

# **VSO ELECTRONICS CO., LTD.**

## **Organizational Guidelines for the Sustainable Development and Risk Management**

(This English translation is prepared in accordance with the Chinese version and is for reference purposes only. If there are any inconsistencies between the Chinese version and this translation, the Chinese version shall prevail.)

### **1. Purpose**

To realize the company's sustainable development goals and strengthen sustainable and risk governance, this committee (hereinafter referred to as "the Committee") is established following Article 27, Paragraph 3 of the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies," Article 9, Paragraph 1 of the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies," and Article 10 of the "Risk Management Best-Practice Principles for TWSE/TPEX Listed Companies." This organizational guideline (hereinafter referred to as "the Guideline") is hereby formulated for compliance.

### **2. Scope**

The Committee's composition, term, duties, rules of procedure, and the resources provided by the company for exercising its duties shall be governed by the Guideline, except where otherwise provided by laws or the Articles of Incorporation.

### **3. Reference Documents**

- 3.1. Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
- 3.2. Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies
- 3.3. Risk Management Best-Practice Principles for TWSE/TPEX Listed Companies

### **4. Definitions**

- 4.1. None.

### **5. Responsibilities**

#### **5.1. (Committee Duties)**

The Committee, authorized by the Board of Directors, shall exercise the following duties with the care of a good administrator and report to the Board:

- 5.1.1. Formulate, promote, and strengthen the company's policies, annual plans, and strategies for sustainable development and risk management.

- 5.1.2. Review, track, and revise the execution and effectiveness of sustainable development initiatives.
- 5.1.3. Oversee sustainable information disclosure matters and review sustainability reports.
- 5.1.4. Supervise the company's governance in sustainability practices, risk management, and other sustainability-related work as resolved by the Board.

## 5.2. (Sustainable Development Task Forces)

Specialized or dedicated units for sustainable development shall assist the Committee in executing plans in the following areas and report on sustainability progress to the Committee:

5.2.1. Corporate Governance Group: Responsible for legal compliance in corporate governance, setting reasonable compensation policies, employee performance appraisal systems, training, intellectual property, information security, and stakeholder communication mechanisms to achieve corporate sustainability goals.

5.2.2. Environmental Sustainability Group: Responsible for environmental management systems, compliance with environmental laws and international standards, evaluating sustainable transformation, enhancing resource efficiency, climate change adaptation mechanisms, and establishing specialized environmental management units or personnel to achieve environmental sustainability goals.

5.2.3. Social Responsibility Group: Responsible for human rights policies and procedures, compliance with human rights laws and international standards, establishing internal and external communication for organizational members (such as employees, subsidiaries, joint ventures, etc.) and key members of the value chain, assessing related risks and management mechanisms, and promoting community and cultural development to achieve sustainability goals.

5.2.4. Risk Management Group: Responsible for implementing tasks per the risk management policy and procedures to enhance corporate risk governance and strengthen the Board's functions. Tasks include:

- Reviewing risk management policies, procedures, and frameworks, and regularly assessing their applicability and effectiveness.
- Approving risk appetite (risk tolerance) to guide resource allocation.
- Ensuring risk management mechanisms adequately address risks faced by the company and integrating them into daily operations.
- Approving the prioritization and levels of risk control.
- Reviewing risk management performance and proposing necessary improvements.
- Implementing the Board's risk management decisions.

5.2.5. Sustainable Information Disclosure Group: Responsible for managing sustainable information policies, complying with sustainable information disclosure laws and international standards, and disclosing relevant and reliable sustainability information to enhance transparency.

### **5.3. (Reporting on Execution Outcomes)**

Interdepartmental teams shall execute the tasks assigned in 5.2, compile implementation plans or other sustainability-related matters, and report execution outcomes to the specialized or dedicated sustainability units or the Committee.

## **6. Operational Details**

### **6.1. (Committee Members)**

6.1.1. The Committee shall consist of no fewer than three members, appointed by resolution of the Board of Directors. Members must possess expertise and capability in corporate sustainability, and at least one Board member must participate in overseeing the Committee.

6.1.2. Depending on the company's size, industry characteristics, or sustainability management needs, a specialized or dedicated sustainability unit may be established, and a Chief Sustainability Officer may be appointed to promote the company's sustainability initiatives.

6.1.3. The Chief Sustainability Officer or an equivalent officer may, based on the sustainability needs of various departments, organize interdepartmental teams to handle sustainability-related affairs.

