 2023 electricity carbon emission factor was 0.495 kgCO2e /kWh
 - Formula to calculate carbon reduction from lighting = Reduced energy consumption per LED lamp by 35.64 kwh/year * 180 lamps
 - Formula to calculate carbon reduction from chillers = 3232.36 kwh/month* 6 months * number of chillers
 - 2023 was designated as the baseline year due to addition of factory sites.

VIVOTEK Electricity Consumption and Energy Consumption Data from 2021 to 2023

Year	2021	2022	2023
Electricity Consumption (Unit: KWH)	2,034,227	3,600,471	4,099,276
Energy Consumption (Unit: MJ)	7,323,217	12,961,696	14,757,394
Renewable Electricity Consumption (Unit: KWH)		1,101,176	2,446,376
Renewable Energy Consumption (Unit: MJ)		3,964,234	8,806,954
Energy Intensity (Unit: MJ Revenue-per million)	1,343	1,701.4	2,572

- Note:
- Formula to calculate purchased electricity: 1 kwh = 3.6 Mega Joules (MJ)
 - Electricity carbon emission factor: 0.495 CO2e/kWh for 2023; 0.509 CO2e/kWh for 2022 and 2021; 0.502 CO2e/kWh for 2020
 - Electricity consumption scope: The organizational boundary for 2023 includes the head office, subsidiaries (Aetek / Lidlight), Zhonghe factory, Taoyuan No.2 factory, Taoyuan No.5 factory, Tsingpu warehouses, offices (Hsinchu, Taichung, and Tainan); for 2022 includes Zhonghe factory, Taoyuan factory, Taiwan offices, and subsidiaries, for 2021 and 2020 includes Zhonghe factory.
 - The denominator of the energy intensity value is the revenue for the current year.

5.3.4 Water Usage Disclosure

VIVOTEK's production process does not use process water, ensuring that the volume of incoming water is equal to the effluent volume. The factory and offices are leased while water expenses are shared among the building management committee and rental companies, resulting in minimal water consumption.

To promote water conservation, we implement water-saving measures in our office environment. We have installed sensor-equipped faucets and urinals in restrooms to reduce water consumption.

In 2023, water consumption at our offices in Taiwan, Taoyuan, and affiliates increased by 1.7487 megalitre compared with 2022. This increase was primarily attributed to rising demand within these locations.

5.3.5 Waste Disclosure

VIVOTEK implements robust waste management measures, promotes reuse of waste, and collaborates with suppliers to recycle packaging materials and cardboard to promote the development of a green economy. These efforts help delay material disposal and reduce waste. The waste disclosure statistics are as follows:

- Industrial waste such as plastics, packaging materials, and metal components generated during VIVOTEK's assembly, testing, and packaging processes does not contain hazardous industrial waste. In 2023, a total of 30.55 tons of waste was processed by qualified clearance and disposal organizations, with priority given to recycling and reuse, followed by incineration and landfill disposal.
- The Company has dedicated personnel in place to manage and audit waste. Waste is weighed by qualified clearance and disposal organizations, from which the data is transmitted back to the Company, and is handled in accordance with local laws and regulations. The handling methods are recycling, reusing, incineration, and landfill which abide by strict auditing mechanisms to avoid damage to the environment. In 2023, a total of 30.55 tons of waste was processed by qualified clearance and disposal organizations, with priority given to recycling and reuse, followed by incineration and landfill disposal.
- Reducing waste starts from within. VIVOTEK collaborates with the supply chain to recycle packaging materials such as cardboard and pallet trays.
- The percentage of recyclable industrial waste was 98.85%, which is a substantial growth compared to the target set in 2019, i.e. over 90%, indicating a high-level of efficiency.
- The quantity of recycled trays in 2023 was 5.655 tons; the quantity of classified recycled materials, including components, was 24.5425 tons, resulting in a total of 30.1975 tons of recyclable waste.
- No environmental violations or fines reported against the Company in 2023.

Percentage of Waste Disposal Methods

Year		2021		2022		2023	
Classification	Disposal Method	Output	Percentage	Output	Percentage	Output	Percentage
General Industrial Waste (Non-hazardous Waste)	Reusing	0	0%	0	0%	0	0%
	Recycling	23.22	97.6%	31.95	98.71%	30.2	98.85%
	Incineration and Landfill	0.57	2.4%	0.42	1.29%	0.352	1.15%
Hazardous Waste	None	None	None	None	None	None	None
Recycled Quantity / Total Waste Quantity	Total Waste Quantity	23.8		32.37		30.55	
	Proportion of Recycled Waste	97%		98.69%		98.85%	

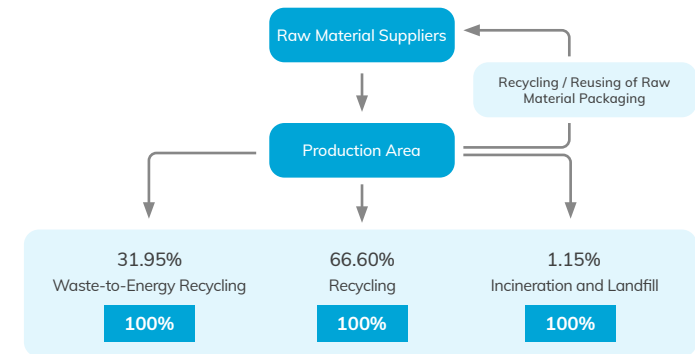
Water Consumption Over the Past Two Years

Year	2022	2023
Water Consumption (Megalitre)	35.8607	37.6094

Note 1: The subsidiary, Aetek Inc., has been added to the boundary of water consumption for the year 2023 since April.

Note 2: VIVOTEK does not reuse water; therefore, the water intake equals the water consumption.

VIVOTEK Waste Flow



5.3.6 GHG Emissions Disclosure

Issues related to greenhouse gases have gained increasing attention and prompted discussions among businesses and the international community. VIVOTEK has prioritized sustainability and recognizes the potential impact and risks brought by greenhouse gases. We are committed to reducing such impact and contributing to climate change mitigation efforts.

The third-party verification statement for 2023 was obtained in the first quarter of 2024. The third-party verification statement for 2024 is scheduled to be obtained in the first quarter of 2025.

■ **Baseline Year : 2023**

■ **Inventory Boundary : Zhonghe factory, Taoyuan factory, Taiwan offices, and subsidiaries**

Item	2021	2022	2023
Category 1 (CO ₂ e)	87.3350	121.8840	116.7871
Category 2 (tCO ₂ e)	1035.4215	1832.6397	2029.1416
Total Weight of Category 1 and 2 (tCO ₂ e)	1122.7565	1954.5237	2145.9287
Category 1 and 2 GHG Emissions Intensity	0.2059	0.1965	0.2342
Category 3 – Category 6 (tCO ₂ e)	195.6384	836.5235	747.1864

- Note:
- The 2021 and 2022 data were verified by a third party, AFNOR Asia, Ltd. The 2023 data was verified by BSI with a corresponding statement issued. The verification scope is the same as the inventory scope.
 - The 2023 coefficients are derived from the GWP ratios of IPCC 2021 AR6.
 - VIVOTEK has complete authority over the disclosure of all emission sources within its organization, and therefore adopts an operational control approach for disclosure.
 - If the change in GHG emission data exceeds 3% (significant threshold), the established baseline inventory list will be recalculated and updated according to actual conditions.
 - Greenhouse Gas Intensity = tCO₂ / revenue in million (NT\$). The revenue was 5,452,000 (NT\$) in 2021, 9,948,000 (NT\$) in 2022, and 9,162,000 (NT\$) in 2023.
 - The gas categories included in the calculation are: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), sulfur hexafluoride (SF₆), perfluorocarbons (PFCs), hydrofluorocarbons (HFCs), and nitrogen trifluoride (NF₃).
 - Category 3: Indirect GHG emissions associated with transportation. The inventory includes emissions associated with employee commuting and business travel.
Category 4: Indirect GHG emissions associated with products used by the organization. The inventory includes emissions associated with product procurement and waste disposal.
Categories 5 and 6 are owned or controlled by other parties; therefore, these are not quantified.

5.3.7 International Standard Certification

VIVOTEK consistently strives for compliance with international standards. The table below provides an overview of our relevant certifications, including acquisition dates and validity periods.

■ **International Standard Certification**

Management System	Date of Acquisition	Validity Period
ISO 9001 : 2015	2024-04-30	2027-04-29
ISO 14001 : 2015	2024-05-22	2027-05-21
IECQ QC080000 : 2017	2022-01-17	2025-02-14
ISO 14064-1 : 2018	2023/7/26	2022/01/01~2022/12/31
ISO 14064-1 : 2018	2024/3/20	2023/01/01~2023/12/31

5.4 Risks and Opportunities of Climate Change

5.4.1 Management Principles and Implementation Results

1. Management Principles, Policy and Commitment

- (1) Supporting and responding to using renewable energy and achieving 100% of renewable power usage by 2030.
- (2) Accomplishing organizational GHG inventory throughout the Group in 2027.

2. Principles of Performance Assessment and Management

- (1) Follow-up on the percentage of renewable power usage: Using 55% green electricity in 2024
- (2) The organizational GHG inventory will be carried out as scheduled.

3. Actual Implementation

- (1) The Finance Department has incorporated carbon fees into the internal management reports and established a corresponding ICP cost center to review carbon fee applications and include carbon investment projects, such as renewable energy, energy technology development, and low-carbon innovation, in the annual budget.
- (2) Purchased a total of 2,446,376 kWh of green electricity, 1,482 renewable energy certificates, reduced 1,210.96 tons of carbon emissions with 46% of green electricity as of 2023.
- (3) Regarding the organizational GHG inventory, the ISO 14064-1 Greenhouse Gas Inventory and third-party verification for 2023 have been completed.



To collect information on financial impact that can help in making decisions and projections, as well as information regarding risks and opportunities associated with the organization's transition to a low-carbon economy, VIVOTEK has adopted the Task Force on Climate-related Financial Disclosures (TCFD) framework. We have formulated a set of consistent and voluntary climate-related financial information disclosure recommendations, describing the Company's practices aligned with the four core elements: governance, strategy, risk management, and metrics and targets of climate change.

Governance: Disclosure of Climate-related Risks and Opportunities of the Organization

Guiding Principles	Specific Practices
Board oversight of climate-related risks and opportunities	The VIVOTEK Corporate Sustainability Promotion Team is established under the President's office with the President as the highest supervising officer. The team comprises representatives from more than 8 departments of the Company, such as human resources, finance and accounting, marketing, environmental safety, procurement, quality assurance, intellectual property, and Information Technology. The Corporate Sustainability Promotion Team is in charge of promoting corporate sustainability and publishing annual reports. It also arranges regular courses and training in line with international and regulatory trends, from which the implementation results are regularly reported to the Board of Directors.
	Most members of the Board of Directors have had a long-standing focus on climate change. They have a deep understanding of the importance and impact of climate change, particularly as it relates to major capital investments in areas like solar facilities, low-carbon sustainability, smart factory evolution, energy-saving equipment, and green investments. The Board of Directors regularly discusses climate change issues, monitors relevant regulations, and integrates climate considerations into strategic planning.
The role of management in evaluating and managing climate-related risks and opportunities	VIVOTEK highly emphasizes issues related to climate change. Each department has specific responsibilities in different areas. The Corporate Sustainability Promotion Team actively engages employees through group and individual meetings to foster communication, provide educational training, and facilitate information exchange. These efforts ensure that management is aware of the latest trends and is equipped to implement relevant initiatives.
	The Corporate Sustainability Promotion Team closely monitors international climate change trends, developments, and initiatives by staying informed about the latest updates and key indicators in this field. VIVOTEK has established operational frameworks and actively participated in planning climate change-related education and training courses. The management is also invited to participate in discussions and brainstorming sessions to keep informed about the latest climate-related issues. These efforts are integrated with the operations of various units to support the Company's sustainable development goals.
	In response to climate change and in alignment with international climate initiatives
	1. The Business Group is committed to developing energy-efficient solutions that are beneficial to the environment, enhance energy efficiency products, and reduce carbon emissions through cloud-based products.
	2. VIVOTEK is dedicated to researching and developing cross-generation cloud service products with AI IoT technologies and creating cloud-based security solutions. We have launched a new subscription-based service, VORTEX, which, based on VSaaS, integrates network cameras, cloud image management platforms, cloud storage space, a powerful AI video analytic technology, and deep learning, to effectively reduce carbon footprints and emissions.
	3. The General Affairs Department is committed to improving the energy efficiency of office equipment, while the Operations Department is focused on implementing smart factory initiatives to save energy and optimize the production process. Together we are make significant strides in reducing carbon emissions, mitigating climate change, and conserving energy.
	Internal Education and Training: The President and top-level executives are actively involved in climate change-related courses (as shown in the attached table) and partipate in educational and training programs organized by the parent company's Delta Electronics Foundation and the Sustainability Committee, echoing the parent company's sustainability initiatives and advocacy.
We foster employee awareness of corporate sustainability through engaging brand activities and sustainability events. This ongoing effort aligns with the United Nations Sustainable Development Goals.	

Strategy: Immediate and Potential Impacts of Climate-related Risks and Opportunities on the Organization's Businesses, Strategy, and Financial Planning

Guiding Principles	Specific Practices
<p>Identified short-, medium-, and long-term climate-related risks and opportunities</p>	<p>VIVOTEK actively identifies risks, builds adaptive capacity, conducts in-depth research on climate change opportunities, promotes energy-saving strategies, and stays abreast of sustainability trends. The Corporate Sustainability Promotion Team has established a timeline: short-term (3 years), medium-term (3-5 years), and long-term (more than 5 years).</p> <hr/> <p>Inventory of short-, medium-, and long-term risks is as follows:</p> <p>Short-term: Carbon tax and related regulation, uncertainty surrounding regulation and policies, increased cost of raw materials, and renewable energy regulations.</p> <p>Medium-term: Change in customers' supplier selection criteria, requirement to decrease greenhouse indirect emissions from water and waste reduction, increased severity of extreme weather events such as cyclones and floods, rising mean temperatures, and international sector agreements.</p> <p>Long-term: Rising sea levels and supplier emission reduction requirements.</p> <hr/> <p>Inventory of short-, medium-, and long-term opportunities is as follows:</p> <p>Short-term: Using more efficient production and distribution processes, recycling, moving towards more efficient buildings, using low-emission energy, deploying renewable power, implementing reward policies, using new technology, participating in carbon trading market, exploring or expanding low-carbon products and services, maintaining diversified operations, adapting to evolving market demands, and creating new market partnerships.</p> <p>Medium-term: Medium-term: Exploring or expanding low-carbon products and services; and participating in renewable energy projects and energy efficiency improvements.</p> <p>Long-term: Long-term: Facilitating research and innovation of new products and services; promoting substitutability and diversity of resources.</p>
<p>Material impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning</p>	<p>VIVOTEK identifies climate-related risks and opportunities in terms of products and services, supply chain, mitigation and adaptation efforts, R&D, investment, operations, etc. We evaluate the probability and impact of events according to each risk and opportunity, and formulate corresponding measures.</p>
<p>Potential impact of different scenarios on the organization's businesses, strategy, and financial planning</p>	<p>We are actively introducing the Task Force on Climate-Related Financial Disclosures (TCFD) to assess the risks and opportunities associated with climate change for VIVOTEK. This will enable us to take proactive actions and countermeasures.</p>

Management: VIVOTEK Process to Identify, Assess, and Manage Climate-related Risks within the Organization

Guiding Principles	Specific Practices
Process used by the organization to identify and assess climate-related risks	The Corporate Sustainability Promotion Team is responsible for making an annual inventory of climate-related risks and opportunities, and convening meetings to formulate corresponding strategies. An annual risk assessment report, including material issues and communication results concerning stakeholders is presented to the Board of Directors for discussion. This process involves further impact analysis and operational planning.
Process used by the organization to manage climate-related risks	Implementing mitigation and adaptation strategies: Mitigation: Actively promote the use of power-saving and renewable energy to improve the efficiency of energy use within the organization. Adaptation: Establish business continuity plans for climate-related physical risks and analyze the impact of climate change, research and develop corresponding strategies and process performance improvements, adapt to climate change and provide customers with corresponding solutions that promote environmental responsibility and sustainability.
How to incorporate processes of identification, assessment, and management of climate-related risks into overall risk management	VIVOTEK focuses on climate change issues and incorporates them into the overall risk management framework. The Corporate Sustainability Promotion Team identifies and implements policies and projects related to climate risks and opportunities. It also makes an inventory of climate-related risks and potential financial impacts, discusses corresponding measures through regular internal meetings, faces potential risks, and formulates relevant plans aligned with the TCFD framework.

