

2023

Vanguard International
Semiconductor Corporation

Sustainability Report



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Letter from the Chairman

Expanding Actions: Fostering Sustainable Ripple Effects for Collective Well-Being

In 2023, the globe experienced an increase in extreme weather events such as heatwaves, heavy rainfall, hurricanes, and wildfires. Numerous climate-related records were shattered, presenting heightened challenges to human survival and livelihoods. The international community of climate scientists has expressed concern, noting, "We are entering uncharted territory concerning the climate crisis." In response, VIS has taken proactive steps by issuing the "Climate Change Statement" in 2023. Through strategies including "Climate Change Governance, Net Zero Emissions Pathway, Supply Chain Carbon Reduction, and Stakeholder Engagement and Collaboration," VIS is dedicated to mitigating and adapting to the adverse impacts of climate change. To concretely advance our commitment to the 2050 net-zero emissions target, VIS has partnered with National Taiwan University on a research initiative titled "Enhancing Soil Carbon Sequestration Using Resource Recycling Concepts." VIS is the first semiconductor company in Taiwan to apply resource recycling principles to the study and improvement of soil carbon sequestration techniques and to conduct on-site soil modification experiments.

In addition to the impacts of climate change, 2023 saw the world grappling with inflation, rising interest rates, and geopolitical instability, all of which eroded consumer confidence and posed significant challenges to the semiconductor industry. Despite these headwinds, as a leader in the specialized integrated circuit manufacturing services sector and a responsible corporate citizen, VIS remains steadfast in its commitment to sustainable operations. We continue to focus on long-term growth strategies, striving to create value for all stakeholders. Our proactive measures align with the United Nations Sustainable Development Goals, underscoring our dedication to our sustainability mission.

In 2023, VIS integrated ESG-related indicators into the performance evaluations of senior executives, aligning the management team's performance with the company's sustainable development goals and enhancing overall corporate sustainability. Additionally, we revised the "Corporate Governance Best-Practice Principles" and the "Board of Directors Meeting Rules" to bolster corporate governance and address practical needs. Furthermore, VIS understands that analyzing significant issues is essential for effective governance. This analysis considers stakeholder concerns and the impact of these issues on the company's operations, serving as a vital guide for resource allocation and sustainable management. Consequently, VIS continuously refines its materiality analysis methods and processes.



Moreover, we report significant issues to the Board of Directors, ensuring that these insights inform the company's ESG strategy and execution. In 2023, VIS adopted the Impact Measurement and Valuation (IMV) methodology to evaluate the direct and indirect impacts of value chain activities. This approach helps identify opportunities to reduce environmental impacts and enhance social well-being, thereby contributing positively to the industry value chain and society.

To achieve the goal of "harmonious coexistence with the environment and creating sustainable value," VIS continues to enhance green manufacturing technologies and initiatives for energy efficiency, water conservation, carbon reduction, and waste minimization. We have issued a "Biodiversity and Zero Deforestation Commitment," pledging not to engage in development or operational activities within legally protected ecological zones or biodiversity-sensitive areas, both domestically and internationally. We are implementing measures to mitigate impacts on biodiversity and forest ecosystems, aiming to achieve a "Net Positive Impact" (NPI) on biodiversity by 2050. By the end of 2023, VIS advanced its commitment by initiating an endangered plant restoration project. This project successfully rehabilitated native species within our plant area, including Bamboo Orchid (nationally critically endangered, NCR), Shower of Gold Climber (nationally endangered, NEN), and Wulai Azalea (extinct in the wild, EW). We aspire to create an ecological sanctuary within the science park.

In line with our Human Rights Policy, VIS provides employees with a safe, healthy, challenging, and enjoyable work environment and educational training. We have also established a "VIS Statement Regarding Zero Tolerance of Unlawful Infringement in the Workplace" to ensure employees are treated with respect. In 2023, VIS continued to foster a diverse, two-way, and highly trustworthy communication environment, planning various employee activities to further strengthen employee relations. To promote a diverse and inclusive workplace, VIS established the Women V Employee Resource Group in 2023, holding quarterly meetings to discuss Diversity, Equity, and Inclusion (DEI) issues. We also implemented measures such as maternal health protection and flexible work hours to help employees better balance work and family life.

VIS remains committed to five key areas of public welfare: Care for Disadvantaged Groups, Care for Elderly Citizens Living Alone, Diverse Empowerment, Sustainability Initiatives, and Environmental Conservation. In collaboration with IC Broadcasting, we launched the "Learning-Application Link" project, aligning with the United Nations Sustainable Development Goals. Through filming discussions between academic and corporate youth representatives, we aim to inspire high school students to contemplate the significance of their careers and proactively plan for their futures. Additionally, to assist in cultivating industry talent, in addition to continuing to expand industry-academia collaboration with universities, VIS has extended its efforts by signing a memorandum of understanding with National Yang Ming Chiao Tung University and the Taoyuan City Government for the "University/High-school Collaboration On Online-learning (UHCOOL) Program." This

collaboration aims to design and produce digital learning materials suitable for diverse elective courses for high schools, integrating practical industry experience to better align the curriculum with industry realities.

In 2023, VIS actively implemented ESG-related actions and continued to receive recognition through various important domestic and international benchmarks and awards. These include: Being included as a constituent stock in the Dow Jones Sustainability Index (DJSI) for three consecutive years and in the Emerging Markets Index for multiple years; Being selected as a constituent stock in the FTSE4Good Index for eight consecutive years; Achieving an A- rating in the CDP (formerly Carbon Disclosure Project) climate change questionnaire evaluation, indicating leadership in the industry; Being named one of the Top 10 Exemplary Sustainable Companies in Taiwan by the TCSA Taiwan Corporate Sustainability Awards; Receiving a stable outlook with ratings of twA+/twA-1 from the Taiwan Ratings Corp; Achieving a top 5% ranking for listed companies in the corporate governance evaluation conducted by the Taiwan Stock Exchange and Taipei Exchange for ten consecutive years.

With the rapid advancement of technology, the world is changing at an unprecedented pace, and both human society and business models are undergoing structural transformations. In the face of challenges such as digital technology, net-zero carbon reduction, and industry talent cultivation, VIS will continue to focus on its core business, leveraging innovative technology and its key role in the semiconductor industry to provide more energy-efficient green products. We will also collaborate with upstream and downstream partners to expand our sustainability initiatives, enhancing corporate resilience and vitality through the practice of ESG. Additionally, we will maintain positive interactions and grow together with all stakeholders, implementing the vision of "Cultivate the Value of Sustainability" and "Create Social Common Good," contributing to the creation of a better world.



Chairman, Leuh Fang

Sustainability Focus

The VIS "Learning-Application Link" project extends its impact to 50,000 senior high school and vocational students across Taiwan

VIS has established five major public welfare themes: "Care for Disadvantaged Groups", "Care for Elderly Citizens Living Alone", "Diverse Empowerment", "Sustainability Initiatives", and "Environmental Conservation". Since 2022, VIS has set forth the main themes of "Empowerment for the Disadvantaged, Educational Sessions on the Semiconductor Industry, and Reduction of the Gap between Learning and Application". This entails developing materials for popularizing semiconductor science and career-related information, partnering with schools, social welfare organizations, and other stakeholders to organize public lectures, aiding students and disadvantaged children and youth in planning their future paths in advance, and expanding the talent pool for the industry. From 2022 to 2023, visits were made to various schools and organizations, including Hsinchu Longshan Elementary School, Minfu Elementary School, Neihu Elementary School, Chuhsinfamily, BOYO Social Welfare Foundation, Blue Sky House, and Dongshan Elementary School in Tainan, to share semiconductor basics and related job content with junior high and elementary school students.

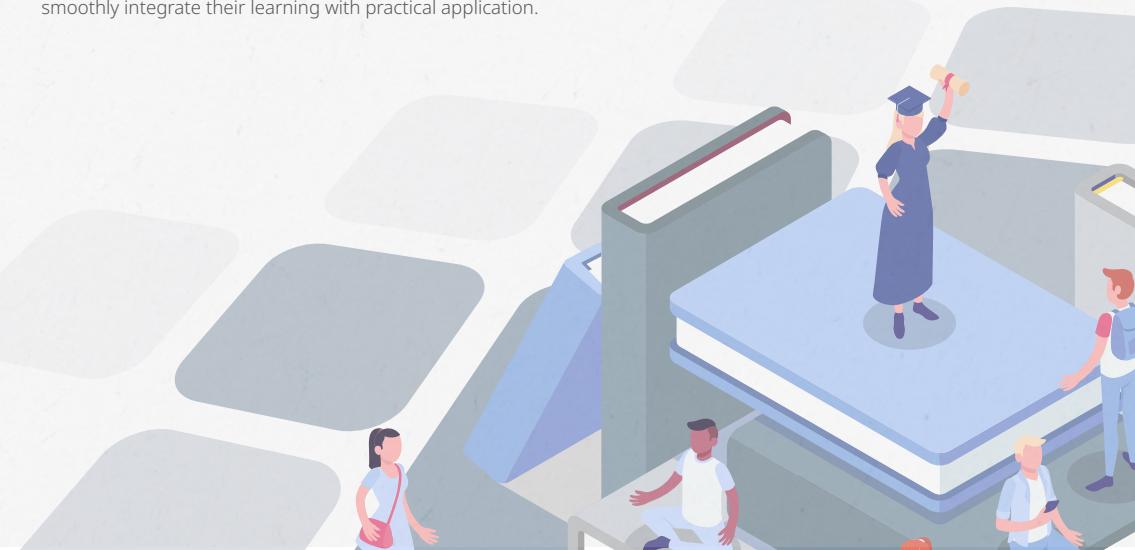
In 2023, VIS collaborated with IC Broadcasting to produce videos under the project of "Learning-Application Link", targeting senior high school and vocational students. Two professors from National Taiwan University were invited to share their career journeys and experiences of choice in a conversational format with young colleagues from VIS. These videos were linked to the United Nations Sustainable Development Goals (SDGs), specifically Goal 5: "Achieve Gender Equality and Empower All Women and Girls", and Goal 8: "Promote Inclusively and Sustainable Economic Growth, Employment, and Decent Work for All". Professor Ping-Cheng Yeh from the Department of Electrical Engineering at National Taiwan University titled his video "Welcome to the Real Job - A Date with Success", emphasizing the importance of curiosity and enthusiasm in finding a truly suitable career path. Associate Professor Yun-Nung Chen from the Department of Computer Science and Information Engineering shared his experience in a video titled "The Power of Young Women - Career and Life Unrestricted by Framework", advocating for prioritizing interests and passions, highlighting the potential for success in cross-disciplinary fields and niche industries. Both videos aimed to encourage senior high school and vocational students to reflect on the significance of their career choices, empowering them to actively plan and prepare for their futures. This addresses the common challenge faced by young students and the industry: the gap between education and employment.

The original plan was to broadcast the videos to 14 senior high schools and vocational schools in Taoyuan, Hsinchu, and Miaoli. As of early 2024, 188 schools across Taiwan have publicly screened the videos in classrooms, with 174 schools actively participating. The total number of viewers exceeded 52,000, with screenings held nationwide and receiving enthusiastic responses. To address students' post-viewing questions,

VIS organized two physical seminars, inviting Professor Yun-Nung Chen and VIS' HR manager for dialogue and to respond to students' career and learning concerns. The events were held at Hsinchu Girls' Senior High School and St. Peter Senior High School, with over 1,900 students attending in total.

The "Learning-Application Link" project aims to share career experiences and workplace realities with senior high school and vocational students through representatives from academia and industry, guiding youth to contemplate their futures in advance. Through activities such as video screenings, physical seminars, radio interviews, student feedback surveys, and social media promotion, the project has reached over 100,000 individuals. It has garnered positive feedback from both teachers and students, who found it beneficial for youth career planning and exploration.

In 2024, VIS will continue its "Semiconductor Science Popularization and Career Lectures" and the "Learning-Application Link" project. These initiatives aim to assist and guide students in examining their life goals, contemplating career directions, and exploring various challenges and opportunities. The goal is to help youth smoothly integrate their learning with practical application.



Sustainability Focus

VIS Introduces "Impact Assessment" Methodology to Evaluate Sustainable Value in Monetary Terms

Since the inaugural issuance of its Corporate Social Responsibility (CSR) report in 2015, VIS has continually responded to the expectations of all stakeholders by progressively adopting international frameworks and refining sustainability disclosure standards. For example, in 2019, VIS implemented the Task Force on Climate-related Financial Disclosure Recommendations (TCFD), developed by the Financial Stability Board, to identify risks and opportunities associated with climate change for the first time. In 2020, to effectively quantify the benefits of philanthropic investments, VIS referenced the London Benchmark Group (LBG) Community Investment Assessment Mechanism to assess the effectiveness and impact of philanthropic actions. In 2022, VIS adopted the reporting guidelines of the Sustainability Accounting Standards Board (SASB) to disclose sustainable information related to the semiconductor industry that has significant financial impacts. By continuously incorporating sustainable methodologies and international frameworks in line with the times, VIS aims to strengthen its ESG resilience and operational robustness.

In 2023, VIS not only adhered to the reporting principles of the GRI 2021 guidelines and referenced the dual materiality principle recommended by the European Financial Reporting Advisory Group but also introduced, for the first time, the methodology of "Impact Measurement and Valuation (IMV)" to assess the potential risks and opportunities of sustainability issues on long-term operations. By combining financial profit and loss perspectives with the triple bottom line management approach, VIS converts the impacts of the company on external economic, environmental, and human/human rights aspects into monetary value. This enables the quantification of the social benefits (positive) and social costs (negative) of value chain activities, thereby identifying Material Topics for goal setting and self-disclosure.

In 2023, VIS generated a net operating profit of NT\$7.4 billion. Additionally, it contributed NT\$30 billion through tax payments, dividend distribution, employee salaries, research and development investments, interest and leasing expenses, as well as depreciation and amortization. Through procurement demand, it drove a value creation of NT\$43.9 billion in the supply chain, generating over 6,000 job opportunities and NT\$2 billion in wage income for supply chain workers. Assisting customers in developing more reliable products contributed NT\$24 billion to the downstream industry chain. The development of low-energy and high-efficiency product technologies further provided NT\$4.8 billion in carbon reduction benefits for customers.

In addition to the aforementioned impacts on the industry's upstream and downstream sectors, VIS also created positive benefits of NT\$66.08 million through various energy-saving measures, deployment of renewable energy, and water resource reuse initiatives in the environmental aspect. In the social aspect, it drove professional growth through comprehensive training programs, generating NT\$69.4 million in benefits for employees' future career development. Additionally, donations, volunteer services, and resource investments in various philanthropic activities, created NT\$36.33 million in social value.

VIS is committed to practicing corporate sustainability by creating long-term value for stakeholders. Through systematic methodologies and integrative thinking, the company aims to enhance risk assessment, performance measurement, effective decision-making, and communication with stakeholders. Looking ahead, VIS will continue to focus on its core business while further refining and deepening its sustainable methodologies. It will actively identify opportunities to reduce environmental impact and enhance social welfare, thus creating more impactful positive value for society. VIS looks forward to growing together with all stakeholders and advancing towards a sustainable future.

Note: For detailed information on VIS' "Impact Assessment", please refer to 2.3.1 Materiality Analysis.

Sustainability Focus

VIS Safeguards Biodiversity, Successfully Restoring Endangered Plants within its Fab Area

In the Global Risk Report 2023 released by the World Economic Forum (WEF), "Loss of Biodiversity and Ecosystem Imbalance" emerges not only as one of the environmental risks for the next decade but also as one of the risks deteriorating most rapidly. As a responsible corporate citizen, VIS actively engages in conservation, restoration, and education, embodying the principles of environmental sustainability.

VIS has established a "Commitment to Biodiversity and Zero Deforestation", adhering to the goal of symbiotic coexistence with the environment and creating sustainable value. It pledges not to engage in development and operational activities within designated ecological protection areas and biodiversity-sensitive zones at home and abroad, and takes relevant protective measures to mitigate impacts on biodiversity and forest ecology. VIS also urges upstream and downstream partners to commit to avoiding operational activities near internationally or nationally significant biodiversity sites. The aim is to achieve a "Net Positive Impact" (NPI) on biodiversity by 2050 and strive for "Net No Loss" (NNL) of biodiversity in operation-related areas.

By the end of 2023, VIS embarked on a further endangered plant restoration initiative within its fab area. Through inventorying existing species and assessing the restoration environment, considering factors such as suitability and native planting, VIS outlined plans for species restoration and conservation within the fab area. According to the results of zone surveys, there are currently approximately 65 species within Fab 1, including both native and landscape plants. After confirming the environmental conditions and establishing baseline data, VIS referred to the "2017 Taiwan Vascular Plant Red List" and selected species such as the bamboo orchid (National Critically Endangered, NCR), the Tripterospermum cordifolium (National Endangered, NEN), and the Rhododendron rubropilosum (Extinct in the Wild, EW) for restoration within Fab 1.

The bamboo orchid, originally a common native orchid species found in northern to central Taiwan, blooms from autumn to spring and is often seen on field edges and rocky cliffs. Due to habitat destruction caused by human development, the population of reed orchids has significantly declined. According to a survey conducted by the Taiwan Biodiversity Research Institute (formerly known as Endemic Species Research and Conservation Center governed by MOA, Executive Yuan), there are fewer than 100 wild bamboo orchids left, making it a rare and endangered plant species. VIS became the first enterprise to engage in bamboo orchid restoration, successfully reintroducing the species to Hsinchu. Currently, there are approximately 150 reed orchid plants under restoration. Additionally, VIS has also planted 300 plants of Showers of Gold Climber and 150 plants of Wulai Azalea within Fab 1. It is planned to expand the scale and variety of restoration in the second phase.

To enhance our colleagues' awareness of biodiversity and promote conservation knowledge, in addition to establishing plant interpretation boards after completing the first phase of the restoration project, VIS has also planned a series of internal activities and plans for ecological knowledge. It aims to actively promote biodiversity, including setting up ecological booths at Christmas markets, conducting interactive Q&A games, and offering moss ball-making courses for colleagues. In 2024, related activities will continue, with the aim of encouraging our colleagues to embrace nature and reminding them of the importance of protecting precious species.

Looking ahead, following the successful completion of the initial restoration project, VIS aims not only to continue conserving and expanding the restoration of precious native plants but also to assess the addition of nectar-producing plants to attract more wildlife, creating an ecological ark within the Science Park. Additionally, VIS plans to design ecological education activities and related curricula, aspiring to broaden its positive influence and contribute to environmental sustainability.



Achievements

Awards

- A constituent of the Morgan Stanley Capital International (MSCI) Global Standard Index (for 11 consecutive years)
- A constituent of S&P Global Dow Jones Sustainability Index (DJSI) -World Index (for 3 consecutive years)
- A constituent of S&P Global DJSI-Emerging Markets Index (for 2 consecutive years)
- A constituent of FTSE Group's FTSE4Good TIP Taiwan ESG Index (for 8 consecutive years)
- Carbon Disclosure Project (CDP) Climate Change Questionnaire: Grade A-, the leading level in the industry
- Carbon Disclosure Project (CDP) Water Security Questionnaire: Grade B
- Ranked in top 5% as outstanding company in the "non-categorized TPEx listed companies in the Corporate Governance Evaluation" (for 10 consecutive years)
- A constituent of "TIP Taiwan ESG Index"
- Taiwan Ratings "twA+/twA-1" rating with a stable outlook
- Global Corporate Sustainability Reports Awards (GCSA) "GCSA for Sustainability Reporting": Bronze Level
- Taiwan Corporate Sustainability Awards (TCSA) "Top 10 Taiwanese Sustainable Manufacturing Companies Award"
- TCSA "Taiwan Corporate Sustainability Reports Awards": Platinum Award for Electronic Information Products Manufacturing (Category 1)
- CommonWealth Magazine's "Excellence in Corporate Social Responsibility Award": Ranked 16th
- CommonWealth Magazine's "CommonWealth Talent Sustainability Award" for large manufacturing enterprises: Ranked 7th
- Common Health Magazine's "Corporate Health Responsibility (CHR) Award" for companies with more than 5,000 employees: Platinum Award
- Ranked in top 10% outstanding enterprises by the Ministry of Labor for "Disclosure of occupational health and safety performance indicators in a Corporate Sustainability Report"
- Named as "Role Model Enterprise for Promoting Occupational Health Services" by the Ministry of Labor
- Ministry of Health and Welfare's "Performance Health Workplace Award" for gender health friendliness
- Ministry of Environment's "5th National Enterprise Environmental Protection Award": Bronze Award (Fab 1)
- Ministry of Environment's "5th National Enterprise Environmental Protection Award": Silver Award (Fab 2)
- Ministry of Environment's "2023 Annual Operational Excellence Award for Regional Joint Defense Organization Operations" (Fab 2)
- Ministry of Environment awarded "Excellent Air Quality Purification Area" (Qianjia Park in Hsinchu City) for 5 consecutive years
- Hsinchu Science Park's "2023 Outstanding Business Unit Promoting Workplace Equal Rights": Excellence Award

Certification

- BS 8001 Circular Economy Verification
- CNS 45001 Taiwan Occupational Safety and Health Management System Certification
- IATF 16949 Quality Management System Certification
- ISO 14001 Environmental Management System Certification
- ISO 14046 Product Water Footprint Verification
- ISO 14051 Material Flow Cost Accounting (MFCA) Verification
- ISO 14064-1 Greenhouse Gas Inventory Verification
- ISO 14067 Product Carbon Footprint Verification
- ISO 26262 Road Vehicles - Functional Safety Certification
- ISO 27001 Information Security Management System
- ISO 45001 Occupational Safety and Health Management System Certification

- ISO 46001 Water Efficiency Management System
- ISO 50001 Energy Management System Certification
- ISO 9001 Quality Management System Certification
- QC 080000 Hazardous Substance Process Management System Certification
- Enhanced Band Strategic Trade Scheme Certification
- Sony Green Partner
- Authorized Economic Operator (AEO)
- Ministry of Economic Affairs "Taiwan Intellectual Property Management System (TIPS)" AA Level Certification

For more information, please refer to the Certification section on the [VIS website](#)



About VIS

As a leading specialty IC foundry service provider, Vanguard International Semiconductor Corporation (VIS) adheres to our customer-oriented business philosophy while firmly moving forward on the path of fulfilling corporate social responsibility.

\$38.27 billion

Annual consolidated revenue reached NT\$38.27 billion

\$4.43

Earnings per share were NT\$4.43

16.2%

Return on equity was 16.2%

1.1 Company Profile

As a leading specialty IC foundry service provider, Vanguard International Semiconductor Corporation (VIS) adheres to a customer-oriented business philosophy and is committed to providing customers with the most competitive and comprehensive solutions along with high value-added services. While taking into account shareholders' rights and interests, we also work together and grow together with our stakeholders including employees and suppliers as well as communities and society. VIS adheres to sustainable missions of implementing corporate governance, promoting environmental sustainability, establishing a friendly workplace, and contributing to social engagement. We co-prosper with society and environment. The VIS headquarters are located in Hsinchu Science Park, Taiwan. We currently have five 8-inch wafer fabs: four in Taiwan and one in Singapore. In 2023, the number of employees was over 6,000. In addition to our headquarters in Taiwan, VIS has also established sales and service offices in major IC locations around the world providing the best support services for customers around the world.



In 2023, VIS recorded an annual production capacity of approximately 3.352 million 8-inch wafers, with shipment amounting to 1.952 million 8-inch wafers for a capacity utilization rate of 58%. Annual capital expenditure amounted to approximately NT\$7.6 billion.

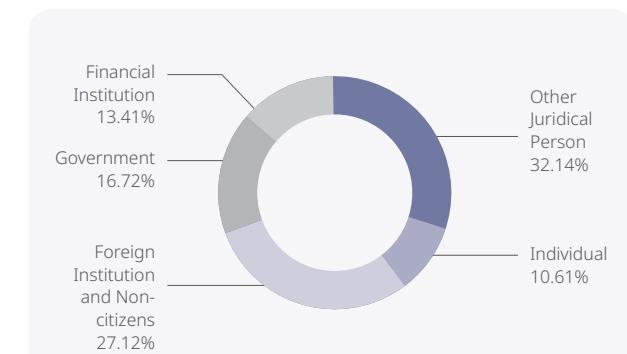
Despite facing economic headwinds, to pursue stable growth and meet customers' medium and long-term production capacity demands, VIS Fab 5 continued expanding production capacity in 2023. With steady capacity expansion, ongoing enhancement of process technologies, broadening application of smart manufacturing, focus on long-term strategic and sustainable operation, VIS is deeply committed to developing specialty ICs fields, including power management, discrete components, compound semiconductors, display driver ICs, embedded memories, and MEMS sensors, to create more value for our customers and shareholders.

In addition to continuously meeting customer demands for capacity and technology, through upholding our corporate core values of "integrity, customer-orientation, value-orientation, and commitment", we strive to enhance our overall operations and implement corporate sustainability to maintain our leading position in the area of special IC foundry service.

Shareholder Structure

VIS was established in 1994 by Taiwan Semiconductor Manufacturing Company (TSMC), and 13 other companies. We were listed in March 1998 as a technology stock. The main shareholders include TSMC, the Executive Yuan's National Development Fund, and other juridical entities.

Shareholder Structure and Shareholding Percentage



Net Revenue (Disaggregation by Region)

Unit: NT\$ thousand

Region	Net Revenue
Asia	33,573,185
Americas	2,818,898
Europe	1,880,487

Net Revenue (Disaggregation by Process Platform)

Unit: NT\$ thousand

Product Platform	Net Revenue
Power Management	22,457,478
Large Display Driver IC	8,164,407
Small Display Driver IC	3,069,366
Other platforms	3,427,551
Wafer revenue	37,118,802
Others	1,153,768



VIS Fab 5

1.2 Financial Performance

VIS duly attends to our responsibilities and is committed to promoting our overall operation and taking the implementation of corporate sustainability as our core mission. A sound fund management strategy, a steady production capacity expansion plan, and good financial performance have created long-term and stable economic values for VIS and a solid financial foundation. VIS continues to deepen our long-term partnership with customers, while taking into account the shareholders' interests, to create values for all stakeholders.

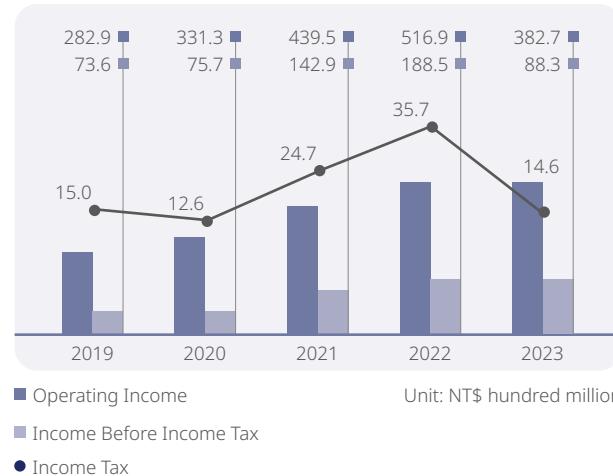
Looking back at 2023, it was a challenging year for the semiconductor industry. Due to the weak overall economy and slow recovery of end-user demand, customers continued to maintain a cautious and conservative ordering attitude. As a result, the annual consolidated revenue for 2023 reached NT\$38.27 billion, a decrease of approximately

26% from the previous year's revenue of NT\$51.69 billion. Net income after tax was NT\$7.37 billion, an annual decrease of 52%. Earnings per share after tax was NT\$4.43, an annual decrease of 51%. The annual average gross margin slid from 46% the previous year to 27%. Return on equity was about 16.2%. Facing challenges, VIS, leveraging on our operational resilience and solid industrial competitiveness, cautiously dealt with the issue of inventory adjustments in the semiconductor industry for the year, and continued to generate profits for the Company. VIS' contribution to national tax revenues amounted to NT\$1.53 billion.

VIS is committed to the transparency of financial information. In addition to regularly disclosing our latest financial report, we have also carried out in-depth communication with investors to demonstrate VIS'

corporate values through clear and quantifiable financial performance goals. Additionally, due to factors including the rapid growth of personal computers and 5G smartphones, the increasing penetration rate of the Internet of Things, rising demand for artificial intelligence (AI), cloud computing, industrial automation, and data analysis, and the expanding market for electric vehicle and power semiconductor wafers, the medium and long-term market demand for 8-inch wafers as a whole still shows a trend for demand exceeding supply. In the future, VIS will continue to expand production capacity in response to customers' needs and grow together with customers.

Income Before Income Tax and Income Tax



Consolidated Financial Information from the Past Three Years

Unit: NT\$ million

Item	Basic Elements	2021	2022	2023
Generated Direct Economic Value (A)	Revenues ^{Note 1}	44,139	52,739	41,332
Allocated Economic Value (B)	Operating costs ^{Note 2}	17,009	19,281	21,560
	Employee salaries and benefits ^{Note 3}	12,780	14,536	10,867
	Payments to investors ^{Note 4}	5,736	7,375	7,375
	Payments to the government ^{Note 5}	2,518	3,631	1,525
	Community Investment ^{Note 6}	12	11	7
Retained Economic Value (A-B)		6,084	7,905	-5

Note 1: Revenues include net operating revenues as well as non-operating income and expenses.

Note 2: Operating costs include cost of revenue and operating expenses. Employee salaries and benefits, payment of housing tax, stamp duty, official vehicle tax, other taxes, and community investment are excluded.

Note 3: Including bonuses, pensions, labor insurance, health insurance, and other employment expenses.

Note 4: Cash dividends distributed in the current year.

Note 5: Including company income tax, housing tax, stamp duty, official vehicle tax and other taxes.

Note 6: Referring to public welfare expenditures such as donations to government agencies and public welfare associations as well as other types of charities that are good for society.

VIS' profitability comes from the efforts of all employees. In 2023, the average income per employee was NT\$5,876 million, and the average net profit per employee was NT\$1,132 million.

Based on stable business growth, cash dividends have been distributed to shareholders every year since 2005. The earnings distribution in the past five years is as follows:

Item	2019	2020	2021	2022	2023
Earnings Distribution (NT\$ billion)	52.4	57.4	73.8	73.8	73.8
Amount (in NT\$ dollars)	3.2	3.5	4.5	4.5	4.5

In addition to distributing cash dividends to shareholders, VIS also invests in capital expenditures and R&D in accordance with the direction of our business strategies. In 2023, VIS continued to invest in the fifth fab, factory facilities, and right-of-use assets to expand production capacity. We also actively invested in research and development, and refined manufacturing process and component technology to ensure VIS' growth.

Company Profitability



Average Revenue and Profit Per Employee



1.3 Tax Policy

In response to the international trend of tax governance and multinational operating requirement, VIS has established the "[VIS Tax Governance Policy](#)" (hereinafter referred to as "the Policy") to enhance shareholder value, carry out sustainable development and fulfill its commitment to the corporate social responsibility.

Tax Governance Policy

In order to ensure effective implementation of tax governance mechanisms, the Board of Directors approved overall tax governance policies based on operational strategies and the business environment. VIS implements the conservative tax governance by complying with tax laws thoroughly, manages tax risks and takes overall consideration of optimized tax cost. VIS does not avoid tax illegally without commercial substance, and endeavor to fulfill the social responsibility and the obligations of corporate citizen. The Tax Governance Policy was approved by the Board of Directors became effective on May 5, 2022. All subsidiaries included in the consolidated financial statements, both domestic and foreign, shall comply with the Tax Governance Policy to ensure its' efficacious operations.

The Tax Governance Principles

1. Act all times in accordance with tax laws, regulation and legislative spirit. File tax accurately and punctually in the jurisdictions where VIS operates.
2. Inter-company transactions are based on arm's-length principle in compliance with internationally accepted transfer pricing guidance published by OECD. Not to use transfer pricing arrangement for manipulating profit.
3. Make appropriate planning of tax incentives and comply with regulation when use incentives.
4. Consider tax impact as part of major business decision.
5. Perform the tax planning rationally. Investment structures are in line with operation consideration. Not to use tax havens for purpose of tax avoidance, and not to undertake unusual tax structures to transfer value to low tax jurisdictions.
6. Develop honest and mutually respectful relationship with tax authorities, involve in the tax reform and provide the suggestions from practical viewpoint.
7. Tax related information is disclosed transparently in public financial reports, annual reports and corporate sustainability reports.
8. Maintain and update regulatory change all the time. Comprehensively assess the implications of changes in applicable tax laws and consider the adaptive responses. Managing tax risk to avoid disputes, consulting with tax advisors to obtain professional advice and opinion on uncertainty or complexity tax issues. Significant tax issue shall be reported to the Board of Directors.
9. Support tax personnel to ensure that they have the skills and ability to effectively and accurately fulfill their tax responsibilities by providing continuous training.

The locations of VIS' primary operations are in Taiwan and Singapore. VIS complies with tax laws and regulations in the jurisdictions where VIS operates. As a responsible taxpayer, VIS proactively complied with the government's tax regulations, promotion of tax administration, and thus, earned recognition of the National Taxation Bureau, R.O.C., and won the Excellent Business Enterprise Award issued by the Ministry of Finance in 2014 and 2020, respectively. Any amendments of taxation laws and regulations will affect the company's effective tax rate and operational performance. To effectively manage tax risks, VIS maintains and updates regulatory changes all the time. Comprehensively assess the implications of changes in applicable tax laws and consider the adaptive responses. In addition, VIS hires internal tax professionals and offers professional training on tax to ensure that all tax management operations are conducted in compliance with the law. With regard to major uncertain or complex tax issues, to avoid disputes, VIS and its subsidiaries will discuss and consult with external experts or apply for ruling from the tax authorities. Significant tax issue shall be reported to the Board of Directors. VIS' primary activities, financial and tax information for each tax jurisdiction are listed as follows:

1. The Names of the Main Tax Resident Entities, Primary Activities and Number of Employees for Each Tax Jurisdiction in Which We Operate

Item	Taiwan	Singapore
Companies' Names	Vanguard International Semiconductor Corporation	Vanguard International Semiconductor Singapore Pte. Ltd.
Primary Activities	Manufacturing, selling, packaging, testing and computer-aided design of integrated circuits and other semiconductor devices and the manufacturing of masks	Manufacturing, selling, and packaging
Average Number of Employees in 2023	5,652	855

2. Revenue, Income Before Income Tax, Income Tax and Income Tax Paid for Each Tax Jurisdiction in Which We Operate

Unit: NT\$ hundred million

Item	Tax Jurisdiction <small>Note</small>	2022		2023	
		Amount	%	Amount	%
Operating Income	Taiwan		88		91
	Singapore	516.9	12	382.7	9
	Other		0		0
Income Before Income Tax	Taiwan		98		122
	Singapore	188.5	1	88.3	-27
	Other		1		5
Current Income Tax	Taiwan		100		100
	Singapore	39.5	0	18.1	0
	Other		0		0
Income Tax Paid	Taiwan		100		100
	Singapore	29.0	0	23.9	0
	Other		0		0

Note: Other Tax Jurisdictions: United States, British Virgin Islands, China.

3. Consolidated Financial Statements Tax Information

Unit: NT\$ hundred million

Item	2022	2023	Average Tax Rate for Two Consecutive Years
Income Before Income Tax	188.5	88.3	-
Income Tax	35.7	14.6	-
Effective Tax Rate	19%	17%	18%
Income Tax Paid	29.0	23.9	-
Cash Tax Rate	15%	27%	19%

VIS' effective tax rates were 17% and 19% in 2023 and 2022, respectively, which were lower than the 20% of R.O.C statutory corporate income tax rate. The lower effective tax rates were mainly because of R&D tax credits granted in accordance with the R.O.C. Statute for Industrial Innovation. The cash effective tax rates in 2023 and 2022 were 27% and 15% respectively. The rate of 27% in 2023 was higher than the statutory corporate income tax rate of 20%. The major reason is that the income tax expense estimated for each fiscal year, other than the actual cash payment in the following year, which is a time difference, i.e. 2023 and 2022 cash payment for tax was attributed to 2022 and 2021 earning and profit respectively. In addition, as the decrease on profit in 2023 compared to previous year was resulted in the higher cash effective tax rate in the year based on such calculation rule.

In addition to income tax, VIS also pays other taxes, including housing tax and stamp duty. In 2023, VIS paid taxes of NT\$1.53 billion. The actual taxes paid to the government in that year was NT\$2.46 billion, equal to 6% of total revenue.

Unit: NT\$ hundred million

Item	2019	2020	2021	2022	2023
All Tax Expenses <small>Note</small>	15.3	13.1	25.2	36.3	15.3

Note: Tax expenses include business income tax, housing tax, stamp duty, official vehicle tax, and other taxes.

4. Government Subsidies

In 2023, VIS and its subsidiaries received government investment subsidies, talent training, research and development grants, and tax deductions totaling approximately NT\$259.76 million.

Regions	Government Shareholding Percentage	Goverment Subsidies (NT\$10,000)
Taiwan	16.72%	22,898
Singapore	0%	3,078

Sustainability Management

As a leading specialty IC foundry service provider and a responsible corporate citizen, VIS is laying the foundations for the Company's sustainability with continuous innovation to enhance product value. We are actively implementing missions including "Implementing Corporate Governance", "Promoting Environmental Sustainability", "Establishing a Friendly Workplace", and "Contributing to Social Engagement" and maintaining good interactions with all stakeholders coexisting and thriving with the environment and society.

17

There are a total of 17 Material Topics addressing stakeholders' concerns

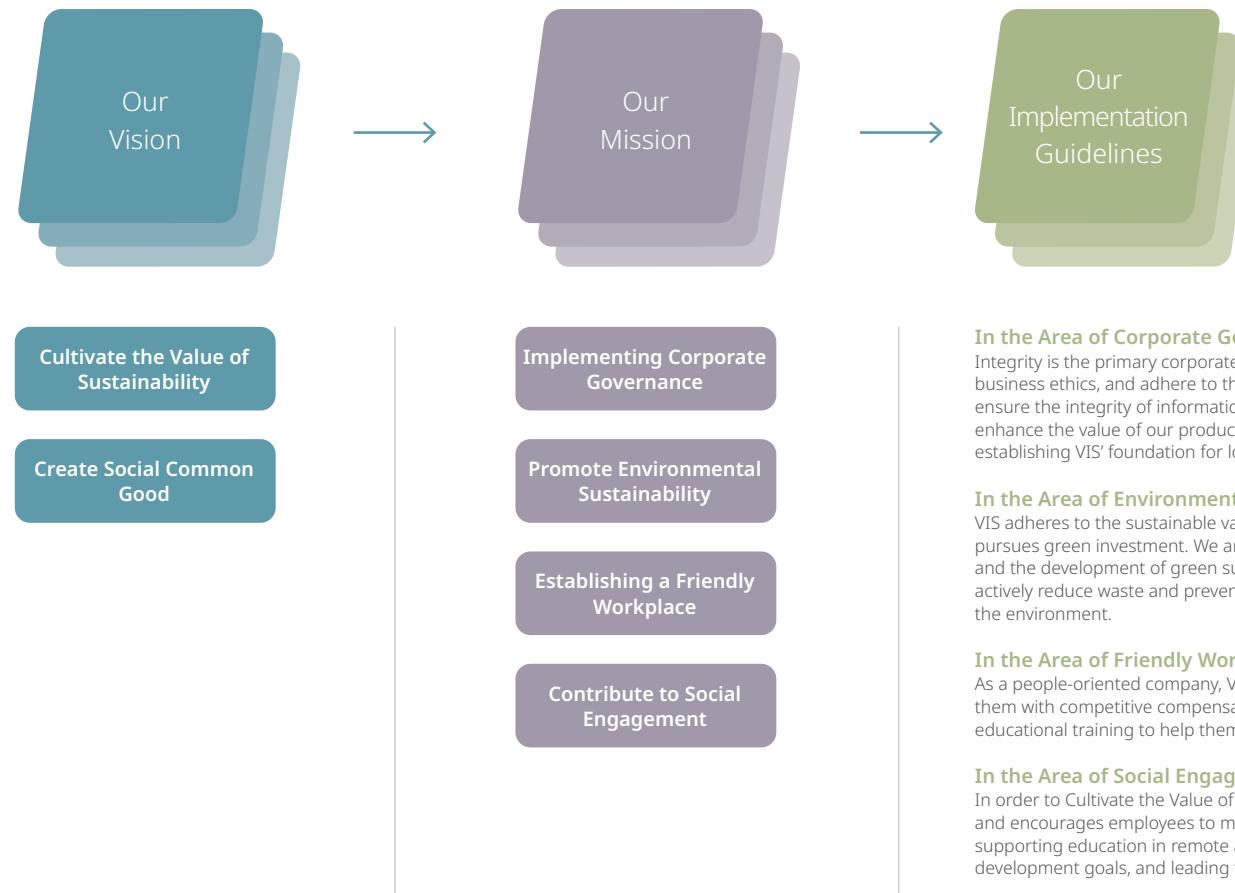
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Echoing a total of 17 United Nations Sustainable Development Goals



2.1 Corporate Sustainability Policy

VIS abides by the "Corporate Sustainability Policy", taking concrete actions to realize the vision of "Cultivating the Value of Sustainability, Creating Social Common Good".



In the Area of Corporate Governance

Integrity is the primary corporate core value of VIS. We follow the principles of corporate governance, put emphasis on business ethics, and adhere to the rule of law. While proactively developing our operations and managing risks, we also ensure the integrity of information disclosure and balance the interests of all stakeholders. We will continue to innovate, enhance the value of our products, and create a foundation for long-term sustainable growth and profitability, thus establishing VIS' foundation for long-term growth.

In the Area of Environmental Sustainability

VIS adheres to the sustainable values of living in harmony with the environment, carries out continuous R&D, and pursues green investment. We are committed to promoting green manufacturing, clean production, circular economy, and the development of green supply chains. We seek to maximize the efficiency of energy and resource use, and actively reduce waste and prevent pollution in order to mitigate and adapt to the adverse effects of climate change on the environment.

In the Area of Friendly Workplace

As a people-oriented company, VIS considers our employees to be one of our most important assets and provides them with competitive compensation and benefits, a safe, healthy, challenging and fun work environment, as well as educational training to help them improve themselves and develop their talents.

In the Area of Social Engagement

In order to Cultivate the Value of Sustainability and realize the vision of a better society, VIS actively invests resources and encourages employees to make use of their expertise and passion to join VIS in helping disadvantaged groups, supporting education in remote areas, participating in community building, advocating the United Nations' sustainable development goals, and leading the supply chain to participate in and become a driver behind social advancement.