### **6.2. (Committee Member Tenure)**

6.2.1. Committee members shall serve terms concurrent with the Board of Directors and may be re-elected for consecutive terms.

6.2.2. If a Committee member is dismissed and the membership falls below three, a replacement shall be appointed at the next Board meeting.

### **6.3. (Committee Convening and Notification)**

6.3.1. The Committee shall meet at least once annually and may convene additional meetings as necessary.

6.3.2. Meeting notices must specify the agenda and be sent to members seven days in advance, except in emergencies. Notice may be given in writing or electronically.

6.3.3. Committee members shall elect a convener from among themselves, who will also act as chair. If the convener is unable to convene a meeting, they may designate another member as a proxy. If no proxy is designated, the remaining members shall elect one among themselves.

6.3.4. Relevant company managers, internal auditors, accountants, legal counsel, or other professionals in corporate sustainability may be invited to attend and provide necessary information but must leave during discussion and voting.

6.3.5. Relevant documents must be prepared and made available for members' reference during Committee meetings.

### **6.4. (Committee Agenda)**

6.4.1. The meeting agenda shall be set by the convener, with other members allowed to submit

proposals for discussion. The agenda shall be provided to members in advance.

6.4.2. The company shall provide a sign-in sheet for attending members and keep it on file.

6.4.3. Members shall attend Committee meetings in person. If unable to attend, they may appoint another member as their proxy. Participation by video conference shall be deemed as in-person attendance.

6.4.4. When appointing a proxy, members shall issue a proxy form specifying the scope of authorization for each meeting agenda item.

6.4.5. Each proxy may represent only one member.

#### **6.5. (Committee Resolution Methodology)**

6.5.1. Committee resolutions require the approval of more than half of all members unless otherwise specified by law or company regulations. If the Committee Chair deems there are no objections during voting, the resolution is considered passed, carrying the same effect as a formal vote.

6.5.2. Voting results shall be reported immediately and recorded in the meeting minutes.

#### **6.6. (Conflict of Interest Policy)**

6.6.1. Members who have a personal interest in a meeting agenda item shall disclose relevant details. If there is a risk of harm to the company's interests, the member shall recuse themselves from discussion and voting on the item. Furthermore, they may not exercise voting rights on behalf of other members. If the spouse or relative within the second degree of a Committee member has a personal interest, it will be regarded as if the member themselves has a personal interest.

6.6.2. If, due to the provision in 6.6.1, the Committee cannot reach a decision, the matter shall be reported to the Board of Directors for resolution.

#### **6.7. (Meeting Minutes)**

6.7.1. Meeting minutes shall be prepared to record the following details accurately:

- Meeting session (or year), time, and place
- Name of the chairperson
- Attendance status, including the names and number of members present, absent, and excused
- Names and titles of attendees
- Name of the recording secretary
- Reports presented
- Discussion items: each proposal's resolution method and outcome, the names of members with conflicts of interest, details of these conflicts, reasons for recusal or non-recusal, and objections or dissenting opinions by Committee members.
- Motions: proposer's name, resolution method and outcome, summary of statements by Committee members, experts, and other attendees, along with conflict of interest details as per 6.6.

- Other recordable items.

6.7.2. The attendance register shall form part of the meeting minutes; for meetings held by video conference, audiovisual records shall also be part of the minutes.

6.7.3. The meeting minutes shall be signed or sealed by the chairperson and the recording secretary and distributed to all members within 20 days after the meeting. They shall be reported to the Board of Directors, filed as a crucial company record, and kept for five years. Preparation and distribution of the minutes may be done electronically.

6.7.4. If litigation related to Committee resolutions occurs before the retention period expires, the records shall be kept until the conclusion of the lawsuit.

#### **6.8. (Implementation of Committee Resolutions)**

The Committee may authorize the convener or other members to carry out subsequent tasks based on resolutions in accordance with Section 5.1, or following the decision to appoint professionals as per Section 6.9, and shall submit written reports during the execution period. Where necessary, the Committee may review or report to the Committee at the next meeting for ratification.

#### **6.9. (Resources Provided by the Company for Exercising Duties)**

The Committee may, by resolution, appoint attorneys, accountants, or other professionals to conduct necessary audits or provide consultation on matters related to its duties, with related costs covered by the company.

#### **6.10. (Public Disclosure)**

The company shall publish the contents of the Guideline on its website and the Market Observation Post System for reference.

### **7. Attachments (Forms/Flowcharts/Other)**

None.

### **8. Implementation and Amendments**

The Guideline shall take effect after approval by the Board of Directors. Amendments shall follow the same procedure.