Indicators and Targets: Used by the Organization to Assess and Manage Climate-related Risks and Opportunities

Guiding Principles	Specific Practices
Indicators and targets used by the organization to assess and manage climate-related risks and opportunities in compliance with the policy and risk management process	VIVOTEK fully supports its parent company, the Delta Group, in the latter's participation in the RE100 Global Renewable Energy Initiative, and commits to the overall goal of using 100% renewable energy at all global locations by 2030. Since 2022, VIVOTEK has initiated inclusion of carbon fees in the internal management reporting plan. This enables a gradual management of carbon usage and implementation of incentive programs to address operational risks associated with global climate change. The effort contributes to realizing the global trend of achieving net-zero emissions.
Disclosure of Scope 1, 2 and 3 emissions and related risks	VIVOTEK has formulated management targets and measures to reduce carbon and waste, which are shown below. Given the features of the industry, the strategy of reducing greenhouse gas focuses on in-plant energy management: <ul style="list-style-type: none"> The ISO 14064-1 Greenhouse Gas Inventory and third-party verification for 2023 were completed in the first quarter of 2024. The third-party verification was conducted by the British Standards Institution (BSI) Taiwan. The organizational boundary of the verification for 2023 was the headquarters, subsidiaries (Aetek/Lidlight), Zhonghe factory, Taoyuan No. 2 factory, Taoyuan No. 5 factory, offices (Hsinchu, Taichung, and Tainan), and Tsingpu warehouses. Recyclable industrial waste will account for more than 90% of the total by 2025. GHG inventory and status, reduction goals, strategies, and specific action plans.

■ Indicators and Targets: Used by the Organization to Assess and Manage Climate-related Risks and Opportunities

Guiding Principles	Specific Practices																																									
Disclosure of Scope 1, 2 and 3 emissions and related risks	<p>1-1 Greenhouse Gas Inventory and Certification Status Over the Past Two Years</p> <p>1-1-1 The greenhouse gas inventory information describes the emissions (in metric tons CO2e), intensity (in metric tons CO2e per million), and scope of data coverage for the past two years.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Year</th> <th>Scope1</th> <th>Scope 2</th> <th>Total Weight (Scope 1+2)</th> <th>Scope3</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>121.8840</td> <td>1832.6397</td> <td>1954.5237</td> <td>836.5235</td> </tr> <tr> <td>2023</td> <td>116.7871</td> <td>2029.1416</td> <td>2145.9287</td> <td>747.1864</td> </tr> <tr> <td>Differences</td> <td>-5.0969</td> <td>+196.5019</td> <td>+191.4050</td> <td>-89.3371</td> </tr> </tbody> </table> <p>1-1-2 The greenhouse gas inventory information provides an explanation of the assurance status, covering the, scope, provider, criteria, and opinion in the most recent two years up to the publishing date of the Annual Report.</p> <p>The summary is presented in the following table.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Year</th> <th>Scope1</th> <th>Scope2</th> <th>Total Weight (Scope1+2)</th> <th>Intensity (metric tons CO2e per million)</th> <th>Scope3</th> <th>Description of Assurance Status</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>121.8840</td> <td>1832.6397</td> <td>1954.5237</td> <td>0.2806</td> <td>836.5235</td> <td>The Company has disclosed that the total GHG emissions amounted to 121.8840 metric tons in Scope 1, and 1,832.6397 CO2e in Scope 2, representing 70.07% of the total emissions. These figures have been validated by the verification organization in accordance with the ISO 14064-3:2019 standard, resulting in a reasonable assurance opinion.</td> </tr> <tr> <td>2023</td> <td>116.7871</td> <td>2029.1416</td> <td>2145.9287</td> <td>0.3158</td> <td>747.1864</td> <td>The Company has disclosed that the total GHG emissions amounted to 116.7871 metric tons in Scope 1, and 2,029.1416 CO2e in Scope 2, accounting for 74.18% of the total emissions. These figures have been validated by the verification organization in accordance with the ISO 14064-3:2019 standard, resulting in a reasonable assurance opinion.</td> </tr> </tbody> </table>	Year	Scope1	Scope 2	Total Weight (Scope 1+2)	Scope3	2022	121.8840	1832.6397	1954.5237	836.5235	2023	116.7871	2029.1416	2145.9287	747.1864	Differences	-5.0969	+196.5019	+191.4050	-89.3371	Year	Scope1	Scope2	Total Weight (Scope1+2)	Intensity (metric tons CO2e per million)	Scope3	Description of Assurance Status	2022	121.8840	1832.6397	1954.5237	0.2806	836.5235	The Company has disclosed that the total GHG emissions amounted to 121.8840 metric tons in Scope 1, and 1,832.6397 CO2e in Scope 2, representing 70.07% of the total emissions. These figures have been validated by the verification organization in accordance with the ISO 14064-3:2019 standard, resulting in a reasonable assurance opinion.	2023	116.7871	2029.1416	2145.9287	0.3158	747.1864	The Company has disclosed that the total GHG emissions amounted to 116.7871 metric tons in Scope 1, and 2,029.1416 CO2e in Scope 2, accounting for 74.18% of the total emissions. These figures have been validated by the verification organization in accordance with the ISO 14064-3:2019 standard, resulting in a reasonable assurance opinion.
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■ **Indicators and Targets: Used by the Organization to Assess and Manage Climate-related Risks and Opportunities**

Guiding Principles	Specific Practices	
Management objectives and related performance	<p>VIVOTEK actively supports and aligns with the environmentally sustainable targets and strategies of the Delta Group. The President's Office along with the Corporate Sustainability Promotion Team actively formulates targets and reviews performance results regularly. The short- (3 years), medium- (3-5 years) and long-term (more than 5 years) plans are as follows:</p>	
	<p>Short-term</p> <ul style="list-style-type: none"> The Finance Department has incorporated carbon fees into the internal management reports and established a corresponding ICP cost center to review carbon fee applications and include carbon investment projects, such as renewable energy, energy technology development, and low-carbon innovation, in the annual budget. Green Power Introduction: VIVOTEK has been purchasing and introducing renewable green energy such as solar power and hydropower since 2022. As of 2023, VIVOTEK has purchased a total of 2,446,376 kWh green electricity, obtained 1,482 renewable energy certificates, and reduced 1,210.96 tons of carbon emissions with a total investment amount of NT\$11,736,321. The ISO 14064-1 Greenhouse Gas Inventory and third-party verification for 2023 were completed in the first quarter of 2024. The third-party verification was conducted by the British Standards Institution (BSI) Taiwan. The organizational boundary of the verification for 2023 was the headquarters, subsidiaries (Aetek/Lidlight), Zhonghe factory, Taoyuan No. 2 factory, Taoyuan No. 5 factory, offices (Hsinchu, Taichung, and Tainan), and Tsingpu warehouses. Developing cloud solutions and AI surveillance solutions to effectively reduce carbon emissions and greenhouse gases. Reviewing the greenhouse gas emissions of transport vehicles under Scope 1 and promoting a centralized delivery of official documents to reduce carbon emissions. Redesigning product packaging to reduce material use and transportation costs, and minimize carbon footprints from transportation: <ul style="list-style-type: none"> ▶ Reducing package sizes to decrease volume, conserve energy, and cut transportation expenses ▶ Streamlining product packaging materials, actively promoting the digitization of information, and providing electronic versions of information to lessen the need for hard copies ▶ Advocating going green with sustainable printing paper and effectively reducing production and warehousing costs to contribute to environmental protection Commencing the use of solar power-saving equipment: The US subsidiary of VIVOTEK installed rooftop solar panels in 2020 to increase reliance on renewable energy. In 2023, we implemented a plan to reuse packaging materials to increase the utilization rate of packaging waste. VIVOTEK has carried out modifications to the packaging of goods by transitioning from the previous colorful boxes to the original-colored industrial packaging. We have likewise repurposed carton waste into versatile cell phone holders that can also serve as amplifiers and business card cases. This innovative approach not only addresses cell phone needs but also eliminates the necessity for multiple plastic holders, thus reducing plastic waste. VIVOTEK has patented this packaging solution and is actively promoting its use to encourage widespread adoption and application of this technology. In 2023, we have launched a series of brand sustainability activities to raise awareness and inspire action. <ul style="list-style-type: none"> ▶ Global Racewalking Contest: Successfully reduced carbon emissions through walking as a mode of transport and achieved a milestone of 82 million steps in the inaugural event. ▶ Green Craft Workshop: Repurposed the Company's discarded lenses into eco-friendly potted plants. ▶ Brand Power Visit: Visited O'Right, a prominent green brand, to learn about their sustainability practices, exchange ideas, and foster innovative thinking. 	<ul style="list-style-type: none"> Gradually increasing the proportion of green energy use, which is expected to reach 55% by 2024. In 2025, the Overseas Office Organizational Greenhouse Gas Inventory Program will be launched to make an inventory on the figures in 2024 and attain broader environmental sustainability goals.
	<p>Medium-term</p> <ul style="list-style-type: none"> Actively implementing the energy renewal program within the Company to enhance energy efficiency. Aggressively promoting the decarbonization of products and services to reduce carbon emissions. Improving the requirements for reducing indirect GHG emissions including water conservation and waste reduction measures. 	
<p>Long-term</p> <ul style="list-style-type: none"> Encouraging suppliers to investigate greenhouse gas emissions and disclose the information under Category 3 to 6 Supporting and encouraging suppliers to use renewable energy Targeting 100% renewable electricity usage by 2030 		

■ **Climate Change-Related Courses and Hours Attended by the Board of Directors, the President, and First-level Managers**

Job Title	Name	Date	Name of Training Course	Training Hours
Director	Bill Lo	112.09.04	Corporate Governance – Sustainable Carbon Management – Low Carbon Transition Pathway Planning – Carbon Inventory	3
Independent Director	Sin-Hui Yan	112.11.03	Relevant ESG Legal Issues for the Board of Directors	3
President	Alex Liao	112.10.18	Talent Sustainability Challenges After the Pandemic	3
Vice President	Mei-Yu Li	112.10.17	Business Risks and Opportunities of Climate Change and Net Zero Emission Policy	6
Vice President	Mei-Yu Li	112.10.20	Discussions on Corporate Governance Blueprint 3.0 and Directors' Responsibilities	6
Vice President	Mei-Yu Li	112.11.29	Emerging Trends and Perspectives on Corporate Governance and ESG Sustainability	6
First-level Manager	Bang-Yan Hsieh	113.01.24	Corporate Governance and ESG	6
First-level Manager	Bang-Yan Hsieh	112.10.23	Regional Revitalization & Circular Economy x Corporate ESG Matchmaking Activities	6
Total Training Hours				87

Employee Relations and Social Participation

- 6.1 Employee Overview
- 6.2 Recruitment and Retention
- 6.3 Employee Development and Training
- 6.4 Employee Rights and Communication
- 6.5 Diverse Welfare Benefits
- 6.6 Occupational Safety and Health
- 6.7 Social Participation



6.1 Employee Overview

VIVOTEK's main operations are based in Taiwan. As of 2023, the total number of employees is 1,176 (1,284 employees globally). According to employment types, employees are classified as permanent employees (99.4%) and non-permanent employees including contract employees, (0.6%). In terms of rank distribution, there are supervisors (10.7%), indirect employees (55.9%), and direct employees (33.4%). As for age distribution, employees under the age of 40 account for approximately 62%, and the overall average age is 35 years old.

Number and Percentage of Employees in Taiwan

All Employees							
Type		Male		Female		Total	
		Number	Ratio	Number	Ratio	Number	Ratio
By Employment Type	Permanent Workers (Full-time)	562	47.8%	607	51.6%	1,169	99.4%
	Non-permanent Workers	2	0.2%	3	0.3%	5	0.4%
	Workers without Guaranteed Hours	1	0.1%	1	0.1%	2	0.2%
	Total	565	48.0%	611	52.0%	1,176	100.0%
Permanent Employees							
By Rank Distribution	Senior Managers	14	1.2%	1	0.1%	15	1.3%
	Middle Managers	44	3.8%	5	0.4%	49	4.2%
	Junior Managers	39	3.3%	22	1.9%	61	5.2%
	General Personnel	422	36.1%	231	19.8%	653	55.9%
	Direct Personnel	43	3.7%	348	29.8%	391	33.4%
	Total	562	48.1%	607	51.9%	1,169	100%
By Age	<30	47	4.0%	215	18.4%	262	22.4%
	30-40	260	22.2%	208	17.8%	468	40.0%
	41-50	218	18.6%	139	11.9%	357	30.5%
	>50	37	3.2%	45	3.8%	82	7.0%
	Total	562	48.1%	607	51.9%	1,169	100.0%
By Educational Background	Master's Degree and Above	275	23.5%	74	6.3%	349	29.9%
	Bachelor's Degree	207	17.7%	120	10.3%	327	28.0%
	Others	80	6.8%	413	35.3%	493	42.2%
	Total	562	48.1%	607	51.9%	1,169	100.0%

Corporate Governance: Number and Percentage of Board Members

Type	Male		Female		Total	
	Number	Ratio	Number	Ratio	Number	Ratio
<30	0	0%	0	0%	0	0%
30-40	0	0%	0	0%	0	0%
41-50	0	0%	1	11.1%	1	11.1%
>50	8	88.9%	0	0%	8	88.9%
Total	8	88.9%	1	11.1%	9	100%

Salary Ratio

Type	Male	Female
Senior Management	1	1.00
Middle Management	1	1.01
Grassroots-level Personnel	1	0.81
Direct Personnel	1	0.92

Percentage of Local Residents as Senior Management

	2021	2022	2023
Taiwan	100%	100%	100%
Overseas	33%	33%	33%

Note: Local residents refer to the nationality of the senior management's residence (directors and above).