2.2 Corporate Sustainability Management

2.2.1. Corporate Sustainability Committee

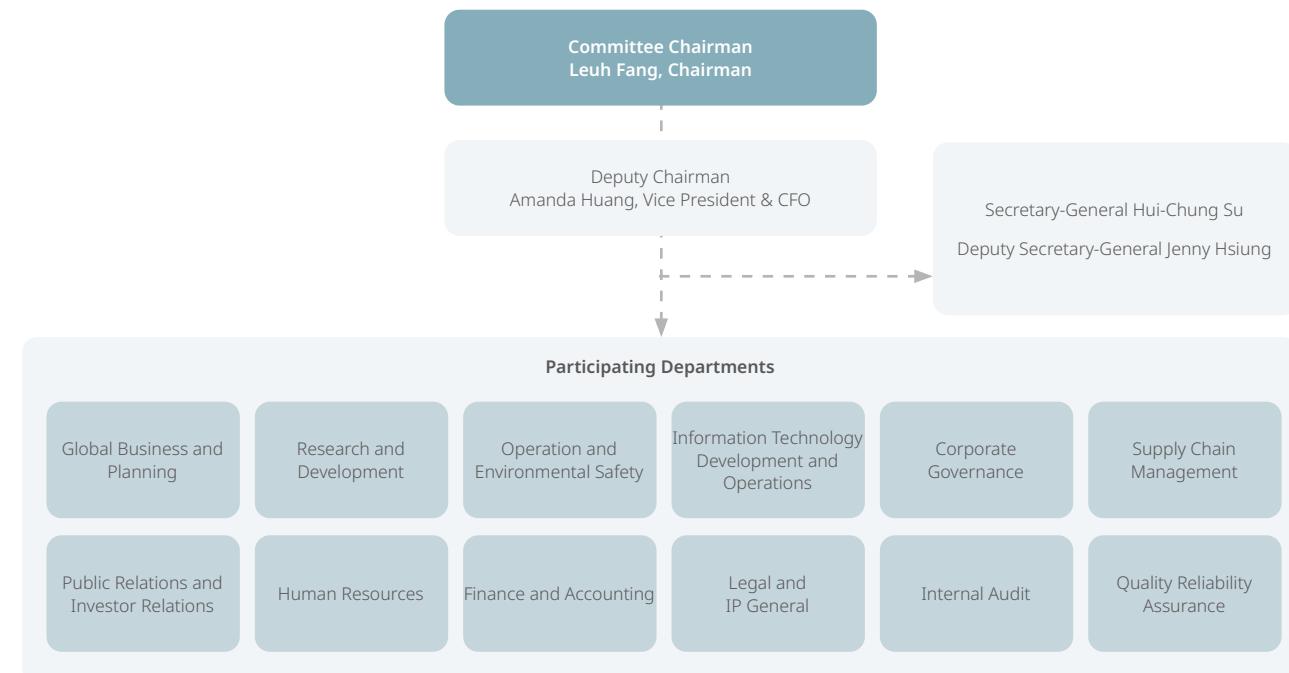
Fulfilling corporate social responsibility and promoting sustainable development for ESG (Environment, Society, Economy), VIS established our "Corporate Social Responsibility Policy" in 2012, serving as the authority for our "Corporate Social Responsibility Promotion Committee", and building the Company's corporate social responsibility management system. In 2020, VIS proactively responding to the "Corporate Governance 3.0 - Sustainability Development Blueprint" promoted by the Financial Supervisory Commission, is revising appropriate policies, and renaming the Company's Corporate Social Responsibility Policy and the Corporate Social Responsibility Promotion Committee to "Corporate Sustainability Policy" and "Corporate Sustainability Committee", respectively, in alignment with international developmental trends and practical operational needs.

The "Corporate Sustainability Committee" is chaired by the Chairman, with the Vice President and CFO serving as the Committee Vice Chairman, leading the Company in setting various sustainability goals and development policies, regularly reviewing and supervising implementation progress among the various businesses, and gathering opinions from stakeholders. A report is made to the Board of Directors biannually. The Board of Directors reviews, supervises, and guides development direction of the Company's ESG, and provides corrective guidance instructions. The content includes: (1) Supervision of the various "economic, environmental, and social" issue risks and opportunities evaluated and managed by the Corporate Sustainability Committee; (2) Approvals of revisions to policies and goals relating to sustainability issues. If a donation amount is relatively high or if VIS is involved in a major incident, it will be listed as a board meeting resolution item, or an interim meeting will be convened by the board to reach a resolution. For Board of Directors resolutions, please refer to the URL: https://www.vis.com.tw/tc/cg_board.

The Corporate Sustainability Committee is composed of representatives from each business unit, and is responsible for the planning and implementation of various corporate sustainability tasks in accordance with the members' respective roles.

The Corporate Sustainability Committee meets regularly on a quarterly basis, with representatives from each business unit reporting on business progress and future plans. Through brainstorming and jointly review of the effectiveness of implementation and improvement plans, the Committee is continuously promoting sustainable growth in economic, social and environmental aspects of VIS. In 2023, following the recommendations of the Board of Directors, the Corporate

Sustainability Committee proposed the long-term plans for the five major social engagement dimensions under the ESG project to the Board of Directors and received their support. Moving forward, we are continuing working towards achieving sustainability and implementing concrete goals.



2.2.2. Highlights of Sustainability Issues Presented to the Board of Directors



Corporate Governance

- Establishing "Operational Guidelines for Financial Transactions Between Related Parties".
- The performance evaluation items for senior management incorporate ESG-related indicators.
- Establishing the Commitment to Biodiversity and Zero Deforestation, Climate Change Statement, and VIS Statement Regarding Zero Tolerance of Unlawful Infringement in the Workplace; and incorporating the Commitment to Biodiversity and Zero Deforestation into the supplier Code of Conduct, revising the Corporate Governance Practice Principles, and Environmental, Safety and Health Policy.



Environmental Sustainability

- Implementing both "Task Force on Climate-related Financial Disclosures (TCFD)" and "Taskforce on Nature-related Financial Disclosures (TNFD)" management frameworks.
- Establishing e-carbon management platforms shortening implementation time for conducting the annual Greenhouse Gas Emissions Inventory.
- Completed greenhouse gas, carbon footprint, and water footprint inventories and obtained SGS certification.
- The "Firefly Restoration Project" has been consistently executed. By the end of 2023, we have released more than 6,500 fireflies into the wild in total.
- We collaborate with National Taiwan University to promote the research project "Enhancing Soil Carbon Sinks through the Application of Resource Recycling Concepts". We are the first semiconductor company in Taiwan to apply resource circulation concepts for researching carbon sink technologies, including field tests conducted at Qianjia Park.
- Participating in the United 72 "Taitung Chishang Tree Planting Project" and planting 10 trees in the Company's name.
- Promoting "Fab Biodiversity", four types of restorative planting operations have been completed in Fab 1, including Bamboo Orchid (NCR National Critically Endangered), Shower of Gold Climber (NEN National Endangered), Wulai Azalea (EW Extinct in the Wild), and Mazu Oil Chrysanthemum (a native plant).



Friendly Workplace

- Implementing diversified two-way communication models and cultivating an open communication environment with a high level of trust: Encouraging various Area / Fabs and factories to convene communication meetings at all levels.
- Strengthening cultivation and retention of human capital at all levels, continuing promoting the culture favoring internal lectures, and expanding the group of Management course lecturers for supervisors in factories and offices.
- Promoting Diversity and Inclusiveness in the Workplace: Establishing an employee resource group - Women V, holding quarterly meetings to discuss female issues.
- Creating a Maternity-friendly Workplace - Maternity Protection 2.0: (1) Mommy Resting Stations, providing comfortable reclining chairs for expectant mothers; (2) Exclusive items for VIS babies.



Social Engagement

- In cooperation with the Taoyuan City Government Education Bureau and National Yang Ming Chiao Tung University, we are jointly promoting the "University and High School Co-creation Online Learning Program", assisting in design, production, and promotion of the course "Introduction to Semiconductor Principles and Manufacturing".
- Cooperating with IC Broadcasting implementing the "Learning-Application Link" project, inspiring the career thinking and vision among high school and vocational students.
- We conducted semiconductor career lectures in partnership with Longshan Elementary School in Hsinchu, After-school Tutoring Class in Hsinchu Building Heart House, Minfu Elementary School in Hsinchu, Neihu Elementary School in Hsinchu, and Dongshan Elementary School in Tainan, sharing knowledge about semiconductor science with disadvantaged groups and primary and middle school students.
- Organizing two "Educational Volunteer Training Classes", training educational volunteers for semiconductor and environmental education popular science lectures.
- Organizing the "Delight in Cherry Blossoms by Day and Fireflies by Night" event, inviting around 500 participants, including the Mayor of Hsinchu City and city government officials, neighboring communities, schools, employees and their families, and planted 30 new winter cherry trees.

2.3 Communication with Stakeholders on Material Topics

2.3.1 Materiality Analysis

VIS conducts significant analysis processes annually. In 2023, it adhered to the GRI Standards of 2021 and referenced the Double Materiality principle proposed by the European Financial Reporting Advisory Group (EFRAG) of the European Union. It constructs a tripartite process of "identification, analysis, and confirmation", to ascertain stakeholders' concerns regarding sustainability issues, the impact of sustainability issues on the operations of VIS, and the ramifications of sustainability issues on external economic, environmental, and human/human rights spheres, identifies significant issues and reports to the Board of Directors. According to significant issues, formulates long-term objectives accordingly, periodically reviews actions and their effectiveness, proactively discloses the development progress of sustainability strategies and long-term goals, confirms and adjusts sustainability actions, responds to stakeholders' expectations and suggestions. The investigation and analysis results have been verified by the independent third-party company, DNV Business Assurance Co. Ltd.

Material Execution stage and process



Stage I: Identification

In the identification of sustainability issues, VIS relies on international sustainability norms and standards, sustainability assessments, stakeholder expectations and communication, internal operational objectives, and past disclosures of sustainability information to compile 23 sustainability issues relevant to VIS, and implement materiality analysis.

Step 1: Communication Target

Employees, investors, suppliers/contractors, customers, government, media, and community/other societal stakeholders are the primary communication targets identified by VIS through the AA1000 SES Stakeholder Engagement Standard, conveying VIS' commitment to corporate sustainability.

7 Major Categories of Stakeholders

Step 2: Sustainability Issues

To comprehensively gather relevant sustainability issues for VIS, we compile 23 sustainability issues based on domestic and international sustainability norms/standards, sustainability initiatives, feedback from internal and external stakeholders, company operational strategies, and internal management feedback.

23 Sustainability Issues



2

Stage II: Analysis

VIS disseminates a survey on "Stakeholder Concerns", incorporating perspectives on the financial materiality and operational impacts of double materiality, namely "operational impact" and "sustainability development impact". Meanwhile, integrate monetize and non monetize method, to evaluate the economic, environmental, and people/human right's sustainable development impact, conducts materiality analysis of Severe issues with significant impacts.

In the "Stakeholder Concerns" survey, representative samples were collected from seven major stakeholder categories. For "Operational Impact", company executives and colleagues jointly assessed the impact of various issues on revenue growth, customer satisfaction, operational risks, and employee morale. Regarding "Sustainability Development Impact", we followed the methodology of the GRI's three major themes, employing the Value Balancing Alliance (VBA)'s economic, environmental, and social impact assessment methods, Harvard Business School's Impact-Weighted Accounts research project, and the London Benchmarking Group (LBG) Impact Management Framework to judge the significance of impacts. we began integrating monetization methodology in 2023, using to measure external monetary value as the unit of measurement to calculate the positive or negative impact of sustainability issues, determining the significant impact of major issues.

The above analysis results were confirmed through discussions with the Sustainability Committee, external experts, and senior executives, ultimately selecting 17 key sustainability issues.

3

Stage III: Confirmation

After obtaining report to the Board of Directors for the 17 significant sustainability issues, VIS aligns its disclosures of material topics with the GRI guidelines. In the process of collecting internal information, data, and management policies, VIS adheres to GRI reporting requirements. Simultaneously, it meticulously identifies the impact relationships of significant issues within VIS' value chain. VIS clearly defines the important implications, strategies, management policies, and long-term goals of each issue. It tracks the attainment of annual objectives and the result, dynamically adjusting VIS' sustainability management actions. Besides, regarding to other potential sustainability issues, VIS also simultaneously disclosed the annual objectives and progress results in the sustainability report.

**Step 3:
Methodology: Survey**

Survey 1: Stakeholder Concerns
Through an online questionnaire, important stakeholders' concerns regarding various sustainability issues were investigated. A total of 705 valid responses were received, including employees (524), investors (25), suppliers/contractors (115), customers (11), government representatives (3), media personnel (9), community members (18).

Survey 2: Operational Impact Analysis
The impact of sustainability issues on group operations was assessed based on four major factors: revenue growth, customer satisfaction, operational risks, and employee morale. A total of 33 colleagues and managers from the sustainability team participated in the evaluation.

Survey 3: Sustainability Impact Analysis
According to international standards set by the Value Balancing Alliance (VBA), Harvard Business School's Impact-Weighted Accounts initiative, and the London Benchmarking Group (LBG), 13 positive and 8 negative impacts are defined. These impacts are evaluated based on scope, scale, remediability, probability of occurrence, and their relevance to VIS's external sustainability impacts.

**Step 4:
Identify Material Issues**

VIS assesses stakeholder concerns, operational impacts, and sustainability impacts, while also referencing major issues and long-term goals from the previous year, 2022. This is combined with the Impact Measurement and Valuation (IMV) methodology, quantifying impacts exceeding 50 million in monetary value. Materiality criteria consider stakeholder attention, impact severity, identification and management in 2022, and the irremediability of negative impacts. These criteria are confirmed by an internal sustainability team, external experts, and senior executives, resulting in the identification of 17 materialities and the creation of a materiality matrix.

**Step 5:
Review the Disclosure Content**

The 17 identified material sustainability issues correspond to 24 specific topics within the GRI Standards (21 GRI topics and 3 VIS-specific topics). This serves as the basis for the disclosure boundaries of VIS's value chain (including supply chain management, operations, products, and society).

24 GRI Topics

**Step 6:
Develop Long-Term Sustainability Goals**

To ensure that VIS's corporate sustainability initiatives meet stakeholder expectations and serve as an internal performance review metric, we have formulated 60 long-term sustainability goals based on these material issues.

60 Long-term Sustainability Goals

705 Valid Questionnaires

33 Executives

21 Impacts

17 Material Sustainability Issues

Methodology Explanation Three Survey Results

Results of Three Surveys Note

● Product ● Economic ● Society ● Environmental

Survey One	
Stakeholder Concern Levels	ESG Issues of Concern
Very High	Information Security and Privacy Protection
	Ethical Business Practices
	Regulatory Compliance
	Innovation and R&D
	Product Quality and Safety
High	Risk Management
	Economic Performance
	Supplier Sustainability Management
	Air Pollution Prevention
	Water Resource Management
	Talent Attraction and Retention
	Occupational Health and Safety
	Customer Relationship Management
Moderate Attention	Corporate Governance
	Ecological Conservation and Biodiversity
	Climate Change
	Energy Management
	Waste Management
	Social Engagement
	Employee Development

Survey Two	
VIS Operational Impact	ESG Issues Impacting Operations
Very High	Ethical Business Practices
	Product Quality and Safety
	Risk Management
	Information Security and Privacy Protection
	Customer Relationship Management
High	Innovation and R&D
	Regulatory Compliance
	Corporate Governance
	Economic Performance
	Labor Relations
Moderate Attention	Talent Attraction and Retention
	Employee Development
	Human Rights

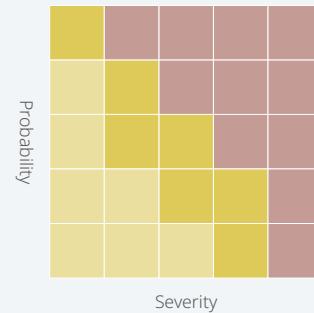
Survey Three	
Sustainability Impact	ESG Issues Impacting Operations
Very High	Risk Management
	Climate Change
	Supplier Sustainability Management
	Energy Management
	Regulatory Compliance
High	Corporate Governance
	Ecological Conservation and Biodiversity
	Air Pollution Prevention
	Economic Performance
	Water Resource Management
Moderate Attention	Waste Management
	Social Engagement
	Human Rights
	Innovation and R&D
	Ethical Business Practices
Moderate Attention	Talent Attraction and Retention
	Occupational Health and Safety
	Product Quality and Safety
	Customer Relationship Management

Note: This table summarizes the results of the three survey analyses and does not represent the final material issues. The determination of material issues considers not only the results of the three surveys but also the significant issues from the previous year, long-term goals, the monetized value from the "Impact Measurement and Valuation (IMV)" methodology, and discussions with internal and external experts.

VIS Sustainability Impact Evaluation – Non-monetization

21 Impacts

Impact	Positive	Negative
Economic	4	1
Environment	2	4
Human/Human Rights	7	3



Impact Resource:
 (1) Value Balancing Alliance (VBA)
 (2) Harvard Business School Impact-Weighted Accounts
 (3) London Benchmarking Group (LBG)
 (4) VIS

Severity = (1) + (2) + (3)
 (1) Extent
 (2) Scope
 (3) Irremediable

10 Significant Impacts

- + Advancement of Industry Technology
- + Taxation for Social Welfare Promotion
- + Green Products for Environmental Benefits Promotion
- + Renewable Energy
- + Social Engagement Enhancing Community
- Resource Depletion
- Nature resource scarcity
- Extreme Climate Events
- Environmental Impact from Procurement
- Human Rights Impact from Procurement

- Economic Impact
- Human/Human Rights Impact
- Environmental Impact
- + Positive Impacts
- Negative Impacts

Level of Impact^{Note}

- Risk Control
- Climate Change
- Supplier Sustainability Management
- Energy Management

**

- Regulatory Compliance
- Corporate Governance
- Ecological Conservation and Biodiversity
- Air Pollution Control
- Economic Performance
- Water Management
- Waste Management
- Social Engagement
- Human Rights
- Innovation and R&D

*

- Integrity Management
- Talent Attraction and Retention
- Occupational Health and Safety
- Product Quality and Safety
- Customer Relationship Management

Define positive and negative impacts

Significant Impact Analysis

Sustainability issues influencing significant impacts

Note: "****" indicates impacts on more than 5 out of 10 significant impacts; "***" indicates impacts on 2-3 out of 10 significant impacts; "**" indicates impacts on 1 out of 10 significant impacts.

VIS Sustainability Impact Valuation Process - Monetization

The fundamental purpose of VIS is to create long-term value for stakeholders through the practice of corporate sustainability. Since 2023, VIS has adopted the Impact Measurement and Valuation (IMV) methodology, which combines financial perspectives, Triple Bottom Line (TBL) management thinking covering economic, environmental, and social aspects, to measure the positive (benefits) and negative (costs) impacts on human well-being and socio-economic development directly or indirectly attributable to value chain activities.

In 2023, during the operational phase, VIS generated a net profit of NT\$7.4 billion, contributing to taxes, dividends, employee compensation, research and development investments, interest and leases, and depreciation and amortization totaling NT\$30 billion. This not only brought positive impacts to stakeholders but also fostered socio-economic growth. While focusing on our core business, the environmental footprint resulting from energy and resource consumption, as well as pollutant emissions, incurred NT\$1.3 billion in external environmental costs. However, through various energy-saving measures, the deployment of renewable energy, and water resource reuse, we generated NT\$66.08 million in environmental benefits. On the

social front, our comprehensive training programs drive the growth of skills and employability among colleagues, resulting in NT\$69.4 million in increased income for future career development. Occupational accidents occurring during production and operations processes incurred NT\$2.78 million in social costs related to workers' quality of life and medical resources. Health risks arising from workload generated NT\$16.32 million in medical costs, but through diverse health education activities and long-term monitoring, we created NT\$5.62 million in positive benefits for colleagues' health. Additionally, by participating in various local care projects through donations, volunteer services, and resource investments, we generated NT\$36.33 million in social value.

In the upstream procurement aspect, VIS drove the creation of NT\$43.9 billion in value-added through procurement demands, generating over 6,000 job opportunities and NT\$2 billion in salary income for supply chain workers. However, the environmental footprint and resource consumption arising from the procurement process resulted in NT\$600 million in external environmental costs. In terms of products and services, VIS is committed to providing comprehensive customer service and assisting customers in developing more reliable products.

This effort created NT\$24 billion in value-added for the downstream industry chain. While the product life cycle generated NT\$980 million in environmental external costs, the development of low-energy and high-efficiency product technologies resulted in NT\$4.8 billion in carbon reduction benefits for customers, helping them achieve their goals and grow together.

Looking ahead, in addition to continuously refining and deepening the framework of sustainability impact management, VIS will focus on identifying opportunities to reduce environmental impacts and enhance social welfare. Moreover, VIS will concentrate on green manufacturing technologies and low-carbon transformation, expanding our influence in the ESG realm, and creating even more significant positive value for society.

NT\$67.9 billion

Drives the value chain's upstream/downstream output

The procurement demand elevates industrial chain development, generating threefold economic value; whereas product sales contribute to a 1.99-fold value creation for client industries.

Over 6,000

Employment opportunities in the supply chain

Procurement demands foster employment opportunities within the supply chain, bringing about NT\$2 billion in wage income for workers, with machinery equipment manufacturing and construction engineering representing the highest proportions.

NT\$4.8 billion

In product energy-saving environmental benefits

Developing energy-efficient and more efficient driving chips, power management chips, and gallium nitride high-power components reduces carbon social costs, enhancing the competitiveness of client products.

VIS Sustainability Impact Route

Cause of the Impact	Management of ESG Issues	Output Metric	Impact Item	Type of Impact	Monetary Value (KNTD)		Impact Stakeholders
					2022	2023	
Supply Chain	Supplier Sustainability Management	Procurement demands drive industry supply-demand relationships	External Sociality - Elevating supply chain value	+	83,903,571	43,877,695 ↘	Social
		Procurement demands create supply chain employment opportunities	External Sociality - Employment income for supply chain workers	+	4,715,008	2,027,915 ↘	External Employees
		→ Supply chain generated greenhouse gas emissions	External Environment - Supply Chain Greenhouse Gas Emissions	-	571,952	346,508 ↘	Environment
		Supply chain generated air pollution emissions	External Environment - Supply Chain Air Pollution Emissions	-	518,074	293,710 ↘	Environment
		Supply chain generated wastewater discharge	External Environment - Supply Chain Wastewater Discharge	-	2,686	1,584 ↘	Environment
		Supply chain generated waste	External Environment - Supply Chain Waste Disposal	-	9,981	4,867 ↘	Environment
Corporate Operations	Economic Performance	Net profit	Stakeholder Added Value Income (GVA)	+	15,280,388	7,370,074 ↘	Shareholders/Investors
		Cash dividends		+	7,375,420	7,375,420 -	Shareholders/Investors
		Taxation		+	3,570,784	1,463,699 ↘	Social
		Interest and leasing		+	518,399	566,279 ↗	Investors/Suppliers
		Depreciation and amortization		+	5,269,932	7,571,332 ↗	Supplier
	Talent Attraction and Retention	Remuneration and welfare		+	14,535,634	10,866,905 ↘	Employees
		Innovation and R&D		+	2,741,631	2,150,693 ↘	Customers
		Climate Change and Energy Management		-	1,431,330	1,195,265 ↘	Environment
	Water Management	Energy use generated greenhouse gas emissions	External Environment - Operational Greenhouse Gas Emissions	+	17,752	9,014 ↘	Environment
		Drive energy saving measures avoid greenhouse gas emissions		+	54	299 ↗	Environment
		Use of renewable energy avoid greenhouse gas emissions		-	35,886	38,647 ↗	Environment
Product and services	Waste Management	Process water usage leading to water scarcity	Environmental Externalities - Operational Water Resource Usage	-	52,772	56,763 ↗	Environment
		Using recycled water to mitigate water scarcity		+	24,750	26,305 ↗	Environment
		Process wastewater discharge causing water pollution		-	21,217	21,029 ↘	Environment
		Process gas emissions leading to air pollution		-	1,174	1,038 ↘	Environment
		Waste disposal processes causing environmental impacts		-	2,195	2,781 ↗	Employees, Social
	Occupational Health and Safety	Employee occupational hazard incidents	Social Externalities - Employee Occupational Hazard Incidents	-	0	0 -	External Employees, Social
		Contractor(s) occupational hazard incidents		-	13,035	16,318 ↗	Employees, Social
		Number of individuals at risk of cardiovascular disease		+	5,751	5,620 ↘	Employees, Social
	Employee Development	Number of individuals with health management improvement	External Sociality - Employees Future Benefit	+	195,886	69,397 ↘	Employees, Social
		Training leading to skill acquisition and income growth		+	33,684	36,332 ↗	Social
Customer Relationship Management	Innovation and R&D	Social Engagement investing resources and costs	Social Externalities - Social Investment Value	+	39,113,640	24,002,564 ↘	Social
		Product sales drive downstream industry supply-demand relationships		+	5,830,977	4,773,699 ↘	Environment
		Production energy saving design avoid the greenhouse gas emissions		-	1,341,672	980,225 ↘	Environment

+ Positive - Negative

Note 1: Elevating the supply chain's value is computed through an Input-Output Model, covering the economic benefits derived from the procurement demand's impact on industry chain supply-demand dynamics, along with the associated environmental issues and generated employment opportunities and wage income. Reference sources include reports compiled from Industry Relations Statistics (National Statistics, 2020), Green National Income Account Reports (National Statistics, 2021), Energy Balance Sheets (Energy Bureau, 2021), and the EXIOBASE 2 database, among others. In 2023, due to decreased sales volume and capacity utilization, procurement demand diminished, resulting in a noticeable decline in the environmental and social externalities affecting the supply chain. Please refer "Responsible Supply Chain" section for details.

Note 2: Gross Value Added (GVA) is an assessment of the difference between intermediate inputs and final outputs in the operational process of a business, considering both original inputs and public expenditures. These economic activities bring benefits to various stakeholders. Due to the decrease in sales volume and capacity utilization, net profit and taxation have declined. However, issuing corporate bonds and initiating depreciation at Fab 5 of the wafer plant has led to an increase in interest expenses, depreciation, and amortization. Please refer to the "About VIS" section for details.

Note 3: Environmental externalities cover factors such as greenhouse gases, air pollution, wastewater, waste, and water resource consumption, resulting in carbon social costs, human health loss costs, and ecosystem damage costs. Monetary value conversion references are drawn from US EPA (2016) and OECD (2012). Additionally, the environmental benefits generated from the implementation of energy-saving measures, renewable energy, and water resource reuse are considered. In 2023, the Taiwan plant's self-use and subscription to renewable energy reached 380,000 kilowatt-hours, marking a 4.4-fold increase compared to the previous year. Please refer to the "Green Manufacturing" section for details.

Note 4: The social costs derived from occupational hazard incidents consider the willingness-to-pay value of employees to avoid occupational hazards and the medical resource inputs resulting from occupational hazard incidents, with methodological references from UK HSE (2017), Jiune-Jye Ho (2005), and the Institute of Occupational Safety and Health (2013). In 2023, there were no employee fatalities due to occupational accidents. However, the number of lost workdays due to occupational accidents increased by 42% compared to the previous year. No occupational hazard incidents were reported for contractors. Please refer to the "Friendly Workplace - Occupational Health and Safety" section for details.

Note 5: Employee health management involves early detection of conditions such as hypertension, hyperlipidemia, hyperglycemia, and obesity through regular health check-ups. Various plans are formulated to appropriately control the risk of cardiovascular diseases among employees, with correlation references from WHO (2008) and Chieh-Hsien Lee (2009). For further details, please refer to the "Friendly Workplace - Workplace Health Management" section.

Note 6: Employee future earnings assess the professional skills and knowledge gained by colleagues through company training programs. This not only enhances productivity but also contributes to better employability and career development. References are drawn from VBA (2021). As the productivity improvement resulting from employee training is already reflected in the Company's financial statements, this indicator only evaluates the contribution of employees who have undergone company training to their well-being due to income changes after transitioning to new roles. In 2023, the average training hours per employee increased by 9.7%. However, due to a significant decrease in turnover, the overall social externalities generated by training showed a downward trend. For further details, please refer to the "Friendly Workplace - Talent Development" section.

Note 7: The social contributions rely on London Benchmark Group's (LBG) community investment evaluation mechanisms to calculate quantified benefits and impacts of each effort by considering time, money, and materials provided. In 2023, the social investment value grew by 7.9%, primarily due to increased cash investment in diverse empowerment-related projects. Please refer to the "Common Good" section for details.

Note 8: Products and services focus on power management ICs, microcontroller ICs, display driver ICs, discrete power components, sensors, MEMS process technology, and third-generation compound gallium nitride (GaN) high-voltage semiconductors. This considers the supply-demand relationship between product sales and customer industry output, evaluating the indirect economic value created by product sales, as well as the positive and negative environmental externalities arising during the product usage phase. Due to customer inventory adjustments in 2023, IC product shipments decreased, leading to an overall decrease in the environmental and social externalities generated by products. For further details, please refer to the "Governance and Innovation - Innovation Management" section.

Note 9: Taking into account the economic differences between countries, value coefficients are adjusted based on per capita Gross National Income (GNI) measured by Purchasing Power Parity (PPP) to align the time boundary to the currency value based on 2021. This considers inflation and exchange rate factors. Methodological references include OECD (2012) and PwC UK (2015).

The Material analysis results correspond to the value chain as follows

In 2023, 17 material topics were identified, namely: economic performance, regulatory compliance, risk management, corporate governance, supplier sustainability management, integrity in operations, climate change, energy management, waste management, water resource management, talent attraction and retention, employee development, occupational health and safety, product quality and safety, innovation and research, information security and privacy protection, and customer relationship management. Considering the perspective that climate change places greater emphasis on governance, opportunities, and risks, so the climate change and energy management are distinguished as separate and independent issues.

Compared to the previous year, The VIS use of more rigorous methodology to identify material level, in addition to the perspective of stakeholders and the impact on company operations, this year's process of identifying major issues has added a perspective on external sustainable development impact, and combined with monetization and non monetization methods, conducted a more diversified perspective on significance analysis. Therefore, compared to 2022, water resource management, employee development, and occupational safety and health have been added as major topics for this year.

VIS 2023 Material Topics Ranking

Rank	ESG Material Topics	Questionnaire			Monetized Value	Material Result from Last year
		Level of Impact on Organizational Operation ^{Note1}	Stakeholders Attention ^{Note2}	Sustainability Development Impact ^{Note3}		
1	Innovation and R&D	**	***	**	**	***
2	Customer Relationship Management	**	**	*	***	***
2	Economic Performance	*	**	**	***	***
4	Talent Attraction and Retention	*	**	*	***	***
5	Supplier Sustainability Management		**	***	***	***
6	Risk Control	**	**	***		***
6	Product Quality and Safety	***	***	*		***
8	Climate Change	*	***	**	**	***
8	Energy Management	*	***	**	**	***
10	Integrity Management	***	***	*		*
11	Regulatory Compliance	*	***	**		*
12	Corporate Governance	*	*	**		*
13	Information Security and Privacy Protection	**	***			***
14	Waste Management	*	**			***
15	Employee Development	*	*		*	
16	Water Management	**	**			
17	Occupational Health and Safety	**	*			

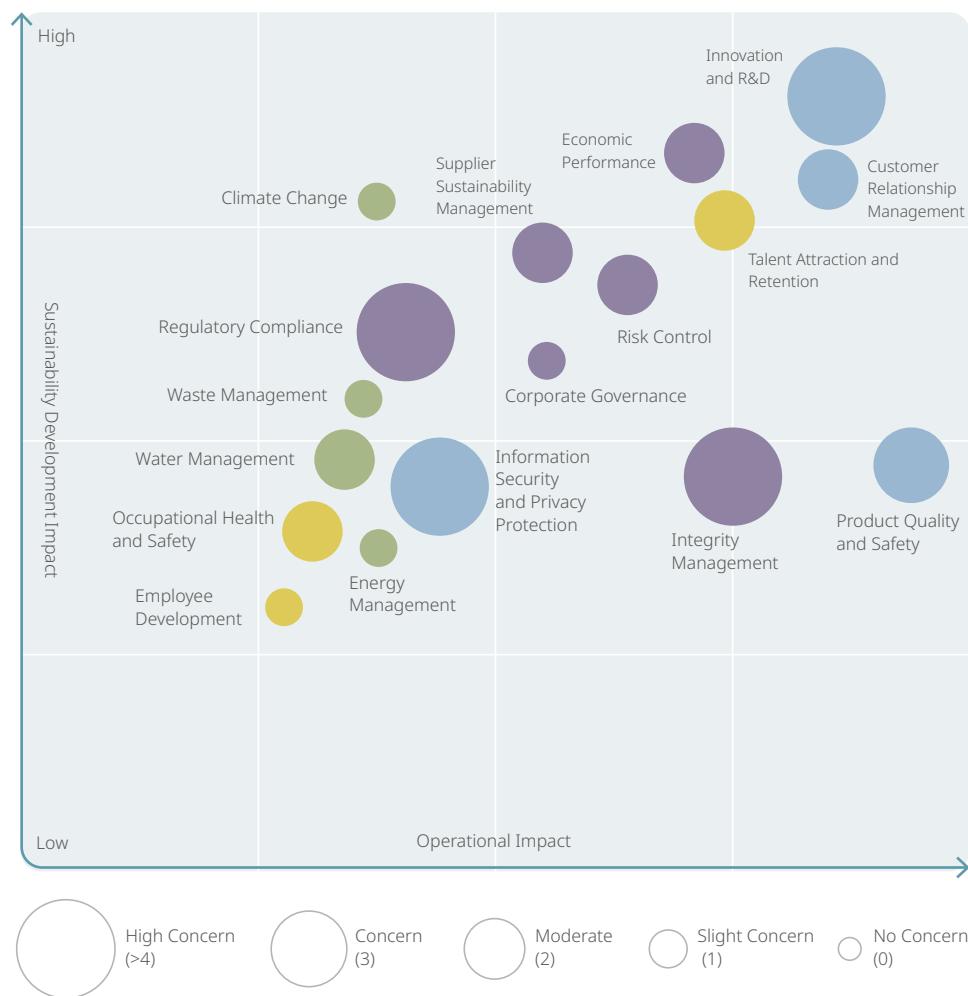
Note 1: [***] Simultaneously impacts 3-4 or more operational impact projects; [**] Simultaneously impacted two operational impact projects; [*] Only one operational impact project has been impacted.

Note 2: [***] There are 3-5 categories of stakeholders paying attention at the same time; [**] There are two categories of interests that come into attention at the same time; [*] Only stakeholders in category 1 are interested.

Note 3: [***] Impacting 5-6 or more sustainable development impact projects at the same time; [**] Impacting 2-3 sustainable development impact projects at the same time; [*] only has an impact on one sustainable development impact project.

Note 4: Please refer to the [VIS Sustainable Impact Path]: [***] The external impact of a single permanent performance issue on

VIS 2023 Material Topics Matrix



the monetization price range falls below 10 billion or more; [**] The external impact of a single permanent performance issue on the monetization price range between 1 - 9.9 billion; [*] The external impact of a single permanent performance issue on the monetization price range between 50 million - 1 billion.

Note 5: [***] Set 2022 as the Material topic, and set up the long-term goals; [*] Set 2022 as the Material topic, but did not set up the long-term goals.

VIS Material Topics and Value Chain

△ Cause ○ Promote ● Directly related

Aspect	Material Topics	"GRI Standard" Topics	Supply Chain	Operations	Product	Social	Responding Section
Economic	Economic Performance	GRI 201: Economic Performance 2016		△	●		1.2 Financial Performance 1.3 Tax Policy 4.1 Climate Change and Energy Management 6.1 Human Capital Attraction and Retention
	Regulatory Compliance	GRI 2-27: Compliance		△	●		3.3 Ethics and Transparency
	Risk Control	VIS Topic - Specific	●	△			3.2 Risk Management
	Corporate Governance	VIS Topic - Specific		△			3.1 Corporate Governance
	Supplier Sustainability Management	GRI 204: Procurement Practices 2016, GRI 308: Supplier Environmental Assessment 2016, GRI 414: Supplier Social Assessment 2016	●	△			5.2 Sustainable Supply Chain Management Strategies
Environmental	Integrity Management	GRI 206: Anti-Competitive Behavior 2016		△			3.3 Ethics and Transparency
	Climate Change	GRI 305: Emissions 2016		△	●	○	4.1 Climate Change and Energy Management
	Energy Management	GRI 302: Energy 2016	●	△	●	○	4.1 Climate Change and Energy Management
	Waste Management	GRI 306: Waste 2020		△	●	○	4.3 Waste Management
Society	Water Management	GRI 303: Water and Effluents 2018		△			4.2 Water Resource Management
	Talent Attraction and Retention	GRI 401: Employment 2016		△		○	6.1 Human Capital Attraction and Retention
	Occupational Safety and Health	GRI 403: Occupational Health and Safety 2018		△			6.4 Workplace Health Management
	Employee Development	GRI 404: Training and Education 2016 GRI 405: Diversity and Equal Opportunity 2016		△			6.2 Talent Development
Product	Product Quality and Safety	VIS Topic - Specific		△	●		3.5 Quality and Customer Service
	Innovation and R&D	VIS Topic - Specific		△	●		3.4 Innovation Management
	Information Security and Privacy Protection	GRI 418: Customer Privacy 2016		△			3.3 Ethics and Transparency
	Customer Relationship Management	VIS Topic - Specific		△	●		3.5 Quality and Customer Service

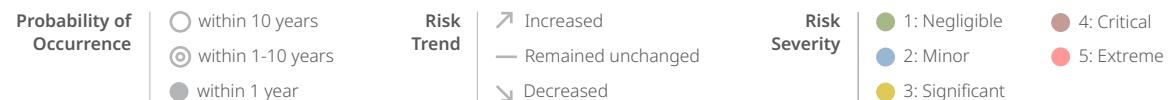
Major Topics and Enterprise Risk Management (ERM)



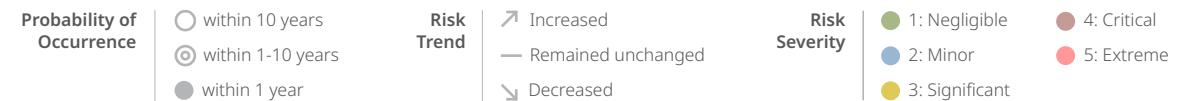
Material Topics	Possible Risks	Risk Migration and Response	Probability of Occurrence	Risk Trend	Risk Severity Level
Economic Performance	<ul style="list-style-type: none"> Foreign exchange/derivative losses Impact of carbon trading system on company finances Inability to immediately adjust product pricing to reflect green energy and carbon tax costs 	<ul style="list-style-type: none"> Regular review of financial market conditions, company exposure positions, formulation of hedging strategies, and periodic evaluation of gains and losses from derivative financial products. 	(within 1 year)	(Decreased)	(Negligible)
		<ul style="list-style-type: none"> Continuously monitor domestic carbon fee regulations, establish dedicated personnel to collect accounting bulletins and tax-related regulations, and study the "Guidelines for Accounting Treatment of Corporate Holding of Carbon Assets". 	(within 1 year)	(Remained unchanged)	(Minor)
		<ul style="list-style-type: none"> Continuously monitor the incorporation of carbon taxes (fees), green energy investments, and green energy costs into product cost estimates. Actively grasp customer demand for products using renewable energy and promptly and effectively reflect it in product pricing. 	(within 1 year)	(Remained unchanged)	(Significant)
Risk Control	<ul style="list-style-type: none"> Carbon fees Introduction of low-carbon products carries GaN risks Environmental Regulations 	<ul style="list-style-type: none"> Completion of low-carbon transformation and financial impact analysis. 	(within 1 year)	(Increased)	(Critical)
		<ul style="list-style-type: none"> Introduction of new processes requires planned control measures. 	(within 1 year)	(Increased)	(Minor)
		<ul style="list-style-type: none"> Establish internal Policies, procedures, and execution plans, and provide channels for whistleblowing through regulatory tracking, educational training, and advocacy. 	(within 10 years)	(Remained unchanged)	(Significant)
Supplier Sustainability Management	<ul style="list-style-type: none"> Natural disasters and accidents lead to supply chain disruptions Supplier violations of RBA regulations 	<ul style="list-style-type: none"> Establish alternative suppliers, provide material demand to suppliers, establish optimal inventory, and establish global transportation alternative routes. 	(within 10 years)	(Decreased)	(Minor)
		<ul style="list-style-type: none"> Establish a supplier code of conduct, which includes requiring suppliers to sign it. Conduct RBA questionnaires and audits for suppliers. 	(within 10 years)	(Decreased)	(Minor)
Regulatory Compliance	<ul style="list-style-type: none"> Employee violation of confidential data protection procedures resulting in data leaks Violation of antitrust laws and export control regulations Unauthorized signing of legal documents containing significant liability clauses 	<ul style="list-style-type: none"> Establish internal mechanisms, procedures, and employ educational training and advocacy to mitigate or reduce instances of employee breaches of confidential information protection, thereby preventing the leakage of confidential data and mitigating the risk of significant harm to the Company. 	(within 10 years)	(Remained unchanged)	(Minor)
		<ul style="list-style-type: none"> Identifying relevant laws and regulations that may have a significant impact on VIS' operations, business, or finances, VIS establishes internal policies, procedures, and implementation plans, through regulatory tracking, educational training, and advocacy to avoid or reduce the operational risk as well as penalties of non-compliance with laws and regulations. 	(within 10 years)	(Remained unchanged)	(Minor)
		<ul style="list-style-type: none"> Establish internal systems and procedures, and through advocacy and internal approval mechanisms, mitigate or reduce operational risks resulting from unauthorized signing of legal documents containing significant liability clauses. 	(within 10 years)	(Remained unchanged)	(Minor)