Employment of Workers with Disabilities

	2021	2022	2023
Male	5	3	5
Female	7	6	6
Total	12	9	11
Total Number of Employees	969	1,273	1,176
Ratio	1.2%	0.7%	0.9%

Non-employee Workers

Category	Job Description	Male	Female	Total
Contractor	Contracted for equipment and building hardware repairs on a project basis	93	0	93
Intern	Short-term administrative support	1	1	2
Janitor	Office cleaning	1	2	3
Visually Impaired Massage Therapist	Employee massages	1	1	2

6.2 Recruitment and Retention

6.2.1 Management Principles and Implementation Results

1. Management Principles, Policy and Commitment

- (1) Providing comprehensive welfare and employee care policies.
- (2) Reducing employee turnover rate.

2. Principles of Performance Assessment and Management

- (1) Tracking maternity leave application and return ratio.
- (2) Monitoring turnover rate over the past three years.

3. Actual Implementation

- (1) The maternity leave retention rate from 2022 to 2023 is 100%.
- (2) The turnover rate from 2021 to 2023 has decreased gradually.



6.2.2 Diversity and Inclusion Appointments

VIVOTEK is committed to gender equality in its hiring practices. Currently, our workforce is composed of 50.5% male and 49.5% female permanent employees.

1. Ratio of New Employees

VIVOTEK complies with government labor laws and regulations, including the Labor Standards Act of the Republic of China and the Act of Gender Equality in Employment. It establishes systems based on fundamental principles that protect the rights and interests of all employees. VIVOTEK recruits outstanding talents through various channels to support the Company's operations and development. In 2023, there were 176 new permanent employees. The gender and age distribution of this group is as follows:

Year	2021		2022		2023	
Age Gender	Male	Female	Male	Female	Male	Female
<30	18	52	45	271	16	15
	31.0%	34.4%	81.8%	78.6%	34.0%	7.0%
30-40	60	72	63	93	49	19
	20.9%	34.0%	24.0%	40.4%	18.8%	9.1%
41-50	17	11	32	25	36	25
	11.6%	10.0%	17.0%	19.7%	16.5%	18.0%
>50	2	2	1	0	12	4
	11.1%	6.9%	3.8%	0%	32.4%	8.9%
Total	97	137	141	389	113	63
	19.5%	28.3%	26.5%	52.5%	20.1%	10.4%
Employment Turnover Rate	23.8%		48.8%		15.1%	

Note: 1. Number of new employees in each category (numerator) / Number of all employees in the category (denominator)
 2. A large number of foreign female workers were employed in 2022 to meet increased capacity demands.
 3. New employee rate = Annual number of new employees / Monthly number of employees.

2. Employment Turnover Rate

In the event of an employee resignation, the supervisor and Human Resources Department will conduct an exit interview to gather feedback on the reasons for leaving. This information will be used to identify areas for improvement and enhance employee retention. The resignation statistics in the past three years are as follows:

Year	2021		2022		2023	
Age Gender	Male	Female	Male	Female	Male	Female
<30	20	23	20	26	10	35
	34.5%	15.2%	44.4%	7.5%	21.3%	16.3%
30-40	51	43	46	35	22	31
	17.8%	20.3%	17.5%	15.2%	8.5%	14.9%
41-50	17	11	21	21	22	19
	11.6%	10.0%	11.2%	16.5%	10.1%	13.7%
>50	1	2	4	6	3	2
	5.6%	6.9%	15.4%	15.4%	8.1%	4.4%
Total	89	79	91	88	57	87
	17.9%	16.3%	17.1%	13.9%	10.1%	14.3%
Employment Turnover Rate	17.0%		15.5%		12.3%	

Note: 1. Number of new employees in each category (numerator) / Number of all employees in the category (denominator)
 2. Employee turnover rate = Annual number of resigned employees / Monthly number of employees

3. Parental Leave

VIVOTEK supports employees' childcare needs. It provides parental leave and assistance in applying for relevant subsidies. There were 12 applicants in 2023. The actual retention rate for the same year was 63.6%. The retention rate based on parental leave without pay from 2022 to 2023 was 100%. Exit interviews were conducted with employees who declined to be reinstated to determine their reasons for resigning. Supervisors were assisted with manpower replacement and employees were offered childcare resources to help maintain a family-work balance.

Definition	Male	Female	Total
Number of People Eligible for Parental Leave Without Pay (Number of People Who Applied for Maternity Leave in Three Years / Number of People Who Applied for Parental Leave in Three Years)	57	19	76
Number of People Who Actually Applied	3	9	12
Number of People Expected to Be Reinstated in the Current Year	3	8	11
Number of People Reinstated in the Current Year	2	5	7
Number of People Reinstated in the Previous Year	2	4	6
Number of People Who Continued to Work for One Year After Reinstatement in the Previous Year	2	4	6
Parental Leave Application Rate	5.26%	47.37%	15.79%
Parental Leave Reinstatement Rate	66.67%	62.50%	63.64%
Parental Leave Retention Rate	100%	100%	100%

Note: 1. Parental leave application rate = Number of people who actually applied / Number of people eligible for parental leave.
 2. Note 2: Parental leave reinstatement rate = Number of people reinstated in the current year / Number of people expected to be reinstated in the current year.
 3. Note 3: Number of people who continued to work for one year after reinstatement in the previous year / Number of people reinstated in the previous year.

4. Salary Policy

Salary is determined based on educational background, professional knowledge and skills, and performance, and is not affected by gender, race, religion, marital status, etc. Employee salaries comply with all relevant labor laws. Annual salary market surveys are conducted to benchmark employee compensation against industry standards and economic indicators. We use P75 as a reference point for salary adjustments. Since our founding, we have adjusted employee salaries based on annual performance. Structural salary adjustments were implemented in 2022 with an average increase of approximately 20%. Performance-based salary adjustments were conducted in 2023 with an average increase of approximately 6%. VIVOTEK takes financial performance, operational achievements, and individual employee performance into consideration and establishes various incentive reward methods to attract, retain, and motivate outstanding employees.

According to the Company's Articles of Incorporation, no less than 7% of profits, if any for the current year, will be allocated for employee bonuses. Such bonuses are awarded based on job function, performance, and contribution. This ensures that the Company's overall salary mechanism aligns with the goals of attracting and retaining talent.

(1) Compensation Overview

- A. VIVOTEK offers a diverse and competitive compensation system and employee benefits. We conduct salary surveys every year to measure market salary levels and economic indicators. These factors along with performance appraisals and promotion systems serve as the basis for adjusting employee salaries. The average "Compensation and Benefits" for employees in 2023 was NT\$ 1,076,000.
- B. The Company provides year-end bonuses based on operational performance and individual performance. We also offer performance bonuses, patent bonuses, R&D project bonuses, production efficiency bonuses, and long-term incentive programs to attract, retain, and motivate outstanding colleagues.
- C. 12.45% of the Company's profits were allocated for employee compensation in recent years. In 2023, 12.45% of the Company's profits were also allocated for employee compensation.

(2) Competitive Compensation

VIVOTEK offers competitive compensation to attract and retain talent required for Company operations, ensuring steady growth and long-term sustainability. The Company is committed to equal pay for equal work, making sure that gender does not influence compensation. In 2023, the basic salary ratio between male and female employees in senior and middle management positions was 1:1; for grassroots-level and direct employees, it was 1:0.85. (More than 60% of the Company's frontline employees are male engineers, while most female employees hold administrative positions due to imbalanced job categories.)

The compensation for grassroots-level employees and Company employees is divided into fixed and variable salaries: Fixed salaries are paid monthly and adjusted based on industry standards, labor market statistics, position, job nature, professional skills, and market supply and demand. Variable salaries include year-end bonuses, employee dividends, and performance bonuses, linking a portion of compensation to operational performance.

VIVOTEK has established the Salary Management Regulations and various performance bonus regulations which link performance targets to salary and compensation. We ensure that employees fully understand the Company's compensation system through educational training for new employees and internal emails for other employees. The compensation and benefits for the managerial officers of the Company shall be submitted to the Compensation Committee and the Board of Directors for approval in order to enhance transparency in corporate governance and compensation practices.

VIVOTEK's main operations are based in Taiwan. The average total compensation for non-management employees in 2023 is approximately NT\$ 1.08 million. The median total compensation for full-time non-management employees is NT\$ 0.95 million. The ratio of annual total compensation for the highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual) is 3.8. The percentage decrease in the annual total compensation for the highest-paid individual is 6.0% and the median percentage decrease in the annual total compensation for all employees (excluding the highest-paid individual) is 5.9%. Therefore, the percentage decrease in the annual total compensation for the highest-paid individual is equal to the median percentage decrease in the annual total compensation for all employees.

■ **Average Employee Salary (Unit: NT\$ Thousand)**

Year	Full-time Non-management Employees (Annually)		Indirect Personnel Average Standard Salary (Monthly)		Average Standard Salary for Indirect Personnel / Local Minimum Wage		Direct Personnel Average Standard Salary (Monthly)		Average Standard Salary for Direct Personnel / Local Minimum Wage	
	Average Salary	Median Salary	Male	Female	Male	Female	Male	Female	Male	Female
2022	1,194	1,014	82.5	61.6	3.3	2.4	30.1	29.9	1.2	1.2
2023	1,076	953	85.0	64.3	3.2	2.4	30.1	27.8	1.1	1.1

Note: The local minimum wage was NT\$25,250 in 2022 and NT\$26,400 in 2023.

6.3 Employee Development and Training

6.3.1 Management Principles and Implementation Results

1. Management Principles, Policy and Commitment

- (1) Enhancing employee quality awareness.
- (2) Developing employees' capabilities to meet the requirements of their job roles and levels.
- (3) Assisting the management staff in creating individual development plans and identifying key talent.

2. Principles of Performance Assessment and Management

- (1) Organized 8 batches of total quality management courses, resulting in a 297-person increase in participant numbers.
- (2) Provided mandatory courses for various job levels and reviewed completion upon promotion.
- (3) Conducted the Right-in Talent Evaluation (RITE) for management staff and commenced team communication workshops.

3. Actual Implementation

- (1) The total number of employees in Taiwan in 2023 was 1,169. Company training hours totaled 28,843 (including in-person and online courses), with an average of 24.7 training hours per person.
- (2) Conducted internal instructor training courses.
- (3) Organized talent development strategy courses.

Training Overview in 2023

Training Overview	Training of Male Employees				Training of Female Employees				Overall Training of the Company			
	Headcount	Number of Trainees	Training Hours	Average Training Hours	Headcount	Number of Trainees	Training Hours	Average Training Hours	Headcount	Number of Trainees	Training Hours	Average Training Hours
Management Staff	114	1,190	4,015	35	30	306	1,044	35	144	1,496	5,058	35
Non-management Staff	470	3,486	10,041	21	281	2,006	5,925	21	751	5,492	15,966	21
Direct Workers	56	196	925	17	475	1,445	6,894	15	531	1,641	7,819	15
Total	640	4,872	14,981	73	786	3,757	13,863	71	1,426	8,629	28,843	71

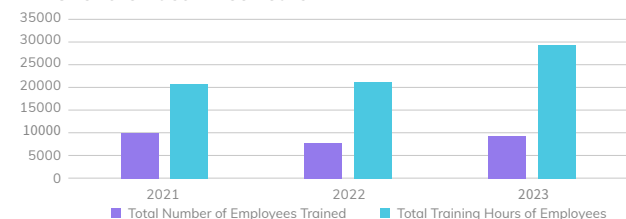
Note: 1. The total number of employees in Taiwan was 1,169, with 778 indirect employees and 391 direct employees (as of December 31, 2023).

2. Note 2: The calculation standard for the "Average Training Hours per Person": "Total Training Hours" / "Total Number of Employees"

Employee Count and Total Training Hours Over the Last Three Years

Year	The total number of formal employees in Taiwan	The total company training instances	Total of hours (including in-person and online courses)	Resulting in an average of training per person
2023	1,169 people	8,629 people	28,843 hr	24.7 hr
2022	1,273 people	7,540 people	21,709 hr	17.0 hr
2021	969 people	10,347 people	21,464 hr	21.7 hr

Total Number of Employees Trained and Training Hours Over the Past Three Years



6.3.2 Talent Learning and Development

VIVOTEK is committed to establishing a robust talent development system. We continuously improve our talent cultivation programs, actively listen to employee needs for learning, and adjust training programs through class interaction and evaluation. We align our training programs with employees' career goals and Company objectives to foster professional development and enhance core capabilities which would further improve work efficiency and proactivity. For now, we actively engage in the Human Resource Upgrade Program by the Workforce Development Agency, offering employees a comprehensive learning support, including research and innovation, information technology application, professional techniques in operational systems, and business management. To clarify the learning development roadmap for employees, we have designed a series of promotion-required courses to help employees proactively cultivate the required competencies for promotion. The courses incorporate learning activities and interaction, allowing employees to actively participate, explore knowledge, and engage in classes.



Promotion-required Courses



Total Quality Management Courses

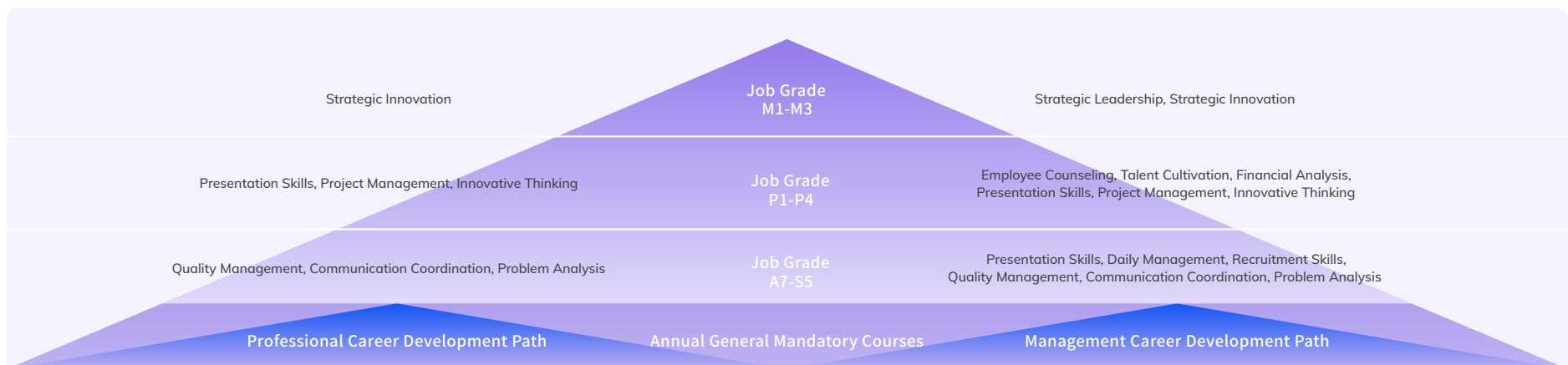


Talent Personality Analysis and Team Communication



DEI Diversity and Inclusion Courses

■ VIVOTEK Promotion-required Course Map



1. Promotion-required Courses

VIVOTEK believes that constant learning and growth are key to employee development. Therefore, it is necessary for employees to continuously hone their skills through promotion-required courses to reach their full potential. The courses provide training for for managerial and professional roles. Courses are selected according to different job categories to ensure that every employee receives the training that aligns with his/her professional requirements. Notably, we have combined the promotion-required courses with the promotion system, requiring employees to complete the courses relevant to their job titles before advancing to the next levels. This ensures that employees have the capabilities needed for their roles and provides clear guidance to support their career development.