Material Topics	Possible Risks	Risk Migration and Response	Probability of Occurrence	Risk Trend	Risk Severity Level
Corporate Governance	<ul style="list-style-type: none"> Inability to sustain business operations Damage Shareholders' Interests 	<ul style="list-style-type: none"> Enhance the independence of directors, appoint third-party organizations to conduct board effectiveness assessments, and appoint auditors to audit financial reports and provide professional advice. 	○	↘	● 3: Significant
		<ul style="list-style-type: none"> Enhance information transparency, safeguard shareholders' rights, and prohibit insider trading. 	○	↘	● 3: Significant
Integrity Management	<ul style="list-style-type: none"> Not Complied to Regulations Violating Integrity Management Principles 	<ul style="list-style-type: none"> Policy Education, Training, and Advocacy Build-Up Reporting System. 	○	—	● 2: Minor
		<ul style="list-style-type: none"> Directors and executives sign the integrity management code, conduct surveys on the degree of adherence to the business philosophy, and organize integrity management education and training. 	○	—	● 2: Minor
Climate Change	<ul style="list-style-type: none"> The Taiwanese government levies carbon fees Flooding Due to Heavy Rainfalls Water shortage, drought 	<ul style="list-style-type: none"> Replace process gases, install greenhouse gas treatment equipment, implement energy-saving engineering improvements, and procure green energy. 	●	↗	● 4: Critical
		<ul style="list-style-type: none"> Plan to install floodgates based on flood scenarios and plan to purchase insurance. 	○	↗	● 3: Significant
		<ul style="list-style-type: none"> Evaluate the impact on factory operations and financial losses under water scarcity/water restriction conditions, and utilize water trucks during severe water restrictions. 	○	↗	● 3: Significant
Energy Management	<ul style="list-style-type: none"> Electricity Savings Rate Install solar photovoltaic systems 	<ul style="list-style-type: none"> Implement additional energy-saving measures annually to improve energy efficiency. 	○	↗	● 3: Significant
		<ul style="list-style-type: none"> The solar green energy company Taiwan Speed Power's Changhua Fangyuan factory has completed negotiations and signed a CPPA (Corporate Power Purchase Agreement). 	○	↗	● 3: Significant
Waste Management	<ul style="list-style-type: none"> Waste disposal contractors fail to comply with legal requirements. Obstruction in waste disposal leads to waste accumulation. 	<ul style="list-style-type: none"> Evaluation of waste disposal contractors, on-site audits of disposal facilities, and submission of necessary documentation for proper disposal are required. 	○	—	● 2: Minor
		<ul style="list-style-type: none"> Regular waste disposal contracts are signed with two contractors simultaneously, and hazardous waste is cleared at least once a year. 	○	↘	● 2: Minor
Water Management	<ul style="list-style-type: none"> Water Saving Rate Introduction of a recycled water supply system 	<ul style="list-style-type: none"> New water-saving measures are implemented annually to enhance water efficiency. 	○	↗	● 3: Significant
		<ul style="list-style-type: none"> Introduction of a recycled water supply system to replace some of the tap water supply. 	○	↗	● 3: Significant



Material Topics	Possible Risks	Risk Migration and Response	Probability of Occurrence	Risk Trend	Risk Severity Level
Talent Attraction and Retention	<ul style="list-style-type: none"> Failure to attract a sufficient number of talented individuals Failure to retain a sufficient number of talented individuals 	<ul style="list-style-type: none"> Establishing diversified recruitment channels: enhancing recruitment process efficiency via social media, campus activities, and training organizations for better talent recruitment. 	●	—	●
		<ul style="list-style-type: none"> Providing benefits that are better than what's stipulated by the regulations and meet the needs of our employees, as well as a comprehensive leave management system. 	●	—	●
Employee Development	<ul style="list-style-type: none"> Insufficient provision of training in professional and management fields Inadequate talent development training at all levels 	<ul style="list-style-type: none"> Develop individual development plans and recommend diverse and abundant learning resources, including courses in engineering technology, professional skills, management, and general education. 	◎	—	●
		<ul style="list-style-type: none"> Build Up Educational Tracking Index, Calculate Return on Human Resources Capital Investment. 	◎	—	●
Occupational Health and Safety	<ul style="list-style-type: none"> Deficiencies in safety and hygiene facilities and items Frequent safety and health issues Emerging Infectious Diseases Colleagues' physical and mental well-being 	<ul style="list-style-type: none"> Provide appropriate protective gear, deliver educational training, conduct health check-ups, and perform regular inspections of workplace equipment. 	◎	—	●
		<ul style="list-style-type: none"> Offer suitable educational training, establish emergency response plans, and install safety monitoring systems. 	◎	↘	●
		<ul style="list-style-type: none"> Establish an epidemic prevention committee, provide employee care, and promote vaccination. 	◎	↘	●
		<ul style="list-style-type: none"> Optimize the Company's health management app, conduct specialized operation examinations, host health seminars, and establish healthcare projects. 	◎	—	●
Product Quality and Safety	<ul style="list-style-type: none"> Process leaks and poor quality Raw Material Quality Abnormal 	<ul style="list-style-type: none"> Establish a process for managing hazardous substances in products, define a list of prohibited/restricted substances, and track the progress of reducing hazardous substances. 	●	↗	●
		<ul style="list-style-type: none"> Establish a process for managing hazardous substances in products, define a list of prohibited/restricted substances, and track the progress of reducing hazardous substances. 	●	↘	●



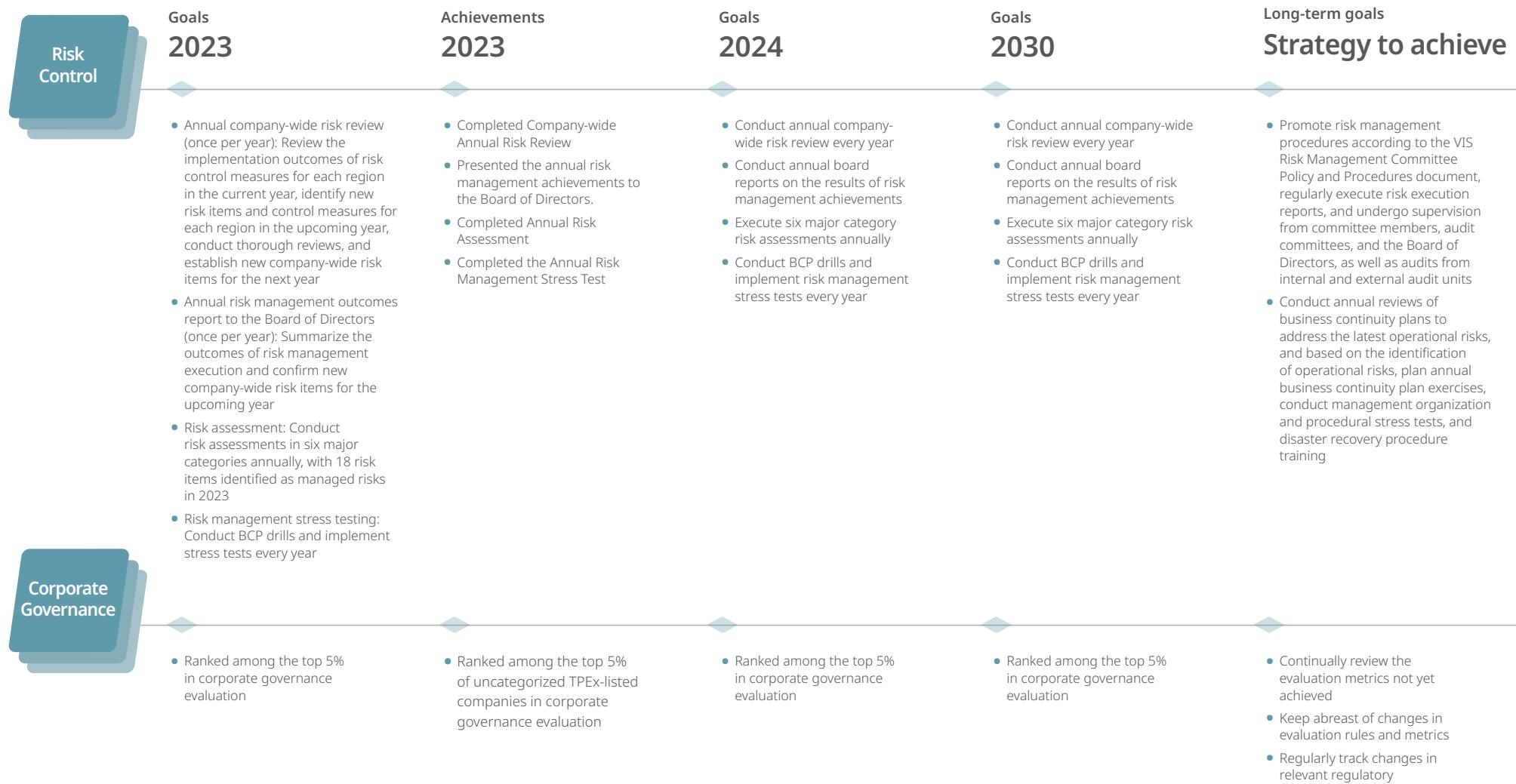
Material Topics	Possible Risks	Risk Migration and Response	Probability of Occurrence	Risk Trend	Risk Severity Level
Innovation and R&D	<ul style="list-style-type: none"> Incorrect technical blueprint planning. Delay in technical development schedule Patents Failure to protect company intellectual property rights Infringement of others' intellectual property rights 	<ul style="list-style-type: none"> Business development and technology Grow Management department: review the planning and strategy of the Company's long-term technical blueprint on a monthly basis, competitiveness analysis, target market research. 	●	—	● 4: Critical
		<ul style="list-style-type: none"> Planning Management Department and Technology Grow Management Department: Weekly meetings on new technology development and progress tracking, adjustment of project priorities, and resource optimization. 	●	—	● 3: Significant
		<ul style="list-style-type: none"> Patent meetings, patent analysis, and consultation on patent regulations. 	◎	—	● 2: Minor
		<ul style="list-style-type: none"> Establish internal mechanisms, implement management procedures, and employ educational training and advocacy to mitigate or reduce the risk of employee failure to properly protect the intelligent property of the Company. 	◎	—	● 1: Negligible
		<ul style="list-style-type: none"> Establish internal systems, implement management procedures, and utilize education and advocacy to mitigate or reduce the risk of employees infringing upon others' intellectual property rights, leading to significant damage to business operations or reputation, or necessitating substantial compensation. 	◎	—	● 2: Minor
		<ul style="list-style-type: none"> Implement hacker intrusion protection measures, external audits, and enhance colleagues' awareness of information security. 	◎	↗	● 1: Negligible
Information Security and Privacy Protection	<ul style="list-style-type: none"> Hackers infiltrating and stealing confidential information Damage to data centers Changes in external IT environments 	<ul style="list-style-type: none"> Enhance cross-building backup mechanisms, strengthen cabinet earthquake resistance, and ensure data center power supply. 	○	—	● 2: Minor
		<ul style="list-style-type: none"> Maintain application system backups and recovery mechanisms, system online operation control mechanisms, upgrade application systems, and manage end-of-support (EOS) software and hardware. 	●	—	● 1: Negligible
		<ul style="list-style-type: none"> Periodically hold customer meetings to understand needs. 	●	↘	● 2: Minor
Customer Relationship Management	<ul style="list-style-type: none"> Failure to meet customer demands Level of customer satisfaction Drops 	<ul style="list-style-type: none"> Periodically hold customer meetings to understand needs. 	●	↘	● 2: Minor

Material Topics Long-term target, Achieving Progress and Strategy

To effectively track and manage actions and outcomes related to material topics, ensuring that the Company's sustainable development projects meet stakeholder expectations, VIS has developed 60 long-term sustainability goals based on material topics. These goals are regularly supervised by the sustainability committee to oversee the execution effectiveness of significant thematic projects and track the results of action plans. If project performance falls short, improvements and dynamic adjustments are made through regular meetings, drawing upon experiences to enhance sustainable management practices.

	Goals 2023	Achievements 2023	Goals 2024	Goals 2030	Long-term goals Strategy to achieve
	Economic Performance				
Economic Performance	<ul style="list-style-type: none"> Return on equity: $\geq 25\%$ average over the last five years Compound annual growth rate of operating revenue: Between 7% to 12% over the last five years 	<ul style="list-style-type: none"> Achieved $\geq 25\%$ average for return on equity over the last five years Achieved a compound annual growth rate of operating revenue: Between 7% to 12% over the last five years 	<ul style="list-style-type: none"> Return on equity: $\geq 25\%$ average over the last five years Compound annual growth rate of operating revenue: Between 7% to 12% over the last five years 	<ul style="list-style-type: none"> Return on equity: $\geq 25\%$ average over the last five years Compound annual growth rate of operating revenue: Between 7% to 12% over the last five years 	<ul style="list-style-type: none"> Regularly track operating performance to continue to create value for the Company and enhance shareholders' equity Provide complete and real-time financial forecasts for the management team to make timely and accurate operational decisions
Regulatory Compliance	<ul style="list-style-type: none"> Regularly announce information on new/amended regulations The relevant units shall regularly review the laws and regulations related to their businesses, respond to changes, and make compliance reports. Conduct self-inspection audits, and track and enhance performance Complete educational training and advocacy according to business needs No significant violations ^{Note} 	<ul style="list-style-type: none"> The Legal Department announced information on new/amended laws and regulations once a month so that relevant units could regularly review and take corresponding measures All relevant units shall complete educational training designated by the legal department according to business needs Achieved zero litigation related to anti-competitive behaviors, antitrust, and monopoly laws and regulations No significant violations in 2023 ^{Note} 	<ul style="list-style-type: none"> Regularly announce information on new/amended regulations The relevant units shall regularly review the laws and regulations related to their businesses, respond to changes, and make compliance reports. Conduct self-inspection audits, and track and enhance performance Complete educational training and advocacy according to business needs No significant violations ^{Note} 	<ul style="list-style-type: none"> Regularly announce information on new/amended regulations The relevant units shall regularly review the laws and regulations related to their businesses, respond to changes, and make compliance reports. Conduct self-inspection audits, and track and enhance performance Complete educational training and advocacy according to business needs No significant violations ^{Note} 	<ul style="list-style-type: none"> By regularly announcing new/amended laws and regulations, we ensure that our colleagues have the right understanding of regulatory compliance as they abide by relevant statutes and orders Regularly review possible laws and regulations that may have a significant impact on various operations, businesses, or financial matters of the Company Establish internal systems, procedures, and execution plans, and provide channels for whistleblowing through regulatory tracking, educational training and advocacy, among others

Note: "Significant Violation" refers to a situation where the accumulative amount of administrative fines for a single incident reaches NT\$1 million or more)



Supplier Sustainability Management	Goals 2023	Achievements 2023	Goals 2024	Goals 2030	Long-term goals Strategy to achieve
	<ul style="list-style-type: none"> Tier 1 Suppliers sign the "VIS Supplier Code of Conduct" and implement Internal Education and Training, with a completion rate of 100% Tier 1 suppliers sign the "VIS Supplier Code of Conduct" and complete the annual "Supplier Sustainability Questionnaire", with a completion rate of 100% Tier 1 significant suppliers to implement ESG Sustainability Review, reach 100% between three-year project planning periods from 2022 to 2024 (During three-year project planning periods, completion rate of 33.3%) Complete high risk Tier 1 suppliers to implement ESG Sustainability Review, with a completion rate of 100% Perform ESG Sustainability Reviews on Non-Tier 1 significant suppliers, with the annual completion count comprising over 10% of the total number of suppliers Conduct responsible minerals due diligence on suppliers; Made sure VIS reached 100% of the compliance rate of responsible minerals Using 2020 as the base year, work with suppliers, improve their processes/quality, reduce resource consumption, with a cumulative total ≥ 27 improvements 	<ul style="list-style-type: none"> All suppliers signed the "VIS Supplier Code of Conduct" and implemented Internal Education and Training with a completion rate of 100% (total of 1,121 suppliers) Tier 1 suppliers signed the "VIS Supplier Code of Conduct" and completed the annual "Supplier Sustainability Questionnaire" with a completion rate of 100% (total of 387 suppliers) Tier 1 significant suppliers completed the implementation of ESG Sustainability Reviews, achieving a 100% completion rate during the three-year project planning period from 2022 to 2024 (a total of 88 suppliers) Completed high risk Tier 1 suppliers to implement ESG Sustainability Review, Completion rate 100% (total of 6 suppliers) Non-Tier 1 significant suppliers completed the implementation of ESG Sustainability Reviews with the annual completion count comprising over 10% of the total number of suppliers (total of 10 suppliers) Completed responsible minerals due diligence on suppliers; Made sure VIS 100% compliance rate of responsible minerals Completed using 2020 as the base year, worked with suppliers, improved their processes/quality, reduced resource consumption, with a cumulative total ≥ 28 improvements 	<ul style="list-style-type: none"> All suppliers sign the "VIS Supplier Code of Conduct" and implement Internal Education and Training, with a completion rate of 100% Tier 1 suppliers sign the "VIS Supplier Code of Conduct" and complete the annual "Supplier Sustainability Questionnaire", with a completion rate of 100% Tier 1 significant suppliers to implement ESG Sustainability Review, reach 100% between three-year project planning periods from 2022 to 2024 (During three-year project planning periods, completion rate of 33.3%) Complete high risk Tier 1 suppliers to implement ESG Sustainability Review, with a completion rate of 100% Perform ESG Sustainability Reviews on Non-Tier 1 significant suppliers, with the annual completion count comprising over 30% of the total number of suppliers Conducted responsible minerals due diligence on suppliers; Made sure VIS reached 100% of the compliance rate of responsible minerals Using 2020 as the base year, work with suppliers, improve their processes/quality, reduce resource consumption, with a cumulative total ≥ 45 improvements 	<ul style="list-style-type: none"> All suppliers sign the "VIS Supplier Code of Conduct" and implement Internal Education and Training, with a completion rate of 100% Tier 1 suppliers sign the "VIS Supplier Code of Conduct" and complete the annual "Supplier Sustainability Questionnaire", with a completion rate of 100% Tier 1 significant suppliers to implement ESG Sustainability Review, reach 100% between three-year project planning period from 2028 to 2030 Complete high risk Tier 1 suppliers to implement ESG Sustainability Review, with a completion rate of 100% Perform ESG Sustainability Reviews on Non-Tier 1 significant suppliers, with the annual completion count comprising over 30% of the total number of suppliers Conducted responsible minerals due diligence on suppliers; Made sure VIS reached 100% of the compliance rate of responsible minerals Using 2020 as the base year, work with suppliers, improve their processes/quality, reduce resource consumption, with a cumulative total ≥ 90 improvements 	<ul style="list-style-type: none"> All suppliers sign the "VIS Supplier Code of Conduct" and implement Internal Education and Training Conduct as a necessary term Conduct a Sustainability Evaluation Questionnaire test, and ESG Sustainability Review, Suppliers are required to continuously optimize ESG Management Expand the scope of VIS and supplier impact on supply chain sustainability, driving sustainable development throughout the supply chain Continuously monitor the latest information on responsible minerals released by international advocacy organizations following the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, ensuring a 100% compliance rate for responsible mineral usage Work with suppliers, improve their processes/quality, and reduce resource consumption

Note 1: Tier 1 suppliers: Suppliers engaged in non-single-use transactions with an annual transaction amount exceeding NT\$2 million.

Note 2: Tier 1 Significant suppliers: This includes the top 85% of Tier 1 suppliers by procurement amount and suppliers with unique, irreplaceable supply sources.

Note 3: High-risk suppliers: Suppliers identified with high sustainability risks among both Tier 1 and non-Tier 1 suppliers through detection and assessment.

Note 4: Non-Tier 1 Significant suppliers: Significant suppliers of Tier 1 Significant suppliers or those higher up the supply chain.

Goals 2023	Achievements 2023	Goals 2024	Goals 2030	Long-term goals Strategy to achieve
				Integrity Management
<ul style="list-style-type: none">Complete training and advocacy according to business attributes100% coverage rate of the "Code of Ethics and Integrity in Business" course	<ul style="list-style-type: none">Completed training and advocacy according to business attributes100% coverage rate of the "Code of Ethics and Integrity in Business" course	<ul style="list-style-type: none">Complete training and advocacy according to business attributes100% coverage rate of the "Code of Ethics and Integrity in Business" course	<ul style="list-style-type: none">Complete training and advocacy according to business attributes100% coverage rate of the "Code of Ethics and Integrity in Business" course	<ul style="list-style-type: none">In accordance with company regulations, training and advocacy are implemented annually
Climate Change	<ul style="list-style-type: none">Reduce carbon emissions by 57,000 tons (CO₂-equivalent), or 6% of the total carbon emissions in Scope 1 and Scope 2 in 20210 days of production interruptions caused by climate disasters	<ul style="list-style-type: none">Actual reduction of carbon emissions by 59,600 tons (CO₂-equivalent), or 6.31% of the total carbon emissions in Scope 1 and Scope 2 in 20210 days of production interruptions caused by climate disasters	<ul style="list-style-type: none">Reduce carbon emissions by 39,700 tons (CO₂-equivalent), or 4.2% of the total carbon emissions in Scope 1 and Scope 2 in 20210 days of production interruptions caused by climate disasters	<ul style="list-style-type: none">Continue to strive for 2050 Net Zero Emission Goal using 2021 as a baseline, achieve a 45% absolute reduction in carbon emissions for Scope 1 and Scope 2 by 2030, with a 50% reduction in carbon intensity0 days of production interruptions caused by climate disasters
				<ul style="list-style-type: none">With the existing five 8-inch wafer fabs, target a 70% reduction in carbon emissions (Scope 1 + Scope 2 + Scope 3) by 2040 compared to 2021, to progress toward the net-zero emissions goal by 2050 <small>Note</small>The net-zero emission path focuses on energy conservation, emission reduction, and carbon reduction, supplemented by the use of green electricity and negative emissions technologies; it will also continue to promote and guide the low-carbon transition of the supply chain. Through the implementation of a low-carbon transition path, we continue to strengthen various green actionsAccording to risks such as heavy rain, floods, and droughts affected by climate change, we implement responsive measures

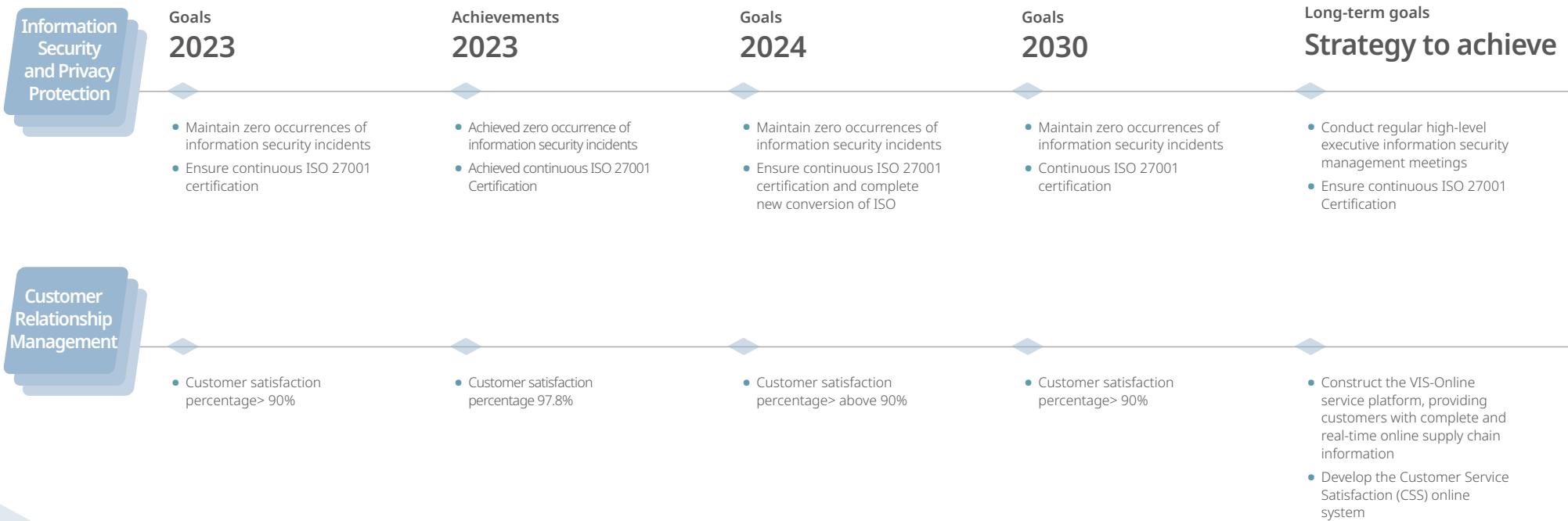
Note: The detailed carbon reduction pathways are described in Appendix Four, Annex Table Two "Climate-related Information for Over-the-Counter Companies."

Energy Management	Goals 2023	Achievements 2023	Goals 2024	Goals 2030	Long-term goals Strategy to achieve
	<ul style="list-style-type: none"> Attain a cumulative energy-saving rate of 16.93 % Install renewable energy generation equipment, total power generation capacity reached 210,000 kWh Purchase 11,000,000 kWh in renewable energy Continuously comply with the requirements of energy management system ISO 50001 	<ul style="list-style-type: none"> Achieved a cumulative energy savings rate of 17.2%. Completed installation of renewable energy generation equipment with a capacity of 272kW, with a total power generation of 213,652 kWh in 2023 Complete Purchased 11,906,160 kWh in renewable energy Obtained the energy management system ISO 50001 	<ul style="list-style-type: none"> Attain a cumulative energy saving rate of 18.2 % Cumulative installed equipment of renewable energy with 722kW Purchase 11,000,000 kWh in renewable energy 	<ul style="list-style-type: none"> Attain a cumulative energy savings rate of 24% by implementing new energy-saving measures from 2016 to 2030 Cumulative installed equipment of renewable energy with a capacity of 1,000kW Purchase 400,000,000 kWh in renewable energy 	<ul style="list-style-type: none"> Continually propose energy-saving projects for improving and enhancing energy Efficiency VIS became a RE100 new member in December 2022 and committed to using 100% renewable energy by 2040
Waste Management	<ul style="list-style-type: none"> Waste recycling rate reached $\geq 92\%$ Waste reduction improvement projects ≥ 40 improvements/year A waste landfill rate of $<1\%$ Waste treatment companies audited and guided: 100% The rate of waste treatment companies obtaining ISO 14001 and other international environmental, safety, and health management certifications $\geq 50\%$ 0 violations of environmental protection regulations 	<ul style="list-style-type: none"> Achieved a waste recycling rate of 95.12% Waste reduction improvement projects 40 improvements/year Achieved a waste landfill rate of 0.07% Waste treatment companies audited and guided: 100% The rate of waste treatment companies obtaining ISO 14001 and other international environment, safety, and health management certifications is 55% Completed 0 violations of environmental protection regulations 	<ul style="list-style-type: none"> Waste recycling rate reached $\geq 93\%$ Waste reduction improvement projects ≥ 50 improvements/year Waste Landfill Rate $<0.6\%$ Waste treatment companies audited and guided: 100% The rate of waste treatment companies obtaining ISO 14001 and other international environmental, safety, and health management certifications $\geq 60\%$ 0 violations of environmental protection regulations 	<ul style="list-style-type: none"> Waste recycling rate reached $\geq 94\%$ Waste reduction improvement projects ≥ 50 improvements/year A waste landfill rate of $<0.5\%$ Waste treatment companies audited and guided: 100% The rate of waste treatment companies obtaining ISO 14001 and other international environmental, safety, and health management certifications $\geq 70\%$ 0 violations of environmental protection regulations 	<ul style="list-style-type: none"> The waste managers at each factory waste department shall propose reduction plans (resin reuse/ sludge reuse) The Technical Committee reviews key performance indicators monthly
	<ul style="list-style-type: none"> Waste recycling rate reached $\geq 92\%$ Waste reduction improvement projects ≥ 40 improvements/year A waste landfill rate of $<1\%$ Waste treatment companies audited and guided: 100% The rate of waste treatment companies obtaining ISO 14001 and other international environmental, safety, and health management certifications $\geq 50\%$ 0 violations of environmental protection regulations 	<ul style="list-style-type: none"> Achieved a waste recycling rate of 95.12% Waste reduction improvement projects 40 improvements/year Achieved a waste landfill rate of 0.07% Waste treatment companies audited and guided: 100% The rate of waste treatment companies obtaining ISO 14001 and other international environment, safety, and health management certifications is 55% Completed 0 violations of environmental protection regulations 	<ul style="list-style-type: none"> Waste recycling rate reached $\geq 93\%$ Waste reduction improvement projects ≥ 50 improvements/year Waste Landfill Rate $<0.6\%$ Waste treatment companies audited and guided: 100% The rate of waste treatment companies obtaining ISO 14001 and other international environmental, safety, and health management certifications $\geq 60\%$ 0 violations of environmental protection regulations 	<ul style="list-style-type: none"> Waste recycling rate reached $\geq 94\%$ Waste reduction improvement projects ≥ 50 improvements/year A waste landfill rate of $<0.5\%$ Waste treatment companies audited and guided: 100% The rate of waste treatment companies obtaining ISO 14001 and other international environmental, safety, and health management certifications $\geq 70\%$ 0 violations of environmental protection regulations 	<ul style="list-style-type: none"> The waste managers at each factory waste department shall propose reduction plans (resin reuse/ sludge reuse) The Technical Committee reviews key performance indicators monthly

Water Resource Management	Goals 2023	Achievements 2023	Goals 2024	Goals 2030	Long-term goals Strategy to achieve
	<ul style="list-style-type: none"> Attain a cumulative water-saving rate of 10% The process water recovery rate reaches above 85% for Fab 1, Fab 2 and Fab 5 above 77% for Fab 3 and above 70% for the fab in Singapore Effluents TMAH Concentration <30ppm Effluents Ammonia Nitrogen Concentration <30ppm 	<ul style="list-style-type: none"> Attained a cumulative water-saving rate of 10.5% The process water recovery rate reached above 85.9% for Fab 1, 85.1% for Fab 2, and 87.7% for Fab 5 above 77.1% for Fab 3 and above 70.2% for the fab in Singapore Effluents TMAH Concentration 1.24- 6.65 ppm Effluents Ammonia Nitrogen Concentration 12.67- 19.24 ppm 	<ul style="list-style-type: none"> Attain a cumulative water-saving rate of 12% Introduction of a recycled water supply system 365,000 tons/year The process water recovery rate reaches above 85% for Fab 1, Fab 2 and Fab 5 above 77% for Fab 3 and above 73% for the fab in Singapore Effluents TMAH Concentration <30ppm Effluents Ammonia Nitrogen Concentration <30ppm 	<ul style="list-style-type: none"> Attain a cumulative water savings rate of 17% by implementing new water-saving measures from 2015 to 2030 Introduction of a recycled water supply system 730,000 tons/year above 85% for the fab in Taiwan and above 80% for the fab in Singapore Effluents TMAH Concentration <30ppm Effluents Ammonia Nitrogen Concentration <30ppm 	<ul style="list-style-type: none"> Continually propose water-saving projects for improving and enhancing Water Efficiency Continue to evaluate the installation of water recovery system The discharge water TMAH and ammonia nitrogen concentrations comply with environmental regulations
Talent Attraction and Retention	Goals 2023	Achievements 2023	Goals 2024	Goals 2030	Long-term goals Strategy to achieve
	<ul style="list-style-type: none"> Meeting and communication completion 100% Employee feedback rate: 100% Turnover rate 5% to 10% Key talents retention rate ≥ 97% Female supervisor ratio ≥ 19% 	<ul style="list-style-type: none"> Meeting and communication completion 100% Employee feedback 100% Complete Turnover rate 6.8% Key Talents Retention Rate 96.1 (Not achieved) Complete Female supervisor ratio 20.2% 	<ul style="list-style-type: none"> Meeting and communication completion 100% Employee feedback rate: 100% Turnover rate 5% to 10% Key talents retention rate ≥ 97% Female supervisor ratio ≥ 19% 	<ul style="list-style-type: none"> Meeting and communication completion 100% Employee feedback rate: 100% Turnover rate 5% to 10% Key talents retention rate ≥ 97% Female supervisor ratio ≥ 19% 	<ul style="list-style-type: none"> Implement the Company's 10 Business Philosophy, including creating a dynamic and enjoyable working environment and open management and regularly organizing communication meetings to understand employee opinions, in order to improve the employee experience

Occupational Safety and Health	Goals 2023	Achievements 2023	Goals 2024	Goals 2030	Long-term goals Strategy to achieve
	<ul style="list-style-type: none">0 major occupational disasters and \leq 12 minor incidents in the entire company0 cases of occupational disease caused by chemical exposureDisabling injury frequency \leq 0.62 (in one million working hours)Severity of disabling injury \leq 3.5Special operation health examinations 100%Proactive participation in health plans 50%	<ul style="list-style-type: none">0 major occupational disasters and 10 minor incidents in the entire company0 cases of occupational diseases caused by exposure to chemicalsDisabling injury frequency \leq 0.62 (in one million working hours)Severity of disabling injury \leq 3.5Special task inspections 100%Proactive participation health plans 51%	<ul style="list-style-type: none">0 major occupational disasters and \leq 10 minor incidents in the entire company0 cases of occupational diseases due to chemical exposureDisabling injury frequency \leq 0.47 (in one million working hours)Severity of disabling injury \leq 3.2Special operation health examinations 100%Proactive participation in health plans 51%	<ul style="list-style-type: none">0 major occupational disasters and \leq 8 minor incidents in the entire company0 cases of occupational diseases due to chemical exposureDisabling injury frequency \leq 0.45 (in one million working hours)Severity of disabling injury \leq 3.0Special operation health examinations 100%Proactive participation in health plans 52%	<ul style="list-style-type: none">Establish a clear safety and health policyRegularly assess the risks of workplaceProvide safety and health training for employeesEstablish a system to encourage employee participation in safety cultureRegularly track the completion rate of health examinations for special operationsTrack the proactive participation rate of health plans
Employee Development					
	<ul style="list-style-type: none">The ratio of supervisor vacancies filled by promoted internal staff \geq 75%The annual training plan achievement rate: 93%The average annual learning hours per employee: 18 hours	<ul style="list-style-type: none">Complete the ratio of supervisor vacancies filled by promoted internal staff 87%Achieve annual training plan achievement rate is 100%Achieved the average annual learning hours per employee of 26.44 hours	<ul style="list-style-type: none">The ratio of supervisor vacancies filled by promoted internal staff \geq 75%The annual training plan achievement rate: 95%The average annual learning hours per employee: 20 hours	<ul style="list-style-type: none">The ratio of supervisor vacancies filled by promoted internal staff \geq 75%The annual training plan achievement rate: 95%The average annual learning hours per employee: 25 hours	<ul style="list-style-type: none">Implement the Vanguard Management Development Program (VMDP) for cultivating management talentEstablish a Learning Management System (LMS) and encourage employees to devise personalized learning strategies through individual development passports

Goals Product Quality and Safety	2023	Achievements 2023	Goals 2024	2030	Long-term goals Strategy to achieve
					2023
Innovation and R&D	<ul style="list-style-type: none"> Pass a third-party audit of the quality management system ISO 9001/ IATF 16949 and hazardous substance process management system IECQ QC 080000 The annual continuous improvement in activity efficiency: 1.119 billion Products 100% in compliance with the laws and regulations related to zero harmful substances and customer specifications 	<ul style="list-style-type: none"> Passed a third-party audit of the quality management system ISO 9001/ IATF 16949 and hazardous substance process management system IECQ QC 080000 The annual continuous improvement in activity efficiency: \$1.236 billion Products 100% in compliance with the laws and regulations related to zero harmful substances and customer specifications 	<ul style="list-style-type: none"> Pass a third-party audit of the quality management system ISO 9001/ IATF 16949 and hazardous substance process management system IECQ QC 080000 The annual continuous improvement in activity efficiency: 1.14 billion Products 100% in compliance with the laws and regulations related to zero harmful substances and customer specifications 	<ul style="list-style-type: none"> Pass a third-party audit of the quality management system ISO 9001/ IATF 16949 and hazardous substance process management system IECQ QC 080000 The annual continuous improvement in activity efficiency: \$1.3 billion Products 100% in compliance with the laws and regulations related to zero harmful substances and customer specifications 	<ul style="list-style-type: none"> Strengthen quality culture Improve quality capacities Manage hazardous substances in products Achieve quality applications
	<ul style="list-style-type: none"> Allocate 6% of the revenue as research and development funds The cumulative number of global patent applications >3,300 The cumulative number of trade secret registrations > 3,500 	<ul style="list-style-type: none"> Allocated 6% of the revenue as research and development funds The cumulative number of global patent applications is 3,303 The cumulative number of trade secret registrations exceeded 4,153 	<ul style="list-style-type: none"> Mass production of low switch resistance capacitance using the BCD process technology The cumulative number of global patent applications >3,400 The cumulative number of trade secret registrations > 5,600 	<ul style="list-style-type: none"> Maintain a leading edge in specialized technologies, consistently providing low-power, high-efficiency processes to enhance product performance The cumulative number of global patent applications >4,000 The cumulative number of trade secret registrations > 15,000 	<ul style="list-style-type: none"> Business Development and technology development management department: Review the planning and strategy of the Company's long-term technical blueprint on a monthly basis Planning Management Department and Technology Development Management Department: Weekly meetings on new technology Development and tracking progress Protect colleagues' research and development innovations through patent applications and incentivization methods, thereby sustaining the Company's competitive advantage, profitability, and reputation Advance an innovative culture and safeguard company trade secrets by promoting a system for registering business secrets, thereby enhancing the Company's competitive edge



Material Topics Management Policy

Material Topics	Importance Commitment	Strategy	Tracking Mechanism	Responsible Unit
Economic Performance 	Ensuring sustainable business goals via strong financial performance and create long-term value for stakeholders.	By enhancing operational performance and profitability, the Company creates long-term, stable value and actively contributes to environmental protection, employee welfare, and social responsibility. Relevant management mechanisms reference procedures for handling material inside information, procedures for the acquisition or disposal of Assets, tax governance policy, procedure for lending funds to other parties, operational procedures for financial derivative transactions, and procedure for making endorsements or guarantees.	<ul style="list-style-type: none"> Board of Directors meetings are held quarterly to ensure the management strategies Executive convenes regular business review meetings to track economic performance indicators Examine product diversification Disclose Financial Performance to the Public 	<ul style="list-style-type: none"> Accounting department (reporting operational results to the general manager)
Regulatory Compliance 	Through regular evaluation/confirmation, confirm relevant laws and regulations that may have a significant impact on VIS' operations, business, or finances, to establish internal policies, procedures, and implementation plans on time, and through regulatory tracking, educational training, and advocacy, provide reporting channel etc., to avoid or reduce the operational risk as well as penalties of non-compliance with laws and regulations.	Implementing integrity in business operations is the paramount core value of enterprises. Therefore, VIS has established adhering to laws and regulations, important information protection measures, antitrust laws and regulations, and codes of conduct to avoid illegal risks, in order to achieve stable growth and sustainable operation.	<ul style="list-style-type: none"> Each department identifies business-related regulations and regularly reviews and responds to changes Periodic regulatory tracking, education, training and promotion, provide reporting channels, self-review and auditing Whether regularly announcing information on new/amended regulations Whether each department regularly reviews the laws and regulations related to their businesses, responds to changes, and makes compliance reports Have education and awareness programs been conducted according to the nature of the business? These may include introductions to the AEO Excellent Enterprise Supply Chain Security Management System, information security, corporate social responsibility, prevention of sexual harassment, environmental protection, internal control systems, personal data protection laws, important information protection measures (PIP Policy), antitrust laws, concepts of intellectual property rights for employees, protection of trade secrets, as well as relevant online and awareness courses on insider trading and short-term trading Provide training to specific departments for antitrust education training (Business, customer service, and procurement departments) 	<ul style="list-style-type: none"> Legal Department and Corresponding Responsible Units to Legal Affairs Units Responsible for Corresponding with Legal Related Regulations (e.g., Risk and Environmental Safety Department, Accounting Division, Internal Auditing, Corporate Governance Department, and Procurement Department).
Risk Control 	In order to ensure the effective implementation of VIS' business strategies to achieve our operational objectives, VIS has formulated risk management policies and strengthened the organizational culture of risk management, implemented corporate governance, and established overall risk management systems, procedures, and methods, in order to obtain qualitative and quantitative management results as a basis for reference in the formulation of business strategies.	VIS actively performs risk prevention and loss control through domestic and international risk assessment expertise and concepts. Through effective insurance engineering techniques and risk management mechanisms, all employees are engaged in educational training and continuous improvement. Risk management measures are integrated into daily internal control operations, and each unit is required to regularly review its own risk control situation, and the board of directors and senior management review the effectiveness of risk control implementation, so that the Company's risks can be effectively controlled within acceptable limits. In order to further implement risk management policies, the Company builds up the Risk Management Committee and reports to the Audit Committee and the Board of Directors on, matters regarding risk management policies and procedures.	<ul style="list-style-type: none"> The operating procedures of the Risk Management Committee include drafting and planning risk projects, mid-year reviews, regional risk reviews, company annual risk review meetings, and annual reports to the Audit Committee/Board of Directors 	<ul style="list-style-type: none"> Audit Committee (BOD Level) Risk Management Committee Internal Audit Division Fab or Division/ Subsidiary Executive Committee Member

Material Topics	Importance Commitment	Strategy	Tracking Mechanism	Responsible Unit
Corporate Governance 	The Board of Directors and management aim to maximize the interests of the Company and all shareholders, assisting in managing company operations and providing effective oversight mechanisms, encouraging efficient resource utilization, enhancing efficiency, and thereby improving competitiveness.	VIS establishes a sound corporate governance framework through the implementation of internal policies, such as Article of Incorporation, Corporate Governance Practice Principles, Rules of Procedure of Board of Directors Meetings, Rules Governing the Election of Directors, organizational regulations of functional committees, Board of Directors Performance Assessment Policy, and Procedures for Handling Material Inside Information.	<ul style="list-style-type: none"> ● Set up Corporate Governance Department ● Diversity for Board Members ● Matters concerning the appointment of directors ● Continuing education of board members ● Appoint third-party organizations to conduct board effectiveness assessments ● Transparency in external communication of corporate governance information ● Domestic and international evaluation results 	<ul style="list-style-type: none"> ● Corporate Governance Department (assist directors in exercising their duties and responsibilities, board operations)
Supplier Sustainability Management 	In the event of an epidemic, war, or even geopolitical influences leading to disruptions in the supply chain and causing company shutdowns, significant impacts will be felt by the Company and its customers.	Commitment to promoting a sustainable supply chain cycle, including establishing supplier sustainability standards, identifying supplier sustainability risks, conducting supplier sustainability audits, and establishing guidance mechanisms and capacity building.	<ul style="list-style-type: none"> ● Procurement Practices ● Materials Management ● Close cooperation with importers, exporters, and suppliers ● Inventory Management ● Supplier Delivery Time Stable 	<ul style="list-style-type: none"> ● Procurement Unit (Supplier Management) ● Management of material units (providing material requirements to suppliers, inventory management) ● Import and export units (management of goods transportation)
Integrity Management 	By identifying relevant laws and regulations that may have a significant impact on VIS' operations, business, or finances, VIS establishes internal policies, procedures, and implementation plans to avoid or reduce the negative economic impact of non-compliance with laws and regulations that may affect customer and investor confidence in VIS' sound operations as well as penalties, through regulatory tracking, educational training and advocacy, and provision of reporting channels.	Through adherence to Ethical Corporate Management Best Practice Principles, Ethics and Business Conduct, Guidelines for Reporting and Handling Ethical Conduct Violations, VIS establishes norms for integrity in business operations.	<ul style="list-style-type: none"> ● External Regulations ● Ethics and Business Conduct Advocacy Result ● Provide training to specific departments for antitrust education training (Business, customer service, and procurement departments) ● Cases through the complaint channel 	<ul style="list-style-type: none"> ● Corporate Governance Department (assist directors in exercising their duties and responsibilities, board operations) ● Legal ● Department and Corresponding Responsible Units to Legal Affairs Units Responsible for Corresponding with Legal Related Regulations (e.g., Risk and Environmental Safety Department, Accounting Division, Internal Auditing, Corporate Governance Department, and Procurement Department). ● Human Resources Unit