2. Total Quality Management Courses

VIVOTEK is committed to providing high-quality products and services. However, quality assurance is not the sole responsibility of the back-end quality control units. It requires collaboration among teams across various stages, including research and design, production, quality inspection, and marketing, to improve and enhance product quality. Hence, we have implemented total quality management courses to help colleagues understand the importance of quality. These courses have been included in the promotion-required mandatory courses for grassroots-level staff and junior managers. All middle to senior managers and employees are required to take part in the courses, reflecting our commitment to enhancing quality awareness. In 2023, 8 batches of total quality management courses were held with 297 participants completing the courses. This represents a 207-person increase from the previous year.



3. Talent Personality Analysis and Team Communication

Emotions play a vital role in the success or failure of team communication. To effectively address employee concerns, we need to understand their emotions and feelings to guide them towards a rational and collaborative approach to resolving issues. Therefore, we should consider employees' emotional perspective when dealing with situations and respond promptly and appropriately. By understanding individual personalities, we can better appreciate the underlying motivations behind their behavior and respond empathetically to overcome communication challenges.



4. DEI Diversity and Inclusion Courses

In an era of globalization and multiculturalism, VIVOTEK, an enterprise with a strong global presence, recognizes the importance of understanding and respecting different backgrounds, religions, values, and identities. Through Diversity, Inclusion, and Equality (DEI) courses, we strive to promote multiculturalism and lead colleagues to foster a more inclusive, understanding, and harmonious work environment. The core concepts of diversity and inclusion are thoroughly discussed in the courses, which include cultural sensitivity, intercultural communication, equality, and inclusion. Case sharing and discussions provide opportunities for participants to learn how to apply diversity and inclusion in their individual, career, and social interactions.

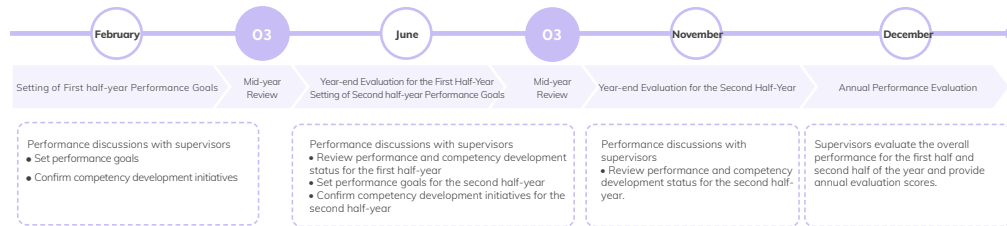


6.3.3 Performance Feedback and Development

1. Comprehensive Performance Management System

VIVOTEK's performance management system includes reviews for the first half and second half of the year, and annual reviews. At the beginning of the first half-year and second half-year, managers will conduct performance development discussions with their subordinates to help employees understand the Company's development goals and assist them in setting individual performance goals aligned with the organizational objectives. Different ratios for undertaking organizational and team goals are established for managers at different levels. Our performance management emphasizes one-on-one (O3) feedback and guidance. During the mid-year and year-end performance reviews, managers will provide encouragement, feedback, and timely assistance to help their subordinates achieve their individual performance goals.

Performance Management System Process



Performance Evaluation Participants

Type	Gender		Employment Type		Total Number of Participants
	Male	Female	Indirect Staff	Direct Staff	
Number of Participants subject to KPI	553	358	757	154	911
Actual Number of Participants	563	606	778	391	1,169
Percentage	98.2%	59.1%	97.3%	39.4%	77.9%

Note: There were 253 foreign workers in 2023 and all of them were female. Given the nature of periodic contracts, these employees were only evaluated based on daily performance and were not subject to annual individual KPI evaluation.

2. Individual Development Plan (IDP)

Since 2020, VIVOTEK has fully implemented Individual Development Plans (IDPs) that value employee opinions and encourage alignment of personal and organizational needs. Employees may propose their own personal goals and strategies as part of their individual development plans. Regular One-on-One (O3) communication between supervisors and employees contribute to employee skill development. By implementing individual development plans, supervisors can facilitate employee growth and learning through education and training.



VIVOTEK carried out management competency and personality tests in 2022 to assess management skills and inform targeted development initiatives. Individual assessment results were provided to supervisors as reference for planning individual development plans. With talent personality types as a starting point, team communication workshops were organized in 2023. These workshops helped supervisors overcome communication challenges by understanding different personality types and using methods to facilitate effective dialogues and provide constructive performance feedback.

Management Competency 360° Assessment

We adopt the Delta Group's 360° management competency assessment tool as a reference for the management capability development of all supervisors. Combining feedback from supervisors, colleagues (within the same department and from different departments), and subordinates as well as self-evaluation, this tool assists supervisors in objectively understanding their individual strengths and areas for development.

Right-in Talent Evaluation (RiTE)

We use the Right-in Talent Evaluation (RiTE) as a reference for the personal development of supervisors. It helps supervisors develop self-awareness of their personality traits, empathy, and effective team communication skills, enabling them to leverage their strengths and continuously improve.

6.4 Employee Rights and Communication

6.4.1 Management Principles and Implementation Results

1. Management Principles, Policy and Commitment

- (1) Complying with Responsible Business Alliance (RBA) regulations and applying for evaluation.
- (2) Creating a good working environment and establishing a safe workplace culture.
- (3) Establishing diverse communication channels to address colleagues' needs promptly.
- (4) Promoting gender equality and empowering women in the workplace.

2. Principles of Performance Assessment and Management

- (1) Regularly ensuring policy compliance, making necessary improvements, and applying for and passing the RBA evaluation.
- (2) Conducting regular workplace safety inspections to achieve zero accidents in the factories.
- (3) Holding labor-management meetings and Welfare Committee meetings quarterly and employee communication meetings semi-annually; periodically conducting employee engagement surveys; organizing focused group discussions on an ad hoc basis; keeping the suggestion mailbox open for employee feedback.
- (4) Setting 15% as the target percentage for female supervisors.

3. Actual Implementation

- (1) Passed the Responsible Business Alliance (RBA) certification in 2023 and obtained Silver Status; awarded the Foreign Workers Friendly Enterprise prize by the New Taipei City Government.
- (2) Conducted regular equipment and facility safety checks, occupational safety education and training, and disaster prevention drills (Details in Chapter 6.6 Occupational Safety and Health).
- (3) Held a total of 5 Welfare Committee meetings and 4 labor-management meetings, where employees raised 22 issues, all of which were addressed publicly by the Company.
- (4) Organized two semi-annual employee communication online meetings and 14 internal communication monthly meetings.
- (5) In 2023, the percentage of female senior managers was 7%.

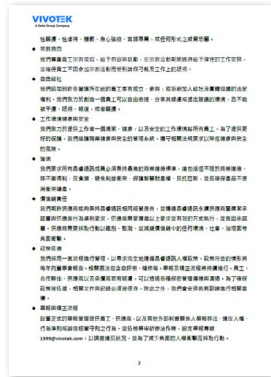
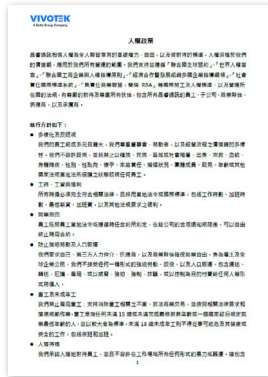
6.4.2 Human Rights and Communication Focus

VIVOTEK is committed to upholding human rights, including freedom and equality, which are fundamental rights and integrated into our operations. The Company supports and complies with international labor and human rights standards, including the United Nations Global Compact, the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the Social Responsibility International, the Responsible Business Alliance (RBA), and regulations of countries where the Company operates. We treat all partners, including employees, subsidiaries, business partners, suppliers, and contractors, with dignity and respect. The Company has established a Human Rights Management Policy in accordance with the protection principles defined in human rights conventions, which is published on the Company's website. In 2023, we remained committed to upholding labor rights in accordance with indicators set by the Responsible Business Alliance (RBA), proactively applied for evaluation, and obtained silver certification.

VIVOTEK's Commitment to Human Rights

- Partnership diversity and discrimination-free workplace
- Compliance with or exceeding legal standards for working hours, wages, and benefits to safeguard employee rights in accordance with local laws.
- Ensure employee freedom in accordance with the regulations of the country where operations is located.
- Prohibit business partners from engaging in forced labor and human trafficking.
- Maintain a strict policy against child labor and underage workers.
- Ensure humane treatment in the workplace.
- Respect employees' religious beliefs.
- Safeguard employees' freedom of association.
- Ensure a healthy and safe working environment for employees.
- Adhere to the code of ethical conduct.
- Hold business partners accountable for responsible practices throughout the value chain.
- Establish reporting channels and implement corrective action procedures.

Human Rights Policy Statement



Note: Published on VIVOTEK's official website under the Corporate Governance section.

1. Specific Management Measures

- VIVOTEK implements a management process to ensure full compliance with its human rights policy. This includes self-assessment forms, audits, etc., along with ongoing reporting and corrective action procedures. Employees, partners, suppliers, or contractors can report concerns confidentially through various channels and keep relevant documents and records.
- To ensure policy compliance, a grievance and complaint procedure has been established, with a formal reporting channel provided for employees, suppliers, and other external stakeholders to report illegal actions and breach of human rights, code of conduct, or ethical corporate management best practice principles. Reports can be submitted to GRIEVANCE@vivotek.com. A dedicated personnel is available to address them promptly and confidentially. Investigations into reported violations will be conducted within one month, with an option for a one-month extension if necessary. The results will be provided to the complainant using the Grievance Response Form.
- VIVOTEK values employees' physical and mental well-being. In addition to annual health checkups, we offer free professional counselling services to address employees' various personal and professional challenges (interpersonal, family, work, finance, and legal issues).
- The Company provides all employees a seven-day paid vacation leave, which exceeds legal standards to support employee well-being and promote a healthy work-life balance.
- In 2023, the Company provided three training sessions on human rights, sexual harassment prevention, and workplace misconduct to 4,137 participants, totaling 3,400 training hours.
- Foreign workers are provided with written employment terms and conditions in their native language prior to employment. Also, key employment terms and conditions are verbally explained to them for better understanding.
- We strictly prohibit child labor and ensure compliance with all regulations regarding working hours, breaks, wages, and right to safekeeping of certificates.
- We respect and support employees' religious freedom and right to association in a multicultural workplace.

2. Fair Treatment of Company Employees

VIVOTEK does not charge employees any recruitment fees or other employment-related fees. It is a common practice for some domestic or foreign labor market intermediaries to charge foreign workers employment-related fees, allowances, and guarantees. We monitor such behavior closely and will take appropriate action. Furthermore, if a foreign worker is legally obligated to pay fees or shoulder expenses, including those incurred before or after employment, domestic or foreign labor market intermediaries may only charge the statutory amount and must base charges on actual costs incurred. VIVOTEK will pay such fees to third-party labor market intermediaries or reimburse the foreign worker after employment.

3. Employee Rights and Communication

(1) Diverse Communication Mechanisms and Concrete Actions

VIVOTEK provides various communication methods to encourage employee feedback. In 2023, we organized 6 all-staff communication conferences, 7 president-employee communication meetings, 1 foreign worker cadre meeting, 5 Welfare Committee meetings, and 4 labor-management meetings. Additionally, we established multiple channels including the 1999 mailbox and employee opinion mailbox to foster a positive workplace and gather employee feedback.



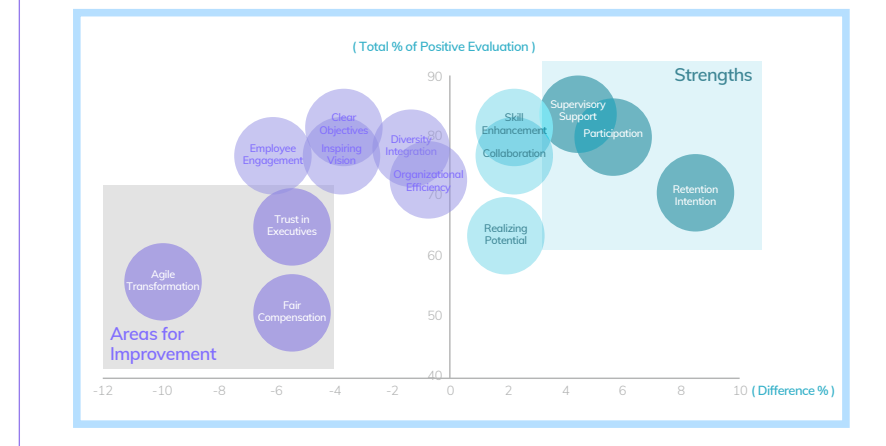
(2) Employee Engagement Survey and Improvement Plan

In addition to daily communication, VIVOTEK also utilizes employee engagement survey tools to conduct employee opinion polls, compiling survey results to identify areas where employees excel compared to other technology industries, such as support from supervisor, participation in decision-making, retention intention, as well as issues requiring improvement like agile transformation and trust in executives. The results are publicly discussed during the annual executive strategy meetings, followed by improvement proposals from various departments. These proposals are incorporated into the annual performance goals to implement improvement plans. In 2023, 35 improvement plans were carried out by various departments and 10 of them have achieved the improvement goals.

(3) Actual Actions After Two-way Communication

The Company continuously monitors departmental progress by actively listening to employee opinions. In 2023, there were measures announced regarding the implementation of a more complete OA system, introduction of a new version SAP system, installation of iced water dispensers and air conditioning in office premises, comprehensive upgrade to ergonomic chairs, updates of manufacturing process to align with the new system, and adjustment of brand authorization application process for partners.

Employee Engagement Survey – Comparing with High-tech Norms



6.4.3 Diversity and Gender Equality in Workplace

1. Diversity Policy

The employees of VIVOTEK come from different backgrounds. We value diversity and are committed to creating an inclusive and respectful workplace. We ensure gender equality in the workplace and provide equal opportunities including equal pay for equal work and occupational development for all employees regardless of gender, race, ethnicity, nationality, religion, physical condition, sexual orientation, pregnancy, marital status, age, or political stance. VIVOTEK believes that diversity is a source of organizational and innovative strength. We strive to create a workplace culture where everyone feels valued and can authentically express themselves.

2023 Percentage of Female Employees based on Occupational Level (2023)

Indicator	Percentage	Target for 2030
All Female Employees (%)	52%	-
Percentage of Female Managers (%)	22%	-
Percentage of Female Senior Managers(%)	7%	15%

In 2023, VIVOTEK's workforce included employees from 14 countries, among them 11 employees with disabilities. The male-to-female employee ratio was 1:1.08. The female managers accounted for 22%. The male-to-female salary ratio was 1:0.85. Please refer to Chapter 6.1 Employee Overview and 6.2 Recruitment and Retention for more details about the headcount, percentage, and salary analysis.

2. Gender Equality Workplace

To ensure the implementation of workplace diversity and equality, the Company has established the newest version of its sexual harassment prevention policy and appeals process, which was reviewed and approved by relevant authorities. Additionally, we provide a reporting channel as well as internal education and training to prevent discrimination, harassment, and unfair treatment. Appropriate disciplinary measures will be taken against employees who violate these principles.



6.4.4 Code of Ethics and Integrity Management

1. Regulations for Employees and Suppliers

The Code of Ethical Conduct was established to improve performance, provide better and more complete products to customers, adhere to legal and ethical principles, protect the Company's assets, rights, and reputation, ensure sustainable Company operations and development, and help stakeholders better understand the Company's ethical standards. The Code is reviewed and amended regularly to adapt to the Company's development and changing circumstances.

VIVOTEK's anti-corruption or bribery policy reflects its commitment to integrity. We strictly prohibit any form of corruption or bribery and implement a zero-tolerance policy. We are fully compliant with all relevant laws and regulations, including the US Foreign Corrupt Practices Act (FCPA). The Company prohibits employee involvement in connection with bribery or improper benefits, including unethical conduct in any transactions or activities (e.g., submission of false quotation or false pretense). Moreover, VIVOTEK has clearly indicated that any breach of such policy will result in severe penalties, including legal liabilities and compensation for any damages incurred. These measures not only ensure VIVOTEK's commitment to business ethics and legal compliance, but also reinforce the Company's dedication to establishing a fair, transparent, and honest corporate culture. Furthermore, VIVOTEK requires all employees and suppliers to comply with the integrity commitment detailed below:

Supplier and its personnel must adhere to the integrity commitment and all applicable laws and regulations as well as code of business conduct, including but not limited to the US Foreign Corrupt Practices Act (if applicable) and other anti-corruption laws.

Supplier and its personnel are prohibited from providing, directly or indirectly, any cash, security, gifts not formally offered by Supplier, travel or entertainment, or other forms of bribery, kickbacks, or improper benefits, any loans or leases, investment, and any other activities not related to official transactions.

Supplier and its personnel are prohibited from offering employment or reward to any VIVOTEK personnel or their relatives. In accordance with VIVOTEK's Code of Conduct for Avoidance of Conflict of Interest, a Supplier employee who is a family member or friend of a VIVOTEK employee must disclose any potential conflicts of interest arising from a job, business, investment, or activity in connection with VIVOTEK, by completing the "Declaration of VIVOTEK Supplier Employee Participation in VIVOTEK-related Business Transactions" truthfully and comprehensively.

- Refraining from any behavior that could negatively impact VIVOTEK's interests or image.
- Maintaining integrity in all trading and transaction activities, including but not limited to procurement of materials, outsourced production, transfer of equipment, treatment of obsolete/waste materials, customs reporting and subcontracting.
- Reporting any intentional or unintentional violation of proper procurement conduct by a VIVOTEK employee via the grievance channels provided by VIVOTEK.

2. Education and training

Education and training are conducted every year to maintain a positive working environment, covering topics such as code of ethical conduct, ethical corporate management best practice principles, workplace harassment prevention, prevention of unlawful infringement, and insider trading. In 2023, there were four courses with a combined total of 5,612 participants and 4,137 training hours.

Code of Ethics

1. Prevent conflict of interest.
2. Avoid opportunities for personal gain.
3. Maintain confidentiality of trade secrets.
4. Fair transactions.
5. Protect and appropriately use Company assets.
6. Comply with laws and regulations.
7. Report any illegal or unethical behavior.

Integrity Guidelines

When engaging in business activities, any personnel of the Company shall not directly or indirectly provide, promise, request, or accept improper benefits or commit a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits. This includes any money, gratuity, commission, position, service, preferential treatment, kickback in whatever form or name. However, situations that fall within normal social etiquette and are incidental without the risk of affecting specific power or obligations are not subject to this restriction.

Friendly Workplace

- The Company does not tolerate any form of forced labor and is committed to providing workers with a clean, healthy, and safe working environment for all employees. To provide better protection, the Company maintains a management system for occupational health and safety, complying with relevant regulatory requirements to reduce health and safety risks.
- Any form of violence and harassment is prohibited in the workplace, including sexual harassment, sexual abuse, physical punishment, mental coercion, verbal abuse, or any form of threat or intimidation.
- Employers or intermediaries shall not require workers to pay recruitment fees or other fees related to their employment. If any of such fees are found payable by the worker, such payment shall be refunded to the worker.

VIVOTEK actively encourages all employees to adhere to its Code of Ethical Conduct and fair trade policy. We also follow all applicable competition laws, including the fair trade act and antitrust laws of different countries. We will not offer, induce, condone, or engage in price fixing, market monopoly, and predatory pricing. We will avoid anti-competitive practices and unlawful restrictions that create barriers to entry for other companies, customers, distributors, and suppliers. We will refrain from any conduct that hinders fair competition by means of threats, bribery, or other dishonest methods.

Internal Courses on Integrity Management

VIVOTEK arranges an annual business integrity training program for all employees, with a participation rate of 93%. (as of October 2023; Please refer to the Company website for details.) The "Corporate Governance and Integrity Management Advocacy" course focused on the following key areas:

(1) Ethical Corporate Management Best Practice Principles

When engaging in business activities, any Company personnel shall not directly or indirectly provide, promise, request, or accept improper benefits or commit a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits. This includes any money, gratuity, commission, position, service, preferential treatment, kickback in whatever form or name. However, situations that fall within normal social etiquette and are incidental without the risk of affecting specific power or obligations are not subject to this restriction.

(2) Dedicated Unit for Integrity Management

To improve integrity management, the Human Resources Department, Legal Affairs, and Intellectual Property Department are in charge of formulating and implementing the Company's integrity management policy, as well as managing trade secrets and confidential operating procedures. They also report the implementation of the integrity management policy to the Board of Directors once a year.

(3) Requiring Stakeholders to Comply with the Code of Integrity Management

Likewise, suppliers must uphold the business mission of VIVOTEK and follow the Sustainable Supplier and Integrity Commitment and Supplier Code of Conduct. They shall identify, monitor, and mitigate any negative environmental, social, and governance impacts along the value chain.

All Company members are required to uphold the highest ethical standards, including but not limited to conditions relevant to business ethics, unjust enrichment, corruption, conflict of interest, protection of intellectual property rights, anti-trust laws, and use of conflict minerals.

(4) Violation of Ethical Corporate Management Best Practice Principles

- Offering and acceptance of bribes.
- Illegal political donations.
- Fraudulent charitable donations or sponsorships.

- Offering or acceptance of unreasonable gifts or hospitality, or other improper benefits.
- Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
- Fixing prices, making rigged bids, establishing output restrictions or quotas, or sharing or dividing markets by allocating customers, suppliers, territories, or lines of commerce.
- Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.
- Disclosing Company trade secrets or other material information to irrelevant persons.
- Using unpublished information to engage in insider trading or disclose it to others.

(5) Procedures for Handling the Acceptance of Improper Benefits

If there is no conflict of interest between the party providing or offering the benefit and the official duties of VIVOTEK personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary. If a conflict of interest exists between the party providing or offering the benefit and the official duties of VIVOTEK personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

(6) Disciplinary Measures for Violation of Ethical Corporate Management Best Practice Principles

A person found to have violated applicable laws and regulations or VIVOTEK's policy and integrity management regulations will be required to cease the activity immediately. The Company will then impose appropriate disciplinary measures. When necessary, VIVOTEK will institute legal proceedings and seek damages to safeguard its reputation, rights and interests. It shall disclose on the intranet the name and title of the person, date and details of the violation, and actions taken in response.

6.5 Diverse Welfare Benefits

6.5.1 Comprehensive Physical and Mental Health and Diverse Welfare Benefits

VIVOTEK has long been committed to providing employees with diverse and comprehensive welfare benefits, focusing on the physical, mental, and spiritual well-being of employees and creating a happy workplace.

■ **VIVOTEK provides diverse welfare benefits**

Friendly Workplace

- Annual Salary Adjustment
- Holiday and Birthday Bonuses
- Special Leave for New Hires
- Volunteer Leave for Each Employee
- Fully-paid Vacation for a Week
- Flexible Working Hours and Work-from-home
- Unlimited Supply of Snacks and Beverages

Physical and Mental Health

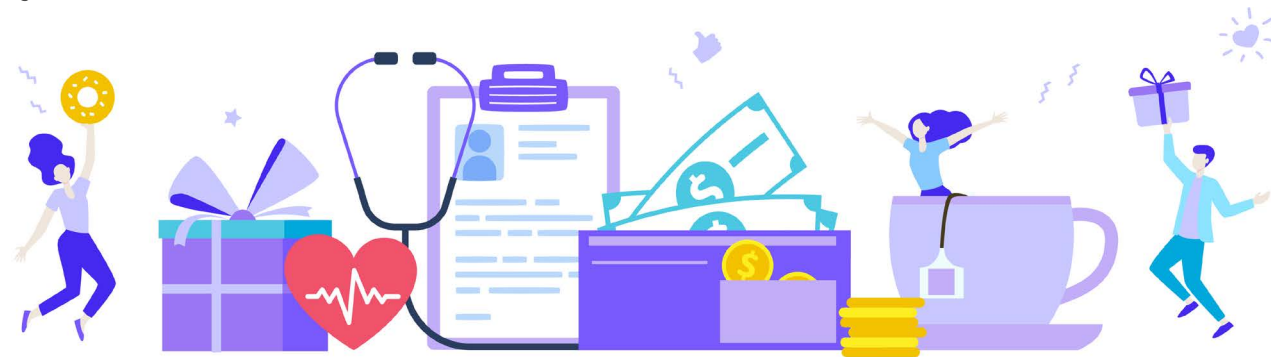
- Annual Employee Health Check-ups
- Employee Assistance Program
- Visually-impaired Massage Services
- Monthly On-site Doctor's Health Consultation
- Health Forums

Leisure and Entertainment

- Diverse Club Activities
- Sports and Recreation Areas
- Employee Travel Subsidies
- Departmental Dinner Subsidies

Family Care

- Lactation Room
- Employee Family Day
- Marriage / Childbirth Subsidies
- Subsidies on Funeral Costs
- Dependent Group Insurance and Additional Insurance Program



1. Preferential Special Leave for New Hires, Volunteer Leave for All Employees, and Golden Travel Week

To provide each new employee with a positive onboarding experience and encourage work-life balance, a "Special Leave for New Hires" is offered, which exceeds Labor Standards. Additionally, to encourage participation in charitable and sustainable activities, employees can participate in welfare activities while on official leave organized by the Company during regular office hours. They are also entitled to a one-day volunteer leave for participating in public welfare activities during holidays as part of community service. At the same time, we encourage employees to plan a golden travel week each year, so they can have more time to rest and arrange travel activities.

2. Annual Employee Health Check-ups and Monthly On-site Doctor's Health Consultation

VIVOTEK offers regular annual employee health check-ups. These screenings are tailored to specific physical demands associated with different job categories, providing employees with a comprehensive understanding of their health status. The health check-up in 2023 was conducted in October by professional medical institutions at the Company premises, with a total of 884 participants and a check-up rate of 99.7%. In addition to the annual employee health check-ups, a hospital physician is invited to the factory every month to provide health-related consultation services. Employees in need may consult on-site. In 2023, a total of 122 consultations were conducted. We also organized three health forums and one influenza vaccination program. Reputable physicians were invited to share valuable health information at the factory, attended by a total of 266 participants.

2023 Health Check-up Statistics

Name of Hospital	Check-up Time	Items	Scheduled	Completed	Not Completed	Check-up Rate
Shuang Ho Hospital (On-site)	08/21-10/31	Deputy directors and above (Incl. Tainan)	23	23	0	100%
		Senior heads and department heads (Incl. Hsinchu and Taichung)	90	89	1	99%
	Subtotal		113	112	1	99%
Cardinal Tien (Mobile)	8/1-2、8/15-16、9/1	Zhonghe	619	617	2	99.7%
	8/10	Taoyuan	141	141	0	100%
	8/8-8/23	Tainan	14	14	0	100%
	Subtotal		774	772	2	99.7%
Total		887	884	3	99.7%	

3. Employee Assistance Program

Since 2016, we have partnered with Newmind EAP Consultation Co., Ltd. to introduce the Employee Assistance Program (EAP). Every employee is entitled to three complimentary counseling sessions annually to address their psychological, mental health, and management concerns. Through this assistance program, the Company aims to help employees in need receive the most secure and professional support. Each employee at VIVOTEK has an Employee Assistance Card. In case of any emergency, they can quickly contact EAP for timely and professional assistance.

In 2023, a total of 85 phone consultations and 11 personal counseling cases were recorded, with an average overall satisfaction rate of 97.7 points.

Employee Assistance Program Contact Card



EAP Usage Statistics and Satisfaction Rate over the Past Three Years

Service	2021	2022	2023
Telephone Counseling (Frequency)	214	76	85
Individual Counseling Assistance Program (Number of Instances)	24	5	11
Satisfaction Rate (Percentage)	95.2	95.2	97.7

4. Recreation Area

VIVOTEK values the physical, mental, and spiritual health of its employees and provides a recreational area equipped with weight training equipment, treadmills, stationary bikes, basketball shooting machines, table hockey machines, and darts. This encourages employees to engage in physical activity to relieve fatigue amidst their busy work schedules.

2023 Basketball Shooting Machine Competition



5. Diverse Club Activities

At VIVOTEK, we support a healthy work-life balance. The Company encourages employees to participate in club activities and even create different clubs. The Company also provides financial support and venues for these activities. In addition to relieving work-related stress, these activities promote employee interaction, emotional bonding, and team spirit.

Club Activities in 2023



6. Employee Family Day

Every spring and autumn, the Company organizes a one-day family outing for employees. Employees are invited to bring their families to foster emotional connections with colleagues, encourage cross-departmental interaction, and create wonderful memories together.

2023 Spring – Employee Family Day



2023 Autumn – Employee Family Day



6.5.2 Employee Welfare and Employee Expenses on Insurance Systems

VIVOTEK allocates 0.5% of employees' monthly salary, 0.15% of the total monthly revenue, and 40% of waste material price adjustments as employee welfare expenses.

■ Statistics of Employee Welfare Expenses over the Past Three Years, Covering VIVOTEK Headquarters

Item	2021		2022		2023	
	Frequency	Amount	Frequency	Amount	Frequency	Amount
Marriage Subsidy	16	\$ 96,000	22	\$126,000	21	\$126,000
Childbirth Subsidy	24	\$144,000	23	\$135,000	22	\$138,000
Funeral Subsidy	21	\$105,000	31	\$162,500	22	\$110,000
Travel Subsidy	771	\$5,909,307	825	\$6,262,673	887	\$8,408,360
Club Subsidy	-	\$35,520	-	\$276,925	-	\$260,582
Dinner Subsidy	-	-	-	\$538,363	-	\$1,075,294
Birthday Bonus	971	\$1,456,500	945	\$1,512,000	1221	\$1,953,600
Dragon Boat Festival Bonus	993	\$1,341,800	964	\$1,312,900	1310	\$1,918,200
Mid-autumn Festival Bonus	961	\$1,305,500	1130	\$2,101,600	1258	\$3,087,700
Total		\$10,393,627		\$12,427,961		\$17,077,736

6.5.3 Comprehensive Insurance and Retirement Contribution Scheme

VIVOTEK provides employees with legally mandated social insurance to safeguard their basic rights. Apart from the Labor Insurance (including employment insurance) and National Health Insurance, the Company also offers additional group accident insurance, group medical insurance, and overseas travel safety insurance for business trips, ensuring employee safety and well-being in both their professional and personal lives.