Material Topics	Importance Commitment	Strategy	Tracking Mechanism	Responsible Unit
Climate Change 	Responding promptly and appropriately to international trends and issues, while also maintaining and enhancing stakeholder satisfaction, contributes to the Company's competitiveness and potential for benefits.	VIS' net-zero emission path focuses on energy conservation, emission reduction, and carbon reduction, supplemented by the use of green electricity and negative emissions technologies; it will also continue to promote and guide the low-carbon transition of the supply chain. Through the implementation of a low-carbon transition path, we continue to strengthen various green actions.	<ul style="list-style-type: none"> Carbon Asset Management Energy saving and carbon reduction Supply Chain Management The factory manager serves as the overall coordinator, regularly reporting results to the management team. Corporate Sustainability Committee 	<ul style="list-style-type: none"> Corporate Sustainability Committee Enterprise Risk Management Committee Energy and Carbon Reduction Committee
Energy Management 	Effective energy management can achieve positive impacts on the economy and the environment through energy conservation and sustainability. In the future, the continuous increase in industrial demand may lead to energy shortages, and the Company's response strategies may directly result in significant increases in energy costs, with negative impacts on both economic and environmental aspects.	VIS achieves sustainable energy management by adhering to energy regulations, efficiently utilizing energy, implementing energy management objectives, continuously improving performance, supporting green procurement, and establishing internal and external communication channels among six dimensions.	<ul style="list-style-type: none"> Establish an energy management program (1D1-0021 Energy Resource Management Manual). Comply with Energy Management System Standards ISO 50001 Devise energy improvement objectives 	<ul style="list-style-type: none"> Facilities Engineering Department (Draft Policies) The Directors of each factory (for policy implementation approval) Factory Technical Committee (for performance management and enhancement) Factory Engineering Department (energy scheme management and monitoring) All Facilities Engineering (Responsible Unit)
Waste Management 	Good waste management can reduce waste generation and disposal costs, and recyclable waste can be reused to improve efficiency, which has a positive impact on the economic and environmental aspects.	The VIS improves fab management practices through ISO 14001 management system operation and third-party audit verification; improves facility management practices; continuously prepares to improve and reach the annual target.	<p>Establish Waste Management Procedures:</p> <ul style="list-style-type: none"> 1.1A1-0091 Waste Disposal Control Procedures 2.1T2-0027 VIS Waste Reporting Operation Management Procedures 3.1D1-0006 VIS Fab area and each laboratory business waste removal management measures 	<ul style="list-style-type: none"> Factory Engineering Department / Enterprise Security and Employee Services Department / Warehouse Management Department (temporary storage and clearance management of waste) Risk and Environmental Safety Management Department (information on waste consolidation and auditing)

Material Topics	Importance Commitment	Strategy	Tracking Mechanism	Responsible Unit
Water Management 	<p>Implement water-saving measures, achieving the standard for water recycling rates as announced, or utilizing recycled water, desalinated water, developing water resources, or investing in water-saving equipment to enjoy preferential rates or offset water consumption fees.</p> <p>Water scarcity and rising costs will become concerns for business operations. Through water resource management, companies can mitigate negative impacts on both economic and environmental fronts.</p>	<p>VIS divides water resource management into: water resource efficiency and water pollution prevention. By adopting the ISO 46001 water resource efficiency management system, identify significant water use activities, establish water resource performance indicators and baselines, set management objectives and promote improvement schemes, regularly review and audit relevant management mechanisms, and continuously optimize water resource management performance.</p> <p>For a wastewater discharge quality that is better or in compliance with government regulations the prevention and control of water pollution is divided into the reduction in pollutants used in the production process, and water recovery and water pollutant treatment through high-efficiency equipment.</p>	<ul style="list-style-type: none"> Establish Water Management System Comply with ISO 46001 Water Management Systems 	<ul style="list-style-type: none"> Facilities Engineering Department (Draft Policies) The executives of each factory (for policy implementation approval) Factory Technical Committee (for performance management and enhancement) Engineering departments of each factory (for establishing corrective and preventive measures)
Talent Attraction and Retention 	Talented individuals will affect technological development and productivity, and VIS' business may be affected, resulting in a negative economic impact.	VIS regularly reviews two key aspects: compensation structure and talent development system, to ensure attraction and retention of talent.	<ul style="list-style-type: none"> Complete Holiday and Leave System Company Survey of Employee Opinion Business Philosophy 	<ul style="list-style-type: none"> The Supervisor Responsible for Each Organizational Unit Human Resources Unit
Occupational Safety and Health 	Effective occupational health and safety management contributes to reducing the risk of personnel injury and subsequently enhancing work efficiency. Furthermore, efficient safety and health measures can mitigate losses resulting from abnormal incidents, including medical expenses and production losses.	VIS employs the ISO 45001 management system, third-party audits, risk management mechanisms, and establishes appropriate safety protection equipment. It actively cultivates safety and health awareness among operational personnel, safeguarding the safety and well-being of workers.	<ul style="list-style-type: none"> Regularly assess the risks of workplace Employees' Safety Education and Training Enhanced protective equipment 	<ul style="list-style-type: none"> Risk and environmental safety management department (education and training, operational control, risk assessment tools, safety audits, etc.) Department heads (assessing potential risks, equipment inspections)
Employee Development 	Outstanding talent serves as the Company's competitive advantage and driving force for growth.	VIS, through providing employee education and training, prepares reserve employees for future capabilities, unleashes potential for innovation, and demonstrates the advantage of talent development.	<ul style="list-style-type: none"> Employee self-directed learning outcomes Talent pipeline 	<ul style="list-style-type: none"> The Supervisor Responsible for Each Organizational Unit Human Resources Unit

Material Topics	Importance Commitment	Strategy	Tracking Mechanism	Responsible Unit
Product Quality and Safety 	Maintaining excellent and reliable product quality enhances the competitiveness of both the Company and its customers. Ensuring products are free from harmful substances is crucial to understanding the potential environmental impact of the products.	To ensure the satisfaction of customers, we are concerned about the quality of our products, and we take a proactive approach to problems and deficiencies, promoting effective preventive measures to ensure that our customers receive the highest quality products and the best services.	<ul style="list-style-type: none">Quality anomaly defense systemHazardous substance management systemProduct mass recall incidentsThird-Party Audit results	<ul style="list-style-type: none">Quality and reliability organization (defense system, early anomaly detection)
Innovation and R&D 	Continuous innovation and research and development can create new markets and generate more revenue for VIS, thereby maintaining its competitive advantage, increasing profits, and earning reputation.	Continuously enhance Innovation and R&D capabilities to provide competitive technology and services, and conduct internal management through the Intellectual Property Management Handbook, Patent Application and Incentive Regulations, Registration of Trade Secrets and Rules for Incentives, and Trademark Management Regulations.	<ul style="list-style-type: none">Patent layout (number of patents)Business secret management	<ul style="list-style-type: none">R&D department (development, intellectual property proposals)Intellectual property department (application, maintenance, and management)
Information Security and Privacy Protection 	To prevent information security incidents from causing operational disruptions and affecting customer production, ensuring the proper protection of information assets is essential to maintaining the Company's competitive advantage.	VIS establishes four major aspects in its information security policy: emphasizing information security, establishing information security norms, information authorization classification, and enhancing employee awareness to reduce information security risks.	<ul style="list-style-type: none">The Chief Information Security Officer compiles information security performance reports for presentation to the Board of Directors.Chief Information Security Officer Hold up Information Security Management MeetingInformation Security Management System	<ul style="list-style-type: none">Chief Information Security OfficerIntegrated Information Security Management UnitThe Information and E-commerce Department, Computer Integrated Manufacturing Department, Design Service Department, and Document Control Center continue to enhance the ISO 27001 management system.
Customer Relationship Management 	Responding promptly and appropriately to customer needs, while maintaining and enhancing customer satisfaction, contributes to the Company's future revenue growth and potential benefits.	VIS is committed to ensuring that our customers' opinions are understood and properly addressed in order to provide them with the best possible products and services.	<ul style="list-style-type: none">Level of Customer Satisfaction Survey	<ul style="list-style-type: none">Customer Engineering Services Department (customer communication and liaison)Quality System Management Department (Customer satisfaction survey)

2.3.2 Stakeholder Communication



Customers

100%

Coverage rates
for the customer
satisfaction survey is
100%.

97.8%

Overall customer
satisfaction
percentage is 97.8%.

What it Means for VIS

Customers are our partners, and we place the utmost importance on our customers and continue to implement the concept of "customers are partners". We regard our customers' competitiveness as the Company's competitiveness, and our customers' success is also our success. This positioning is the key to our future growth.

Communication Method/Frequency

- Annual Customer Satisfaction Survey/Annually
- Business and Technology Review/Quarterly
- Customer Visits/Non-periodic
- VIS-Online Customer Communication System/Non-periodic

Topics of Concern

- Innovation and R&D
- Risk Control
- Integrity Management
- Product Quality and Safety
- Information Security and Privacy Protection

Content of Concern

- Domestic and foreign political and economic developments and regulatory developments
- VIS' technology development schedule and plans
- Company capacity planning and production information
- Intelligent manufacturing and intelligent management capabilities

VIS Response

- The coverage rate of the Level of Customer Satisfaction survey in 2023 was 100%, and the overall levels of customer satisfaction percentage were 97.8%, achieving the goal of satisfaction percentiles exceeding 90%.
- Introducing tools including software robots (RPA), Big Data Intelligence, and Artificial Intelligence to build a highly automated decision-making environment for semiconductor Product Manufacturing, fully optimizing speed, productivity, and Quality in manufacturing.



On behalf of the ADI, we would like to take this opportunity to recognize and formally thank you for your outstanding contributions and support on yield improvement activities for 0.35um ADI phase in projects.

We have had several notable successes over the past year. We look forward to continued collaboration and much progress and success in the coming years.

Rick Lin
Sr. Director, Foundry Management,
Analog Devices Ltd.



Employees

Ministry of Technology "Outstanding Unit Promoting Workplace Equal Rights - Special Excellence Award"

Ministry of Labor's Workplace Health Service "Enterprise for Promoting Occupational Health Services" award

What it Means for VIS	The 8 th of the VIS 10 Business Philosophies, Creating a Dynamic and Enjoyable Working Environment indicates for the majority of colleagues, a challenging and continuous learning, yet interesting work environment is even more important than mere monetary rewards. VIS must always shape and maintain such an environment to attract and retain like-minded and best-in-class talent.
Communication Method/Frequency	<ul style="list-style-type: none">Professional Ethics Training/AnnuallyLabor-Management Meeting/QuarterlyChairman's Communication Meeting/At least twice a yearExecutive Communication Meetings at All Levels/QuarterlyStaff Feedback Channels/Non-periodic
Topics of Concern	<ul style="list-style-type: none">Information Security and Privacy ProtectionCustomer Relationship ManagementProduct Quality and SafetyOccupational Health and SafetyInnovation and R&D
Content of Concern	<ul style="list-style-type: none">Smooth and effective communication channels between employee and employerTalent attraction, development and retentionFully Compliant working environment and healthy workplace
VIS Response	<ul style="list-style-type: none">Improve the quality and quantity of internal communication and increase employees' understanding of VIS' current status and future direction of developmentCollaboration with the International College of Semiconductor Technology, NYCU, and College of Semiconductor Research of National Tsing Hua University on technology development; Yuan Ze University and National Taitung Junior College are offering courses to nurture the talents needed for future developmentThe Company is committed to creating a friendly workplace and has been highly recognized with the Outstanding Workplace Gender Equality Promotion Award and the Excellence Award for Gender-Friendly Workplace Health.The Company continuously strengthens employees' awareness of self-health management, earning the 2023 Corporate Health Responsibility Award's Platinum Award in the category of enterprises with over 5,000 employees, and the highest recognition as an exemplary enterprise for promoting workplace health services.



The moment when I received the honor of outstanding employee, the bitterness and sweetness of 15 years surged in my heart. I am a fortunate person who met seniors who generously taught and passed on their rich experience. Under the high pressure of the production line, they avoided blaming by instead choosing patient instruction and continuously leading the entire team forward.

When I also became a minor leader, my diligent colleagues did their best at completing their work. They were willing to discuss, solve, and learn from each other when facing difficulties. As a full-time mother, I'm grateful for my other half who accompanies me through job burnout, allowing me to comfortably balance work and family life and responsibilities. After joining Fab 5 in 2022, every day is a fulfilling challenge. I am grateful my supervisors affirming and my partners supporting all my efforts. Let's keep moving forward!

Hsin-Yi Huang
Fab 5 Manufacturing Department
Outstanding Practitioner, Hsinchu Science Park, 2023

After joining the Company in 2017, whenever there are changes in the operational processes, we proactively enquire to avoid unfamiliarity impacting operations. Also, our camaraderie ensures willingness in sharing personal experiences, teaching new colleagues from abroad, thus helping them quickly familiarize with the work environment. Therefore, over these few years it is a privilege to have been twice awarded by the Company for excellent efforts, and it's a special delight and honor to be selected as the park's outstanding annual employee this year.

Perez Mary Ann Talplacido
Fab 1 Manufacturing Department
Outstanding Employee, Hsinchu Science Park, 2023

Supplier /
Partner

100%

"The VIS Supplier Code of Conduct", has been signed by all 100% of suppliers

100%

The usage rate for Responsible Mines reached 100%

What it Means for VIS	Suppliers are important upstream partners in our operations. We work with suppliers for continually improving areas including new process technology development, Quality enhancement, environmental protection, Human Rights, safety and health regulations, code of conduct, stable supply, and net zero carbon emissions targets. By deepening our cooperation, we together drive realizing a sustainable supply chain.
Communication Method/Frequency	<ul style="list-style-type: none">● Corporate Sustainability Policy Advocacy/Annually● Supplier Self-Assessment Questionnaire/Annually● Audit and Guidance/Annually
Topics of Concern	<ul style="list-style-type: none">● Customer Relationship Management● Regulatory Compliance● Information Security and Privacy Protection● Supplier Sustainability Management● Integrity Management
Content of Concern	<ul style="list-style-type: none">● Focus on international standards and trends● Implementing Sustainable Supply Chain Management and Continuous Improvement● Value quality requirements for raw materials and ensuring a steady supply● Compliance with Hazardous Substance Free Policy and Risk Management● Establish an effective responsible mineral management mechanism
VIS Response	<ul style="list-style-type: none">● Suppliers are required to comply with and sign the "VIS Supplier Code of Conduct", with a completion rate of 100%.● Suppliers signed the non-hazardous substances Commitment Guarantee and provided Hazardous Substance Risk Assessment reports, with a 100% Completion rate.● According to the international organization RMI Guidelines, due diligence management implementation ensures a full 100% utilization rate for responsible minerals.



Tokyo Electron Group is emphasizing our efforts in sustainable development through practicing corporate philosophy and realizing company vision.

By engaging in fair and honest business activities, we aim for providing customers with high value-added products and services. Our goal is to become a company fulfilling its commitments for social missions and responsibilities, while earning high trust from its stakeholders.

We are committed to continuously improving and conforming to the standards of UNGC and RBA, and, together with VIS, we are striving for sustainability for the ideal contributions to the development of society.

Tien-Hao Chang
General Manager of Tokyo Electron Limited

Bao Hong Semi Technology Co., Ltd. is committed to process optimization, information recycling, and waste reduction, working with VIS to create a sustainable industrial chain.

Lung-Chuan Tsai
Deputy General Manager of
Bao Hong Semi Technology Co., Ltd.

Investors /
Shareholders

220

Over 220 investor
meetings

20 years

Providing positive
returns to investors
for 20 consecutive
years**What it Means for VIS**

While actively developing, we are also mindful of the interests of our shareholders. By providing investors with transparent information on VIS' management strategy and financial policies, we aim to increase the value of their investments.

Communication Method/Frequency

- Shareholders' Meeting/Annually
- Board of Directors' Meetings and Investor Conference/Quarterly
- Release of Operating Income/Monthly
- Market Observation Post System/Live updates
- Company Website/Live updates

Topics of Concern

- Economic Performance
- Innovation and R&D
- Product Quality and Safety
- Corporate Governance
- Information Security and Privacy Protection

Content of Concern

- Impact of political and economic conditions on operating results
- Market competition conditions and changes
- Financial performance
- Future profitability of VIS
- Dividend stabilization growth strategy

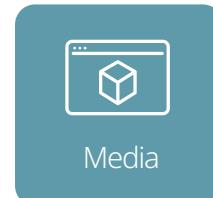
VIS Response

- 4 Corporate Presentations
- More than 220 investor meetings were held, actively communicating with investors
- Providing positive returns to investors for 20 consecutive years



We find VIS demonstrates high transparency in communicating with investors and analysts by providing informative financial results and business outlook during investors conference call in each quarter. Sparing no effort to grow core business, the company shows disciplined management in improving competitive advantages, structural growth, long-term profitability, and shareholders' right, and also maintains stable supply chain and customer relationship to reduce business risks. Besides, VIS has set clear plans to address increasing concerns from worldwide investors in environment protection. We expect VIS to be able to sustain reliable performance in investor relation and ESG onwards.

Jason Tsang
Analyst
CL Securities Taiwan



Media



16

Issuing 16 financial report-related press releases



14

Releasing 14 non-financial related press releases and newsletters

What it Means for VIS	The media is the primary channel through which VIS discloses VIS' performance and actions to the public. VIS has a dedicated spokesperson system for external communications and messaging to ensure that information is accurate and consistent, and that the disclosure process is open and transparent.
Communication Method/Frequency	<ul style="list-style-type: none">● Press Release/At least once per month● E-newsletter/Quarterly● Investors Conference/Quarterly● Media Correspondents Networking/At least once per year● Company Annual Report, Sustainability Report/Annually● Press Conference/Non-periodic● Telephone and Email Responses to Media Inquiries/Non-periodic● Clarification of Media Misrepresentation and Reporting at Market Observation Post System/ Non-periodic
Topics of Concern	<ul style="list-style-type: none">● Economic Performance● Risk Control● Talent Attraction and Retention● Regulatory Compliance● Innovation and R&D
Content of Concern	<ul style="list-style-type: none">● Company Performance and Future Outlook● Company's Technological Innovation and R&D Achievements● Industry-related issues, policy perspectives● Company's Concrete Outcomes and Plans for Corporate Sustainability/ESG
VIS Response	<ul style="list-style-type: none">● Releasing 16 financial news releases and 14 non-financial news releases.● The 4 conference calls will discuss the Company's recent performance and future outlook.● Descriptions of the Company's corporate sustainability/ESG related actions.



VIS has established excellent external communication channels, ensuring transparency in information dissemination and fostering long-term, trust-based relationships with stakeholders, including the media. Alongside its core business focus, VIS actively gives back to society.

Chien-chung Chang
Reporter of The Central News Agency



Government /
Public Industry
Associations

24

Participating in 24
public association
groups

\$4.53 million
The investment
exceeded NT\$4.53
million

**What it Means for
VIS**

The Company maintains open and effective Communication Channels with government units and public industry associations, tracks government policies and regulations. Through the associations, we raise suggestions to the government in a timely manner, exchange experiences with representatives from relevant industries, all in an effort for contributing to creating an environment conducive to developing the semiconductor industry.

**Communication
Method/
Frequency**

- Responding to the financial and operations information requested by the supervising authorities in official documents or emails/ irregularly
- Participate in communication meetings/forums/seminars or public hearings organized by government entities/Non-periodic
- Provide industry expertise and advice through industry-related associations in response to current and draft regulations from the government/Non-periodic
- Provide financial reports or information in accordance with the requirements and regulations of the competent authorities at each level/Monthly

Topics of Concern

- Climate Change
- Water Management
- Waste Management
- Regulatory Compliance
- Air Pollution Control

**Content of
Concern**

- The impact of tax policies and industry-related policies on the business environment
- The impact of the international political and economic situation on the business environment and the countermeasures
- Response and advice on environmental regulations and the supply of water and electricity in the semiconductor industry competitiveness of Taiwan's semiconductor industry.

VIS Response

- Participated in meetings and seminars with government agencies and public associations.
- Provided or responded to relevant financial and operational information on a regular basis in accordance with the requirements of laws and regulations.
- Participating in the Taiwan Semiconductor Industry Association and the Allied Association for Science Park Industries, communicating with the Ministry of Environment and discussing semiconductor industry environmental protection policies, including: Climate Change Response Act, Air Pollution Control and Emission Standards for the Semiconductor Industry, Greenhouse Gas Emissions Inventory Registration and Inspection Management Methods, Electronic industry research and establishing self-reduction specifications, Greenhouse Gas Emission Coefficients (Draft), Hydrofluorocarbon Management Methods, Montreal Protocol Managed High Warming Potential Hydrofluorocarbon Species Draft, Rules and Regulations for Managing Perfluorine and Polyfluoralkyl Substances, Volatile Organic Compound Air Pollution Control Emission Standards, Rates of Air Pollution Control Fee of Stationary Sources, Recycled Water Usage and Multiple Water Management Measures, Water Fee Collection Draft Regulation, Hsinchu Sea Freshwater Subscription Draft Regulation and other legislative trends.



VIS is a key member of the Taiwan IC Industry and Academia Research Alliance (TIARA), supporting combining industrial and academic R&D efforts and assisting promoting innovative industry-academia collaboration models, focusing on human capital cultivation issues in the semiconductor field. In 2023, VIS further participated in the "High School Semiconductor Micro-Course Material" project, contributing to cultivating semiconductor industry human capital in our country and maintaining Taiwan's international leading position in the industry.

Cheng-Lung Chiang
Executive Director of Taiwan IC Industry and Academia Research Alliance (TIARA)

Society/
Community2,200 hours
The environmental
volunteer hours over
2,200 hours\$36.33 million
The total social
engagement value
is approximately
NT\$36.33 million**What it Means for VIS**

As a corporate citizen, VIS believes that only in conjunction with the common good of our overall society can a company achieve sustainability. Through periodic review and supervision of the Corporate Sustainability Committee, we initiated a Common Good project predicated on five public welfare themes: "Care for Disadvantaged Groups", "Care for Elderly Citizens Living Alone", "Diverse Empowerment", "Environmental Conservation", and "Sustainability Initiatives". Actively responding to the United Nations' Sustainable Development Goals, we also evaluate the Impact of VIS operations on the community and society. Through donations, volunteer services, and resources inputs, we are promoting appropriate projects and committing to environmental education and community building, enhancing community identity and residents' awareness of environmental sustainability.

Communication Method/Frequency

- Organize Donation Campaigns/Annually
- Conduct Volunteer Service Activities/Non-periodic
- Organize Community Building or Environmental Education Activities/Non-periodic
- Invite Community Residents and Social Welfare Groups to Participate in Corporate Events/Non-periodic

Topics of Concern

- Social Engagement
- Employee Development
- Occupational Health and Safety
- Water Management
- Ecological conservation and Biodiversity

Content of Concern

- Level of Impact on Society/Community Investment
- Environmental Education and Community Building Results
- Engaging the supply chain to participate in corporate sustainability activities and rehabilitated fireflies.



The Taiwan Foundation for the Blind (TFB) thanks all employees of VIS for their generous sponsorship. With VIS help, TFB is promoting more digital learning courses for the visually impaired, providing our visually impaired with a wider range of learning opportunities, equipping them with more knowledge and skills, and enriching their futures. At the same time, your support allows TFB to initiate the procurement of professional low-vision aids, enabling those with low vision to smoothly carry out the assessment and trial of such devices. TFB has expressed its' sincerest gratitude, recognizing VIS kind gestures becoming the driving force for the visually impaired to continue moving forward!

I-Chun Liu
CEO of the Taiwan Foundation for the Blind

Thank you to the parents serving at VIS, who accompanied their children into class during Tuesday's morning hours with their colleagues, introducing the children living in the technology city to semiconductors through fun and easy-to-understand activities, and fulfilling the concepts of corporate social responsibility, guiding the children in understanding the imperative importance of environmental protection.

Neihu Elementary School in Hsinchu City

Continue on the previous page



Society/ Community

VIS Response

In 2023, the value of investment in the Common Good was approximately NT\$36.33 million, and the main projects are listed below:

- Initiating the Year-end Charity Donation Campaign, inviting Employees, Customers, and suppliers to participate, raising NT\$4.37 million for six social welfare organizations with 4,000 Employees participating. Additionally, NT\$1.2 million was allocated to 12 long-term social welfare organizations.
- For reducing the gap between learning and application, and helping puzzled teenagers find their future directions, a "Learning-Application Link" project was launched in cooperation with IC Broadcasting. The project has reached over 100,000 individuals. This includes career guidance for over 10,000 high school and vocational students from 14 schools in the Taoyuan, Hsinchu, and Miaoli regions. More than 174 schools across Taiwan proactively applied to screen the project, with the number of viewers surpassing 52,000. Moreover, more than 1,900 high school students from Hsinchu Senior Girls High School and St. Peter Senior High School had the opportunity to engage in face-to-face conversations with university professors and HR Supervisors.
- Sponsoring Tsinghua University's "Sunrise Program" (NT\$300,000) and National Yang-Ming Chiao Tung University's "Ukrainian Project" (NT\$500,000), supporting underprivileged students domestically and abroad in their studies in Taiwan.
- Partnered with National Taitung Junior College to offer a Micro-credit Course on Semiconductor Manufacturing and Equipment, providing scholarships (NT\$200,000), faculty, and internship opportunities.
- Holding "semiconductor science and career lectures" at Neihu Elementary School, Zhuxin Home Tutoring Class in Hsinchu, and Dongshan Elementary School in Tainan. In addition, beetle and ecological education courses were conducted at Longshan Elementary School and Minfu Elementary School in Hsinchu City. Encouraging employees to volunteer, two rounds of "volunteer training classes" were held internally to transmit experience and cultivate seed lecturers.
- Sponsoring the United Daily News 72nd Anniversary "Taitung Chishang Tree Light Project" in Taitung, planting 10 native tree species in Chishang, Taitung, and supporting them to achieve township carbon neutrality.
- Cooperating with National Taiwan University, we initiated the three-year phase one research on "Enhancing Soil Carbon Sinks through the Application of Resource Recycling Concepts". This marks the first initiative in Taiwan where a semiconductor company applies resource recycling concepts to study soil carbon sink technology and conducts on-site soil amendment experiments.

- Implementing a plant restoration project within the fab area, becoming the first company to invest in the restoration of Bamboo Orchid (*Arundina graminifolia*), a plant with a national critically endangered status (NCR).
- Adopting the Cherry Blossom Park in Hsinchu City to create a city park where people can enjoy the water, admire cherry blossoms during the day, and watch fireflies at night. Also, a four-year firefly restoration project was carried out on the banks of Kezihu Creek and the adjacent detention basin of Hsinchu Science Park. A total of 6,500 firefly larvae were released into the wild, successfully establishing a cycle of firefly ecology. Tree planting and firefly viewing activities were held for the public's environmental education.
- Adopting Qianjia Park, the largest air quality purification area in Hsinchu City, for five consecutive years VIS has been recognized as an "excellent adoption organization for air quality purification areas" by the Taiwan Environmental Protection Administration.
- The Company sponsored the "Focus Taiwan: Jennifer Shen's talk" radio program with a contribution of NT\$2 million. In 2023, a total of 52 episodes were produced and aired, focusing on exploring current sustainable trends and significant cultural issues such as artists working under AI drawing, early childhood art education, arts performances for the physically and mentally challenged, ecological image documentation, community libraries, craft revitalization in rural areas, and exclusive interviews with international artist Yosifu. With an annual viewership exceeding 1.2 million, the program encourages listeners to accumulate cultural knowledge in their daily lives and implement sustainable actions.
- For the first time, VS1 responded to the International Coastal Cleanup Day by organizing a beach cleaning event in Singapore, successfully removing over 140 kilograms of local marine debris.
- Employees served over 2,200 hours as environmental volunteers; the public participated in environmental education activities with over 2,300 attendances.

2.3.3 Domestic and International Public Association

VIS adheres to the mission of sustainable operations including Implementing Corporate Governance, Promoting Environmental Sustainability, Establishing a Friendly Workplace, and Contributing to Social Engagement. We are aiming at enhancing our capabilities and achieving the Common Good. At the same time, we are actively participating in domestic and foreign industrial public and association organizations and non-profit groups, effectively advocating the Company's supportive position, sharing our views, and contributing to industry and society through exchanges and sharing with the public and association members, and serving as members of the board of directors of associations.

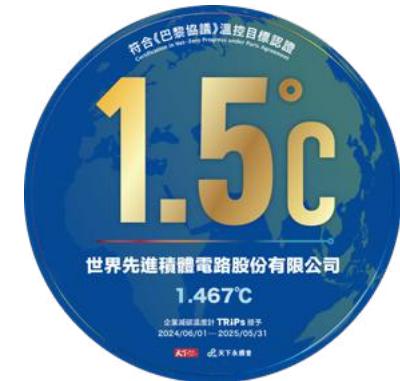
In terms of corporate lobbying or public affairs engagement, VIS has established the "VIS Public Affairs Participation Policy", which covers VIS' global operations to actively engage in the promotion of public affairs, and join industry associations and participate in the formulation of discussion relevant industry policies, while developing our core business and taking into account the interests of our shareholders. In 2023, there were no direct lobbying activities regarding relevant policies. VIS supports organizations that primarily: contribute to the development of VIS' core businesses, organizations that share VIS' views on corporate sustainability issues, and organizations that serve as a platform for discussion of public policy issues and advocate for common business interests. In addition, VIS annually reviews and updates our participation in public associations, as well as our membership status, for review by the Chairman to confirm that the policy positions of participating public associations on key issues, including those related to climate change, are consistent with those of VIS.

In 2023, VIS participated in 24 domestic and international organizations and associations, as well as advocating for public policy issues, with a total investment exceeding NT\$4.54 million. Topics of concern include industrial development, technological innovation, talent cultivation, Corporate Governance, Environmental Sustainability, human rights, and Supply Chain Management.^{Note}; in Taiwan and Singapore, where our factories are located, and with other peer companies, we jointly

promote semiconductor industry public affairs, as well as participating in formulating public policies benefitting industrial and social development.

Note: VIS strictly maintains a politically neutral stance, and does not make political contributions in the name of the Company; it only invests resources in supporting public affairs or promotes public policy beneficial to industry and social development.

VIS has established a "Climate Change Statement", understanding that climate change is one of the most severe challenges faced by enterprises and society today, and that taking action is imperative. VIS supports the goals of the Paris Agreement, as well as policies relating to climate change mitigation and low-carbon transitioning. We will continue participating in efforts limiting global warming to below 1.5 degrees Celsius. We keep distance from professional associations with different positions on this topic and encourage related professional associations to support climate risk mitigation goals in line with ours. Through advocacy and promoting professional associations for policies achieving a net-zero future, we are striving at responding to climate



VIS Public Affairs Involvement and Expenditures

Unit: NT\$ thousand

Item	2020	2021	2022	2023
Interest Group Lobbying	NA	NA	NA	NA
Contribution to Local, Regional or National Political Activities, Political Organizations and Candidates	NA	NA	NA	NA
Participation in Non-profit Organizations Such as Chambers of Commerce and Think Tanks	4,107	5,286	4,477	4,540
Election or Referendum-related Expenses	-	-	-	-
Total Contribution/Expenditure of Public Affairs Participation	4,107	5,286	4,477	4,540
Coverage rate of data scope (operational sites)	100%	100%	100%	100%

change. In 2022, VIS joined the Global Corporate Renewable Energy Initiative (RE100), committing to using fully 100% renewable energy for its global operations by 2040. We are the first company in Taiwan's semiconductor industry to commit to achieve the RE100 target by 2040. At the same time, we are setting a clear path towards net-zero emissions, steadily working towards the goal of net-zero emissions by 2050. In 2023, VIS, along with other member companies of the Taiwan Semiconductor Industry Association (TSIA), jointly announced the Climate Change Mitigation Net Zero Emissions Carbon Reduction Plan at the "Semiconductor Industry Net Zero Take-off Declaration and Carbon Reduction Technology Symposium". This planning sets the 2020 Greenhouse Gas Emissions as the baseline, aiming for a 10% absolute reduction by 2030 and achieving Net Zero Emissions targets by 2050. The "Letter of Intent for Promoting the Onset of Net Zero Emissions Efforts in the Semiconductor Industry" was signed by the Chairman of TSIA and the Vice President of ITRI, representing a joint commitment to promoting and executing the goal of Net Zero Emissions. This is the first exemplary case of industry-research collaboration for advancing the Net Zero Emissions plan domestically. For more information, please visit: <https://www.tsia.org.tw/PageContent?pageID=576>

If VIS finds that the stance that a public association in which VIS participates holds a divergent position on climate change related issues to VIS, VIS will make efforts to communicate and clearly convey its viewpoint, offering constructive suggestions. If communication fails, VIS will publicly express its differing views, distance itself from the association, and choose to withdraw during the annual review of membership.

List of VIS' Participation in Public Associations and Organizations

Type	Name of Organization	Type	Name of Organization
Category Name of Organization	International Semiconductor Industry Association (SEMI)*	Social	Business Council for Sustainable Development-Taiwan*
	Global Semiconductor Alliance (GSA)*		CommonWealth Sustainability Association*
	Taiwan Semiconductor Industry Association*		The Second Special Police Corps Friends of the Police Association**
	The Allied Association for Science Park Industries*		The Institute of Internal Auditors of the Republic of China**
	Taiwan Mergers & Acquisitions and Private Equity Council**	Professional	Hsinchu City Nurses Association**
	Taiwan High Tech Facility Association*		Hsinchu County Nurses Association**
	Singapore Business Federation**		Taoyuan City Nurses Association**
	Singapore National Employers Federation**		Hsinchu City Human Resources Management Association**
	Singapore Semiconductor Industry Association*		Taiwan Association of Occupational Health Nurses**
	Taiwan IC Industry & Academia Research Alliance**		
	Chinese Society for Management of Technology*		
	Taiwan Electrical and Electronic Manufacturers' Association*		
	Chinese National Association of Industry and Commerce*		
	Responsible Business Alliance (RBA)*		
	Global Renewable Energy Advocacy Organization (RE100)*		

* The statement indicated that the association and VIS are aligned on climate change issues. VIS evaluates this by its publicly statement of the support for the Paris Agreement goals or related policy positions, and by conducting internal discussions or deliberations on policies related to climate change and low carbon transformation.

** This indicates that since the association was established only focusing on specific themes, it did not express opinions on this issue and is not in conformance with using this assessment standard.

In 2023, VIS was actively participating in or serving as a supervisor and director of influential public associations. Details are as follows:

Taiwan Semiconductor Industry Association (TSIA)

VIS is a founding member of the Taiwan Semiconductor Industry Association and has been participating in the association since 1996, promoting various industry policies with other member companies in the industry; since 1996, VIS has been serving on the council as a director and supervisor.

In 2023, VIS has been engaging in discussing public policies and promoting them, via participation in associations, including:

- Promotion of amendments to the Taiwan Environmental Protection Administration's "Climate Change Response Act"
- Participating in the meetings considering amending the "Air Pollution Control and Emission Standards for the Semiconductor Industry" regulations by the Ministry of Environment.
- Participating in the meetings amending the "Regulations on GHG Emissions Inventory Registration and Verification Management" hosted by the Ministry of Environment.
- Participating in the Ministry of Environment's electronics industry interlocution for formulating voluntary reduction standards.
- Participating in the Ministry of Environment's "Greenhouse Gas (GHG) Emission Factors (Draft)" meeting for amending regulations.
- Participating in the Environmental Department's "Hydrofluorocarbons (HFCs) Management Measures" and the draft deliberations on "High Global Warming Potential Hydrofluorocarbons (HFCs) Species regulated under the Montreal Protocol".
- Participating in the deliberations on the "Regulations on the Management of Per-and polyfluoroalkyl substances, PFAS" by the Environmental Department.

Investment Amount

NT\$882,000

The Allied Association for Science Park Industries

VIS has been participating in the Hsinchu Science Park Industry Association since 1996, at times serving as the Convenor and Vice Convenor in various functional committees under the Association. VIS promotes the formulating various industry standards within the park and exchanges experiences among member companies. In 2023, besides serving as director of the association, VIS also served as the Convenor of four committees, including the Finance and Accounting Committee, the Water Resources Group of the Utilities Supply Committee, the Import and Export Bonded Operations Committee, and the Public Relations Committee.

In 2023, VIS has been engaging in discussing public policies and promoting them, via participation in associations, including:

- Participating in the regulatory trend deliberations including "Air Pollution Control and Emission Standards for Semiconductor Industry", "Air Pollution Control Emission Standard for Volatile Organic Compounds", and "Rates of Air Pollution Control Fee of Stationary Sources" by the Ministry of Environment.
- Participation in water conservation counseling, water conservation observation and other environmental related activities.
- Participation in the discussion on the use of recycled water and the direction of diversified water management measures.
- Participating in the deliberating draft ordinances for water consumption fees and the draft ordinance for the subscription of Hsinchu seawater desalination.
- Participating in the Drought Response Meeting in Hsinchu Park.
- Participation in the discussion on the amendment of the Regulations Governing the Bonding Operations in Science Parks and the seminar on the bonding business.
- Assisted in promoting a circular economy with the Science Park to achieve net zero waste production.

Investment Amount

NT\$234,000

International Semiconductor Industry Association (SEMI)

VIS is a member of the International Semiconductor Industry Association (SEMI) and serves on committees including the Power and Compound Semiconductor Committee, the Smart Manufacturing Committee, the Semiconductor Cybersecurity Committee, and as a member of the Global Automotive Electronics Advisory Committee (GAAC). In addition to participating in the technical forums associated with the annual conference, VIS also works with other members to promote industry policy development and voice our concerns to the government. To assist in communication between industry and government, SEMI Taiwan regularly hosts "Meet the Leader" elite luncheons, setting regular industry topics and inviting government unit chiefs to communicate with industry senior executives.

The communication targets and topics in 2023 include:

Communication Issues	Communication Target
Executive Yuan	<ul style="list-style-type: none">• Development of Taiwan IC Design and Introduction of Startup Teams• Green Energy Supply and Grid Resilience
National Development Council	<ul style="list-style-type: none">• Taiwan's Net Zero Emissions Efforts by 2050
National Science and Technology Council	<ul style="list-style-type: none">• International startups connecting with Taiwan's industries
Ministry of Foreign Affairs	<ul style="list-style-type: none">• Expand International Cooperation of Taiwan's Semiconductor Industry• Shaping Positive International Discourse on Taiwan's Industrial Chain
Ministry of Economic Affairs	<ul style="list-style-type: none">• The import tariffs on semiconductor industry quartz glass products have been reduced.• Green Energy Supply and Grid Resilience
American Institute in Taiwan	<ul style="list-style-type: none">• U.S. Chip Act and Taiwan-U.S. Economic and Trade Cooperation
European Economic and Trade Office and various European embassies in Taiwan	<ul style="list-style-type: none">• European Chip Act and the Development of Semiconductor Cooperation between Taiwan and European Countries

Investment Amount

NT\$629,500

Taiwan High Tech Facilities Association

VIS is one of the founding members of the Taiwan High Tech Facility Association and serves as a standing supervisor and director in the association. VIS is actively participating in relevant seminars and technical exchange activities, assisting in integrating domestic and international high-tech facility-related resources, and enhancing the development of key technologies in high-tech facilities, for protecting and promoting Taiwan's high-tech industry and its fab equipment industry. VIS aspires to collaborate with association members to promote linkages between upstream and downstream industries in high-tech plants, assisting in cultivation of plant facility human capital, and enhancing formulation of plant facility standards.

In 2023, VIS has been engaging in discussing public policies and promoting them, via participation in associations, including:

- Participating in technical seminars: Workshop of Net-Zero Solutions for High-Tech Facility, Workshop of Precision Technology for High-Tech Facilities and other activities.
- Participation in international forums: The themes emphasizing "Applying AI for Effectively Implementing ESG in a High Tech Fab", sharing innovative technologies and actual experiences.
- Through exchanging and discussing, we are enhancing the critical technology and industrial strength among Taiwan's High-Tech Facilities.
- Participating in formulating fab facility standards.

Investment Amount

NT\$11,000

Taiwan IC Industry & Academia Research Alliance

VIS is a member of the Taiwan IC Industry and Academia Research Alliance (TIARA), supporting this alliance in promoting new models of industry-academia collaborations, developing the leading-edge technologies needed by the industry, focusing on cultivation among high-end human capital in the semiconductor field, and maintaining the strengths in Taiwan's semiconductor technology development and industrial growth.

In 2023, VIS supports TIARA in continuously promoting projects including:

- Supporting developing high school micro-courses teaching materials on semiconductors, aiming for understanding semiconductor technology knowledge and industry information from students' perspectives.
- Supporting TIARA Semiconductor Youth Research Forum (i.e., the "Youth Research Forum"): We are encouraging more young students to engage in scientific research and the technology industry, inspiring their "understanding technology and using it wisely".

Investment Amount

NT\$100,000

2.4 Implementing the United Nations Sustainable Development Goals

VIS is implementing the United Nations Sustainable Development Goals (SDGs) through Concrete Actions, and its Sustainability Actions in 2023 align with all 17 SDGs.