VIVOTEK prioritizes the retirement benefits of employees. In accordance with the Labor Standards Act and the Labor Pension Act, employees who joined the Company on or before June 30, 2005, are entitled to the old retirement pension scheme, governed by the Labor Standards Act. Employees who joined the Company on or after July 1, 2005, or opted for the Labor Pension Act can choose to contribute 6% of their monthly salary to their personal retirement pension account. In addition to the employer's fixed contribution of 6%, employees may choose to contribute an additional 0%-6% to their personal retirement pension account, ensuring that all employees have a secure retirement provision.

■ Old Pension Plan

- Qualification:** All qualified employees must be included in the retirement plan.
- Retirement Age:**

<p>2-1. Voluntary Retirement</p> <p>(1) An employee who has worked for twenty-five years.</p> <p>(2) An employee who attains the age of fifty-five and has worked for fifteen years.</p> <p>(3) An employee who attains the age of sixty and has worked for ten years.</p>	<p>2-2. Forced Retirement</p> <p>(1) An employee who attains the age of sixty-five.</p> <p>(2) An employee who is unable to perform his/her duties due to disability.</p>
--	---
- Pension Calculation:**

(1) Two bases are given for each full year of service rendered

(2) For the remaining years over 15 years, one base is given for each full year of service rendered.

(3) The total number of bases shall be no more than 45.

(4) The length of service is calculated as half-year when it is less than six months and one year when it is more than six months.

(5) Service years applicable in Labor Pension Act are not included in the base calculation.
- Appropriation Method:** The labor pension reserve funds ranging between 2% and 15% of the total monthly wages of employees shall be appropriated monthly and deposited to designated labor pension accounts at the Central Trust of China under the old scheme.
- Periodic Actuarial Calculation:** At the end of each year, CPAs shall estimate the pension liability and produce an actuarial report based on the following factors: (1) discount rate, (2) estimated future salary increase percentage, (3) employee turnover rate, and (4) employee overview to ensure that pension accounts are fully funded for payment of employee pensions.

6.6 Occupational Safety and Health

1. Occupational Safety and Health Management System

As a responsible corporate citizen, VIVOTEK is committed to providing employees with a safe and healthy work environment. We have established a dedicated Occupational Safety and Health unit and team that adhere to the Occupational Safety and Health Management System utilizing the P-D-C-A approach for occupational safety and health management. These personnel are in charge of planning, promoting, supervising, and checking occupational safety and health programs, with the goal of improving workplace safety, reducing and eliminating risks, and mitigating related illnesses.

Additionally, the Company has established an Occupational Safety and Health Committee in compliance with the law. This Committee holds quarterly meetings to deliberate, coordinate, and propose matters related to occupational safety and health management, employee health, and workplace safety. The Company also regularly monitors the implementation progress.

Discussion Highlights in the 2023 Occupational Safety and Health Committee Meeting

Discussion Highlight	Labor Representative Ratio	Note
Pandemic Prevention and Response Measures for COVID-19	50%	Number of Labor Representative: 4 persons Total Committee Members: 8 persons
Health Protection Program		
Environmental Safety and Health Improvement		

2. Risk Assessment Management

To ensure the safety of employees when performing their tasks, the Company identifies hazards and conducts risk assessment analysis. The Company develops procedures for identifying operational hazards to minimize operational risks and enhance workplace safety. False alarm incidents pose potential risks. VIVOTEK efficiently tracks false alarm incident reports and corrective measures through its safety and health management system. In 2023, 45 operational hazard risks were identified, all of which were categorized as low risk. There were 3 false alarm incidents, which have all been addressed. Furthermore, the COVID-19 pandemic was also a major focus in 2023. To prevent the impact of COVID-19 on employee health and Company operations, the Company adopted a flexible approach to adjust epidemic prevention measures and to prevent high-risk personnel from accessing factory premises.

3. Occupational Safety and Health Audit

To ensure the safety of employees and factory premises, in addition to complying with government regulations and Company operational standards, the Company conducts regular safety inspections on equipment and facilities that include inspections conducted on air compressors once a year, local exhaust equipment once a year, drinking water quality by outsourced parties once a quarter (a total of 4 times a year), and electrical panels once every quarter (a total of 4 times a year), as well as self-inspection on fire-fighting equipment once a month (a total of 12 times a year), and inspection by occupational safety personnel once a month (a total of 12 times a year). A total of 24 deficiencies were identified in 2023 during periodic checking and inspection, which were addressed through reviews, improvements, and training.

Safety Inspection on Equipment and Facilities

Type	Inspection Frequency	Total Frequency of Inspection	Inspection Result
Air Compressor	Annually	Once	Compliant
Local Exhaust Equipment	Annually	Once	Compliant
Drinking Water Quality Testing	Quarterly	4 times	Compliant
Electrical Panel Inspection	Quarterly	4 times	Compliant
Fire-fighting Equipment Self-inspection	Monthly	12 times	Compliant
Occupational Safety Personnel Inspection	Monthly	12 times	24 deficiencies

Before and After Improvement

Deficiency	Obstruction of Miscellaneous Objects on Evacuation Routes	Lack of Operating Instructions and Emergency Stop Signs on Newly-purchased Machines	Malfunction of Emergency Exit Direction Light	Lack of Clear Voltage Labeling on 110V and 220V Sockets
Before				
After				

4. Fire Safety Management

There were no fire incidents within the factory premises in 2023. The Company ensures that fire-fighting equipment are in proper working order and protects the lives of personnel by advocating safety precautions when using electrical equipment and conducting monthly self-inspections of fire-fighting equipment (fire extinguisher, indoor hydrant, marking equipment, emergency lighting, escape tools, and indoor smoke damper), as well as fire prevention equipment inspections by a qualified professional organization for annual inspection and repair.

6. Safety and Health Education and Promotion

To enhance employees' understanding of safety and health as well as disaster response capabilities and increase awareness of hazards in the work environment, VIVOTEK complies with occupational safety and health management regulations. In 2023, it conducted newcomer and on-the-job training and education (general safety and health), fire evacuation drills, refresher training for occupational safety and health personnel, refresher training for fire-fighting management personnel, as well as initial training and refresher training for first-aid personnel. To assess the effectiveness of the trainings, all participants completed a post-training evaluation. The number of training participants totaled 1,646 with 6,098 training hours.

Training Category and Hours

Category	Number of Participants	Total Hours
Safety and Health Training for New and Existing Employees	917	3,081
Fire Drill	715	2,860
Refresher Training for Labor Safety Personnel	2	12
Initial Training for First-Aid Personnel	7	126
Refresher Training for First-Aid Personnel	3	9
Refresher Training for Fire-fighting Management Personnel	1	6
Forklift Operator	1	18
Total	1,646	6,098

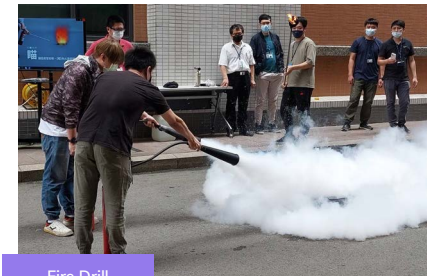
5. Environmental Safety and Health Management

To ensure drinking water safety and enhance the drinking water quality within the factory premises, a professional institution is contracted quarterly to inspect water quality and control the status of hazardous elements in the operating environment. To ensure environmental hygiene, environmental cleaning and periodic sterilization are reinforced to reduce disease vectors.

Training and Drills



Safety and Health Education and Training



Fire Drill

7. Employee Health Management

VIVOTEK conducts annual health check-ups that exceed legal standards. In 2023, a total of 887 employees participated in health check-ups, achieving a participation rate of 99.7%. To safeguard the health of our employees, we have established a healthcare team in compliance with the Labor Health Protection Act. Additionally, we conduct monthly on-site doctor visits as mandated by law. Occupational health nurses perform health risk assessments and management plans based on employee health check-up results.

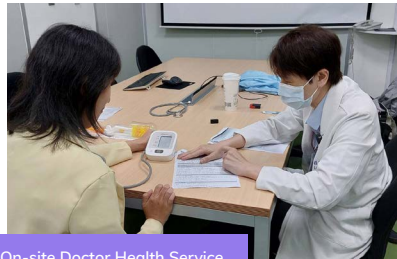
On-site health consultation services are provided with occupational specialists invited to the plant on a monthly basis for consultations. Through these consultations, employees receive assessments and advice for early prevention. In 2023, a total of 122 individuals signed up for consultations.

Furthermore, to raise cancer awareness and emphasize the importance of early screening, we organized three lectures covering different aspects of cancer (general overview of cancer, colorectal cancer, and lung cancer). Additionally, we facilitated four cancer screenings (breast cancer, cervical cancer, colorectal cancer, and oral cancer) endorsed by the Health Promotion Administration of the Ministry of Health and Welfare. These efforts aim to facilitate the early detection of cancers or pre-cancerous lesions among our employees. In response to the influenza epidemic during the fall and winter, we hosted influenza forums and partnered with Shuang Ho Hospital to provide influenza vaccinations at factory premises to improve employee safety.

Health Check-up and Health Forum



Health Check-up



On-site Doctor Health Service



Influenza Lecture



Cancer Lecture



Influenza Vaccination



Four-Cancer Screening

8. Contractor Access Safety Management

The Company manages contractors in accordance with contractor management procedures, specifying that contractors entering the premises must comply with occupational safety and health regulations. Contractors are required to undergo safety education and training upon entering the premises and obtain qualified construction contractor certificates. They are also informed of potential hazards before entering the plant area. In 2023, there were no cases of occupational accidents among contractor personnel for various projects.

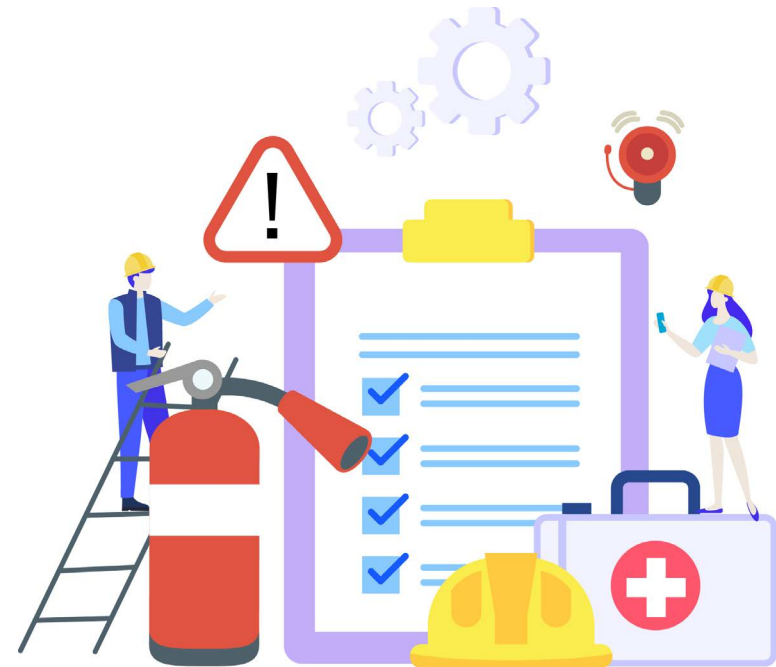
9. Occupational Safety and Health Management Achievements and Prospects

We comply with the Occupational Safety and Health Management Plan, Occupational Safety and Health Management Regulations, and Safety and Health Work Rules to ensure the efficiency of our safety system. In 2023, there were no major occupational accidents in the plant. The Disabling Injury Frequency Rate and Disabling Injury Severity Rate were 0. There were no cases of occupational disease. In 2024, we will continue to promote the goal of zero occupational accidents in the plant, strengthen the professionalism of occupational safety and occupational health nurses, and implement responsibilities of relevant designated personnel in accordance with the law and regulations.

2023 Occupational Accident Statistics

Category	Male	Female	Total
Disabling Injury Frequency Rate (FR)	0	0	0
Disabling Injury Severity Rate (SR)	0	0	0
Occupational Disease Rate (ODR)	0	0	0

Note: The statistical figures do not include commuting accidents.



6.7 Social Participation

6.7.1 Fostering Social Participation and Care

1. Caring for Vulnerable Groups with Concrete Actions

Every Mid-Autumn Festival, VIVOTEK purchases mooncake gift sets and pomelos to distribute to three childcare institutions, adding warmth to the festive atmosphere for the children. The childcare institutions are Chung-yi Social Welfare Foundation's Zhongyi Childcare Center in Taipei City, Cathwel Service's Jonah House in New Taipei City, and Bethany Children's Home in Taipei City.

To cope with the hot summer temperatures, VIVOTEK also donated an air conditioner to Bethany Children's Home for their kitchen, so they can prepare delicious meals for the children in a more comfortable environment. Additionally, 420 chairs that were no longer used in the office, were donated to 17 social welfare organizations, including the Prader-Willi Syndrome Association (PWSA Taiwan), the Wenshan Harmony Home, the Jonah House in New Taipei City, the Taoyuan Psychiatric Center, the Bethany Children's Home in Taipei City, Taipei Love Neighbor Childcare Association, An-con Mental Retardation Training Services Institution, Renyou Sanatorium, Chia Huey Nursing Institution, Changchang Nursing Institution, Lungtan Education Institute, Pingjen Education and Nursing Institutions, Shin-Deng Home for the Disabled, Baiyang Nursing Home, Kangfu Intelligent Development Center, Pade Education and Nursing Institution, and Prader-Willi Syndrome Association (Station).

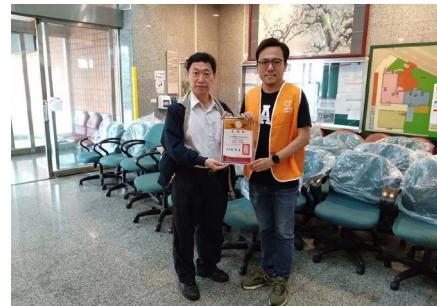
2023 Donation of Mooncakes and Pomelos During Mid-Autumn Festival



2023 Donation of Air-Conditioner



2023 Donation of Office Chairs



2023 Certificate of Appreciation for Donation of Office Chairs



2. Echoing Sustainability with Public Welfare Procurement

For its Company activities, VIVOTEK prefers refreshments made by Tribake. We choose this particular supplier because they reflect our values of social responsibility and environmental sustainability. Tribake provides an inclusive workplace that is friendly to the physically and mentally challenged and focuses on sustainable consumption practices by using sustainable ingredients such as EAST-certified eggs and grain flour made from local rice. Tribake has a simple packaging for its refreshments to avoid overpackaging and has replaced plastic bags with paper boxes. It also encourages its employees to bring their own reusable bottles to help protect the environment and effectively reduce waste.

3. Implementing a Volunteer Leave Policy to Encourage Participation

To encourage employee participation in charitable activities, VIVOTEK has implemented a volunteer leave policy, embodying the company's spirit of caring. Employees who participate in charitable events organized by the Company during holidays or social welfare activities organized by government-registered charitable organizations on regular days can be accumulated as volunteer leave hours. This allows employees to dedicate themselves to caring for others and contributing to society beyond their work responsibilities.