SDGs	Specific Actions in 2023
No Poverty 	<ul style="list-style-type: none"> Allocated NT\$1.2 million in donations to 12 long-term welfare organizations for their operational projects. Held year-end charity donation campaigns with themes "Life Practices with Love" and "Spending the New Year with the Elderly", inviting employees, clients, and suppliers to contribute. Raised NT\$4.37 million for six social welfare organizations, with participation from over 4,000 employees. Organized the "Sending Love Home in Winter!" material collection campaign, gathering 49 boxes of daily necessities for the homeless and elderly living alone. Hosted a Christmas market, inviting six charitable groups to sell their goods within the company. Employees were encouraged to purchase from charity stalls through subsidy vouchers, resulting in 5,200 transactions and over NT\$460,000 in sales. Conducted the "Order Instead of Donations, Warm Holidays for Social Welfare Groups" campaign, encouraging employees to purchase gift boxes from social enterprises or sheltered workshops. For three consecutive years, participated in Singapore's Boys' Brigade Share-a-Gift program, donating over 100 gifts to elderly care homes.
Zero Hunger 	<ul style="list-style-type: none"> Organized regular communal meals for the elderly through the volunteer club. Hosted a year-end charity banquet, inviting six welfare organizations and three local communities, with over 300 elders and disabled individuals attending. Participated for two consecutive years in Singapore's Willing Hearts charity meal program, providing food support to disadvantaged groups.
Good Health and Well-being 	<ul style="list-style-type: none"> Provided annual health check-ups for all employees, with 5,309 participants in Taiwan in 2023, achieving a 96.5% screening rate. Arranged clinic visits for employees with abnormal results, offering individualized health consultations and enhanced medical assistance and follow-up for those with moderate to high health risks, totaling 825 visits throughout the year. Conducted annual flu vaccination campaigns in conjunction with health check-ups, subsidizing NT\$500 per vaccine. In 2023, 1,767 employees received vaccinations, with total subsidies amounting to NT\$884,000.

SDGs	Specific Actions in 2023
Quality Education 	<ul style="list-style-type: none"> Increased "prenatal leave" and "accompanying prenatal and parental leave" from the statutory 7 days to 10 days; increased "maternity leave" from the statutory 56 days to 70 days. Awarded the Platinum Prize for companies with over 5,000 employees in the "CHR Healthy Corporate Citizen Award" by CommonHealth Magazine, and recognized as an exemplary company by the Ministry of Labor for promoting workplace health services. Participated for the first time in Singapore's Children's Cancer Foundation event, raising over \$1,000 for children with cancer and their families.
SDG 17: Partnerships for the Goals 	<ul style="list-style-type: none"> Achieved a total of 169,084 hours of internal training throughout the year, with 127,900 participants, averaging about 26.44 hours of training per employee, with total training expenses exceeding NT\$24.71 million. Collaborated with IC Broadcasting on the "Bridging Education and Application" project, reaching over 100,000 people. This included career guidance for more than 10,000 high school students from 14 schools in the Taoyuan, Hsinchu, and Miaoli regions; over 52,000 viewers from 174 schools across Taiwan actively requested screenings; and facilitated face-to-face interactions for more than 1,900 high school students from Hsinchu Girls' High School and Pan Shi High School with university professors and HR managers. Partnered with the Taoyuan City Government Education Bureau and National Yang-Ming Chiao Tung University to promote the "University and High School Co-Creation Online Learning Program," helping to design, produce, and promote courses on "Semiconductor Principles and Manufacturing Overview." Collaborated with National Taitung Junior College to offer "a Micro-credit Course on Semiconductor Manufacturing and Equipment", providing scholarships (NT\$200,000), faculty, and internship opportunities. Sponsored the "Sunrise Program" at National Tsing Hua University (NT\$300,000) and the "Ukraine Project" at National Yang-Ming Chiao Tung University (NT\$500,000), supporting disadvantaged students both domestically and internationally. Conducted "Semiconductor Science Popularization and Career Lectures" at Neihu Elementary School, Hsinchu Zhu Xin Zhi Jia After-School Class, and Tainan Dongshan Elementary School; organized beetle and ecological education courses at Longshan Elementary School and Minfu Elementary School in Hsinchu City; and held two "Education Volunteer Training Camps" internally to develop public lecture materials, pass on volunteer experiences, and train future lecturers.

SDGs	Specific Actions in 2023	SDGs	Specific Actions in 2023
Gender Equality 	<ul style="list-style-type: none"> Increased the proportion of female supervisors to 20.2%, up 1.1% from 2022. Adhered to the principle of equal pay for equal work, maintaining a nearly 1:1 pay ratio between male and female employees at the grassroots level. Established the first Employee Resource Group, Women V, organizing a series of empowerment activities, including two forums with senior male and female executives and six focus group discussions, fostering an inclusive work environment that meets diverse needs. Formulated a Sexual Harassment Prevention and Management Policy, upholding zero tolerance for discrimination; established a sexual harassment complaint mailbox overseen by the Chief Legal Officer; included sexual harassment prevention in the mandatory annual training courses. Received the "National Outstanding Healthy Workplace" Gender Health-Friendly Award from the Ministry of Health and Welfare. 	Industry, Innovation, and Infrastructure 	<ul style="list-style-type: none"> Conducted environmental and occupational safety and health compliance surveys for 62 raw material suppliers and 11 component suppliers, ensuring full compliance. Established the Employee Assistance Program (EAP 2.0), offering expert consultations in psychology, law, finance, health, and management, with all consultation content protected under privacy policies. Recognized as one of the top 10% outstanding companies by the Ministry of Labor for "Occupational Health and Safety Performance Disclosure in Corporate Sustainability Reports", and ranked 7th in the large manufacturing category of the "CommonWealth Talent Sustainability Award" by CommonWealth Magazine.
Clean Water and Sanitation 	<ul style="list-style-type: none"> All fab areas are not classified as high water risk areas, with water usage in these regions being less than 2%. Since 2015, accumulated process water recycling has exceeded 10 million metric tons. Effluent TMAH concentration ranges from 1.24 to 6.65 ppm, and ammonia nitrogen concentration ranges from 12.67 to 19.24 ppm. Achieved a B rating in the Carbon Disclosure Project (CDP) water security questionnaire. Continued to pass ISO 14046 product water footprint verification and ISO 46001 water efficiency management system. Conducted green water conservation work along the Kezai Lake Stream and Zhuke Detention Pond at the periphery of the plant. 	Reduce Inequalities 	<ul style="list-style-type: none"> Allocated 6% of annual revenue to research and development. Accumulated 3,303 global patent applications and 4,153 registered trade secrets. As a member of the Semiconductor Equipment and Materials International (SEMI), participated in the Power and Compound Semiconductor Committee, Smart Manufacturing Committee, Semiconductor Cybersecurity Committee, and the Global Automotive Advisory Council (GAAC), engaging in annual semiconductor technology exchanges and policy communications. As a member of the Taiwan Industry-Academia Research Alliance (TIARA), supported initiatives for new types of industry-academia cooperation and the joint development of pre-competitive leading technologies needed by the industry. Founding member of the Taiwan High-Tech Facility Association, serving as an executive supervisor and director, integrating resources related to high-tech facilities domestically and internationally, and promoting the development of key technologies for high-tech facilities.
Affordable and Clean Energy 	<ul style="list-style-type: none"> Saved 12,051 MWh of electricity throughout the year, estimated economic benefits of NT\$47.13 million; 2023 electricity savings rate was 1.26%, with a cumulative energy saving rate of 17.2% since 2016. Installed renewable energy generation equipment with a capacity of 272 kW, generating a total of 213,652 kWh for the year. Procured 11,906,160 kWh of renewable energy. Continued to pass ISO 50001 energy management system certification. 	Sustainable Cities and Communities 	<ul style="list-style-type: none"> Ensured 100% zero recruitment fees for foreign employees, rigorously verifying intermediary company data, and safeguarding supply chain human rights with no complaints of violations in 2023. Foreign employees enjoy the same benefits as domestic employees, with no discrimination based on nationality. Employees in same-sex marriages can apply for parental leave without pay when adopting their spouse's children. Awarded the Excellence Award for promoting workplace equality by the Hsinchu Science Park.
Decent Work and Economic Growth 	<ul style="list-style-type: none"> Achieved consolidated annual revenue of NT\$38.27 billion; net profit after tax of NT\$7.37 billion; earnings per share after tax of NT\$4.43; average gross margin of 27%; and a return on equity of approximately 16.2%. Implemented a mid-to-elderly workforce suitability program, conducting risk assessments and consultations for employees over 45 years old, and providing tailored job placements to ensure safety and health in compliance with occupational safety and health laws. A total of 61 employment positions for people with disabilities were filled, accounting for 1% of the total employees of the company, which is about 9% higher than the regulatory requirement. Collaborating with employment centers to design and support job roles, facilitating job adaptation, and creating diverse and quality employment opportunities. 		<ul style="list-style-type: none"> Adopted Hsinchu City's Cherry Blossom Park, creating a "water-friendly park with daytime cherry blossoms and night-time fireflies." Adopted Qianjia Park, the largest air quality purification zone in Hsinchu City, and was recognized for five consecutive years as an "Outstanding Adoption Unit" by the Environmental Protection Administration.

SDGs	Specific Actions in 2023
Responsible Consumption and Production 	<ul style="list-style-type: none"> Achieved an average removal rate of 95.56% for volatile organic compounds (VOCs) in Taiwan plants, surpassing the environmental impact assessment's best practicable control technology of 92%. Attained a 95.12% waste recycling rate and a 0.07% landfill rate, with 40 waste reduction improvement projects implemented annually. Undertook the replacement of N-Methyl-2-pyrrolidone (NMP), aiming for 100% substitution by 2024. Conducted sustainable supply chain education and training courses in the procurement department, totaling 104 hours of training for the year. Organized public environmental education activities such as tree planting and firefly watching, with employees volunteering over 2,200 hours and over 2,300 public participants. Received the "National Enterprise Environmental Protection Award" and the "Outstanding Award for Regional Joint Defense Organization Operations" from the Ministry of Environment. Continued to pass the QC 080000 hazardous substance management system certification.
Climate Action 	<ul style="list-style-type: none"> Collaborated with National Taiwan University to advance the "Application of Resource Recycling Concepts in Soil Carbon Sequestration" research project, becoming the first semiconductor company in Taiwan to utilize resource recycling concepts for carbon sequestration technology, with on-site experiments at Qianjia Park. Implemented the "Task Force on Climate-Related Financial Disclosures (TCFD)" and the "Taskforce on Nature-related Financial Disclosures (TNFD)" management frameworks. Established an electronic carbon management platform to reduce the execution time for annual greenhouse gas inventories. Reduced carbon emissions by approximately 59,600 tons of CO₂ equivalent for the year, accounting for 6.31% of the total carbon emissions in Scopes 1 and 2 for 2021. Achieved an A-rating on the Carbon Disclosure Project (CDP) Climate Change Questionnaire. Continued to pass ISO 14064-1 greenhouse gas inventory verification and ISO 14067 product carbon footprint verification.
Life Below Water 	<ul style="list-style-type: none"> Participated in International Coastal Cleanup Day for the first time, organizing a beach cleanup in Singapore and successfully removing over 140 kg of marine debris.

SDGs	Specific Actions in 2023
Life On Land 	<ul style="list-style-type: none"> Promoted "Biodiversity in Factories", completing the planting of four types of rehabilitated plants at Fab 1, including Platanthera sachalinensis (NCR), Ficus simplicissima (NEN), Rhododendron kanehirai (EW), and Ligustrum japonicum (endemic species), becoming the first Taiwanese company to invest in the rehabilitation of Platanthera sachalinensis. Hosted the "Cherry Blossom Firefly River - Illuminating the World" event, inviting the Mayor of Hsinchu City, city officials, local communities, schools, employees, and their families, with around 500 participants, planting 30 new cherry blossom trees. Sponsored the United Daily News 72nd Anniversary "Tree Light Plan in Chishang, Taitung", planting 10 native Taiwanese tree species in Chishang, Taitung. Implemented a four-year firefly restoration project around the factory, releasing a cumulative total of 6,500 firefly larvae, successfully establishing a firefly cyclical ecosystem.
Peace, Justice and Strong Institutions 	<ul style="list-style-type: none"> Formulated and implemented the "VIS Human Rights Policy" based on international human rights conventions and policies, regularly assessing human rights risks and setting mitigation measures. In May 2023, publicly declared the commitment to creating a friendly workplace, announcing the "VIS Statement Regarding Zero Tolerance of Unlawful Infringement in the Workplace", allowing employees to file complaints through various channels if they encounter unlawful discrimination or inequality. Held at least four chairman communication meetings annually, including meetings for management and open forums for all employees. In 2023, five meetings were held where the chairman shared company operations and future outlooks, addressing employee questions to ensure effective two-way communication. Established a public whistleblowing mailbox for all stakeholders, with employees also able to file complaints through employee opinion channels and ombudsman system. In 2023, a total of 355 employee complaints were received, with a resolution rate of 100%.
Partnerships For The Goals 	<ul style="list-style-type: none"> Incorporated biodiversity and zero-deforestation commitments into the "Supplier Code of Conduct," with 1,121 suppliers fully signed. To ensure sustainable supply chain management, an educational platform for suppliers was established, with training materials designed and educational training conducted, achieving 100% training completion for 1,121 suppliers. Collaborated with suppliers to improve processes, increase yield, and reduce resource consumption, with a cumulative total of 28 projects since 2020. Sponsored the "Focus Taiwan: Jennifer Shen's talk" radio program (NT\$2 million), sharing sustainability trends and knowledge on air, producing 52 episodes in 2023, with an impact reaching over 1.2 million people.

Governance and Innovation

Technological innovation and manufacturing capability innovation are the two main pillars of the Company's innovation strategy. These are further supported by a robust patent portfolio, ensuring that innovation outcomes are adequately protected and achieve their rightful commercial value.

5 %

Ranked in top 5% as an outstanding company in the "non-categorized TPEx listed companies in the Corporate Governance Evaluation" for 10 consecutive years

97.8%

Annual customer satisfaction percentage: 97.8%



3.1 Corporate Governance

3.1.1 Corporate Governance Structure

The highest governance unit of Vanguard International Semiconductor Corporation (VIS) is the Board of Directors, which guides VIS' strategies and supervises the management. In order to implement corporate governance and strengthen the Board of Directors' management, the Audit Committee, Compensation Committee and Strategy Committee were set up under the Board of Directors to assist the Board of Directors in performing its supervisory duties. The Board of Directors resolved on April 29, 2019, to appoint a Corporate Governance Officer to assist the directors in executing their duties and provide them with necessary information. Decisions on economic, environmental, and social themes are undertaken by the "Corporate Sustainability Committee". Every six months, the committee reports on its implementation status to the Board of Directors. The Board of Directors reviews, supervises, and guides all ESG objectives and development directions, and provides feedback. The content includes: (1) supervising risk and opportunity for various issues assessed and managed by the Corporate Sustainability Committee; (2) approving policy and goal revisions relating to sustainability issues. VIS has for many years been continuously working hard in the fields of "Environment, Social, and Governance". In February 2023, following the recommendations of the Board of Directors, the Corporate Sustainability Committee proposed to the Board of Directors the mid-to-long term plans of the five major project themes of ESG Social Engagement, which received support from the Board of Directors, and in the future, we will continue striving toward sustainable development and realizing specified goals.



VIS earned numerous accolades for its highly implemented corporate governance, including being awarded in the top 5% performance ranking among non-categorized TPEx listed companies in the Corporate Governance Evaluation hosted by the Taiwan Stock Exchange and Taipei Exchange for ten consecutive years; selected as a constituent stock in the Dow Jones Sustainability Index (DJSI) World Index for three consecutive years, and also consistently being included in the Emerging Markets Index; moreover, we have also been selected as a constituent stock of the Taiwan Over-the-Counter Sustainability Index for three consecutive years.

Continuously improving corporate governance, VIS regularly tracks announcements from supervisory authorities and relevant regulatory information, conducts impact assessments, and formulates corresponding measures. VIS concomitantly continues to conduct reviews and improvements for metrics in important evaluations both domestically and internationally that have not yet been met, and keeps abreast of changing evaluation methods and metrics, hoping in this way to keep up with developing trends in international corporate governance systems, and continuing exemplary performance in various evaluations for the future.

3.1.2 Composition of the Highest Governance Structure

VIS insists on operational transparency, pays attention to shareholder equity, and believes that a sound and efficient Board of Directors is the basis of good corporate governance.

Organization of the Board of Directors

According to Article of Incorporation, VIS adopts a nomination system to elect Directors and Independent Directors, and has promulgated "Rules Governing the Election of Directors" (which are found on the company's website: https://www.vis.com.tw/en/cg_major). Nominations are allowed by shareholders who hold more than one percent of the total issued shares or the Board of Directors. The Board of Directors then considers their professional knowledge, academic background, work experience, the diversity and independence required for composition of the Board of Directors, and evaluates diversity of Directors and independence of Independent Directors, then presents a list of

candidates for election at the shareholders' meeting according to their assessment of qualifications. The term of office for Directors is three years. At the 2021 Annual Shareholders' Meeting, VIS 10th term directors were elected, including a total of seven directors (including three independent directors). In the 2022 AGM, one more independent director was added, hence, the 10th Board of Directors is composed of eight experts with robust experience from both industry and academia. The four independent directors are Mr. Kenneth Kin, former Senior Vice President of Taiwan Semiconductor Manufacturing Company Limited (TSMC), Mr. Benson W.C. Liu, former Chairman of Taiwan Corporate Governance Association, Mr. Chin-Tay Shih, former Chairman of the Institute for Information Industry, and Mr. Liang-Gee Chen, former Minister, Ministry of Science and Technology, Republic of China. Among the other four directors, three are corporate representatives, namely Mr. Leuh Fang, representing Taiwan Semiconductor Manufacturing Company Limited (Chairman of VIS), Mr. F.C. Tseng, also representing Taiwan Semiconductor Manufacturing Company Limited (Vice Chairman of VIS), and Mr. Lai-Shou Su, representing the National Development Fund, Executive Yuan; and there is also one individual director: Mr. Edward Y. Way, former President of Deloitte & Touche.

At the 2024 Annual Shareholders' Meeting, VIS re-elected nine members of the 11th Board of Directors, including five independent directors: Mr. Kenneth Kin, former Senior Vice President of TSMC; Mr. Chin-Tay Shih, former Chairman of the Institute for Information Industry; Mr. Liang-Gee Chen, former Minister, Ministry of Science and Technology, Republic of China; Mr. Chung S. Hsu, former President of VIS, and Ms. Chan-Jane Lin, former professor from the Department of Accounting at National Taiwan University. Among the remaining four directors, one is a corporate representative: Mr. Ming-Hsin Kung, representing the National Development Fund of the Executive Yuan, and the other three are individual directors: Mr. Leuh Fang, former President of VIS (Chairman of VIS); Mr. F.C. Tseng, former Vice Chairman of TSMC (Vice Chairman of VIS); and Mr. Jong-Chin Shen, former Vice Premier of the Executive Yuan.

Operational Status of the Board of Directors

The Board of Directors is the highest governance unit and the major business decision-making center of VIS. Its functions and responsibilities include appointing and guiding VIS' management, overseeing business performance, making resolutions on important issues, preventing conflicts of interest, and ensuring that VIS exercises its duties and responsibilities in compliance with various

Operation of the Board of Directors in 2023

The Board of Directors held five meetings in 2023, and attendance of the directors is as follows:

Title	Name	Actual attendance (times)	Attend-ance by Proxy	Actual Attendance Rate (%)
Chairman	Taiwan Semiconductor Manufacturing Company Limited (TSMC) Representative: Leuh Fang	5	0	100%
Vice Chairman	Taiwan Semiconductor Manufacturing Company Limited (TSMC) Representative: F.C. Tseng	5	0	100%
Director	National Development Fund, Executive Yuan Representative: Lai-Shou Su	4	1	80%
Director	Edward Y. Way	5	0	100%
Independent Director	Chintay Shih	5	0	100%
Independent Director	Benson W.C. Liu	5	0	100%
Independent Director	Kenneth Kin	5	0	100%
Independent Director	Liang-Gee Chen	5	0	100%
Average Attendance Rate		98%		

laws and regulations, VIS' Articles of Incorporation or resolutions of shareholders' meetings.

The Board of Directors of VIS holds at least one meeting every quarter and at least five meetings every year to listen to the report of the management team and evaluate the development strategy and various proposals put forward by the management team. In 2023, VIS held five Board meetings, with actual attendance over 80% for all Directors.

In 2024, VIS underwent a director election with a term of three years. To conform to the international trends in corporate governance development, in the second half of 2023, the Board began to plan for the organization of the next slate of the Board of Directors and suitable candidates, to achieve diversity, professionalism, and independence in the composition of the Board. Before the election, VIS had multiple discussions with major shareholders and directors about the nomination plan, and began to approach suitable candidates. In April 2024, the Corporate Governance Department reviewed and evaluated the professionalism and suitability qualifications of the directors, and independence qualifications of the independent directors, then considering the diversity and balance of the overall composition of the Board, the list of nominated candidates for the 11th Board of Directors was proposed by the Board of Directors. This list not only meets the company's requirements for director professionalism but also addresses goals for gender diversity and enhanced independence. The Board added one more independent director seat and adjusted the composition of independent directors, ensuring that a majority of independent director candidates have served less than three terms as independent directors at VIS, and included a female independent director candidate. Following the shareholders' vote at the 2024 Annual Shareholders' Meeting, all the above candidates were successfully elected. They officially became members of the 11th Board of Directors of VIS starting from June 14, 2024.

VIS also provides directors with various meeting plans and information through the corporate governance unit to facilitate the grasp of proprietary information of VIS in real time by directors. In addition to Board meetings, the Corporate Governance Department also arranges multiple meetings to swiftly update directors on changes in operational outlook, business market planning, research and development directions, so that directors can provide guidance and recommendations to

the management team. This process aids in formulating favorable development directions and strategies. In June 2024, VIS underwent a comprehensive Board re-election and elected a Chairman. The Corporate Governance Department held orientation sessions for the new Board members in June and August 2024. These sessions covered the Company's organizational structure, operational activities and development, financial status, as well as the responsibilities of directors and independent directors. Through the arrangements mentioned above, VIS has established a comprehensive support system for its Board of Directors.

Diversity, Professionalism, and Independence of Board Members

VIS stipulates in the Corporate Governance Practice Principles (please refer to the company's website) that the composition of the Board of Directors should evince diversity. According to this policy, the number of Directors concomitantly holding managerial positions in the company should not exceed one-third of the total number of Board seats. Moreover, members of the Board should encompass individuals from different nationality, race, gender, professional backgrounds or fields of work and should possess the requisite knowledge, skills, and cultivation for the execution of their duties. In addition, the Corporate Governance Practice Principles also set up the stipulation that the ratio of female directors should reach one-third of the Board of Directors, and the provision that the number of independent directors should not be less than one-third of the Board seats, to enhance Board diversification and independence. In 2024, to enhance the dedication and contribution of directors to the Board and improve their qualifications, the Corporate Governance Practice Principles further stipulate that it is not advisable for a director concomitantly serves as a director (including independent director) or supervisor for more than 5 TWSE/TPEx listed companies.

In order to achieve the ideal goal of corporate governance, the capabilities and experience that the overall Board of Directors shall have include leadership, strategic decision-making, business management, global market perspective, industry insight, financial management and analysis, operating judgments, risk/crisis management, and sustainability governance.

At the same time, VIS also determined Specific Management Goals for the current stage. To achieve specific management goals, on

December 13, 2022, an ESG professional speaker was invited to lecture on "Climate Change: Risk and Opportunity" to the eight directors. This was aimed at enhancing the directors' knowledge and professional abilities in responding to climate change issues from the perspective of the Board of Directors' supervision and guidance. In November 2022, the Taiwan Corporate Governance Association was mandated to conduct an external assessment of the effectiveness of the VIS Board of Directors. The Association highly acknowledged the diversity of the Board and recommended an increase in the number of female directors. In response, VIS committed to actively seeking at least one suitable female director candidate for the 2024 Board election. In 2024, the Board proposed a female independent director candidate who was subsequently elected by shareholders at the Annual Shareholders' Meeting, thereby achieving VIS' specific management goals.

The 10th Board of Directors of VIS meets the goals and requirements of diversity. Among the directors, Chairman Mr. Leuh Fang, Vice Chairman Mr. F.C. Tseng, and independent directors Mr. Kenneth Kin, Mr. Chintay Shih, and Mr. Liang-Gee Chen bring relevant experience in the Information Technology industry. Independent director Mr. Benson W.C. Liu, directors Mr. Edward Y. Way, and Mr. Lai-Shou Su contribute experience in financials, corporate governance, and social welfare. In the 2024 election for the 11th Board of Directors, new independent director Mr. Chung S. Hsu brings relevant experience in the Information Technology industry; the new independent director Ms. Chan-Jane Lin has experience in accounting and corporate governance (Financials); the new directors, Mr. Jong-Chin Shen and Mr. Ming-Hsin Kung, have relevant experience in finance (Financials). The overall composition of the Board of Directors has met diversity objectives.

As for the professionalism of the Board of Directors, the 10th Board of Directors consists of eight seats, including four independent directors (accounting for 50% of the Board seats). Their professional qualifications and experience cover the dimensions of semiconductor knowledge and technology, business operations and management, business marketing, finance and accounting, and corporate governance. They generally possess the requisite knowledge, skills, and literacy needed for their job titles. The 11th Board of Directors to be re-elected in 2024 comprises

of nine members, including five independent directors (representing 56% of the Board). Their professional qualifications and experience cover various areas such as semiconductor expertise and technology, business operations and management, sales and marketing, financial accounting, corporate governance, and finance. In general, the directors possess the necessary knowledge, skills, and literacy required to effectively fulfill their duties.

As for independence, no VIS directors are subject to relationships specified in Paragraphs 3 and 4 of Article 26-3 of the Securities Exchange Act, i.e., they do not have a conflict arising from a spouse or relative within the second degree of kinship. Mr. Leuh Fang, the current Chairman, joined the VIS Management Team in 2009 as the President and acted officers in key management positions in subsidiaries. In 2015, he was elected to join the Board of Directors at the shareholders' meeting and took up the position of Chairman. He has spared no effort in contributing to the company's direction and strategy and in guiding and communicating with all management levels. He is a successful example for VIS Board members' succession plan. In 2023, the Chairman switched from holding the dual role of President to the position of Chief Strategy Officer, providing the company's overall strategic development planning. In 2023, the average number of other listed company where our directors concurrently served as directors or supervisors was 3. For the new term of directors to be re-elected in 2024, the average number of other TWSE/TPEX listed companies where our directors concurrently served as directors or supervisors decreased to 2. The Corporate Governance Department annually reviews the qualifications and suitability of incumbent Independent Directors to ensure composition of the Board of Directors meets the requirements for Corporate Governance and overall development trends.

According to the VIS corporate governance structure, the company's strategic decision-making is jointly decided by the full Board of Directors, including the five independent directors. VIS' Articles of Incorporation prescribe the authorization, duties and responsibilities of the Chairman and President, and stipulate the organization of functional committees specifying their functions and responsibilities. Thus, the President has to report to the Board of Directors on VIS' operation, business and

financial status every quarter, and accept supervision and guidance of other Board members; therefore, there is sufficient independence between the Board of Directors and the management.

Overall, except for Chairman Mr. Leuh Fang who also serves as the Chief Strategy Officer, none of the other directors hold positions within the Company. Therefore, a majority of the directors are not VIS' employees or managers. At the same time, more than half of the directors are external directors who can impartially supervise the Management Team, demonstrating substantial independence. The Board of Directors and the Management Team each fulfill their responsibilities for supervision of decision making and business management to ensure the maximization of long-term shareholder interests.

Diversified Specific Management Goals

1. VIS places emphasis on Gender Equality in the composition of its Board, with a goal of having at least one Female Director or a ratio over 10%.
2. Gradually increasing the number of Board of Directors members with professional backgrounds in Corporate Governance, Environmental Sustainability, Corporate Social Responsibility, and legal aspects, to better supervise and guide VIS in responsiveness to international ESG development trends.

Professional Competence and Independence of the 10th Board of Directors (Tenure from August 13, 2021 to June 13, 2024)

Title	Name	Continous Term of Office <small>Note 2</small>	Gender	Age (years old)	Independence <small>Note 3</small>	Professional Competence and Experience									Global Industry Classification Standard (GICS) <small>Note 4</small>	
						Leadership	Strategic Decision-making	Business Management	Global Market Perspective	Industry Insight	Financial Management and Analysis	Operating Judgments	Risk/Crisis Management	Sustainability Governance		
Chairman	Taiwan Semiconductor Manufacturing Company Limited (TSMC) Representative: Leuh Fang <small>Note 1</small>	9 years	Male	71-80	V	V	V	V	V	V	V	V	V	V	V	Information technology industry
Vice Chairman	Taiwan Semiconductor Manufacturing Company Limited (TSMC) Representative: F.C. Tseng	11 years	Male	71-80	V	V	V	V	V	V	V	V	V	V	V	Information technology industry
Director	National Development Fund, Executive Yuan Representative: Lai-Shou Su	7 years	Male	61-70	V	V	V	V	V	V	V	V	V	V	V	Financial industry
Director	Edward Y. Way	14 years	Male	71-80	V	V	V	V	V	V	V	V	V	V	V	Financial industry
Independent Director	Benson W.C. Liu	12 years	Male	71-80	V	V	V	V	V	V	V	V	V	V	V	Financial industry
Independent Director	Kenneth Kin	12 years	Male	71-80	V	V	V	V	V	V	V	V	V	V	V	Information technology industry
Independent Director	Chintay Shih	12 years	Male	71-80	V	V	V	V	V	V	V	V	V	V	V	Information technology industry
Independent Director	Liang-Gee Chen	2 years	Male	61-70	V	V	V	V	V	V	V	V	V	V	V	Information technology industry

Professional Competence and Independence of the 11th Board of Directors (Tenure from June 14, 2024 to June 13, 2027)

Title	Name	Continous Term of Office <small>Note 2</small>	Gender	Age (years old)	Independence <small>Note 3</small>	Professional Competence and Experience									Global Industry Classification Standard (GICS) <small>Note 4</small>	
						Leadership	Strategic Decision-making	Business Management	Global Market Perspective	Industry Insight	Financial Management and Analysis	Operating Judgments	Risk/Crisis Management	Sustainability Governance		
Chairman	Leuh Fang <small>Note 1</small>	9 years	Male	71-80	V	V	V	V	V	V	V	V	V	V	V	Information technology industry
Vice Chairman	F.C. Tseng	11 years	Male	81-90	V	V	V	V	V	V	V	V	V	V	V	Information technology industry
Director	National Development Fund, Executive Yuan Representative: Ming-Hsin Kung	0 year	Male	61-70	V	V	V	V	V	V	V	V	V	V	V	Financial industry
Director	Jong-Chin Shen	0 year	Male	71-80	V	V	V	V	V	V	V	V	V	V	V	Financial industry
Independent Director	Kenneth Kin	12 years	Male	71-80	V	V	V	V	V	V	V	V	V	V	V	Information technology industry
Independent Director	Chintay Shih	12 years	Male	71-80	V	V	V	V	V	V	V	V	V	V	V	Information technology industry

Title	Name	Continuous Term of Office <small>Note 2</small>	Gender	Age (years old)	Independence <small>Note 3</small>	Professional Competence and Experience										Global Industry Classification Standard (GICS) <small>Note 4</small>
						Leadership	Strategic Decision-making	Business Management	Global Market Perspective	Industry Insight	Financial Management and Analysis	Operating Judgments	Risk/Crisis Management	Sustainability Governance		
Independent Director	Liang-Gee Chen	2 years	Male	61-70	V	V	V	V	V	V	V	V	V	V	V	Information technology industry
Independent Director	Chung S. Hsu	0 year	Male	81-90	V	V	V	V	V	V	V	V	V	V	V	Information technology industry
Independent Director	Chan-Jane Lin	0 year	Female	61-70	V	V	V	V	V	V	V	V	V	V	V	Financial industry

Note 1: Mr. Leuh Fang, the Chairman, also serves as the Chief Strategy Officer. The semiconductor industry is a rapidly changing and highly competitive industry. Mr. Leuh Fang has extensive experience in the semiconductor industry, so VIS hires him as the Chief strategy officer. Decisions at VIS are made collectively by the Board of Directors, and more than half of the Board members are independent directors. Except for Chairman Mr. Leuh Fang, none of the other directors hold positions within the Company. Therefore, the Board maintains substantial independence, with the Board and the management team each fulfilling their respective responsibilities in decision-making, supervision, and operational management.

Note 2: The average tenure of the 10th Board of Directors is 9.9 years. After the re-election of directors at the 2024 Annual Shareholders' Meeting, the average tenure of the new term of directors has been reduced to 5.1 years. Reasons for independent directors serving more than three consecutive terms:

1. Dr. Chintay Shih has rich experience and professional skills in the semiconductor industry, and has forward-looking insights on industrial development. VIS needs its expertise to improve the quality of Board of Directors' strategic decision-making and latency of operational decisions.
2. Mr. Benson W.C. Liu specializes in corporate management, finance, and corporate governance. VIS needs his professional knowledge and independent judgment to help the Board of Directors strengthen its supervisory function and deepen corporate governance.

3. Dr. Kenneth Kin has extensive experience in semiconductor marketing, global operations, and brand management. VIS needs his insights and industry experience to guide the future development direction of the company and provide strategic guidance for product development.

Note 3: According to the standards of DJSI to judge the independence of Directors, except for the chairman, the remaining Directors all meet at least 4 of the following 9 metrics, with at least 2 fulfilled among the first 3 metrics:

1. The director must not have been employed by the company in an executive capacity within the last year.
2. The director must not accept or have a "Family Member who accepts any payments from the company or any parent or subsidiary of the company in excess of \$60,000 during the current fiscal year", other than those permitted by SEC Rule 4200 Definitions.
3. The director must not be a "Family Member of an individual who is [...] employed by the company or by any parent or subsidiary of the company as an executive officer."
4. The director must not be (and must not be affiliated with a company that is) an adviser or consultant to the company or a member of the company's senior management.
5. The director must not be affiliated with a significant customer or supplier of the company.
6. The director must have no personal services contract(s) with the company

or a member of the company's senior management.

7. The director must not be affiliated with a not-for-profit entity that receives significant contributions from the company.

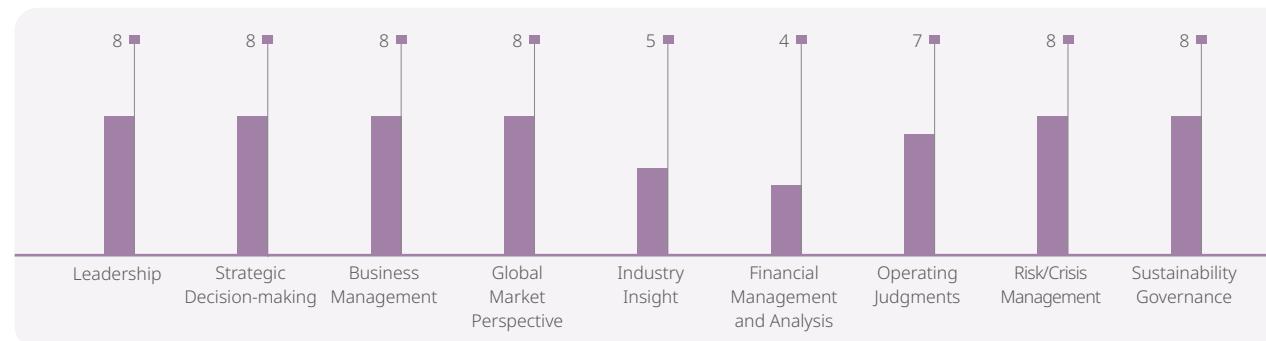
8. The director must not have been a partner or employee of the company's outside auditor during the past year.

9. The director must not have any other conflict of interest that the board itself determines to mean they cannot be considered independent.

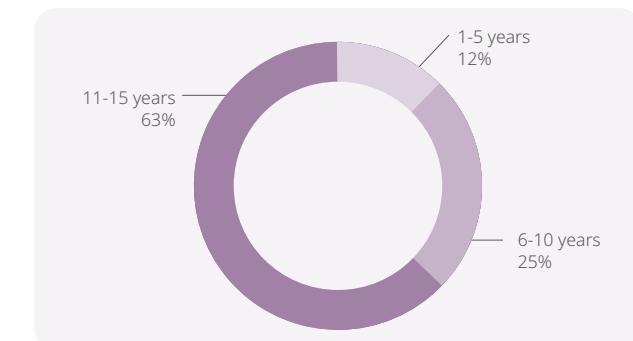
Note 4: The Global Industry Classification Standard (GICS) includes 11 major industries: Energy, Materials, Industrials, Consumer Discretionary, Consumer Staples, Healthcare, Financials, Information Technology, Communication Services, Utilities, and Real Estate. For the relevant work experiences of each director in various industries, please see the "Disclosure of Professional Qualifications of Directors and Independence of Independent Directors" in the VIS 2023 Annual Report (https://media-vis.today.com/20240520120110340177255_en.pdf).

Note 5: All 8 members of 10th Board of Directors were males aged 60 or above. After the re-election of directors at the 2024 annual shareholders' meeting, the new Board of Directors consists of 9 members, including 8 males and 1 female, all aged 60 or above. For details about their educational backgrounds and concurrent job titles at other companies, please refer to the VIS 2023 Annual Report or website.

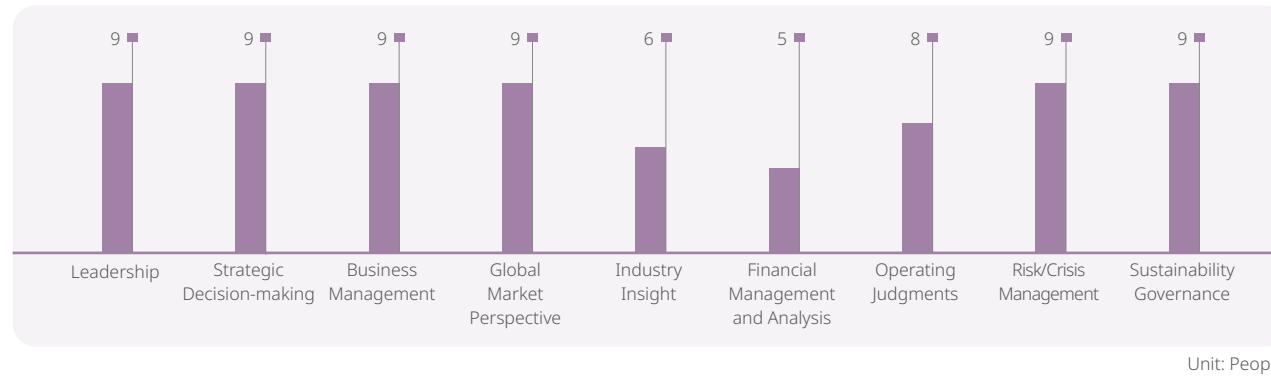
The 10th Board of Directors' Professional Competence and Experience



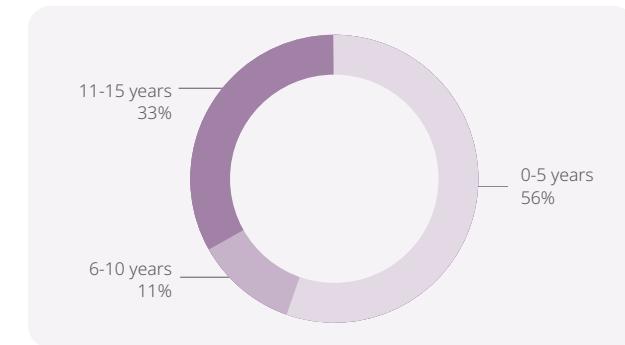
Distribution of Tenure for the 10th Board of Directors



The 11th Board of Directors' Professional Competence and Experience



Distribution of Tenure for the 11th Board of Directors



Diversified Continuing Education for Board Members

VIS actively implements corporate governance, places a strong emphasis on the diverse training plans for its directors, and follows the "Guidelines for Implementing Continuing Education for Directors of TWSE/TPEx Listed Companies", which stipulates that directors are encouraged to engage in a minimum of 6 hours of continuing education annually. Based on the company's operational requirements and the professional knowledge necessary for directors to fulfill their duties, as well as address the challenges of risk management, VIS proactively provide relevant information about continuing education courses to directors on a monthly basis. In 2023, the courses recommended by VIS to directors covered various topics such as legal compliance, information security governance, strategic transformation, sustainable development, and artificial intelligence. These courses aim to continuously enhance the professional competence of directors throughout their tenure.

In addition, to understand the challenges and opportunities brought by emerging technology, the Corporate Governance Department held the annual Director training on December 8, 2023, inviting professional lecturers to teach the latest developments in the semiconductor industry, including how chatbots are applied in business navigation and enterprise resource integration, and how artificial intelligence affects company operations (including expandable business scopes, corporate resource applications, and risk management, etc.), to elevate directors' professional knowledge and ability to respond to new technologies

and risk management. The eight directors of VIS all completed 6 hours of training in 2023, totaling 99.6 hours, thereby achieving the annual training target.

Communication Procedures for Key Significant Events

In addition to reporting the company's operations and business status to the Board of Directors every quarter, as well as current quarter and future financial forecasts, VIS management executives also communicate on major asset transactions, lending of funds, endorsement or guarantee, and other matters to be submitted to the Board of Directors for resolutions in accordance with laws, regulations, the Articles of Incorporation, or requirements of the competent authority, through the discussions and resolutions of the Audit Committee, Strategy Committee, and Board of Directors. Furthermore, in the event of special circumstances in the company's daily operations that may impact the company's management, the President will contact Directors by telephone or email as needed to provide explanations and obtain their opinions and views. When there are important strategic decisions or matters that significantly affect shareholders' equity that need approval by the Board of Directors, VIS will also convene the extraordinary Board meetings at any time for discussion and communication.