6.7.2 2023 Corporate Sustainability Campaigns

1. Campaign Origin

VIVOTEK has actively promoted corporate sustainability through its Security Map campaign for three consecutive years, putting employees at the forefront. Colleagues at VIVOTEK formed a cross-departmental security team aimed at identifying societal security challenges. Alongside donating security cameras, we offered professional guidance to the units we visited, focusing on practical security measures. Furthermore, we provided reports detailing environmental optimization at each site, clearly outlining safe and unsafe areas. These reports offer a comprehensive overview of security conditions and suggest strategies to fortify vulnerable areas, resulting in a mutually beneficial scenario where enterprises enhance their capabilities while society becomes safer.

To contribute to enhancing school safety measures, VIVOTEK initiated an educational public service campaign in 2023. This marks the first time that VIVOTEK branched out into the field of education and expanded its reach to elementary schools by launching the safety sustainability campaign "Build a Safety Map, Protect the Children of Shuangxi Elementary School." As part of this campaign, VIVOTEK donated IP cameras to enhance the campus' safety management equipment. Through the activity, we were able to impart safety knowledge to students and devise an environmental safety optimization plan for the school administration. With professionalism, enthusiasm, and teamwork, we strive to establish a safe and secure environment for all. VIVOTEK combines education with entertainment in its social participation efforts, fostering a unique approach to sustainable surveillance development.

Sustainability Campaign: Build a Safety Map, Protect the Children of Shuangxi Elementary School



VIVOTEK
A Delta Group Company

2023

打造安全地圖 守護雙溪學童

活動日期 | 活動時間 | 活動地點
 12/14(四) | 9:30-18:00 | 臺北市士林區雙溪國小

名額有限，立即報名 ▶▶

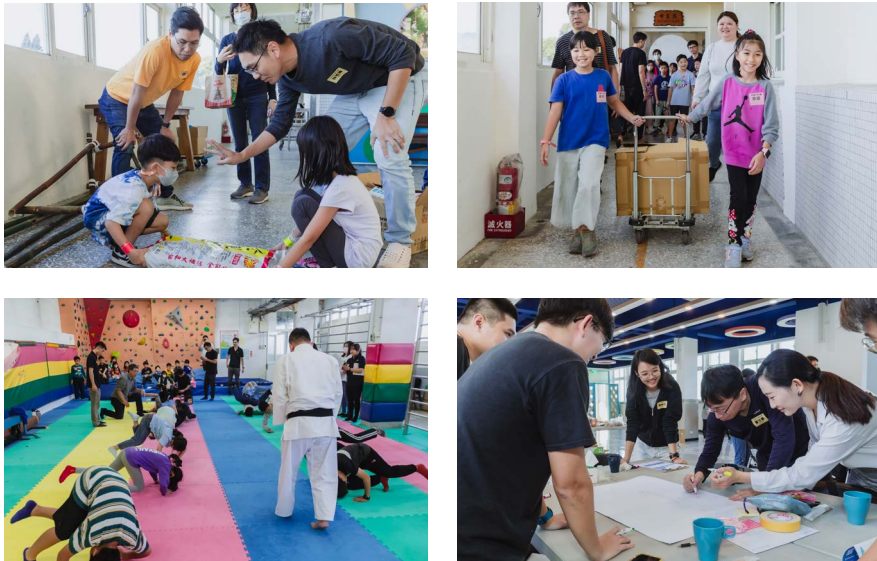
2. Campaign Content

Shuangxi Elementary in Taipei City is a well-resourced school on a hillside with numerous stairs to navigate its sloping terrain. Observing the potential for student accidents on campus, we developed a variety of interesting safety knowledge challenges to promote safety awareness. By utilizing games for learning, our surveillance team taught students how to securely move heavy objects and how to perform a "breakfall" to prevent injuries from accidental falls and take immediate safety precautions.

Aside from safety knowledge challenges, VIVOTEK also organized design thinking workshops to identify potential hazards on campus through field research and student interviews. Members from product, research and development, and marketing departments utilized their expertise in surveillance and created innovative and practical solutions. Designing the prototypes using available materials, we proposed a variety of original interactive devices to retain a safe environment for the students while maintaining the campus features of Shuangxi Elementary School.

Furthermore, VIVOTEK transformed the safety knowledge from the challenges into practical A4-sized desk mats as safety tokens for all students, incorporating safety knowledge into their daily lives.

■ Upgrading campus safety through safety knowledge challenges and thinking workshops



■ VIVOTEK's Safety Token – Desk Mat



3. Campaign Achievements

Upholding its core value of Care, VIVOTEK organizes annual Safety Map sustainability initiatives. In the first year, we reached out to the community to help strengthen neighborhood security. In the second year, we provided An-con Mental Retardation Training Services Institution with solutions to address hidden hazards. In the third year, we created a safer campus environment for Shuangxi Elementary School. VIVOTEK has consistently advocated for social and environmental optimization initiatives over the past three years. We aim to cultivate a secure living space for all by prioritizing the establishment of a safe, resilient, and sustainable environment.

VIVOTEK maintains its distinctive approach to social participation, cultivating its own path towards sustainable surveillance



Mr. Alex Liao,
President of VIVOTEK:

Our colleagues have applied their surveillance expertise and empathy to create a safe campus, considering the children's needs and experiences. By developing surveillance products that meet user needs, we contribute to society, while also benefiting from our efforts to promote safety for everyone.



Mr. Bang-Yan Hsieh,
Spokesperson and Director of the Global Marketing Division of VIVOTEK:

We designed engaging safety challenges for Shuangxi Elementary School in hopes of providing children diverse educational knowledge, raising safety awareness, enhancing self-protection skills, and minimizing the risk of injuries.



Mr. Da-Jiong Liao,
Principal of Shuangxi Elementary School:

We attach great importance to the safety of our students. We are grateful for VIVOTEK's donation of IP cameras and their efforts in organizing the Safety Map campaigns. They have enhanced the campus' safety management equipment, expanded students' safety knowledge through activities, and proposed multifaceted solutions for improving campus safety to the school.



Appendix

7.1 Reporting Scope and Boundary

7.2 GRI Index Table and Sustainability Disclosure Topics & Metrics

7.3 Third-party Verification Report / Assurance



7.1 Reporting Scope and Boundary

The scope of this report considers the substantive nature of the disclosed information and actual management needs. The reporting boundary includes the headquarters of VIVOTEK. Exceptions are noted within each chapter.

Additionally, there is restated information involved in Chapter 3.6 and Chapter 5.3 of this report. The former adjustment was based on the alignment with the Group's factory definition; therefore, the supplier data from 2021 to 2023 was corrected. The later adjustment was based on the Company's GHG verification operation and water consumption calculation basis, where the data of electricity consumption and energy consumption from 2021 to 2023 was corrected. Such changes did not pose material impact on the Company.

The description on the scope and boundary of this report, and reporting entities in the 2023 financial statements, which include VIVOTEK's overseas branches and subsidiaries, are listed below:

VIVOTEK Headquarters

VIVOTEK Offices and Factories in Taiwan: The reporting scope and boundary of this report align with those of the 2023 financial statements.

1. Zhonghe Office and Factory

5F and 6F, No. 192, Liancheng Rd., Zhonghe Dist.;
4F, 5F, 9F, and 10F, No. 168, Liancheng Rd., Zhonghe Dist.

2. Taoyuan Factory

4F and 5F, No. 268, Shanying Rd., Guishan Dist., Taoyuan City;
3F, No. 252, Shanying Rd., Guishan Dist., Taoyuan City.

3. Offices in Other Areas

- 7F.-1, No. 130, Siwei Rd., Hsinchu City
- 4F.-B, No. 875, Sec. 4, Wenxin Rd., Beitun Dist., Taichung City
- 18F.-6, No. 425, Zhonghua Rd., Yongkang Dist., Tainan City
- 12F.-B06, No. 199, Siwei 4th Rd., Lingya Dist., Kaohsiung City.

VIVOTEK Overseas Branches and Subsidiaries

VIVOTEK Overseas Branches and Subsidiaries: The reporting scope and boundary regarding the financial data of this report are aligned with that of the 2023 financial statements. Other information involving the overseas branches and subsidiaries of VIVOTEK are noted in the contents or tables within each chapter.

1. Subsidiary in Europe
2. Subsidiary in Japan
3. Subsidiary in the USA
4. Office in India
5. Office in Mexico
6. Otus Imaging, Inc. (Equity divested in March, 2023)
7. Aetek Inc.
8. Lidlight Inc.

7.2 GRI Index Table and Sustainability Disclosure Topics & Metrics

The Company has reported the information for the year 2023 (January 1, 2023, to December 31, 2023) in accordance with the GRI Standards, as referenced in the GRI Content Index. The following indicators have been externally verified, and the verification results are detailed in the Independent Assurance Statement.

Using GRI 1: Foundation 2021

Applicable GRI Sector Standards: None

GRI 2: General Disclosures 2021

Organizational Overview and its Reporting Practices				
GRI Standards	Disclosure		Chapter and Content Overview	Page
2-1	Organizational Details	About This Report		2
		1.1 Operating Philosophy and Overview		5
2-2	Entities Included in the Organization's	3.1 Operational Performance		23
2-3	Reporting Period, Frequency, and Contact Point	About This Report		2
2-4	Restatements of Information	7.1 Reporting Scope		115
2-5	External Assurance	7.3 Third-Party Verification Reporting / Assurance		124

Activities and Workers

GRI Standards	Disclosure	Chapter and Content Overview	Page
2-6	Activities, Value Chain, and Other Business Relationships	1.1 Operating Philosophy and Overview	5
		3.6 Supply Chain Sustainability Management	46
2-7	Employees	6.1 Employment Overview	85
2-8	Workers Who are not Employees	6.1 Employment Overview	85

Governance

GRI Standards	Disclosure	Chapter and Content Overview	Page
2-9	Governance Structure and Composition	3.2 Board Functions and Shareholder Communication	26
2-10	Nomination and Selection of the Highest Governance Body	3.2 Board Functions and Shareholder Communication	26
2-11	Chair of the Highest Governance Body	3.2 Board Functions and Shareholder Communication	26
2-12	Role of the Highest Governance Body in Overseeing the Management of Impacts	2.1 Sustainability Mission and Promotion	16
		3.2 Board Functions and Shareholder Communication	26
2-13	Delegation of Responsibility for Managing Impacts	2.1 Sustainability Mission and Promotion	16
		3.2 Board Functions and Shareholder Communication	26
		3.3 Risk Management	35
2-14	Role of the Highest Governance Body in sustainability reporting	2.1 Sustainability Mission and Promotion	16
2-15	Conflicts of Interest	3.2 Board Functions and Shareholder Communication	26
2-16	Communication of Critical Concerns	2.1 Sustainability Mission and Promotion	16
2-17	Collective Knowledge of the Highest Governance Body	3.2 Board Functions and Shareholder Communication	26
2-18	Evaluation of the Performance of the Highest Governance Body	3.2 Board Functions and Shareholder Communication	26
2-19	Remuneration Policies	3.2 Board Functions and Shareholder Communication	26
		6.2 Recruitment and Retention	87
2-20	Process to Determine Remuneration	3.2 Board Functions and Shareholder Communication	26
		6.2 Recruitment and Retention	87
2-21	Annual Total Compensation Ratio	6.2 Recruitment and Retention	87

Strategy, Policies, and Practices

GRI Standards	Disclosure	Chapter and Content Overview	Page
2-22	Statement on Sustainable Development Strategy	Message from the President	3
2-23	Policy Commitments	1.1 Operating Philosophy and Overview	5
		2.1 Sustainability Mission and Promotion	16
		2.2 Global Sustainability Alignment	17
		3.3.6 Implementation of Integrity Management	23
		3.4 Information Security Management	40
		3.5 Customer Relationship Management	42
		3.6 Supply Chain Sustainability Management	46
2-24	Embedding Policy Commitments	4.3 Quality Assurance for Customers	63
		5.2 Use of Renewable Energy	71
		6.4 Employee Rights and Communication	95
		6.6 Occupational Safety and Health	106
		1.1 Operating Philosophy and Overview	5
2-25	Processes to Remediate Negative Impacts	3.3 Risk Management	35
		6.4 Employee Rights and Communication	95
		3.2 Board Functions and Shareholder Communication	26
2-26	Mechanisms for Seeking Advice and Raising Concerns	3.3 Risk Management	63
		4.3 Quality Assurance for Customers	35
2-27	Compliance with Laws and Regulations	6.4 Employee Rights and Communication	95
		3.3 Risk Management	35
2-28	Membership of Associations	1.3 Association Participation	10

Stakeholder Engagement

GRI Standards	Disclosure	Chapter and Content Overview	Page
2-29	Approach to Stakeholder Engagement	2.3 Stakeholder Identification	18
2-30	Collective Bargaining Agreements	The Company has not entered into collective bargaining agreements	-

Material Topics

GRI 3: Material Topics 2022					
GRI Standards	Disclosure	Chapter and Content Overview		Page	
3-1	Process to Determine Material Topics	2.4 Material Topics Identification Procedures	2.5 Material Topics Priority and Comparison	19	20
3-2	List of Material Topics	2.4 Material Topics Identification Procedures	2.5 Material Topics Priority and Comparison	19	20

Economic Performance					
Topics	GRI Standards	Disclosure	Chapter and Content Overview		Page
GRI 3: Material Topics 2022	3-3	Management of Material Topics	3.1 Operational Performance	6.2 Recruitment and Retention	23 87
GRI 201: Economic Performance 2016	201-1	Direct Economic Value Generated and Distributed	3.1 Operational Performance		23
	201-3	Defined Benefit Plan Obligations and Other Retirement Plans	6.5.3 Comprehensive Insurance and Retirement Contribution System		105
	201-4	Financial Assistance Received from Government	3.1 Operational Performance		23

Environmental Care					
Topics	GRI Standards	Disclosure	Chapter and Content Overview		Page
GRI 3: Material Topics 2022	3-3	Management of Material Topics	5.2 Use of Renewable Energy		23
			5.3 GHG Emissions, Water, and Waste Management		73
GRI 302: Energy 2016	302-1	Energy Consumption Within the Organization	5.3 GHG Emissions, Water, and Waste Management		73
	302-3	Energy Intensity	5.3 GHG Emissions, Water, and Waste Management		73
	302-4	Reduction of Energy Consumption	5.3 GHG Emissions, Water, and Waste Management		73
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG Emissions	5.3 GHG Emissions, Water, and Waste Management		73
	305-2	Energy Indirect (Scope 2) GHG Emissions	5.3 GHG Emissions, Water, and Waste Management		73

Material Topics

Environmental Care				
Topics	GRI Standards	Disclosure	Chapter and Content Overview	Page
GRI 305: Emissions 2016	305-3	Other Indirect (Scope 3) GHG Emissions	5.3 GHG Emissions, Water, and Waste Management	73
	305-4	GHG Emissions Intensity	5.3 GHG Emissions, Water, and Waste Management	73
	305-5	Reduction of GHG Emissions	5.3 GHG Emissions, Water, and Waste Management	73
GRI 306: Waste 2020	306-1	Waste Generation and Significant Waste-related Impacts	5.3 GHG Emissions, Water, and Waste Management	73
	306-2	Management of Significant Waste-related Impacts	5.3 GHG Emissions, Water, and Waste Management	73
	306-3	Waste Generated	5.3 GHG Emissions, Water, and Waste Management	73
	306-4	Waste Diverted from Disposal	5.3 GHG Emissions, Water, and Waste Management	73
	306-5	Waste Directed to Disposal	5.3 GHG Emissions, Water, and Waste Management	73