VIS has formulated the Procedures for Handling Material Inside Information, and the handling of material information and related operating procedures are also applicable to members of the Board

of Directors. In addition, when a major accident occurs that affects the normal production of the fab or product delivery, VIS also has the Operation Continuity Management Guidelines and the Business Continuity Plan Management Guidelines in place, according to which the crisis team is to be formed by the management, assigning task forces divided according to powers and responsibilities, launching company-wide corresponding plans, procedures and activities, and reporting such to the counterparty according to the definition of disaster notification, and finally the President will report such to the directors depending on the impact status. When there is any material information to be released to the public in accordance with the Taipei Exchange Procedures for Verification and Disclosure of Material Information of Companies with TPEx Listed Securities, VIS will also notify the directors by email simultaneously.

For the category and total number of key significant events in 2023, please refer to the material information released by VIS at the [Market Observation Post System](#).

Organization and Operation of Functional Committees

To effectively exercise Board functions, in addition to establishing the Audit Committee and the Compensation Committee as required by law, VIS also established the Strategy Committee on August 13, 2021. The composition, meeting frequency, purpose, and 2023 operational status of the functional committees under the 10th Board of Directors are as follows:

	Audit Committee	Compensation Committee	Strategy Committee
Member Composition	Independent Director Benson W.C. Liu (convener), Independent Director Kenneth Kin, Independent Director Chintay Shih, and Independent Director Liang-Gee Chen	Independent Director Kenneth Kin (convener), Independent Director Benson W.C. Liu, Independent Director Chintay Shih, and Independent Director Liang-Gee Chen	Chairman Leuh Fang (convener), Vice Chairman F.C. Tseng, Independent Director Kenneth Kin, Independent Director Chintay Shih, and Independent Director Liang-Gee Chen.
Meeting Frequency	At least one meeting is held every quarter.	At least four meetings are held each year.	At least one meeting is held annually.
Purpose	Strengthen the supervisory functions of the Board of Directors, as responsible for overseeing fair presentation of VIS' financial statements, selection (or discharge), suitability, independence and performance of the certified public accountant(s), effective implementation of internal controls, VIS' compliance with relevant laws and regulations, as well as control of existing or potential risks of the company.	Assist the Board of Directors in formulating VIS' overall remuneration policy and structure so as to attract, motivate, reward and retain outstanding talents.	Guide and plan VIS' major growth strategies and issues.
Operational Status in 2023			
Number of Meetings	5 times	4 times	2 times
Average Attendance Rate	100%	100%	100%

Compensation Committee

The Compensation Committee was established with the objective of enhancing corporate governance and assisting the Board of Directors in developing the company's overall compensation policy and framework in order to attract, motivate, reward, and retain outstanding talent. According to the Organizational Regulations of the Compensation Committee, its duties include: formulation of the company's overall compensation policies and architectures, framework formulation of the remuneration and payment forms for directors (including Chairman), formulation of the remuneration and payment forms for managers (including President), proposal of the rewards and long-term incentives for managers (including President), planning and execution of performance evaluations for directors (including Chairman), planning and execution of performance evaluations for managers (including President), and other matters specified or authorized by the board of directors. The policy of remuneration for President and Vice President must be formulated to be competitive among competitors in order to

attract and retain outstanding managers, and encourage managers to create optimal long-term and shortterm performance under the affordable risks. The procedures for remuneration determination shall be based on the company's "Policies, Systems, Standards, and Structure of the Performance Assessment and Remuneration of Directors" and "Policies, Systems, Standards, and Structure of the Performance Assessment and Remuneration of Managers".

It is stipulated in the policy that regular annual reviews and adjustments are conducted.

Performance Evaluation of the Board of Directors and Functional Committees

VIS has established the "Board of Directors Performance Assessment Policy", and conducts internal assessments at least once a year and an external assessment once every three years. In the fourth quarter of each year, VIS determines performance assessment items for the next

year, conducts an assessment at the end of the year, and integrates it with the remuneration of the directors. In addition, when the Board of Directors of VIS selects or nominates a director, the results of the individual Director Performance Evaluation will serve as a reference for the selection.

The scope of the Directors performance evaluation includes: individual director, the overall Board of Directors, and various functional committees. Assessment methods adopt either internal evaluation, external evaluation, or both simultaneously. The internal evaluation method includes: self-evaluation by Board members, internal self-evaluation by the Board of Directors, internal self-evaluation by functional committees, re-evaluation by the Compensation Committee, and resolutions of the Board of Directors; while the external evaluation is conducted by appointing external professional institutions, experts or other appropriate methods.

The evaluation method of individual directors and functional committees is carried out by means of the internal evaluation, while the performance evaluation of the overall Board of Directors is carried out by means of the combined use of the internal evaluation and external evaluation.

In addition, in order to link directors' performance with the company's sustainability development goals, since 2022 VIS has included ESG performance in the assessment items of the Compensation Committee's reassessments. In the fourth quarter of each year, the Compensation Committee shall prepare the performance evaluation items and evaluation forms for the following year based on the duties and responsibilities of individual directors and incorporating ESG performance. The performance evaluation of individual directors conducted in the first quarter after the end of the following year. The compensation and remuneration structure and standard of directors are regularly reviewed and adjusted every year. After evaluating performance in the first quarter of each year, the Compensation Committee proposes a recommendation on the amount of fixed remuneration and submits it to the Board of Directors for approval. The individual directors' self-evaluation items include "To appropriately review, supervise, and provide guidance on significant matters reported or discussed at the Board of Directors' meeting, including finance, risks, environmental protection, social engagement, and corporate governance, or other significant matters as identified." This shows that each director is actively working to supervise and promote ESG, and is committed to enhancing corporate sustainability value.

Performance Evaluation Criteria for Individual Directors

1. Mastery of VIS' goals and tasks
2. Awareness of directors' responsibilities
3. Participation in VIS' operations
4. Internal relationship management and communication
5. Professionalism and continuing education of directors
6. Internal controls

Performance Evaluation Criteria for the overall Board of Directors and each Functional Committee

1. Participation in VIS' operations
2. Improvement of the quality of the Board of Directors' decision making
3. Composition and structure of the Board of Directors
4. Election and continuing education of directors
5. Internal controls

2023 Results of the Board Performance Self-evaluation and Improvement Actions

Evaluation Period	January 1, 2023 to December 31, 2023
Results of the Internal Performance Evaluation of Individual Directors	The performance of directors is in line with expectations
Results of the Internal Performance Evaluation of the Overall Board of Directors	The performance of the overall Board of Directors is in line with expectations
Internal Performance Evaluation Results of Functional Committees	The performance of the Audit Committee, Compensation Committee, and Strategy Committee is in line with expectations.
Results of the Board Performance Evaluation	Approved by the Board of Directors on February 1, 2024.

On August 10, 2022, VIS appointed the Taiwan Corporate Governance Association to conduct an external performance assessment of the Board of Directors. This organization had no business transactions with VIS, and was thus independent. The Taiwan Corporate Governance Association evaluates eight major dimensions, including composition, guidance, authorization, supervision, communication and self-discipline of the Board of Directors, as well as internal controls, risk management and other items, through questionnaires and on-site visits, and provides results of the performance evaluation and suggestions for improvement. VIS reported the above assessment results to the Board of Directors on February 20, 2023, and proposed specific improvement actions in response to the suggestions.

Results and Recommendations of the External Evaluation of Board Effectiveness

Evaluation Period	From October 1, 2021 to September 30, 2022
Results and Recommendations of the Overall Evaluation	The assessment report indicates that the composition of the Board of Directors of VIS balances independence and professionalism, all functional committees fully exert their functions, and the management team fully supports the exercise of director's authority. VIS has a clear succession plan for senior executives, and the performance assessment items for each senior executive includes ESG indicators, demonstrating the company's active promotion and importance placed on ESG. Being selected as a constituent of the Dow Jones Sustainability Index (DJSI) World Index demonstrates effectiveness of the Board of Directors' supervision in sustainability management.

The evaluation report also put forward recommendations on the diversity of the Board composition as well as the mechanism for the Compensation Committee to regularly review the development plan and implementation status of senior managers as a reference for VIS to improve the operational efficiency of the Board of Directors. VIS has proposed specific improvement plans at its Board of Directors meeting on February 20, 2023, in accordance with its recommendations, including (1) actively seeking and nominating suitable female director candidates to the shareholder meeting when electing directors in 2024, (2) incorporate the duty of regularly reporting on the training plan and implementation for executives at the Compensation Committee into the "Organizational Regulations of the Compensation Committee" with the aim of enhancing the efficiency of functional committees assisting the Board of Directors supervision.

VIS 2023 internal assessment and 2022 external assessment results are disclosed on the company's [website](#).

The Link Between Directors' Performance and Remuneration

According to Article 29 of VIS' Articles of Incorporation, VIS distributes director remuneration at not more than 1% of the profit for the current year as well as employee remuneration at not lower than 10% of the profit for the current year. The remuneration of directors is based on VIS' Director Performance Evaluation and Remuneration Policy, System, Standard and Structure, and reasonable remuneration is given according to VIS' operating results as well as the level of participation and contribution value of individual directors. Thus, remuneration is closely related to operating performance. The performance evaluation and remuneration are regularly reviewed and adjusted by the Compensation Committee and the Board of Directors every year.

The Link Between General and Managers Performance and Remuneration

VIS has established the "Managerial Performance Evaluation and Compensation Policy, System, Standards, and Structure", which stipulates regular annual reviews and adjustments.

The overall compensation for managers is disclosed annually in the company's annual report. Compensation for general managers, deputy general managers, and assistant managers is linked to individual and corporate performance based on factors such as job responsibilities and governance scope. In addition to considering industry competitiveness, compensation calculations are based on the company's operational performance, financial indicators, strategic indicators, management, other sustainable indicators, and the individual's contribution to the company's performance.

President Performance Measurement Indicators

Fixed Remuneration

Based on job responsibilities and governance scope

Variable Remuneration

Type of Metric	Metric Items
Financial Metrics	Return on Equity, Average Unit Selling Price, Profit Margin and Earnings per Share
Strategy Metrics	Adapting the company's medium and long-term strategies (including investments, mergers and acquisitions, and global expansion) in response to changes in the global operating environment.
Management and other sustainability indicators	Linking material topics of critical analysis with long-term goals, including product quality and safety, customer relationship management, employee development, talent attraction and retention, corporate governance, integrity in operations, and risk management.

Manager Performance Measurement Indicators

Fixed Remuneration

Based on job responsibilities and governance scope

Variable Remuneration

Type of Metric	Metric Items
Financial Metrics	Return on Equity, Average Unit Selling Price, Net Profit Margin, Gross Profit Margin, Earnings per share and Cost Control
Management and other sustainability indicators	Linking material topics of critical analysis with long-term goals, including employee development, talent attraction and retention, integrity in operations, risk management, regulatory compliance, climate change, and energy management (waste reduction/electricity/water and carbon emissions, occupational health and safety, and green energy procurement and Sustainable Supply Chain Management).

In the fourth quarter of each year, the chairman and general manager of VIS will base on individual's rights and responsibilities and included in ESG performance, prepare assessment items and evaluation forms for the following year's director performance, after discussion and agreed by Remuneration Committee and Board of directors, will be conducted in the first quarter after the end of the following year. The relevant performance evaluation and compensation are reviewed by the Remuneration and Compensation Committee and the Board of Directors, with the exception of regular annual reviews and adjustments to the personal performance of managers, which also include sustainable environmental development, and connect the major issues of major analysis with their long-term goals as part of the reward evaluations. Through promoting climate change governance and integrating it into the management team's interests, we are making sustainable enterprise development a shared for VIS.

Corporate Officer Shareholding Policy

Vanguard International Semiconductor Corporation (VIS) provides customers with the most competitively comprehensive solutions and high value-added services, which are the core of VIS' long-range development and the foundation for our sustainability. In the pursuit of long-term and stable profits, while taking into account the interests of shareholders, VIS has been growing together with stakeholders such as employees, suppliers, communities and society, and following the conviction of sustainability to coexist and prosper with the environment and society. In the practice of ESG, the ESG has been listed as one of the Corporate Officer's performance evaluation items; and part of their annual reward has been based on each of their execution results in terms of corporate governance, environmental protection, corporate commitment and social engagement.

To further implement the corporate governance, the policy was approved by the Board of Directors and the Compensation Committee in May 2022. The Corporate Officer's bonus at the Vice-President level (and above) shall be linked with the long-term shareholders' interests of the company, which not only motivates their performance but also protects the rights and interests of all shareholders. Therefore, the VIS formulated a "Corporate Officer Shareholding Policy" to encourage the related corporate officers to hold long-term ownership of the Company's stock shares. Within three years from the date of appointment, the President, Chief Operating Officers, and Vice-President should hold

the equity value of the company's stock respectively 10 times, 6 times, and 5 times their annual fixed salary, of which the number of shares can include oneself, spouse and minor children. During their entire employment period, the shareholding value required by the company should be well maintained.

3.1.3 Internal Audit

Purpose and Organization of Internal Audit

Internal audit is mainly to assist the Board of Directors and management in inspecting and re-reviewing the deficiencies of the internal control system as well as weighing the effectiveness and efficiency of operations, and to provide timely improvement recommendations so as to ensure the continuous and effective implementation of the internal control system and to promote the sound operation of VIS.

The Internal Audit unit of VIS is under the Board of Directors and is currently staffed with an audit director and three dedicated internal auditors. As stipulated by the "Corporate Governance Practice Principles," the appointment, evaluation, and base pay of the company's internal audit staff should be reported to the Board of Directors, or approved by the Chairman after being signed off by the audit director. The appointment, removal and performance evaluation of the internal audit supervisor shall be approved by the Audit Committee and submitted to the Board of Directors for a resolution, and the remuneration shall be approved by the Compensation Committee and submitted to the Board of Directors for a resolution; and the appointment, removal, evaluation, and compensation of internal auditors shall be signed and submitted by the audit supervisor to the Chairman for approval. The performance evaluation is conducted at least once a year.

Operation of Internal Audit

The internal auditors uphold the spirit of impartiality and independence, and perform their duties from an objective and fair standpoint. In addition to making a report regularly at the Board of Directors meeting, they also make a report to the Chairman and the Audit Committee quarterly or when necessary.

The audit work is mainly carried out in accordance with the annual audit plan approved by the Board of Directors. The annual audit plan is drawn

up based on the results of the risk assessment, and project audits are carried out as needed. The deficiencies and abnormalities in the internal control system found in the audit are all tracked and regularly made in the report to ensure that units have taken appropriate improvement measures immediately.

The internal audit supervises and guides each unit and subsidiary to evaluate the implementation of the internal control system on a regular basis, and re-reviews the self-evaluation report. The self-evaluation report, together with the improvement status of the internal control deficiencies and abnormalities found by the audit unit, serves as the main basis for the Board of Directors and the President to evaluate the effectiveness of the overall internal control system as well as the issuance of the statement of the internal control system.

3.1.4 The Norms and Avoidance of Conflict of Interest

VIS has formulated the Ethics and Business Conduct, the Code of Ethics for Directors and the VIS Ethical Corporate Management Best Practice Principles in order to promote the self-discipline of the Board of Directors and all employees of VIS and compliance with the business ethics norms.

VIS has clear Director conflict of interest avoidance provisions stipulated in the Rules of Procedure of Board of Directors Meetings, Audit Committee Charter, and Organizational Regulations of the Compensation Committee, and applies multiple procedures to avoid any conflicts of interest. For any agenda item in which a director (or his/her spouse, relations of the second degree, or any company with control/subordinate relationship to the director) or the juridical person represented by a director carries a potential conflict of interest that may harm the interest of VIS, the director must abstain from the discussion and voting, by recusing therefrom. When a director or executive acts on behalf of themselves or others in a capacity within the business scope of VIS, they must obtain prior approval from the shareholders' meeting or the Board of Directors; any related party transactions must be duly disclosed.

In addition, VIS has established Independent Directors with transcendent impartiality, who uphold an objective and impartial stance. When deciding the company's strategy, the Independent Director(s) utilizes his/her professionalism and experience to provide suggestions, which are recorded in the meeting minutes. Meanwhile, he/she abides by the principle of recusal of conflict of interest, effectively protecting

the company's interests.

VIS discloses in its annual report the situations where the Board members hold positions in other companies, including but not limited to serving as Directors or Independent Directors of other companies, holding more than 5% of the outstanding shares of VIS, or being on the list of the top 10 shareholders in terms of shareholding percentage, the top 10 shareholders' cross-holding conditions and none of the Board of Directors members has cross-holdings with major suppliers. For details, please refer to the [VIS 2023 Annual Report](#).

To enhance corporate governance and prevent insider trading, VIS has added a clause to the "Corporate Governance Practice Principles" and "Procedures for Handling Material Inside Information". The clause stipulates that "insiders of our company, upon learning the financial reports or related performance contents of VIS, shall adhere to stock trading prohibition measures, including (but not limited to) prohibition of trading VIS's shares during the 30-day period prior to announcement of annual financial reports, and 15-day period prior to the announcement of quarterly financial reports". VIS also sends reminders via email to directors, managers, and shareholders who hold more than 10% of the total shares, 15 days prior to the announcement of the Q1, Q2, Q3 financial reports, and 30 days prior to the announcement of annual financial reports, to avoid violations of the aforesaid regulations.

3.1.5 Shareholder Equity

VIS values the rights and interests of every shareholder and treats all shareholders equally. All shareholders have the power of one vote per share in accordance with the law and may exercise voting rights at the shareholders' meeting to participate in VIS' decision making. In addition, the election of directors adopts a cumulative voting system that is favorable to minority shareholders in accordance with Company Act. All ratification, discussion and election motions at the shareholders' meeting are put to the vote on a case-by-case basis; electronic voting is listed as one of the means of exercising voting rights, and the voting results are publicly disclosed at the shareholders' meeting in real time. In addition, VIS has the Investor Relations Department in place to be in charge of communicating with shareholders and responding to various recommendations, and has commissioned the professional stock affairs agency to provide shareholder services. The contact information is disclosed on VIS' website for shareholders to look it up.

3.2 Risk Management

3.2.1 Risk Management System

The VIS most senior risk management organization is the Risk Management Committee, which has established a comprehensive Risk Management System, which actively executes Risk Identification and loss (impact) prevention and control, integrating risk management measures into daily Internal controls operations. Each unit is required to regularly self-inspect and participate in education and training, and the effectiveness thereof is then evaluated by the Board of Directors and senior executives, ensuring risks are effectively controlled within an acceptable range. In order to implement risk management policies, the Risk Management Committee reports to the Audit Committee and the Board of Directors on matters regarding risk management policies and procedures.

1. Committee Chairman: served by the President, who may also appoint a secretary to assist him in the operation.

Risk Manage Organizational Structure



2. Area Committee Member: composed of the top executives of all areas and presidents of subsidiaries, and the Committee Chairman appoints an Area Committee Member to serve as the general coordinator. ("Region" refers to units within the company's organizational structure, including department-level divisions such as Operations and Environmental Safety, Finance, Global Business and Planning, Research and Development and Product Engineering, Supply Chain Management, Corporate Operations Planning, Information Technology Development and Operations, and Human Resources).
3. Fab/ division executive representatives: composed of the top executive of each fab/ division
4. Risk management task force project: composed of area representatives, who are appointed by the Area Committee Member from among the executives at or above the division level, and the general coordinator appoints an executive at or above the division level to serve as the secretary-general.

Risk Management Committee Duties and Responsibilities

1. Formulate risk management policies and procedures to be submitted to the Board of Directors for approval and implementation.
2. Report on a regular basis every year to the Audit Committee and Board of Directors on the operational status of risk management.
3. Formulate the risk management guidelines.
4. Identify and approve risk control priorities.
5. Plan, review, and execute results of Risk Identification and control measures.
6. Supervise and guide the improvement of risk management.

Note: The operation of the Risk Management Committee is supervised and advised by the Board of Directors and Audit Committee, and the Internal Audit Division incorporates risk management factors in every year's audit procedure of the effectiveness of the internal control system, to audit organizational operations and risk management.

Three-Stage Risk Management Framework

- (1) **First Stage:**
Operational Level Risk Management Procedures
 - **Operational Level Risk Management Procedures:**
We have implemented zero defect initiatives, PIP, IT security, SPEC real-time monitoring, 5S, and pandemic prevention measures. Additionally, we have established a grassroots reporting and proposal system to mitigate human error (MO) risks at the operational level. This system ensures the immediate detection and reporting of anomalies to prevent escalation. Examples of Initiatives: Annual risk control measures training, such as: (1) Zero Defect Concept and Automotive Quality Awareness: In 2023, 5,286 individuals were trained in managing quality risks for automotive products. (2) PIP Advocacy – Essential Information Protection: In 2023, 5,342 individuals were trained to ensure that operational personnel understand the requirements of control measures.

- First-Line Management:**

In various regions and fields, we have established a comprehensive PDCA management system, integrated international standards, and achieved third-party audits and management system certifications to ensure the system's effectiveness. Implementation examples include the EHS management system: the Plant Safety, Health, and Environmental Committee conducts monthly reviews of incidents, safety and environmental performance indicators, and achievement rates to ensure the management system is executed as required. Regular reports are submitted to senior management on the system's performance. For instance, the company-wide Safety, Health, and Environmental Committee reports quarterly to senior management on the execution outcomes of the management system, covering key aspects such as risk management results, EHS management system (ISO 14001/ ISO 45001) audits, emergency response drills, food safety management, and health management.

(2) Second Stage:

Senior Management Risk Management Procedures

- At the senior management level:**

Through the VIS Enterprise Risk Management Committee, we implement enterprise risk management (ERM) and corporate governance. Twice a year, we complete risk item reviews, covering: (1) the effectiveness of risk control measures, risk monitoring, and response mechanisms, (2) adjustments to risk items or control measures based on operational changes, and (3) the review results and revisions of risk items and control measures. Annually, we report the status of risk management operations to the Audit Committee and the Board of Directors, receiving supervision and guidance from the Board and the Audit Committee.

(3) Third Stage:

Internal and External Audits in Risk Management Procedures

- The internal audit department of VIS, which is under the Board of Directors and independent of business lines, supervises each unit and subsidiary in regularly assessing the implementation of internal control systems. During the annual internal control effectiveness audit, risk management factors are incorporated, conducting audits of organizational operations and risk management. The 2023 Corporate Risk Management Committee external audit process was conducted in June 2024.

Board of Directors Risk Management Procedures

At the Board of Directors level: Based on the Enterprise Risk Management (ERM) system, corporate governance, and internal audit procedures, the Board supervises and guides the operations of the Risk Management Committee. Annually, the Board reviews the risk management outcomes in the "Risk Management Committee Operational Results" report, ensuring continuous oversight and evaluation of risk management achievements. The Board of Directors and the Audit Committee provide supervision and guidance.

Risk Management Committee Operations (Conduct risk project reviews twice a year)

Procedure	Content
Risk Factor Formulation and Control Measures Planning	<ul style="list-style-type: none"> Carry out risk identification and risk measurement to confirm risk factors Formulate risk control measures so to effectively monitor and respond to risk factors
Annual Review First Risk Item (Mid-year review)	<p>The mid-year risk control review of the subordinate units is conducted by the Area Committee Member:</p> <ul style="list-style-type: none"> Implementation effectiveness of risk factor control measures, risk monitoring and response mechanism Adjust risk factors or control measures based on operational changes and security risk operations. Review results and revisions of risk factors and control measures.
Annual Review Second Risk Item (Annual area risks review)	<p>The Area Committee Member conducts the annual area risks review of the subordinate units:</p> <ul style="list-style-type: none"> Risk management implementation outcomes and continuous improvement measures of each unit in the current year Risk factors as well as control measures to be continued or newly added in the upcoming year
Company-wide Annual Risk Review Meeting	<p>The Risk Management Committee meeting is held to</p> <ul style="list-style-type: none"> Review each area's annual implementation outcomes of risk factor control Review each area's risk factors and control measures for the upcoming year Review and formulate the company-wide risk factors for the upcoming year
Audit Committee, Board of Directors	The Risk Management Committee conducts a regular Outcome report for Risk Management Execution once annually.

Operational status

First quarter: On 2023/02/07, the President convenes each Area Management to complete the Review of the 2022 execution outcomes of company-wide Risk factors and establish the 2023 factors and control measures.

Second quarter: On 2023/05/02, the general coordinator of the Risk Management Committee reported the implementation outcome of risk management, as well as the risk control measures adopted by VIS and the operational status of risk management in terms of the risk environment faced by VIS, risk management priorities, risk assessment result, and response measures to the Audit Committee and the Board of Directors at the meeting. The Board of Directors approved the company-wide risk factors for 2023, with 18 categories of controlled risk factors.

Third Quarter: The execution representative of the Fab (division) or the supervisor of the area directly subordinate department, reports mid-year risk control progress to the Area Committee Member, with a 100% risk review report completed, including:

- (1) Effectiveness of risk factor control measures implementation, Risk Monitoring, and response mechanisms.
- (2) Adjust risk factors or control measures based on changes in operations.
- (3) Review results and revisions of risk factors and control measures.

Fourth quarter: The Area Committee Member completes the Annual Area Risk Review, with a 100% completion of the Area Risk Review report including:

- (1) The implementation outcome of risk management and continuous improvement measures of the area unit directly thereunder of the current years.
- (2) The risk factors and control measures to be continued or newly added for the upcoming year.

3.2.2 Risk Identification

The risk identification of VIS includes risk management categories and risk management procedures.

Risk Management Scope

Strategic Risks: Refers to, but not limited to, the risk of significant impact on the company from factors such as domestic and international economic, social, or policy factors, technological and industrial changes, market demand and competition, and geopolitical risks.

Operational Risks: Refers to, but is not limited to, the risk of loss to the company due to inappropriate internal operations, systems, or personnel, such as production, research, and development, quality control, cybersecurity, or human capital recruitment, or due to excessive concentration in sales or Procurement.

Financial Risks: Refers to, but not limited to, risks that significantly affect the company due to inadequate protection of financial assets and transactions, improper expression of financial statements, failure to respond in a timely way to changes in interest rates and exchange rates, improper financing or investing activities, and customers or suppliers breaches in performing their obligations.

Hazard Risks: This refers to, but is not limited to, risks that could cause severe losses to the company due to environmental factors, natural disasters, infectious diseases, Climate Change, war, interruptions in water, electricity, or gas supplies, fire or chemical leaks, and other shortcomings in preventive and responsive measures. (In response to the low-carbon transition risks of climate change, a climate change governance and management framework has been established in VIS, with the 'Board of Directors', 'Management Team', and 'Executive Committee' as three levels of top-down management mechanisms.) "The

Executive Committee", including the existing "Corporate Sustainability Committee" and "Enterprise Risk Management Committee", manages the climate change issues and, on the topic of "Climate Change Governance and Risk Response Strategy and Goals", reports annually to the Audit Committee and Board of Directors, and is subject to their supervision and recommendations.)

Compliance Risks: Refers to, but is not limited to, the risk of harming the company's reputation or causing significant losses to the company due to non-compliance with relevant laws and regulations, failure to timely respond to changes in laws and regulations or improper signing and execution of legal documents.

Other Risks: Risks not belonging to the aforesaid categories, as identified by the Risk Management Committee, that may cause severe losses to the Company.

Risk Management Procedures

Procedure	Description
Risk Identification	Risk identification is the first step of risk management. All units shall identify and classify the risks according to the risk management categories, based on the scope of business and cross-organizational operations process, through discussion, analysis, compilation of past experience, and prediction of possible future risks as a reference for further measurement, monitoring and management of risks. When identifying risks, the following shall be considered: <ol style="list-style-type: none">1. Each unit's own business scope and changes, historical experience, as well as internal and external resource requirements.2. The business impact and changes of future trends in response to VIS' medium and long-term business plan.3. Internal control, regulatory amendments and compliance.4. Peer industry experience and risk case studies.
Risk Measurement	Risk measurement is to judge the possibility and impact of risks under the existing control measures. During the analysis process, the risk matrix (Risk Map) may be used to quantify the frequency of the risk factor occurrence and the severity of the impact on VIS' operations. Different types of risks can be measured by formulating other feasible quantification methods.
Risk Response	Draw up the control priority and risk management mechanism according to the risk assessment results and based on the risk tolerance and cost-effectiveness, so that VIS' risks can be effectively controlled within the acceptable range. The control measures include: avoidance (elimination of occurrence conditions: replacement or no implementation), reduction (lower the probability and loss of occurrence), sharing (risk transfer: insurance, contract signing), and tolerance (tolerate the remaining risks after lowering and transferring part of the risk).
Risk Monitoring	Various monitoring and control activities are conducted regarding risks' development and changes.
Risk Report	VIS shall complete the risk report on a regular basis to be submitted to the appropriate management level and filed for future reference.

3.2.3 Risk Items and Response Measures

Upon review by the Risk Management Committee, VIS has identified a total of 18 risk items in 2023, with categories of risks including Market (1 item), Hazard (1 item), Cybersecurity (1 item), Finance (1 item), Strategy (2 items), R&D (3 items), Operations (3 items), Management (3 items), and Compliance (3 items). The major risks include: Development (technology)/Operation(quality)/Hazard(climate change), Control measures have been put in place for all of the listed risks to effectively carry out risk monitoring and response, mitigating the impact of risks. Additionally, for the listed risk items, emerging risks and two categories of risks (Operations, Compliance) among the 18 risks are disclosed in summary, explaining their risk analysis results, risk mitigation measures, risk appetite, and the results of sensitivity analysis, as indicated below:

1

Emerging Risks

(1) Opportunities and risks of geopolitical influences in the Taiwan Strait region on production capacity.

In recent times, the escalating tensions in the Taiwan Strait region have prompted governments of countries such as the United States, China, and Europe to enact semiconductor legislation, offering subsidies to promote local production of semiconductor products. This is aimed at averting potential disruptions in the semiconductor supply chain due to conflicts, which could pose threats to both economic and national defense security. These measures have brought about impacts and influence on Taiwan's wafer manufacturing industry.

In this environment, VIS faces several risks, including (1) Government support for the semiconductor industry in mainland China and South Korea, leading to competitive pressures. (2) Active invitations from the United States, Japan, and Europe for Taiwan's semiconductor industry to establish manufacturing facilities locally, increasing competition within the industry. (3) The concentration of VIS's primary production facilities in Taiwan (all are 8-inch wafer fabs), which could face significant operational disruptions in the event of conflict in the Taiwan Strait.

To mitigate these risks, VIS will take the following measures:

1. Assessing the feasibility of establishing wafer fabs overseas: The consideration for overseas facility setup primarily stems from concerns raised by customers regarding "de-Americanization", "de-Sinification", and "de-Taiwanization". In response to geopolitical risks, establishing facilities abroad serves as a solution to meet the demand for risk diversification among customers. Additionally, we will actively monitor subsidy policies in various countries to leverage governmental support and funding subsidies to reduce costs and enhance production efficiency.
2. Production technology planning: Given that adding equipment to existing 8-inch fabs may not be economically feasible, we will evaluate the construction of 12-inch fabs to continuously expand production capacity and meet customer demands.

(2) The information security risks arising from AI automation in production

Artificial intelligence brings numerous benefits to automated manufacturing, including increased efficiency and productivity, cost reduction, improvement in defects and non-conformance rates, prediction of equipment failures to extend lifespan, and data-driven decision-making. It plays an increasingly vital role in helping enterprises gain competitive advantages. However, along with these benefits come a series of information security risks.

In this environment, VIS faces several risks, including: (1) The possibility of data leakage of trade secrets when uploaded to cloud servers for training; (2) Exploitation of vulnerabilities in AI systems by hackers to manipulate production processes or cause production line stoppages; (3) Hidden backdoors in external packages used in system development, leading to supply chain attacks.

To mitigate these risk, VIS will take the following measures:

1. All data required for model training will be stored exclusively in company internal storage spaces and not allowed transmitted to the cloud to prevent leakage of sensitive company information.
2. All servers related to AI will have EDR(Endpoint Detection and Response system) monitoring software and Next-Generation Antivirus (NG-AV) installed to prevent virus infections and hacker intrusions.
3. A baseline (basic data) for network connection records will be established for all servers related to AI. Any new connections that deviate from this baseline (basic data) will trigger immediate alerts, and their origins will be tracked to reduce related intrusion risks.

2

Operational Risk Operation risk: Earthquake Earthquake

Earthquake Risk Analysis and Mitigation Measures: Simulated level 5 earthquake (ground acceleration 130 cm / sec²)
Earthquake (Scenario: Simulate level-5 earthquake, earthquake acceleration: 130 gal)

	Item/item	Content/content	Expense cost (NT\$)	Total Cost (NT\$)
Earthquake loss Risk Assessment	Tool recovery of damage	Tool clean/PM	About 150 million	About 190 million
	Power generator diesel	Power generator diesel	About 10 million	
	IT/Auto system	IT/Auto system re-installation	About 30 million	
	Product Loss: Based on the status of the September 21 massive earthquake, it is estimated that the number of scrapped pieces exceeds 10,000.			
Prioritization of Identified Risks	According to the following possibility and severity descriptions, the assessed risk level is moderate (the product of possibility and severity of loss, scoring on 5 points, with 4-12 points considered moderate risk). <ul style="list-style-type: none">• Possibility of occurrence: has not occurred in the past 10 years, Scoring: 1 point• Severity loss amount (recovery cost + product loss + operations interruption loss) exceeding NT\$300 million, scores: 5 point			

Risk mitigation measures mitigating actions: Worst case Fab total loss (Earthquake damage)

- (1) Production Transfer Plan: VIS has a total of 5 wafer fabs (4 in Taiwan, 1 in Singapore). In accordance with the product production recertification procedure, the estimated time for line transfer and resumption of production is about 3 months.
- (2) Wafer Fab Reconstruction: VIS has procured property insurance, which can be activated to claim insurance in the event of earthquake damage, reducing property loss.
- (3) VIS's disaster recovery procedure is conducted according to the VIS "Business Continue Plan, BCP" provisions.

Risk Appetite for Operational Interruption	<p>Risk appetite for operational interruption: 3 months (single fab, general production machines), scale of loss 6.2% of annual revenue (NT\$3.19 billion) (Risk Appetite's decision: Based on the definition of VIS's "Continuous Operations Management Plan", VIS's "Continuous Operations Management Plan" will be reviewed and executed by operational executives).</p> <p>To maintain continuous production of wafer products, in the worst-case scenario, VIS has established a production line transfer plan that will, within three months (normal production machines), transfer products to a normally operating wafer fab for production. To ensure continuity of wafer production, VIS has developed a contingency plan for production line migration in a worst-case scenario. This plan enables product transfer to operational fabs within a 3-month timeframe (for standard production equipment).</p>
Business interruption Sensitivity Analysis Result	<p>Business interruption Sensitivity analysis result:</p> <p>Calculations are based on VIS's 2022 annual revenue of NT\$51.694 billion. In 2022, there were four active wafer fabs, not including the newly acquired Fab 5. Based on the 365-day calculation for each of the four factories, a one-day production interruption in any factory results in an approximate loss of 0.07% of annual revenue (NT\$350 million). Under different conditions, Business interruption Sensitivity analysis results are as follows:</p> <ol style="list-style-type: none">(1) When a single wafer fab production is interrupted for 30 days (1 month), the loss of annual revenue is 2.1% (NT\$1.06 billion).(2) When a single wafer fab is disrupted for 60 days (2 months), the loss of annual revenue is 4.1% (NT\$2.12 billion).(3) When a single Wafer fab production is interrupted for 90 days (3 months), the annual revenue loss is 6.2% (NT\$3.19 billion).

3

Regulatory and Compliance Risk: Risk of Changes in Environmental Regulations

Item/item	Description of Loss Scenario/Loss scenario description	Total cost (NT\$)
Compliance Risk Failure to comply with relevant regulations that have a significant impact on various operations, business or financial matters of the company, leading to corporate penalties, corporate compensation liability, or criminal responsibility of the staff	Descriptions of severe loss conditions, including: illegal emissions of wastewater into natural bodies of water, leading to operations suspensions ordered by the environmental protection competent authorities.	Exceeding NT\$35 million (The production disruption of a single Wafer Fab for one day results in a loss Amount of NT\$35,000,000.)
Prioritization of Identified Risks	Based on the following possibility and severity descriptions, the estimated risk level is moderate risk (the product of possible occurrence and severity loss, in a score of 3 points, with 1-3 points considered a Low Risk). <ul style="list-style-type: none"> • Probability of Occurrence: It did not occur within the past 10 years, scoring: 1 point • Severity Impact Scale: Between NT\$30 million and NT\$150 million, Score: 3 point 	

Risk Management measures: Establish internal policies, procedures, and execution plans, through regulatory tracking, education, training and advocacy, and providing whistleblowing channels, to avoid or reduce the risk of production interruptions caused by non-compliance with regulations.

Compliance Risk Appetite	Compliance Risk Appetite: Less than 1 day (Risk Appetite's decision: VIS is committed to operating and producing in compliance with regulatory requirements and therefore company's operational executives does not tolerate incidents of being penalized and ordered to halt production by the competent supervisory authorities due to violations of these requirements)
Compliance Risk Sensitivity Analysis Results	Compliance Risk Sensitivity Analysis Result is as follows: Calculations are based on VIS's 2022 annual revenue of NT\$51.694 billion. Under different conditions, the Business interruption Sensitivity analysis results as follows: (1) Due to the incidence of non-compliance incidents (e.g. illegal discharge of wastewater), customers transfer orders, affecting receipt of orders: 0.5%, representing an approximate loss of 0.5% (NT\$260 million) of annual revenue. (2) Due to the occurrence of non-compliance incidents (e.g. illegal discharge of wastewater), affecting receipt of orders: 1%, approximately a loss of 1% of annual revenue (NT\$520 million) (3) Due to the occurrence of non-compliance incidents (e.g. illegal wastewater discharge), affecting receipt of orders: 2%, approximately a loss of 2% in annual revenue (NT\$1.03 billion)

Building a Risk Management Culture

VIS Hierarchy of Risk Management

Operational Level

Implement the production zero defect policy, confidential information protection policy, cybersecurity policy, manufacturing process parameter real-time monitoring system, and pandemic prevention measures, and establish a grassroots reporting and proposal system to ensure that the risk of personnel errors is reduced at the operational level, and abnormalities can be found and reported at the earliest possible time so as to prevent the expansion of abnormalities.

First-Line Management Level

Establish a sound Plan-Do-Check- Act (PDCA) cycle for the quality management system in each area/field, introduce international standards at the same time, and pass third-party audit and certification to confirm the effectiveness of the management system.

Senior Executive Level

Establish a comprehensive Enterprise Risk Management (ERM) system, Corporate Governance, and Internal Audit procedures to ensure the effectiveness of Corporate Governance.

Board Level

According to the ERM Management System, Corporate Governance, and Internal Audit Procedures, regularly review the outcomes of Risk Management.

Through layered, delegated management tasking, supplemented by a comprehensive Quality Management system established by Certifications such as ISO 9001, IATF 16949, ISO 27001, ISO 14001, ISO 45001, ISO 50001, and QC 080000, VIS has established a Risk Management culture of "upholding integrity and a high level of professional ethics in business operations, focusing on Product Manufacturing of foundry services, not engaging in high-risk and high financial leverage investments, and striving to enhance overall competitiveness of the company and pursue sustainable operations of the enterprise".

Risk Culture Promotion Activities:

1. Automotive Product Quality Risk Management: Zero Defect. Promotion Posters: Advocate the Zero Defect policy and concept among employees.
2. PIP Risk Advocacy and Promotion Activities: Through advocacy posters and questionnaires, enhance employees' understanding of PIP, achieving confidential control goals and preventing the risk of confidential information leakage.
3. Operational Risk Advocacy and Promotion Activities:
 - 3-1. Promoting a 100% success rate in equipment PM activities, reduces the risk of product quality anomalies caused by equipment maintenance (PM).
 - 3-2. Promote smart factory transformation to improve production efficiency and quality monitoring, addressing and reducing quality anomaly risks in advance.
4. Through EHS KPI competitions, raise safety awareness in all departments, promote safety improvement activities, and reduce factory hazard risks.
5. By presenting CIT improvement cases, enhance product quality and thereby reduce operational risks.

Risk Management Improvement Incentives

The reward categories cover various risk improvement operations, including technical development and continuous improvement of production quality, climate change risk improvement (energy saving, carbon reduction, natural disaster improvement), safety hazard risk improvement in environmental health and safety (EHS), and continuous improvement projects in environmental protection (pollution reduction). Below is a detailed explanation of the incentive measures at the operational level for the main risk project, "Risk Improvement in Technical Development and Production Quality":

- (1) Continuous Quality Improvement Projects - CIT Reward Program To promote company-wide continuous improvement activities and guide small teams in their improvement efforts, the CIT reward program includes projects or activities related to quality, cost (pricing), service (including timeliness and delivery), productivity, STOP&FIX, and environmental protection/energy saving and carbon reduction. After the benefits are audited and confirmed by the Industrial Engineering Department, bonuses can be applied for.

In terms of quality risk, to strengthen the company's quality culture, VIS has fully implemented the "Grassroots Improvement Proposal (Suggestion System, SS)" and "Continual Improvement Team (CIT)" activities across all factories, and holds the company-wide improvement case presentation event, the "VIS Annual CIT Conference". Through incentives like bonuses and public recognition, the company encourages employees to strive for excellence, fostering cross-departmental learning and enhancing employees' problem-solving and innovation capabilities to maintain the company's competitive edge and achieve mutual benefits with customer satisfaction.

Explanation of incentives for improvement proposals and activities of the Continuous Improvement Team in 2023, as detailed in Section 3.5.1 Enhancing Quality Culture.

- (2) Technical Development Risk Improvement Incentives - Trade Secret Proposal Reward Program

To enhance the company's competitive advantage, pursue a culture of innovation, and implement the vision of sustainable management, VIS has established a registration and reward program for trade secrets with special contributions or value, whether technical or commercial. For technical/process/procedural/design trade secrets, based on the operational process of the trade secret registration review committee, each organizational function selects the "Quality Trade Secret Registration Case" annually for rewards. Incentive measures include cash bonuses, personal certificates, public recognition, and consideration in performance evaluations and promotions.

Crisis Handling Procedures

VIS has a complete operating process for business continuity plans (BCP) to determine the impacts and losses brought by crises, and has a dedicated unit which communicates with stakeholders to reduce potential harm caused by incorrect information.