Talent Cultivation and Retention				
Topics	GRI Standards	Disclosure	Chapter and Content Overview	Page
Material Topics 2022	3-3	Management of Material Topics	3.2 Board Functions and Shareholder Communication	26
			6.1 Employment Overview	85
			6.2 Recruitment and Retention	87
			6.3 Employee Development and Training	91
			6.4 Employee Rights and Communication	95
GRI 401: Employment 2016	401-1	New Employee Hires and Employee Turnover	6.5 Diversity, Welfare and Measures	102
			6.2 Recruitment and Retention	87
			6.2 Recruitment and Retention	87
GRI 401: Employment 2016	401-2	Benefits Provided to Full-time Employees That Are Not Provided to Temporary or Part-time Employees	6.2 Recruitment and Retention	87
			6.5 Diversity, Welfare and Measures	102
GRI 401: Employment 2016	401-3	Parental Leave	6.2 Recruitment and Retention	87

Material Topics

Talent Cultivation and Retention				
Topics	GRI Standards	Disclosure	Chapter and Content Overview	Page
GRI 402: Labor/Management Relations 2016	402-1	Minimum Notice Periods Regarding Operational Changes	6.4 Employee Rights and Communication	95
GRI 404: Training and Education 2016	404-1	Average Hours of Training Per Year Per Employee	6.3 Employee Development and Training	91
	404-3	Percentage of Employees Receiving Regular Performance and Career Development Reviews	6.3.3 Performance Feedback and Development	94
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of Governance Bodies and Employees	3.2 Board Functions and Shareholder Communication 6.1 Employment Overview	26 85
	405-2	Ratio of Basic Salary and Remuneration of Women to Men	6.2 Recruitment and Retention	87

Supplier Sustainable Management				
Topics	GRI Standards	Disclosure	Chapter and Content Overview	Page
GRI 3: Material Topics 2022	3-3	Management of Material Topics	3.6 Supply Chain Sustainability Management	46
GRI 204: Procurement Practices 2016	204-1	Proportion of Spending on Local Suppliers	3.6 Supply Chain Sustainability Management	46
GRI 308: Supplier Environmental Assessment 2022	308-1	New Suppliers That Were Screened Using Environmental Criteria	3.6 Supply Chain Sustainability Management	46
GRI 414: Supplier Social Assessment 2016	414-1	New Suppliers That Were Screened Using Social Criteria	3.6 Supply Chain Sustainability Management	46

Customer Relationship Management				
Topics	GRI Standards	Disclosure	Chapter and Content Overview	Page
GRI 3: Material Topics 2022	3-3	Management of Material Topics	3.5 Customer Relationship Management	42
			4.3 Quality Assurance for Customers	63
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the Health and Safety Impacts of Product and Service Categories	4.3 Quality Assurance for Customers	63
	416-2	Incidents of Non-compliance Concerning the Health and Safety Impacts of Products and Services	3.5 Customer Relationship Management	42

Customized Material Topics

GRI 3: Material Topics 2021			
GRI Standards	Disclosure	Chapter and Content Overview	Page
3-1	Process to Determine Material Topics	2.4 Material Topics Identification Procedures	19
		2.5 Material Topics Priority and Comparison	20
3-2	List of Material Topics	2.4 Material Topics Identification Procedures	19
		2.5 Material Topics Priority and Comparison	20

Innovation and Research				
Topics	GRI Standards	Disclosure	Chapter and Content Overview	Page
GRI 3: Material Topics 2021	3-3	Management of Material Topics	4.1 Innovative R&D and Collaborative Resources	52
Innovation and Research	Customized	Innovation and Research	4.1 Innovative R&D and Collaborative Resources	52

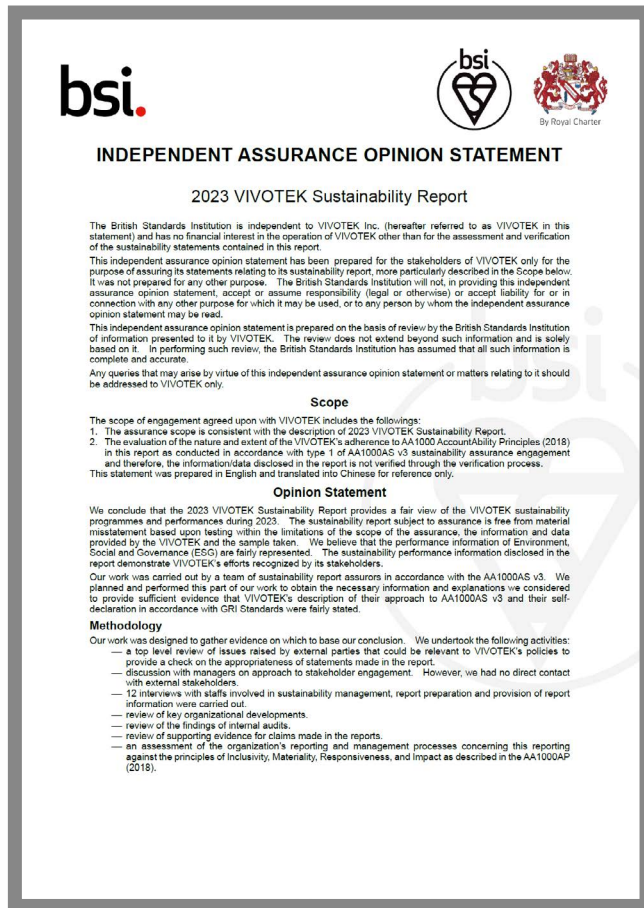
Sustainability Disclosure Topics & Metrics

Code	Code	Metric	Category	Unit of Measure	Disclosure Content / Corresponding Chapter
Energy Management	RT-EE-130a.1	(1) Total Energy Consumed	Quantitative	Gigajoules (GJ)	5.3 GHG Emissions, Water, and Waste Management.
		(2) Percentage Grid Electricity	Quantitative	Percentage (%)	5.2 Use of Renewable Energy. 5.3 GHG Emissions, Water, and Waste Management.
		(3) Percentage Renewable	Quantitative	Percentage (%)	5.2 Use of Renewable Energy.
Hazardous Waste Management	RT-EE-150a.1	Amount of Hazardous Waste Generated	Quantitative	Metric tonnes (t)	5.3 GHG Emissions, Water, and Waste Management.
		Percentage Recycled	Quantitative	Percentage (%)	5.3 GHG Emissions, Water, and Waste Management.
	RT-EE-150a.2	Number of Reportable Spills	Quantitative	Number	No such incident occurred during the current year.
		Aggregate Quantity of Reportable Spills	Quantitative	Kilogrammes (kg)	No such incident occurred during the current year.
Product Safety	RT-EE-250a.1	Quantity Recovered	Quantitative	Kilogrammes (kg)	No such incident occurred during the current year.
		Number of Recalls Issued	Quantitative	Number	3.5 Customer Relationship Management No incidents of recalls occurred during the current year.
	RT-EE-250a.2	Total Units Recalled	Quantitative	Number	3.5 Customer Relationship Management No incidents of recalls occurred during the current year.
Product Lifecycle Management	RT-EE-410a.1	Total Amount of Monetary Losses As a Result of Legal Proceedings Associated With Product Safety	Quantitative	Presentation currency (Any Currency)	No such incident occurred during the current year.
		Percentage of Products By Revenue That Contain IEC 62474 Declarable Substances	Quantitative	Percentage (%) by revenue	There are no specific statistics on the Company's nature of business and products.
	RT-EE-410a.2	Percentage of Eligible Products, By Revenue, Certified to an Energy Efficiency Certification	Quantitative	Percentage (%) by revenue	There are no specific statistics on the Company's nature of business and products.
Materials Sourcing	RT-EE-410a.3	Revenue From Renewable Energy-related and Energy Efficiency-related Products	Quantitative	Presentation currency	The indicator does not apply to the Company's nature of business and products.
		Description of the Management of Risks Associated With the Use of Critical Materials	Quantitative	n/a	The additional notes of 3.3 Risk Management, 3.6 Supply Chain Sustainability Management, and 4.3 Quality Assurance for Customer are as follows: (1) Procurement: The procurement is administered in accordance with the procurement management procedures. Materials with long delivery time are assessed and prepared in advance. (2) Risk Control of Incoming Materials: The quality management unit inspects materials in accordance with the incoming material inspection procedures. (3) Inventory Management: The warehouse manages the stock-in of key incoming materials in accordance with the material stock-in procedures; and controls the material storage conditions in accordance with the warehouse management procedures.
Business Ethics	RT-EE-510a.1	Description of Policies and Practices for Prevention of Corruption and Bribery	Quantitative	n/a	3.3 Risk Management, 3.3.6 Implementation of Business Integrity, 6.4.4 Code of Ethics and Integrity Management
	RT-EE-510a.1	Description of Policies and Practices for Prevention of Corruption and Bribery	Quantitative	n/a	3.3 Risk Management, 3.3.6 Implementation of Business Integrity, 6.4.4 Code of Ethics and Integrity Management
	RT-EE-510a.2	Total Amount of Monetary Losses As a Result of Legal Proceedings Associated With Bribery or Corruption	Quantitative	Presentation currency	No such incident occurred during the current year.
	RT-EE-510a.3	Total Amount of Monetary Losses As a Result of Legal Proceedings Associated With Anti-Competitive Behavior Regulations	Quantitative	Presentation currency	No such incident occurred during the current year.
Activity Metrics	RT-EE-000.A	Number of Units Produced By Product Category7	Quantitative	Number	Please refer to page 111 of the 2023 Annual Report.
	RT-EE-000.B	Number of Employees	Quantitative	Number	6.1 Employee Overview

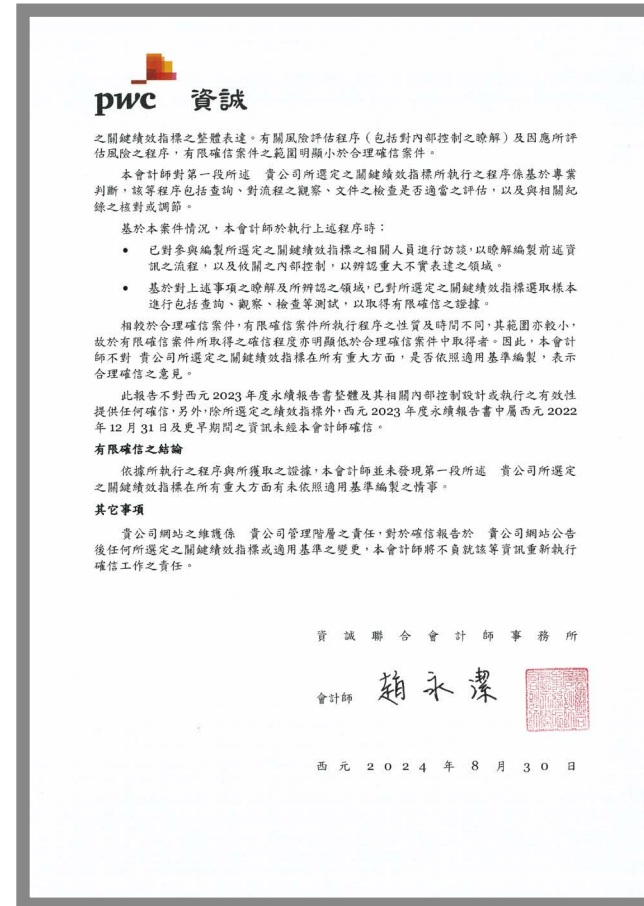
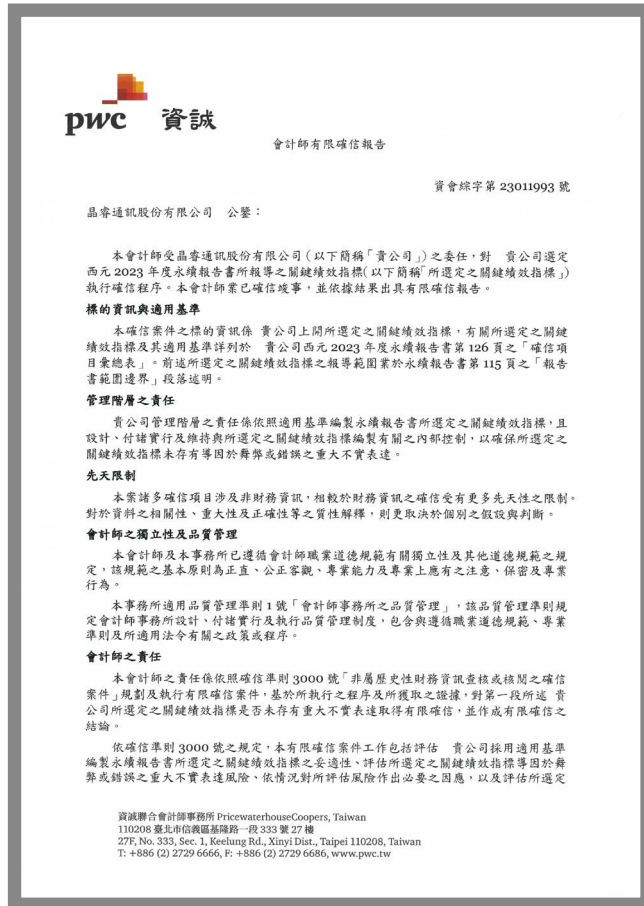
Note: Using the 2023-12 version of Electrical & Electric Equipment Standards of the Sustainability Disclosure Topics and Metrics.

7.3 Third-party Verification Report / Assurance

BSI Independent Assurance Opinion Statement



PwC Taiwan Accountant Limited Assurance Report (Disclosure of Traditional Chinese Version Only)



VIVOTEK Inc. Summary of Assurance Items of the 2023 Sustainability Report

No.	Item	Target Information	Page	Applicable Standards
1	Total Water Intake (Megalitre)	The total water intake of VIVOTEK in 2023 was 37.6094 megalitre.	p.75	The 2023 total water intake of the Company's water bills and the apportioned water expenses from rented buildings and factories was calculated in accordance with the water price and the easy-calculation table of Taiwan Water Corporation.
2	Total Water Intake (Megalitre)	The total water intake of VIVOTEK in 2022 was 35.8607 megalitre.	p.75	The 2022 total water intake of the Company's water bills and the apportioned water expenses from rented buildings and factories was calculated in accordance with the water price and the easy-calculation table of Taiwan Water Corporation.
3	Average Hours of Employee Education and Training	The average hours of employee education and training in 2023 were 24.7 hours.	p.91	The figure was based on the statistics of the training hours of employees in Taiwan in 2023 under the Company's regulations of education and training, divided by the year-end number of employees.
4	Percentage of Local Procurement	The percentage of local procurement for VIVOTEK's raw materials in 2023 was 55.73%.	p.48	The figure was based on the procurement amount of raw materials from the Company's local suppliers in 2023, divided by the total procurement amount.

VIVOTEK
A Delta Group Company