Educational Training

2023 Execution Outcomes of Risk-related Education and Training

Risk Category	Content of Implementation	Session	Number of Trainees
Quality Abnormality Risk Control Procedure	Introduction to Quality	E-learning	Target audience: All Operational Sites Frequency: Once a year 2023 Number of training participants: 5,915
	Quality Risk Management of Automotive Products (Zero Defect Concept and Automotive Quality Awareness)	E-learning	Target audience: All Operational Sites Frequency: Once a year Number of training participants in 2023: 5,956
Confidentiality Breach Risk Control	PIP Policy Advocacy -- Must Know for Proprietary Information Protection (Information Safety Education)	E-learning	Target audience: All Operational Sites Frequency: Once a year 2023 Number of training participants: 6,126
Regulatory and Compliance Risk Control	Ethics and Business Conduct and Ethical Corporate Management Best Practice Principles(Compliance Risk Advocacy Education, Training)	E-learning	Target audience: All Operational Sites Frequency: Once a year 2023 Number of training participants: 5,748
Supply Chain Risk Control Procedure	Introduction to AEO(Safety Certified Quality Corporate) Quality Corporate Supply Chain Security (Preventive Risk Management for Supply Chain Threats)	E-learning	Target audience: TaiWan Sites Frequency: Once a year Number of training participants in 2023: 5,385
Environmental, Health, and Safety (EHS) Risk Management Control Procedures	Introduction to ISO 14000 Series Standards for Environmental Management Systems	E-learning	Target audience: New engineers (TaiWan Sites) Frequency: Once 2023 Number of training participants: 118
	Occupational Safety and Health Management Systems: Introduction to Occupational Safety and Health Management Systems (ISO 45001)	E-learning	Target audience: New engineers (TaiWan Sites) Frequency: Once 2023 Number of training participants: 121
	Factory firefighting training (Firefighting practical training)	6 sessions	Target audience: Indirect Staff(TaiWan Sites) Frequency: Once a year 2023 Number of training participants: 3,358

Risk Category	Content of Implementation	Session	Number of Trainees
	On-the-Job Education and Training (Refresher Training) for Organic Solvent Operation Supervisors	1 sessions	Target audience: One person needs to be trained for each shift (TaiWan Sites) Frequency: Once every three years Number of training participants in 2023: 71
	On-the-job Education and Training for Supervisors of Specific Chemical Operations (Refresher Training)	1 sessions	Target audience: One person needs to be trained for each shift (TaiWan Sites) Frequency: Once every three years Number of training participants in 2023: 52
	Commander and ERT (Emergency Respond Team) Training	6 sessions	Target audience: In-factory Management Staff (TaiWan Sites) Frequency: Once a year Number of training participants in 2023: 273
	ERT(Emergency Respond Team) Basic Training	4 hours	Target audience: New Engineer(TaiWan Sites) Frequency: Once Number of training participants in 2023: 47
	Evacuation drill for production direct operators	1 hour	Target audience: Direct production personnel (All Operational Sites) Frequency: Once every six months 2023 Number of training participants: 45,027
	Each unit's ERT (Emergency Respond Team) drill	0.5 hour (52 sessions)	Target audience: Overall Drill Personnel in the Factory Area (TaiWan Sites) Frequency: Once a year Number of training participants in 2023: 684
	Post-earthquake building assessment drill	1 hour (3 sessions)	Target audience: Facilities and Equipment Personnel (TaiWan Sites) Frequency: Once a year 2023 Number of training participants: 87
	Assembly drills without early warning	0.5 hour (12 sessions)	Target audience: Factory and equipment personnel (TaiWan Sites) Frequency: Without warning 2023 Number of training participants: 353

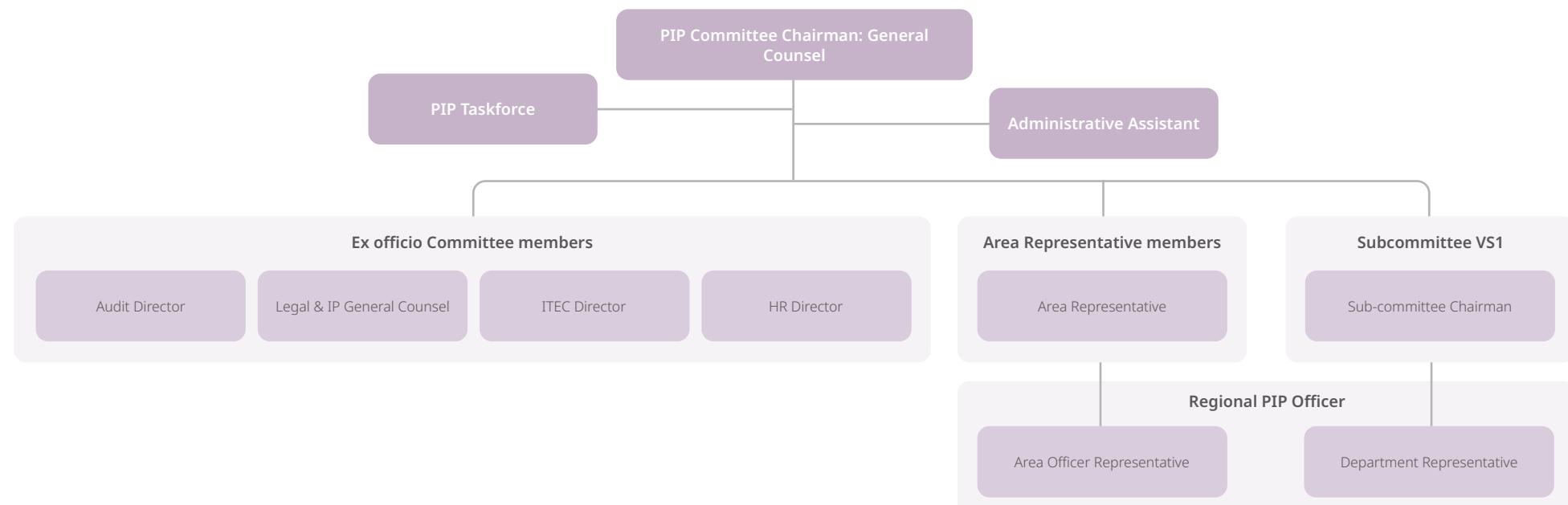
3.2.4 Cybersecurity

Cybersecurity Governance System, Objectives and Strategies

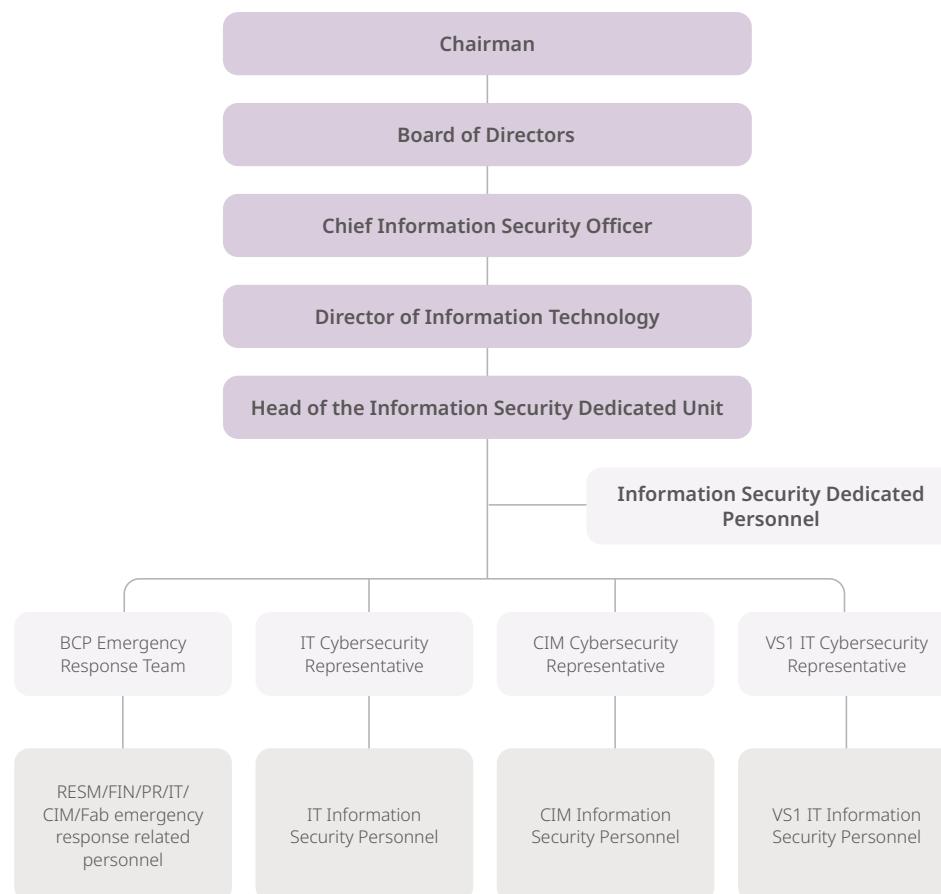
VIS has always been committed to maintaining the security of the information environment. The "Proprietary Information Protection Committee" was established in 2003, and the "Proprietary Information Protection Measures" were then formulated. In 2013, the "VIS Cybersecurity Policy" was issued to further effectively implement cybersecurity protection. The Proprietary Information Protection Committee reviews VIS' cybersecurity and information protection status on a quarterly basis, is in charge of reviewing information security and information protection-related issues and countermeasures, clearly declaring and implementing information security and information protection, and requiring all employees to abide by the rules so as to maintain VIS' competitive advantage.

To implement cybersecurity Governance, the Board of Directors approved the establishment of the position of Chief Information Security Officer at the beginning of 2022, which is served by the current assistant vice president of the Business Operation Planning.

Proprietary Information Protection Committee Organizational Chart



Cyber Security Organizational Structure Chart



Cybersecurity Management Mechanism

VIS obtained the Cybersecurity Management System (ISMS) ISO/IEC 27001:2013 accreditation in December 2015. In 2022, the accreditation scope was expanded to include the Singapore subsidiary and Fab 5, with a 100% accreditation coverage rate, and the review for accreditation renewal was completed in November 2023. At the same time, since 2019, we have insured Cybersecurity Risk Management to reduce the risk of business interruption. The coverage extends worldwide to ensure that Customers get the best protection in the use of information services and customer data.

Information Services Continuity of Operation Plan

VIS has formulated "Business continuity planning" (BCP) to ensure that correct response measures can be taken to restore continuous operation in the shortest time when information services are hit by major disasters, thereby reducing adverse impacts. Every year, disaster recovery drills for information systems are conducted, including at least two recovery drills specifically targeted at cybersecurity attacks. The robust ability to respond is enhanced through such regular drills. The drill results in 2023 met all requirements.

Cybersecurity Protection and Detection

In response to changing external attack channels, VIS has adopted a corresponding multi-layer defense architecture for distributed denial of service (DDoS), advanced persistent attack (APT) and social engineering attacks, and regularly conducts vulnerability scanning, social engineering drills, commissioning external third-party assessment units to conduct website penetration testing, system effectiveness checks, and other related detection to ensure the effectiveness of information security management and control.

In 2023, the VIS Head of the Information Security Dedicated Unit participated in the Semiconductor Equipment and Materials International (SEMI) Semiconductor Security Committee as a new member. This committee is made up of representatives from the international semiconductor industry, academia, and government, and is dedicated to formulating and promoting international semiconductor security standards, including: SEMI-E187, and enhancing the overall security of the upstream and downstream of the supply chain. VIS also provides its Customers with a guide to "Basic security measures against cyber attacks" and informs Customers to obtain the guide for implementation via the VIS-Online Customer site.

Cybersecurity Advocacy, Education, and Training

In order to ensure all employees agree with actions relating to Confidential Information Protection policies, the company conducts advocacy every month and sends PIP prize quizzes to all employees. This was implemented twice in 2023, with the participation of 4,354 and 4,057 questionnaires, respectively, and the correct answer rates for all questionnaire topics were 81% and 84%, respectively. In terms of training, all employees at VIS are required to complete the education and training courses and pass the tests, with a training completion rate of 100%. Also, there are internal and external professional cybersecurity courses participated in by colleagues from the information units, with a total of 202 hours of such training in 2023.

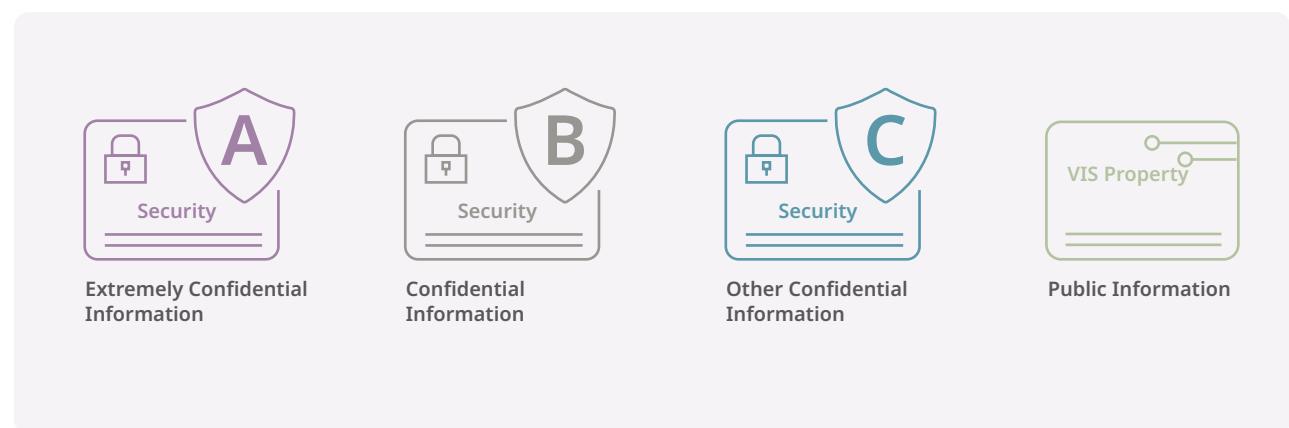
Information Grading System

VIS' information is classified and controlled according to sensitivity and value. The controls include the means of information transmission, reception, use and storage. The disclosure of information adheres to the Need-to-Know principle. The information is classified as follows:

Notification and Handling of Cybersecurity Incidents

VIS has clearly established an Information Security Incident notification and handling process. Once a Cybersecurity incident occurs, it will be reported according to the isolated impact scope, with concomitant establishment of a command center, and the commander will assign tasks to organize and perform System recovery operations. After the incident is handled, an analysis will be conducted using the Eight Disciplines Problem Solving method, corrective measures taken, and saving records to prevent the incidence from reoccurrence.

In 2023, there were no major security incidents at VIS, also has no loss of customers or related information.



Information Security Notification and Processing Flowchart



3.3 Ethics and Transparency

Ethical Corporate Management Best Practice Principles

The VIS Core Values are: Integrity, Customer Orientation, Value Orientation, and Commitment. The first point of the company's management philosophy is "Adhere to the principle of integrity, uphold high professional ethics", clearly indicating VIS's emphasis on integrity.

Based on this, to establish a corporate culture of integrity in management and a good business operation model, VIS has established the "VIS Ethical Corporate Governance Best Practices' Principles". These principles are promoted through the company's website, internal employee training materials, electronic bulletins, bulletin boards, and promotional videos, aiming to actively create an honest, straightforward, pragmatic, and cooperative working environment.



3.3.1 Ethics and Business Conduct and Ethical Corporate Management Best Practice Principles

The very first rule of VIS' business philosophy is "Upholding Ethical Business Practices", which spells out the practice in the Ethics and Business Conduct, requiring all employees to clearly understand and abide by the Ethics and Business Conduct and personal integrity. Meanwhile, the Code of Ethics for Directors also stipulates that directors shall uphold the principle of good faith and abide by professional standards of conduct when performing their duties. In order to establish a corporate culture of ethical corporate management and a good business operation model, the VIS Ethical Corporate Management Best Practice Principles have been formulated in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and have been properly implemented in accordance with regulations.

The company has established plans to prevent dishonest behavior in the "Ethics and Business Conduct Guidelines", and clearly stipulates the procedure, behavior guidelines, penalties for violations and grievance systems in each plan. Since 2020, directors and managers have signed the declaration to comply with the "Ethical Corporate Governance Best Practices' Principles". Furthermore, to implement various regulations, employees are given education and training while annually declaring any conflicts of interest.

VIS conducted the "Survey on Identification with Business Principles" in 2023. The results show that the first business principle, "Adhere to the principle of integrity, uphold high professional ethics" received an acceptance score of 4.66 out of 5 from All Employees. Compared to the 4.59 in 2020, it increased by 0.07, showing that Employees have a high level of recognition of the company's integrity in management, the result remain the same in all years, represents the corporate's effort and achievement. The implementation status of integrity in management is also reported to the Board of Directors at least once a year.

Ten Articles of VIS Business Philosophy

1. Upholding Ethical Business Practices
2. Focusing on Core Business
3. Internationalized Operation with View on Global Market
4. Focusing on Long-term Business Strategies, Striving to Be a Perpetual Enterprise
5. Treating Customers as Partners
6. Building Quality into All Aspects of Our Business Compliance
7. Constant Innovation and Entrepreneurial Vitality
8. Creating a Dynamic and Enjoyable Working Environment
9. Establishing an Open Management Style
10. Being a Good Corporate Citizen by Contributing and Caring for both Shareholders and Employees

In order to implement the management of VIS' ethical corporate management, the human resources division is in charge of formulating and implementing the policies, requiring directors, managers, employees, appointees and substantial controllers to abide by laws and regulations when performing business, conduct business activities based on the principle of ethical corporate management in a fair and transparent manner. The Company adopts a zero-tolerance policy and bans all inappropriate behavior, including taking bribery and accepting bribery, illegal political contributions, improper charitable donations or sponsorships, unreasonable gifts, hospitality, or other improper benefits, infringement of intellectual property rights, engaging in unfair competition, or improper behavior that may harm stakeholders related to products or services. The Company regularly evaluates compliance with relevant business processes, submits findings to the audit committee, and reports to the board of directors in the third quarter of each year. Additionally, the company regularly conducts education, training, and awareness programs for directors, executives, employees, appointees, and substantial controllers. It integrates integrity policies

with employee performance evaluations and human resources policies, establishes clear and effective reporting and disciplinary systems, and undergoes third-party certification. The system includes:

- Establish and announce an internal independent reporting mailbox for use by internal and external personnel.
- Audit Committee Email (audit_committee@vis.com.tw)
- Chairman's mailbox (vis_chairman@vis.com.tw)
- President's mailbox (vis_president@vis.com.tw)
- Assign the dedicated personnel or unit to accept reports.
- After the investigation of the report is completed, report it to the competent authority or transfer the report to the judicial authority for investigation if necessary.
- Keep records of and preserve the acceptance, investigation process, investigation results and related document production regarding the report.
- Keep the identity of the whistleblower and the content of the report confidential.
- Measures to protect whistleblowers from being improperly dealt with due to whistleblowing.
- If the whistleblowing report is verified to be true and the handling of the report will bring good benefits to VIS, the whistleblower can be rewarded appropriately.

When the Audit Committee receives a reported, suspected violation of the VIS Ethical Corporate Management Best Practice Principles, it may entrust appropriate internal or external personnel to form an investigation team, upholding the principles of impartiality and non-disclosure, and make a concluding report after understanding the facts to be submitted to the Audit Committee.

The Audit Committee mailbox, Chairman's mailbox, and General Manager's mailbox received a total of 2 reported cases in 2023, none of which were related to business ethics (0 cases related to corruption or bribery, 0 cases related to discrimination or harassment, 0 cases related to customer privacy, 0 cases related to violation of conflicts of interest, 0 cases related to money laundering or insider trading). The cases have been properly handled based on the investigation results and appropriate outreach was taken.

Ethics and Business Conduct

VIS's Ethics and Business Conduct clearly stipulate that employees should avoid causing any conflict or possible impact between personal interests and company interests. Employees should actively report any of the following situations: the employee or their close relatives have an employment relationship with any supplier, customer, or competitor; the employee directly competes with the company's business in activities outside of the company; using company resources to engage in activities outside the company; or, having close relatives working in the company. After VIS receives the reporting, the human resources division will discuss with senior executives to jointly work out the handling principles and report the matter to the President for approval.

Education, Training and Advocacy of Ethics and Business Conduct and Ethical Corporate Management Best Practice Principles

VIS relies on various promotional channels and forms to advocate the Ethics and Business Conduct and Ethical Corporate Governance Best Practices' Principles to our colleagues. We offer an online course on "Ethics and Business Conduct and Ethical Corporate Governance Best Practices' Principles" as a compulsory annual course for all employees in Taiwan and Singapore to ensure that they have agreed to and understood the relevant rules. In 2023, the coverage rate of digital course training on "Ethics and Business Conduct and Ethical Corporate Governance Best Practices' Principles" reached 100%, and the target training coverage rate for 2024 is also 100%.

3.3.2 Regulatory Compliance

VIS firmly believes that for a company to enjoy sustainable development, it not only needs to maintain good economic performance but should also value customers' opinions, meet customers' needs, and protect customer privacy, in order to gain customer recognition and long-term support. Therefore, integrity is the first and foremost among the VIS Core Values. In order to implement the company's core values, adhere to high ethical standards, and ensure the Employees strictly observe the standards of Ethics and Business Conduct in their daily work and business, in addition to formulating the "Ethics and Business Conduct Guidelines" to guide employees and managers at all levels, VIS also has a dedicated Legal and IP Division. Each Department continuously focuses on changes

in policies and regulations that may have a significant impact on the company's operations, business, or finances. Additionally, through the formulation of related policies and guidelines, education and training, tracking and outreach for laws and regulations, providing reporting channels, conducting self-inspections and compliance audits, VIS actively implements its principles of corporate governance, attaches importance to business ethics, and adheres to the rule of law. VIS has been striving to comply with relevant laws and regulations in all its business activities up to 2024 and has consistently acted in accordance with the law. Thus, in terms of Regulatory Compliance, there are no significant violations of the law ^{Note}.

Note: "Significant violation" refers to any single incident with a cumulative fine amount of over NT\$1 million.

Regulatory Compliance Implementation and Execution

VIS has established relevant policies and measures for the policies and regulatory statutes for various business fields, requiring employees to carry out business according to these policies and measures, including: supply chain security, cybersecurity, ESG, anti-Sexual Harassment, environmental protection, Internal controls, financial reporting compilation, document control and destruction, Procurement of non-conflict minerals, Ethics and Business Conduct Guidelines, Protection of Personal Data, and Proprietary Information Protection Policy (PIP Policy).

To reinforce implementing Regulatory Compliance and ensuring the company is in compliance with relevant policies and legal requirements, in addition to gradually translating other internal working principles of the company into specific policies and methods, VIS also lists the Regulatory Compliance System as a key point for implementing legal compliance. Through regulatory checking, regulatory updates to compliance reviews, timely amendments to internal regulations, providing education and training and announcements, employees are able to understand and comply with relevant laws, ensuring effective implementation for enforcing continuous compliance.

Regulatory Compliance, Education and Training

Education and training is an indispensable part of the Regulatory Compliance plan. In order for employees to carry out Regulatory Compliance training at all times, VIS has not only established an proprietary information protection zone at the internal website entrance

to provide employees with timely access to relevant regulations, advocacy, and training materials, but also offers introductions to AEO High-Quality Enterprise Supply Chain Security Management System, Sexual Harassment Prevention, Anti-Trust Law, Protection of Personal Data Act, Employees' Intellectual Property Concepts and Trade Secret Protection, Patent Search and Infringement Litigation, Insider Trading and Short-Term Trading, and other relevant online and advocacy courses. Different completion regulations have been set according to the employee's job duties, with concomitant testing after courses, to check and correct employees' understanding and implementation of laws, regulations, policies, and methods, to enhance employees' cognition and risk awareness, thereby effectively reducing Operational Risk and enhancing market competitiveness.

Regulatory Tracking and Policy Advocacy

In order to ensure the legality of the implementation of VIS' main business as well as to track the actual implementation of laws and regulations, Legal Department of VIS regularly reviews the changes in laws and regulations and announces the latest regulatory amendments on VIS' internal website for each department to evaluate the possible risks and impacts of such regulatory changes on VIS, and to revise or add new corresponding internal norms accordingly. In addition, VIS also conducts regular self-inspection management of regulatory compliance, accepts the audit by the internal audit department, thereby reducing the impact and risks on VIS' business, and posts advocacy announcements and posters regarding VIS' policies and regulations on the internal website and physical bulletin boards.

Reporting Violations

To prevent illegal activities from harming the rights and interests of customers, VIS, and employees, VIS provides internal and external whistleblowing channels for employees and outsiders to report possible illegal activities to VIS. Whistleblowers can report in their own name or anonymously, providing specific factual content, relevant information, and any documentation. Unless otherwise provided by law, VIS keeps confidential the identities of employees and external individuals as well as the content of the reporting in accordance with regulations, and takes appropriate measures in

accordance with the law to protect the individuals' personal data and privacy, to ensure VIS' compliance with domestic and foreign policies as well as legal requirements.

VIS has No litigation related to anti-competitive behaviors, antitrust, or monopoly regulations violations, as well as no significant violations of the law in 2023^{Note}.

In 2024, VIS will also aim for this and will continue to deeply implant the culture of Regulatory Compliance.

Note: "Significant violation" refers to any single incident with a cumulative fine amount of over NTD \$1 million.

3.3.3 Implementing Proprietary Information Protection

Proprietary information such as confidential information and business secrets are important assets of VIS and customers and are closely related to VIS' competitiveness. If VIS' manufacturing process formula, manufacturing process flow, machine parameters, product yield rate, information relating to customer products, financial information, etc. are leaked or used improperly, it will have a severe impact on VIS or its customers.

To prevent proprietary information including confidential information and trade secrets from being improperly disclosed or used, avoid employees violating the law and harming the company's interests, and maintain the competitive advantage of the company and customers, thus becoming a trusted partner of our customers, VIS has formulated the Proprietary Information Protection Policy (PIP Policy) since 2003, which clearly stipulates the classification of proprietary information and the reception, transmission, storage, and use of such proprietary information. VIS has also established an Enterprise Information Security Management System. In 2015, it obtained ISO 27001 certification for its Information Security Management System (ISMS), demonstrating effective implementation of cybersecurity policies and management procedures, and striving for the perfection of protective mechanisms. When transmitting customer design-related data, it is protected with B2B secure encrypted connection. Customer's technical documents are all encrypted and stored in the technical information system. The access rights are managed by the document management system with

a record log of all access. VIS does not use personal data for secondary purposes.

To strengthen the adherence to the protection of proprietary information, VIS has established a special area for proprietary information protection on the internal website. This provides employees with timely access to relevant regulations and channels for advocacy and training materials, thus empowering self-education at any time. Also, through the means of mandatory annual online courses for each employee, various outreach and activities (such as homepage e-posters on the internal website, poster selections, and prize quizzes), and in-person courses, we have enhanced employees' understanding and compliance with the company's trade secrets and Confidential Information Protection, thereby strengthening the protection of trade secrets and Confidential Information. All Employees have completed the "PIP Advocacy - Proprietary Information Protection Essentials" online course in 2023.

For dynamic execution, ensuring the normal operation of proprietary information protection mechanisms and correcting violations in a timely manner, a cross-organizational PIP committee has also been established with representatives from Legal, Human Resources, Information, Internal Audit, R&D, Quality Assurance, Finance, and Accounting, Business, and Operations. Quarterly meetings are held regularly to review past violations and system flaws in the past quarter to continuously improve mechanisms for protecting proprietary information. If necessary, ad hoc meetings are held to timely discuss incidents and issues, with the aim of continuously improving effective protection. In the event of an abnormal occurrence, the investigation team (composed of Legal, Human Resources, Information, and Internal Audit units) will immediately investigate the cause of the case and conduct disposition. Afterward, any inadequacies or omissions in policies and mechanisms will be reviewed for improvements and strengthened.

There were no violations or infringements of privacy in 2023, nor were there any complaints of infringement on customer privacy.

3.4 Innovation Management

3.4.1 Green Innovation

As climate change and energy shortages become more and more serious, various countries have introduced energy-saving policies one after another to achieve the goal of zero-carbon emissions and low-carbon sustainable homes. Consumers are also paying more attention to the power-saving functions of end products. VIS is committed to green manufacturing and environmental sustainability, and the research and development of manufacturing process technology continues to move towards low power consumption and high performance, so that customers' terminal application products, such as computers, communications, consumer, industrial, and automotive products, can all meet the specifications of high energy efficiency and power saving; meanwhile, we continuously innovate and develop the green, innovative components. VIS's process technology includes: High Voltage, Ultra High Voltage, BCD (Bipolar CMOS DMOS) process, SOI (Silicon on Insulator), Discrete power component process, Logic process, Mixed-Signal process, Analog signal process, HPA (High Precision Analog) process, Embedded Memory technology, MEMS & Sensor technology, and GaN process. All these process platforms can effectively enhance the competitiveness of customers' products in global Green Innovation.

2023 Outcomes

- In the Field of Power Management ICs:** In order to make end products more efficient, energy-saving, and lightweight, the current 0.15um BCD manufacturing process of VIS provides customers for the design of high-efficiency power management ICs by reducing switch resistance and parasitic capacitance. Among these, the 3.3V gate BCD, capable of supporting high-performance computing and servers' high current demands, underwent small-scale trial production in 2022. Products tailored for 48V server applications have begun to gradually ramp up. Estimated that the future revenue ratio will steadily increase.
- In the field of Microcontroller IC:** VIS' 0.18um 1.8V embedded

memory (e-Flash) offers customers a design for low system power microcontrollers, reducing the energy consumption of the end system products, will complete customer new product design, validation, and trial production in 2024. In 2025, customers will conduct small-scale trial production and promote new product business. And by 2026, it is expected to contribute to the company's revenue.

- In the field of Display Driver ICs:** Due to increasing demands for power savings from laptop manufacturers, in addition to assisting customers in mass producing the 0.15um and 0.11um high-voltage process, VIS has also developed the more power-efficient next-generation 0.11um high-voltage process. This provides an average power savings effect of 6 to 12%, satisfying the energy savings and carbon reduction requirements in the display driver IC market for Customers.
- In the field of discrete power components:** Current 0.35um to 0.13um Split Gate Trench MOSFET (SGT MOSFET) manufacturing process technology has assisted customers in developing more energy-saving products, can be used for data centers, efficient cloud computing, 5G communication, and DC motor drive applications.
- In the Fields of Sensor and MEMS Manufacturing Process Technologies:** VIS' Micro MEMS and light sensor technologies ranging from 0.11 to 0.25um have assisted customers in developing various smart sensors on electronic devices including smartphones, tablets, and wireless earbuds. These sensors allow the power of electronic devices to be adjusted according to surrounding light sources, temperature, infrared, and movement status of the electronic devices, hence contributing to energy saving in system devices and equipment.
- Type III compound gallium nitride GaN High-pressure semiconductor:** With the rise of the green energy electric

vehicle market, VIS has developed a 650V, low-loss, high-temperature resistant, and high-voltage resistant Type III compound gallium nitride GaN high-voltage semiconductors, which have been produced in small quantities and applied to energy-saving power supplies.

VIS's low-carbon products account for approximately 67% of 2023 revenue and are expected to reduce carbon emissions by approximately 3056000 metric tons annually.

Future Development Plans

- In the Field of Power Management ICs:** VIS' 0.11um 1.5,5V/5-55V BCD has been developed, and preparation is underway for the development of the next generation 3.3V gate BCD, which will provide Customers with more efficient technical solutions in the future.
- In the field of Microcontroller IC:** VIS continuously develops ultra-low power (ULP) embedded flash memory (eFlash Memory) 0.11um 1.5V e-Flash process technology. Through the ultra-low power consumption eFlash process technology, customers can design microcontrollers with ultra-low system power consumption in the future, thereby extending the system battery life and reducing charging time.
- In the field of Display Drivers:** VIS will continue to develop more energy-saving high-voltage process technology in the market, for various types of display panels with lower power consumption, including OLED and e-books display applications.
- In terms of the field of discrete power components:** VIS' MOSFET manufacturing process technology from 0.13um to 0.11um is currently undergoing certification procedures or is still in development. In the future, customers will be able to design more energy-saving power components. In addition, VIS has also laid out plans for high power applications in the industrial

and automotive markets, joint development with customers for the latest generation of Field Stop Trench Insulated Gate Bipolar Transistor (Field Stop Trench IGBT), and will gradually enter mass production to assist customers for their applications in industrial, electric vehicle, and hybrid vehicle motor drive modules.

- In the Fields of Sensor and MEMS Manufacturing Process Technologies:** VIS collaborates with customers to develop 0.11um 1.5/3.3V technology and applies it to sensors used in mobile phones to detect the Specific Absorption Rate (SAR) of electromagnetic waves, adjusting the power consumption of electronic device's radio wave transmission under different conditions. This contributes to energy savings and carbon reduction in electronic devices.
- Type III compound gallium nitride GaN High-pressure semiconductor:** VIS is currently developing high-frequency, high-power gallium nitride (GaN) 1200V components, aiming at market development for electric vehicles and charging piles.

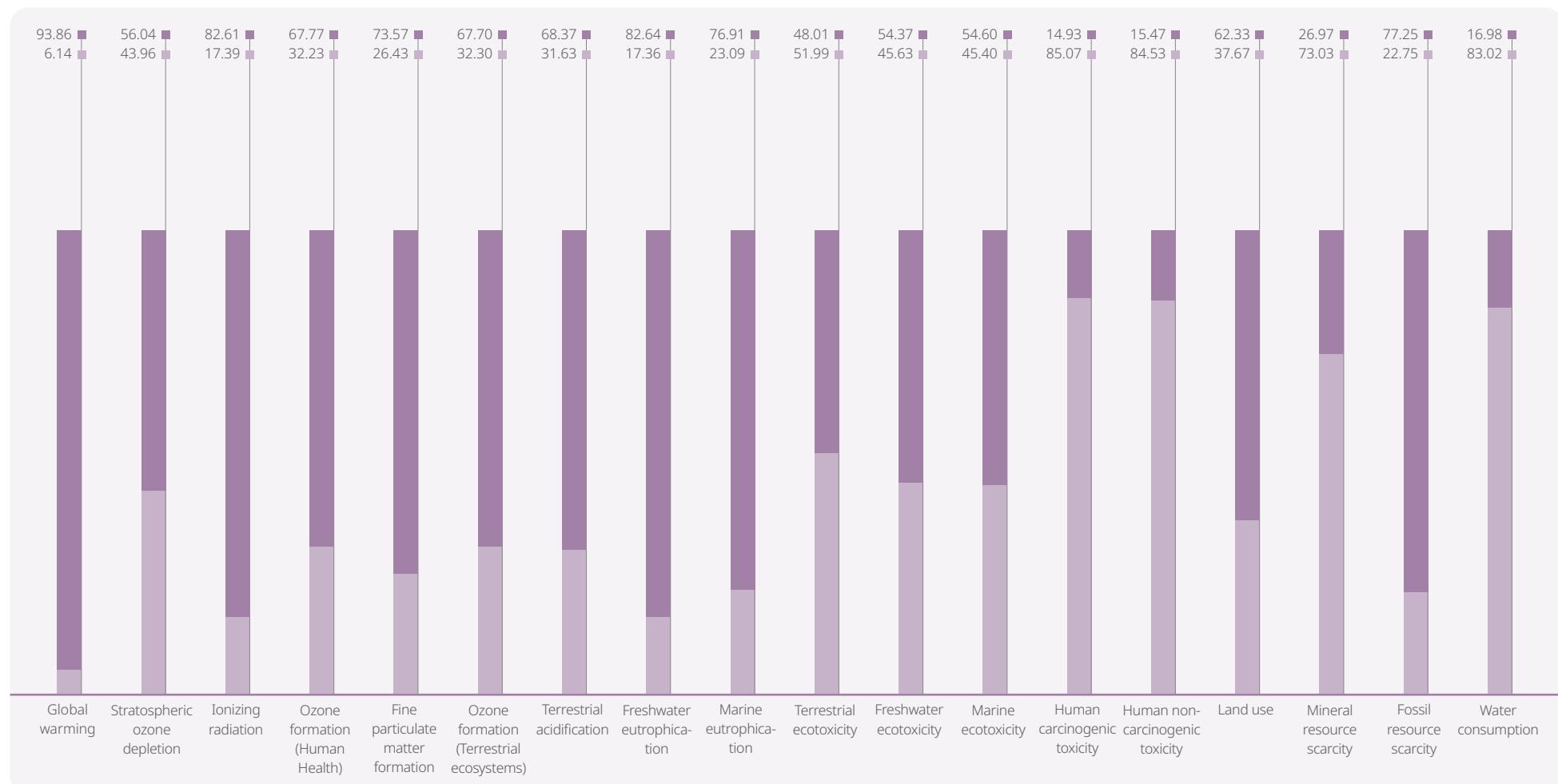
Product Life Cycle and Management Action

Adhering to the concept of sustainable management, VIS is committed to the development of environmentally friendly products, and has formulated supporting measures for the stages of procurement, production and manufacturing, transportation and logistics, and disposal and recycling, with the goal of reducing resource consumption, energy saving and carbon reduction, and continuously improving the environment benefit. VIS conducts a comprehensive Full Life Cycle Assessment every two years. In 2023, 100% of product categories underwent a complete life cycle assessment to understand the characteristics of various environmental impacts and identify hotspots for improving environmental performance.

Environmental Considerations	Life Cycle Stage				
	Procurement Stage	Product Manufacturing	Transportation Logistics	Use of Products	Disposal and Recycling
Hazardous Substance	V				
Energy Efficiency		V		V	
Material Reduction		V			
Recycled Material Texture		V			V
Saving Water Resources		V		V	
Reduce Carbon Emissions	V		V		

Life Cycle Stage	Implementation Direction	2023 Implementation Practices
Procurement Stage	Work with suppliers to jointly cooperate in environmental laws and regulations, so as to maintain and reduce the impact on the ecological environment and system	Established the IECQ QC 080000 product hazardous substance management system to continuously ensure that the produced wafers and outsourced back-end manufacturing process products comply with the requirements of international regulations and EU REACH.
Product Manufacturing	Promote energy-saving solutions to improve product energy efficiency Adjust machine operating conditions Recycle and reuse materials such as exhaust pipes, gas pipes, and chemical pipes Manufacturing process water is fully reused to reduce wastewater discharge, and to reduce tap water replenishment and save water resources simultaneously	The power savings rate in 2023 was 1.27% and the cumulative power savings rate from 2016 to 2023 was 17.2% Saved 549.4 metric tons/ chemical consumption per year Reduced waste by about 14.9 metric tons/year From 2015 to 2023, VIS accumulated more than 80 million tons in process water recovery. In the year 2023 Total Process Water Recovery Volume reached 10.36 million tons
Transportation Logistics	Plan shared distribution routes to replace frequent and small-scale transportation modes based on trade terms, delivery date, volume of goods, and delivery location	Continuously optimizing procurement strategies, by improving machine delivery schedules and replacing air transportation with sea freight, it is estimated internally that transportation carbon emissions can be reduced by approximately 727000 metric tons.
Disposal and Recycling	Reuse raw packaging materials and some used product packaging materials to reduce the volume of packaging materials and waste generation Recycle the empty wafer boxes after the raw materials are put into wafers and the semi-finished product packaging boxes are sent to outsourcing companies to reuse for the packaging of (finished) products for shipment	Used 9,869 kg of recycled packaging materials The recovery rate reached 93.9%

Environmental Footprints of 18 Products in Raw Materials and Manufacturing Stages



■ Production ■ Raw material

Unit: %

3.4.2 Innovation Management Structure

The continuous innovation of integrated circuit (IC) manufacturing technology is a crucial factor in enhancing the company's core competitiveness. Since 2019, VIS has been actively promoting advanced intelligent manufacturing and intelligent management centered on Industry 4.0 (VIM²-VIS Intelligent Manufacturing & Intelligent Management), focusing on dimensions including quality, cost, Cycle time, people productivity, OEE (Overall Equipment Effectiveness) and customer satisfaction etc. Through Data-Driven, System-Centric approaches, and achieving high "Auto-Decision", innovative production operations and management are achieved, comprehensively driving the intelligence of VIS Operations.

VIS coordinates and operates various innovative technologies through integrating automated production technology, Robotic



Process Automation (RPA), big data analysis, artificial intelligence, etc. to achieve the intelligent production goal of automatic decision-making. To accelerate the achievement of this goal, we continue education and training as well as internal sharing and competitions to enhance the skills of the personnel in intelligent manufacturing and management in the future; meanwhile, through the synergy out of the combination of industry, government and academia, as well as integrated use of research and development capacity, we achieve the win-win benefits from mutual cooperation.

VIM² has been horizontally implemented within the organization from top to bottom since 2019, introducing suitable solutions to accelerate digital transformation; externally, the company refers to external practices and leverages the research prowess of academia to resolve the company's pain points. Through the introduction of RPA, BI, and No/Low code AI tools, we're actively shaping a digital transformation culture where everyone is responsible.

VIS provides various learning channels to cultivate employees' digital transformation capabilities, including establishing a quarterly information column to deliver related information and knowledge to colleagues; co-organizing education and training with the company's Learning and Development Committee, and encouraging employees to participate in external training and obtain certifications. In addition, starting in 2020, we have also begun to reward colleagues for their digital transformation outcomes by awarding awards. In 2020, the first VIM² Award encouraged teams to attempt intelligent upgrades, to promote the concretization of the VIM² concept, attracting a total of 17 teams to participate; in 2021, the second VIM² Award emphasized digital popularization, encouraging all organizations to take the initiative to use tools for digital transformation, with a total of 31 teams registered to participate; in 2022, the third VIM² Award emphasized implementing digital technology, encouraging teams to effectively apply digital tools, and integrating them with daily operations to enhance operational performance. In 2023, employees from all units became more actively involved in digital transformation, continuously bringing more efficient and quality work environments through innovative digital systems, digital leadership capabilities, and the completion

of everyday digital operations decision-making systems. Therefore, the fourth VIM² Award focuses on rewarding project teams that are actively involved in digital transformation have a significant impact on manufacturing/management, and bring real value benefits.

The outcomes from 2020 to 2023 include:

Smart Manufacturing

- From 2020 to 2023, repetitive data collection and collation tasks were replaced by Robotic Process Automation (RPA), with various units developing over 550 RPA processes, saving approximately 62.17 manpower annually.
- Through the method of production procedure innovation, the cost reductions from 2020 to 2023 are approximately NT\$310 million, of which savings on electricity/materials/maintenance costs account for approximately 0.32%, 0.56%, and 0.60% of the cost of goods sold, respectively.
- A Closed-Circuit Television (CCTV) AI image detection system has been set up and used for safety and audit purposes, reducing accidents and human errors leading to abnormal product quality.
- During the pandemic period, the Taiwan headquarters used smart glasses to assist employees in the Singapore fab in solving machine abnormalities.
- Using big data technology to quickly identify the differences in tool bottlenecks, improve equipment productivity, and effectively increase production capacity.
- The remaining maximum production capacity was calculated with a new algorithm to increase VIS' business performance.
- Integrating AI wafer defect detection into the machine production process (POC), the purpose is to reduce defective products and shorten response time.

- In 2023, an intelligent dispatching system was deployed using genetic algorithms to deal with complex scheduling issues through multi-objective adjustments, enhancing machine bottleneck efficiency and improving the production cycle. At the same time, via process reengineering and system construction, product pricing processes' efficiency has improved.

Smart Management

- From 2020 to 2023, using Business Intelligence (BI) tools, Vanguard Intelligence Dashboard, centered around semiconductor performance management, was established. This standardized the company's definition and management methods in performance metrics and incorporated the data-driven analysis and management of each unit into this virtual expert system. Some 2031 BIs were developed, saving 80.6 manpower per year.



Regularly conducting VIM² Award to reward employees for their digital transformation outcomes.

- From 2020 to 2023, in collaboration with National Yang-Ming Chiao Tung University, mathematical planning, and heuristic algorithms were used to enhance the efficiency and accuracy of short-term wafer start planning and main production scheduling.
- In response to the pandemic in 2021, we utilized technologies such as VPNs, Net Meeting, and Instant Messaging to establish a work-from-home platform, aiming to improve the quality and efficiency of communication among colleagues and to ensure operations remained unaffected.
- From 2021 to 2023, the Taiwan headquarters introduced a cloud-based Human Resources Management System, established a global talent platform, and effectively responded to changes in labor laws and regulations around the world.
- During the pandemic, in order to meet both anti-pandemic and accountant audit needs, through VIS' internal personnel wearing smart glasses, the screen seen on the spot was transmitted to the computer screen of the remote accountant in real time to achieve the purpose of remote real-time audit.
- To enhance employees' knowledge and practical skills in AI, an AI/Big Data workshop was held. Through education and training and Low/No code AI tools, non-IT employees are enabled to independently utilize data analysis to solve work problems.
- In response to the popularity of generative AI, VIS proactively integrated the MS ChatGPT technology to streamline company data and enhance the productivity of Employees.



3.4.3 Enhancing Patent Portfolio

VIS continues investing in innovative research and development and patent portfolio, strengthening intellectual property capabilities, and cooperating with R&D Strategy to carry out global patent portfolio ensuring comprehensive protection of R&D outcomes. Since its establishment, VIS has acquired over 2,500 patents from various countries, with the number of granted patents steadily increasing in recent years. This growth not only solidifies VIS' leading position in unique technologies, enhancing its competitive advantage but also provides enhanced protection for VIS and its customers' rights and interests.

Recognizing that the protection of patents and trade secrets is a crucial link in modern business strategy, VIS offers online courses in "Employee Intellectual Property Concept & Protection of Trade Secrets" and "Patent Search & Infringement Litigation" for employees to strengthen their understanding of patents and trade secrets. In 2023, VIS conducted an in-person course on "Patent Search & Infringement Litigation", with a total of over 300 employees participating, and another in-person course on "Patent Mapping Analysis", attended by a total of 170 employees, in order to heighten awareness and understanding among employees, effectively reducing operational risk, and enhancing the VIS' competitiveness.

Enhancing the company's competitive advantage and pursuing an innovative culture, a trade secrets registration system was implemented in 2022, and it has been continuously promoted with encouragement to register trade secrets in 2023. As of now, there are over 4,000 trade secret registrations. Every year, we reward the high-quality trade secret registration instances through a selection system to stimulate contribution of trade secret innovation and promoting protection of VIS' trade secrets.

VIS has passed the "Taiwan Intellectual Property Management System (TIPS)" Level AA verification by the Industrial Development Bureau of the Ministry of Economic Affairs in 2023, valid until December 31, 2025. VIS will use this as a foundation, continuing to improve the Intellectual Property Management Mechanism, providing competitive technology and services through patent and trade secret deployment, developing

special application fields from core technology, realizing manufacturing green products'concepts, and implementing sustainability.

VIS enhances its operational risk management by deepening the Intellectual Property Management System, strengthening R&D process management, and leveraging patent layout advantages for patent cross-licensing with major international manufacturers, thereby enhancing company value and competitive advantage. Looking forward to the future, VIS will focus on its major business, continue to innovate, provide power management, energy saving and power saving, green energy and environmental protection and other related manufacturing process technologies and services, transform innovation achievements into intellectual property rights, and simultaneously avoid the threat of intellectual property rights risks. We continue to endeavor to implement corporate sustainable operations and "Corporate Social Responsibility".

3.4.4 Innovation Case

For many years, VIS has been investing in the development of high-voltage, power analog BCD (Bipolar-CMOS-DMOS), ultra-high voltage, and gallium nitride technology platforms with energy efficiency and innovative energy-savings technologies. Through these technology platforms, the drive chips, power management chips, and gallium nitride high-power components produced are all continuously moving towards development of lower energy consumption and higher efficiency technologies. The revenues from high voltage and power management chips are gradually taking up an important proportion of VIS's product types. For example, the revenue proportion of power management-related chips has grown from 49% in 2017 to 66% in 2023.

Taking the Power Management chip as an example, the energy-saving effect is even more significant in the field of Light Emitting diode (LED) lighting with the Super High Voltage process platform. Calculated with the energy saved at approximately 5 watts (W) during using products, VIS saves about 32 billion kWh of electricity annually according to the number of 8-inch wafers produced by the company in 2023. During the ongoing production investment in UHV, VIS also contributes to the lighting industry through energy savings and carbon reduction.

Furthermore, 50% of global end-use electricity is used for motor equipment, and motor electricity also accounts for 70% of domestic industrial electricity. Improvement in motor design can effectively reduce energy losses. VIS continues to provide more solutions through UHV. The application of power management chips in the system is trending towards high voltage. For example, automotive and servers are increasing from 12V to 48V, and communication use of 48V and USBPD from 20V to 48V; under the same power, current is reduced to reduce line loss, thereby improving efficiency and achieving the purpose of energy savings. VIS provides 6V to 120V BCD process solutions that allow customers to design high-voltage power management chips to achieve high-efficiency goals. With server products estimated, about 1 billion kilowatt-hours can be saved annually. In the future, with increasing popularity of servers and rising numbers of products from VIS, the amount of electricity saved annually will be considerable.

Taking display driver chips as an example, VIS provides a variety of high-voltage display driver chip manufacturing process technologies to meet the needs of various low-power display products. In developing TV display driver chips, the system energy-savings design of customers can be optimized by shrinking manufacturing process linewidth and cooperating with system input voltage from 1.8V to 1.2V. In addition, in regard to notebook display driver chips, it also advances the change of component voltage through the miniaturization of process linewidth, with the system voltage decreased from 1.8V to 1.5V. It is estimated that the display module of each notebook can save approximately 0.2 watts (W). With the calculation based on the number of 8-inch wafers produced by the company, we reduce global carbon emissions by approximately 2,000 tons annually.

For example, in the case of discrete power components, VIS collaborates with customers to jointly invest in the development of high-efficiency Field-Effect Transistor products, providing high-efficiency DC power conversion for main processor chips (including CPUs, GPUs). By improving quality factors, it is expected that each 1% conversion efficiency will save about 2.5 watts (W) of energy for each processor in the server. When considered for eight-inch wafers, about 23 billion kWh can be saved annually. In addition to

high-performance computing products, the power device products of VIS are also used in home appliances, automobiles, industrial control, communications and other fields, contributing to energy conservation, carbon reduction and sustainable development.

In the sensor field, customers are using VIS' MEMS process to make inertial sensors, which are used in various portable electronic devices including mobile phones, tablets, and earbuds/wireless headsets. If the electronic device is detected as idle for a certain period of time, the product automatically enters power-saving mode. In addition, VIS also cooperates with customers to produce proximity light sensors and apply them to mobile phone products. Overall, the sensors produced by VIS are estimated to save 200,000 kWh electricity annually.

For example, in the case of microcontroller parts, VIS is working with customers to develop ultra-low system power consumption microcontroller products. They are mainly used in the fields of home appliances, automobiles, and industrial control, reducing product power consumption and thus extending a product's usage time. It is estimated that product energy consumption can be reduced by more than 50%, for example, when applied to low-power tire pressure detectors and fire smoke detectors. For product systems that use batteries and do not have external power sources, the product life span can be significantly extended, and the time cycle for changing batteries can be reduced. This is equivalent to a savings of about 1 million kWh electricity annually.

Under the international trend in energy saving and carbon reduction, various countries have launched initiatives and policies to support electric vehicles in recent years. Among them, gallium nitride (GaN)

semiconductors play a key role in the electric vehicle industry. GaN semiconductors have extremely low internal resistance. Compared with similar silicon components, they not only increase efficiency by about 70%, but also reduce component volume and weight by 60%. During power conversion processes in electric vehicle engines, they not only enhance endurance, but also significantly reduce volume and weight of the battery management system. VIS has already developed and completed the 650V GaN process and component technology, which are now being mass-produced for use in energy-saving power supply units. In the future, VIS will continue to develop the process and component technology of the 1200V high-frequency and high-power GaN to provide customers with high-frequency and high-power components required for electric vehicles and charging pile applications. It is estimated that 720,000 kWh of electricity can be saved annually, thus implementing the energy savings and carbon reduction goals.



3.5 Quality and Customer Service

3.5.1 Strengthen Quality Culture

VIS is committed to becoming the preferred choice of wafer manufacturing for global customers with excellent service quality, and employees also strive to continuously improve quality that exceeds customer needs.

For the sustainable development of the enterprise, VIS continues to implement improvement activities and promote them to the supply chain to help improve the operating quality of suppliers. Meanwhile, various innovative methods are also introduced to improve quality capabilities to ensure that the quality and application of various products are safe.

Quality is the responsibility of every employee of VIS, which is also the principle of work and service. Its benefits can not only improve product quality, but also further enhance customer satisfaction.

To strengthen the company's Quality culture, VIS has implemented "Suggestion System (SS)" (Note 1) and "Continual Improvement Team (CIT)" (Note 2) initiatives across all factories, and hosted the Company-wide "VIS Annual CIT Conference". With incentives such as bonuses and public recognition, we inspire colleagues striving for excellence, promoting interdepartmental learning through observation, enhancing colleagues' problem-solving and innovation capabilities, maintaining the company's competitive advantage, and achieving the win-win goal of synergistic customer satisfaction.

In 2023, a total of 2,736 grassroots improvement proposals and 718 Continuous Improvement team activities were proposed and executed. The total improvement benefits of the completed Continuous Improvement team activities in 2023 exceeded NT\$1.236 billion (Including those registered from 2008 to 2023 and closed in 2023); Approximately 35% (147 instances) of the 425 closed cases of the Continuous Improvement team activities were related to quality enhancement measures. VIS started to present the Continuous Improvement Team Best Innovation Award, Teamwork

Award, and Best Presentation Award in 2018, and further introduced the Best Newcomer Award for the Continuous Improvement Team in 2022, to motivate employees to continuously enhance quality and propose innovative improvement concepts. In 2023, awards were given for excellent cases of "environmental protection" and "energy conservation and carbon reduction" that improved with innovative and unique methods and achieved good results.

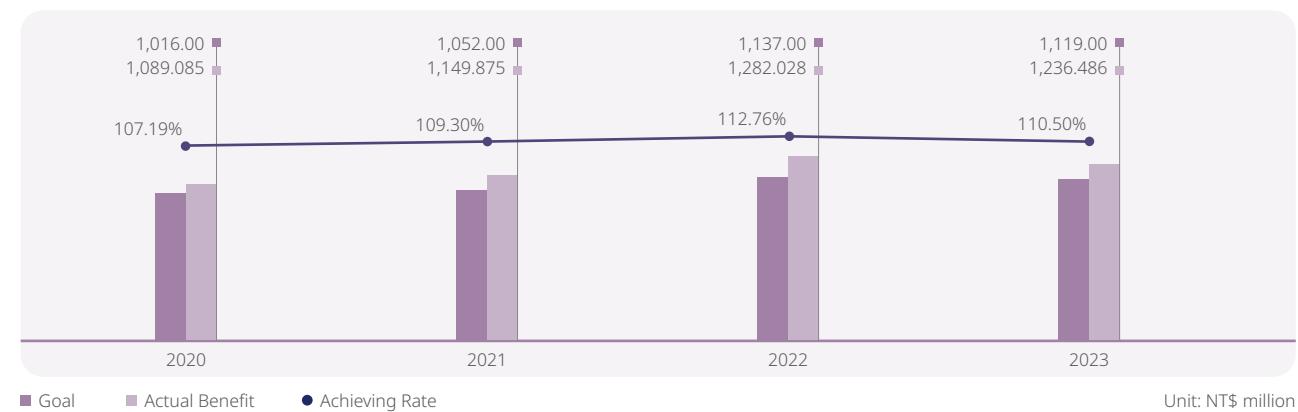
Improve Quality Capacities

VIS has continued to optimize manufacturing capabilities, reduced product defects, and improved manufacturing process control. The quality and reliability organization cooperates with the operations organization to apply advanced statistical methods and quality tools to build a real-time defense system so as to detect abnormalities early and avoid quality incidents that have impact on customers.

Note 1: Colleagues proactively uncover opportunities for Improvement in daily operations, propose strategies or ideas to their Supervisors, and implement them to achieve problem resolution or improvements. The scope of suggested improvements include quality, cost, delivery, production process, customer service for internal and external Customers, industrial safety, environmental protection, factory affairs, equipment and other activities.

Note 2: The "Continuous Improvement Team" usually consists of three to ten or more members. Team members are generally composed of staff from different units who need to solve common problems. The improvement goals cover quality, cost, delivery, service, productivity, process technology, industrial safety, environmental protection, and safety and health.

Continuous Improvement Activity Team Improvement Efficiency Targets and Achievement Rate



In addition to meeting customer needs, pursuing customer satisfaction and creating customer value, product quality also needs to take into account environmental sustainability to ensure environmental ecological stability and sustainable development. In order to comply with EU regulations and customers' green product requirements, VIS has introduced the IECQ QC 080000 Hazardous Substance Process Management System developed by the International Electrotechnical Association Electronic Components Quality Certification System. It has been integrated with the ISO 9001 Quality Management System to establish hazardous substance management requirements in process design development, material sourcing, supply chain management, and process control operations. It has also undergone third-party Audit Certification to ensure that the Hazardous Substance Process Management System and Quality Management System continually meet the requirements of IECQ QC 080000 and ISO 9001. On the other hand, the products produced by VIS have also been sampled and tested by third-party external laboratories, and continue to comply with EU regulations and customer requirements.



ISO 9001 Quality Management System Certification



IECQ QC 080000 Hazardous Substance Process Management Certification

Manage Hazardous Substances in Products

VIS has established an IECQ QC 080000 Product Hazardous Substance Management System in accordance with international regulations governing hazardous substance requirements for products. We continue ensuring that the wafers and back-end manufacturing products produced by VIS are in compliance with international regulations and customer-related hazardous substance requirements, including:

- European Union and China's Restriction of Hazardous Substances Directive (EU & China RoHS): All products of VIS can meet the requirements of these regulations.
- Perfluorooctane Sulfonate (PFOS) Control: VIS has completely discontinued the use of PFOS-containing materials in its manufacturing processes since 2010, and all its products are free from this substance.
- Regulation of Perfluorooctanoic Acid (PFOA) and its related substances: VIS has completed 100% substitution of Perfluorooctanoic Acid (PFOA) and its related substances in 2021.
- Product halogen-free requirements: All products of VIS meet the halogen-free requirements.
- EU Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals (EU REACH): In response to the hazardous substances and Substances of Very High Concern (SVHC) announced successively by the EU REACH, products of VIS all comply with the requirements of these regulations.
- IEC 62474 Material Declaration List substances: The Percent of revenue from products containing IEC 62474 substances at VIS is 0%, and all of the company's products fully comply with the requirements of international regulations listed in the IEC 62474 Material Declaration List.

Progress of Product Hazardous Substance Reduction Over the Years:

Hazardous Substance Management Process	Year of Completion of Reduction	Description
Perfluorooctane Sulfonate (PFOS)	The year 2010	VIS completely discontinued the use of PFOS-containing materials in the manufacturing process in 2010.
Perfluorooctanoic Acid (PFOA) and its Related Substances	Year 2021	VIS completed the 100% substitution of perfluorooctanoic acid (PFOA) and its related substances in 2021.
N-Methylpyrrolidone (NMP)	Expected in 2024	VIS has completed 75% of N-methylpyrrolidone (NMP) replacement works till March 2024 and expects to complete 100% replacement in September 2024.

In addition to the current international laws and customer requirements, VIS has also continued to pay attention to the possible new regulatory requirements in the future and prepare for them.

VIS Products Hazardous Substance Management Process



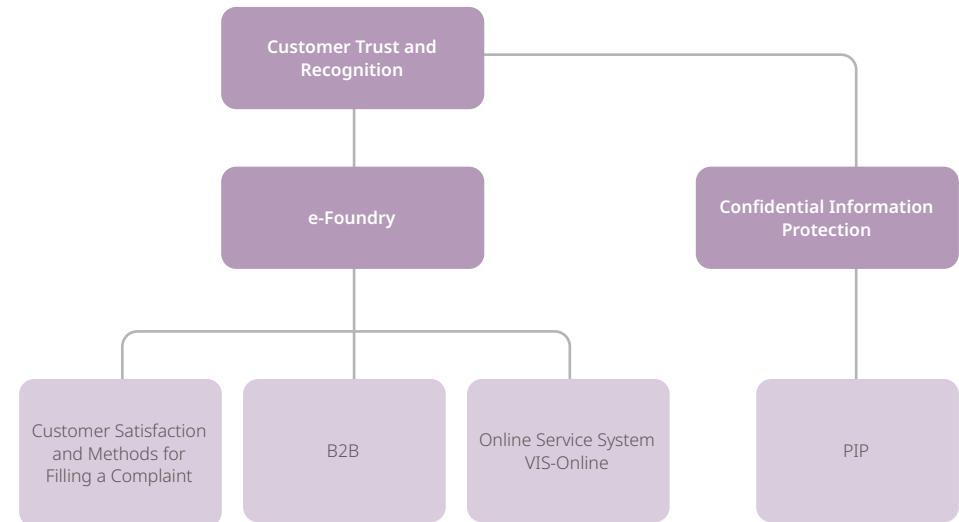
Achieve Quality Applications

To ensure excellent and dependable product quality, assist customers in seizing market opportunities, ensure consumer safety and product applicability, and mitigate the risk of mass product recalls, the Quality and Reliability Organization collaborated with customers to integrate reliability requirements into product design during the technology development and design phases. Additionally, automotive quality improvement projects were implemented to meet the low Defect Parts Per Million (DPPM) requirements of automotive product customers.

3.5.2 Accurately Respond to Customer Needs

Comprehensive Customer Service Strategy

VIS strives to establish comprehensive customer service to meet customer needs, and win customer trust and recognition, achieving its goal of sustainable operation. Based on such belief, the customer service team has always done its best as a window of communication and coordination, and protected customers' confidential information adhering to the highest standards, supporting customers' needs in design, mask production, and wafer manufacturing; at the same time, VIS helps customers with backend packaging and testing, so they can successfully achieve their product certification.



e-Foundry

VIS establishes the VIS-Online service platform, which provides customers comprehensive and real-time supply chain information, including design support, engineering integration, and logistics service integration. Through VIS-Online, customers can check their production order status, delivery schedule, and product quality data and status at all times; customers can also generate customized report based on their own management needs, so they can immediately learn and get their production information from VIS. In 2014, VIS built a vertically integrated online tape out system to help customers compile tape out information more easily, thus to reduce tape out cycle time. To timely learn customer satisfaction, VIS has developed the Customer Service Satisfaction (CSS) online system, where customers can propose their needs, opinions and suggestions for products or services any time they want; later, VIS will have designated personnel be responsible for dispatching and handling, and responding to customers, and customers can inquire progress online anytime. To VIS, this helps us to understand customer needs, and convert into real actions, constantly enhancing service quality and competitiveness for better customer satisfaction. In 2023, all customers are satisfied with VIS' support to their requirement.

Customer Satisfaction and Complaint Mechanism

VIS regularly holds an Annual Customer Satisfaction Survey, conducted by a neutral third-party consulting firm, to understand the level of customer satisfaction with various aspects of VIS, including technology, quality, delivery, and services, and ensuring customers' opinions are heard and properly addressed, providing customers with the best products and services. The coverage rate of the Level of Customer Satisfaction survey in 2023 was 100%, and the overall levels of customer satisfaction percentage were 97.8%, achieving the goal of satisfaction percentiles exceeding 90%.

In addition to the annual customer satisfaction survey, VIS also conducts Quarterly Business Reviews for important customers. Through face-to-face communication between customers and VIS' senior executives, we can further understand customers' needs and level of satisfaction. Our sales and service teams also maintain in-depth interaction with customers, to closely meet customers' needs and improve service quality.

VIS has established our Customer Complaint Handling Measures to provide customers with transparent, effective channels for

complaints about VIS products and services. These channels help ensure that we can handle customer complaints fairly and quickly, thus ensuring customers' rights and interests. In 2023, all customers' complaints were handled in accordance with Customer Complaint Handling Measures.

Corrective and preventive measures were proposed in accordance with the required schedules, and we replied with the results to customers. We have also established a sales recall management mechanism to notify customers of recalled products that have been proven to have abnormalities. This is to ensure end customers do not receive defective products produced by VIS. Sales recalls are also handled in accordance with the correction and prevention mechanisms. Improvement measures are tracked and confirmed to make sure they are complete and effective. Continuous improvement through our quality system, daily monitoring, detection, and preventive measures means that we can detect abnormalities early and reduce customer impacts from quality issues. There were no sales recall incidents in 2023.

Annual Customer Satisfaction Percentage



Green Manufacturing

VIS aims to maximize energy consumption and efficient use of resources, actively reducing waste and preventing pollution, while continuously investing in the R&D of environmentally friendly technologies.

12.05 million kilowatt-hours

The energy-saving measures have achieved a performance of 12.05 million kilowatt-hours

NT\$380 million

Total investment in environmental protection has reached approximately NT\$380 million

4.1 Climate Change and Energy Management

4.1.1 Climate Change

Climate change is currently one of the most important environmental issues for the United Nations, governments, society in general, and the business sector in specific. VIS has been implementing the Task Force on "Climate-related Financial Disclosures Recommendation (TCFD)" established by the Financial Stability Board in 2019⁹. According to its framework, we disclose information, identify risks and opportunities related to climate change, and establish measurement indicators and targets based on the identification results. In addition, measures for risk management are designed and executed to effectively reduce the financial impact of climate risks on operations. This initiative also aligns with the Financial Supervisory Commission's release of Taiwan's convergence with International Financial Reporting Standards (IFRS) No. S2 "Climate-related Disclosures" in June 2023, continuously enhancing the quality and transparency of sustainability information reporting. VIS promptly responded to the increasing international focus on biodiversity-related issues. It is expected to adopt the recommendations of the "Task Force on Nature-related Financial Disclosures (TNFD)" from 2024 onwards. The governance framework and management mechanisms have also begun adjustments in response to the introduction of the TNFD project in 2024, with related management mechanisms gradually maturing.

TCFD and TNFD Disclosure Framework and Management Practices

The VIS climate change governance and management structure is based on a three-tier top-down management mechanism, including a board of directors, a management team, and an executive committee. The Executive Committee, which includes the existing Corporate Sustainability Committee and Enterprise Risk Management Committee, and a new Energy and Carbon Reduction Committee, is chaired by the area management of Operation & Environment Safety. In particular, the Energy and Carbon Reduction Committee is responsible for promoting energy-saving and carbon-reduction improvement projects and holds regular monthly and quarterly management meetings to track and review improvement plans and targets. Subsequently, the Corporate Sustainability Committee discloses VIS' energy saving and carbon reduction performance at the annual meetings, they report to the

Audit Committee and the Board of Directors on the Climate Change Governance and Risk Response Strategies and Objectives; these operations are subject to supervision and advisement by the Audit Committee and the Board of Directors. Meanwhile, related risks are

incorporated by the Enterprise Risk Management Committee for risk identification and risk control, to reduce operational risks and enhance corporate competitiveness.

Governance and Management Structure

Board of Directors and Audit Committee^{Note}

- Oversee VIS' overall climate and natural management practices
- Review the linkage between the management team's compensation and ESG performance

Management Team

(Chairperson: Chairman and Chief Strategy Officer, President)

VIS highest-level decision-making unit for climate change management

- Grasping climate and natural risks and opportunities; illustrating the organization's business/strategy/ research and development direction and financial planning.
- Formulate mid- to long-term goals and development strategies for climate change, nature cleanup positive, and renewable energy.
- Quarterly reviewing the company's ESG related strategies and objectives.

Energy and Carbon Reduction Committee

Chairperson: Assistant Vice President of Operation and Environmental Safety

- Manage actions for risks and opportunities in regard to physical and transitional risks and opportunities in terms of climate change and nature-based topics.

Corporate Sustainability Committee

Chairperson: Chairman

Deputy chair: Vice President & CFO

- Interdepartmental communication platform for climate and natural governance, and management strategies issues. Participated by representatives from functional committees for economic, environmental, social and governance performance.
- Cover topics such as carbon asset management, supply chain management, energy saving and carbon reduction.

Enterprise Risk Management Committee

Chairperson: President

- Identify and execute climate change and natural-related risks.
- Manage and execute risk control plans.

Note: The Audit Committee constitutes 100% of the board composition.

In order to effectively communicate on climate change, VIS chose the Corporate Sustainability Committee acts as an interdepartmental communication platform, covering three major topics: Carbon asset management; energy savings and carbon reduction; and supply chain management. The factory/division directors or supervisors are appointed the general coordinator for each topic.

Interdepartmental Communication Platform for Climate Change Issues

Corporate Sustainability Committee

Carbon Asset Management

- Carbon offsetting
- Carbon capture and storage
- Financially aid in the development of carbon-negative technology
- External purchase of carbon rights

Energy saving and carbon reduction

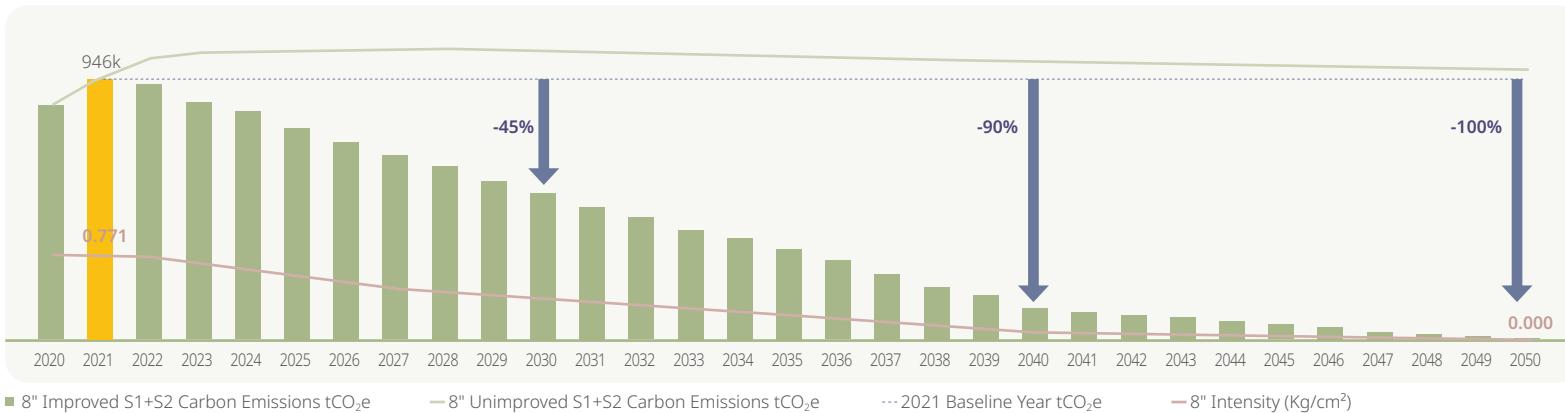
- GHG emission reductions in the manufacturing process
- Improvement of energy efficiency
- Use of renewable energy

Low-carbon supply chain

- Promotion and management of energy conservation and carbon reduction.
- Low-carbon energy
- Zero Waste Center: waste reprocessing and low carbon management

Level	VIS TCFD Approach
Governance	<ul style="list-style-type: none"> The Corporate Risk Management Committee conducts risk identification and regularly reports to the Board of Directors. The Board and senior management review the effectiveness of risk control implementation, providing decision-making and guidance. The management team formulates policies and improvement goals based on the Board of Directors' discussions and assigns them to various executive committees for implementation. As described in the Corporate Risk Management organizational structure section, the management committee is responsible for corporate risk management, including climate risks. Additionally, the management team addresses climate change issues by: <ul style="list-style-type: none"> - Identifying climate and natural risks and opportunities; explaining the organization's business/strategy/research and development direction and financial planning. - Establishing medium- and long-term goals and development strategies for climate change, natural positive impacts, and renewable energy. - Reviewing the Company's ESG-related strategies and goals on a quarterly basis.
Strategy	<ul style="list-style-type: none"> Substantial Risk: Risks caused by extreme climates, including floods and droughts. Response Strategy: Simulation exercises, education, and training are conducted in responding to physical risks posed by climate change to company assets, establishing broad and rigorous preventive measures and emergency response plans; when a crisis or disaster occurs, the most appropriate response and recovery plans are immediately considered to minimize to the largest extent possible both uncertainty and possible disaster impacts. Transitioning Risks: Climate Change - Low-carbon Transitioning Risks Response Strategy: As for transitioning risks, following the energy savings technology and energy diversification trends, each Department has started planning for GHG reduction/GHG emissions eliminating/Energy savings technology and low-energy consuming equipment adoption/Carbon capture technologies (Carbon Capture Usage and Storage) assessment/Supply chain low-carbon and environmental sustainability transitioning, gradually reducing VIS's carbon emissions.
Risk Management	<ul style="list-style-type: none"> As per the TCFD framework, climate risk issues are selected referring to reports from international organizations, industry analysis data, and researching relevant regulations. Determine the risk value based on the total value of financial or strategic impact level and frequency of occurrence, and rank the importance of risk issues <p>Climate change risks are integrated into various operational risk management systems, and the Enterprise Risk Management Committee regularly conducts risk management according to the following risk management procedures, including:</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">Risk Identification</div> <div style="text-align: center;">Risk Measurement</div> <div style="text-align: center;">Risk Response</div> <div style="text-align: center;">Mitigating</div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;">Sharing</div> <div style="text-align: center;">Retaining</div> <div style="text-align: center;">Risk Monitoring</div> <div style="text-align: center;">Risk Reporting</div> </div>

In response to climate change low-carbon transition risks (e.g., topics such as carbon taxes, carbon fees, renewable energy procurement, and green energy-saving product development) and other natural or anthropogenic disasters, such as typhoons, earthquakes, floods, water shortages, power outages, Taiwan Power Company voltage drops, fires, and gas/chemical leaks, VIS not only conducts regular simulation drills and educational training but also establishes extensive and complete preventive measures and response plans. These practices allow VIS to promptly propose the most appropriate response actions and reconstruction plans in the event of a crisis or disaster, so as to minimize the uncertainties in business operations and the possible impact of disasters. All of these measures help maintain the normal operation of VIS and, in doing so, fully protect the overall rights and interests of shareholders, customers, and employees. In 2023, there were no crisis events in the company.

Level	VIS TCFD Approach																																																																																																																																																																
Indicators and Targets 	<ul style="list-style-type: none"> The Climate-related risk and opportunity assessment management targets such as GHG emission reductions and fluorinated gas emission reductions have been established by VIS. Conducting a climate-related risk review biannually and reporting implementation outcomes for risk management measures to the Board of Directors once annually. Carbon Reduction Goals: A 70% carbon emissions by comparing 2040 to 2021, and achieving net-zero emissions by 2050. Renewable Energy Deployment: VIS joined RE100 and committed in December 2022 to achieving 100% renewable energy use by 2040. Scope 1 (Direct Carbon Emissions) and Scope 2 (Indirect Carbon Emissions from Electricity, etc.) Net Zero Carbon Reduction Pathways and Strategic Planning (Five 8-inch Wafer Fabs): <p>1. Net Zero Carbon Reduction Pathways:</p> <p>(A) Absolute Reduction Targets: Relative to the baseline year 2021 carbon emissions (946,000 tons CO₂e), the short-term target (2030) is to achieve an absolute carbon reduction of 45%, the long-term target (2040) is to achieve an absolute carbon reduction of 90%, with the ultimate goal of reaching net zero by 2050.</p> <p>(B) Carbon Intensity Reduction Targets (under full capacity): Relative to the 2021 baseline year carbon intensity (0.771 kg-CO₂/cm²), the goal is to reduce carbon intensity by 50% by 2030, by 90% by 2040, and to 0 kg-CO₂/cm² by 2050.</p> <p>2. Carbon Reduction Strategies:</p> <p>(A) Autonomous Carbon Reduction: Achieve over 90% carbon reduction through the installation of greenhouse gas removal equipment, conversion of high-carbon potential gases to low-carbon potential gases, implementation of energy-saving improvement projects, and procurement of green electricity to meet autonomous carbon reduction targets.</p> <p>(B) Carbon Credits/Negative Carbon and Natural Carbon Sink Technologies: For the remaining less than 10% of carbon emissions, from 2041 to 2050, the strategy includes offsetting through the purchase of external carbon credits, negative carbon technologies, and natural carbon sink technologies.</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>8" Improved S1+S2 Carbon Emissions tCO₂e</th> <th>8" Unimproved S1+S2 Carbon Emissions tCO₂e</th> <th>2021 Baseline Year tCO₂e</th> <th>8" Intensity (Kg/cm²)</th> </tr> </thead> <tbody> <tr><td>2020</td><td>946k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2021</td><td>946k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2022</td><td>880k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2023</td><td>824k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2024</td><td>770k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2025</td><td>720k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2026</td><td>675k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2027</td><td>635k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2028</td><td>600k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2029</td><td>565k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2030</td><td>530k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2031</td><td>495k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2032</td><td>460k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2033</td><td>425k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2034</td><td>390k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2035</td><td>355k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2036</td><td>320k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2037</td><td>285k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2038</td><td>250k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2039</td><td>215k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2040</td><td>180k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2041</td><td>145k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2042</td><td>110k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2043</td><td>85k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2044</td><td>60k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2045</td><td>35k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2046</td><td>15k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2047</td><td>5k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2048</td><td>2k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2049</td><td>1k</td><td>946k</td><td>0.771</td><td>0.771</td></tr> <tr><td>2050</td><td>0.000</td><td>946k</td><td>0.771</td><td>0.771</td></tr> </tbody> </table>	Year	8" Improved S1+S2 Carbon Emissions tCO ₂ e	8" Unimproved S1+S2 Carbon Emissions tCO ₂ e	2021 Baseline Year tCO ₂ e	8" Intensity (Kg/cm ²)	2020	946k	946k	0.771	0.771	2021	946k	946k	0.771	0.771	2022	880k	946k	0.771	0.771	2023	824k	946k	0.771	0.771	2024	770k	946k	0.771	0.771	2025	720k	946k	0.771	0.771	2026	675k	946k	0.771	0.771	2027	635k	946k	0.771	0.771	2028	600k	946k	0.771	0.771	2029	565k	946k	0.771	0.771	2030	530k	946k	0.771	0.771	2031	495k	946k	0.771	0.771	2032	460k	946k	0.771	0.771	2033	425k	946k	0.771	0.771	2034	390k	946k	0.771	0.771	2035	355k	946k	0.771	0.771	2036	320k	946k	0.771	0.771	2037	285k	946k	0.771	0.771	2038	250k	946k	0.771	0.771	2039	215k	946k	0.771	0.771	2040	180k	946k	0.771	0.771	2041	145k	946k	0.771	0.771	2042	110k	946k	0.771	0.771	2043	85k	946k	0.771	0.771	2044	60k	946k	0.771	0.771	2045	35k	946k	0.771	0.771	2046	15k	946k	0.771	0.771	2047	5k	946k	0.771	0.771	2048	2k	946k	0.771	0.771	2049	1k	946k	0.771	0.771	2050	0.000	946k	0.771	0.771
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2026	675k	946k	0.771	0.771																																																																																																																																																													
2027	635k	946k	0.771	0.771																																																																																																																																																													
2028	600k	946k	0.771	0.771																																																																																																																																																													
2029	565k	946k	0.771	0.771																																																																																																																																																													
2030	530k	946k	0.771	0.771																																																																																																																																																													
2031	495k	946k	0.771	0.771																																																																																																																																																													
2032	460k	946k	0.771	0.771																																																																																																																																																													
2033	425k	946k	0.771	0.771																																																																																																																																																													
2034	390k	946k	0.771	0.771																																																																																																																																																													
2035	355k	946k	0.771	0.771																																																																																																																																																													
2036	320k	946k	0.771	0.771																																																																																																																																																													
2037	285k	946k	0.771	0.771																																																																																																																																																													
2038	250k	946k	0.771	0.771																																																																																																																																																													
2039	215k	946k	0.771	0.771																																																																																																																																																													
2040	180k	946k	0.771	0.771																																																																																																																																																													
2041	145k	946k	0.771	0.771																																																																																																																																																													
2042	110k	946k	0.771	0.771																																																																																																																																																													
2043	85k	946k	0.771	0.771																																																																																																																																																													
2044	60k	946k	0.771	0.771																																																																																																																																																													
2045	35k	946k	0.771	0.771																																																																																																																																																													
2046	15k	946k	0.771	0.771																																																																																																																																																													
2047	5k	946k	0.771	0.771																																																																																																																																																													
2048	2k	946k	0.771	0.771																																																																																																																																																													
2049	1k	946k	0.771	0.771																																																																																																																																																													
2050	0.000	946k	0.771	0.771																																																																																																																																																													

- The relevant emission information references are to ISO/CNS14064-1 and EPA Greenhouse Gas Inspection Guidelines, "Greenhouse Gas Emissions Inventory Registration Operational Guidelines" and the requirements of the WBCSD/WRI Greenhouse Gas Inventory Protocol, were reviewed and approved by SGS third-party external verification.

Climate Change Risk and Opportunity Identification

In 2021, VIS held a "Climate Change Risks and Opportunity Workshop", inviting appropriate departments in the company to conduct Assessments on Climate Change Risks and Opportunities based on their respective businesses and to develop adaptation and mitigation strategies.

VIS TCFD Analysis Procedures

Collection

We researched global trends and cases of climate change, domestic and international research reports, and risk assessments from industry benchmark companies. We also invited relevant company departments to participate in the "Climate Change Risks and Opportunity Workshop", in which various TCFD tasks were explicated. Finally, based on relevance to the industry, we identified significant risks and opportunities for the company. This assessment encompasses 100% of operational facilities and the value chain.

Identification

Conduct a questionnaire survey based on the selected risk and opportunity issues, and invite the authority concerned to complete it, in order to determine the level of impact and frequency of each risk and opportunity event on the respective department, covering 100% of operational facilities and the value chain.

Assessment

Based on the results filled out by the authority concerned, we calculate the average score of the level of impact and frequency of risk and opportunity events, covering 100% of operational facilities and the value chain.

Rank

The final risk and opportunity scores are derived by aggregating the aforementioned two-dimensional values. Risks and opportunities are subsequently prioritized based on these scores. A climate change risk and opportunity matrix has been generated, covering 100% of operational facilities and the value chain.

Financial Impact Analysis on Climate Change Risks and Opportunities and Countermeasures

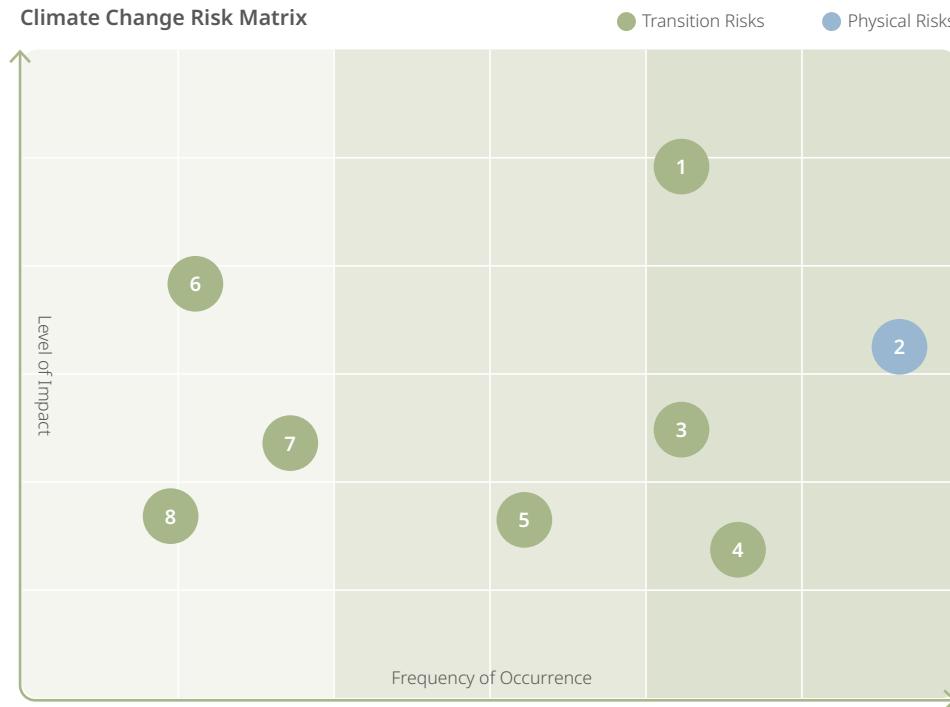
VIS identified eight climate-related risk issues. The implications and financial impact caused by each risk are explained, and the measures and actions taken to address the opportunities arising from each risk are disclosed.

Rank	Climate Risk	Impact Description	Financial Impact	Opportunities Arising from Each Risk and the Countermeasures	Corresponding Report Section
1	Supply Chain Disruption	Sudden climatic disasters cause disruptions or shortages of raw materials supply and delays in product delivery date	Payment of damages to customers, resulting in increased operating expenses	Enhance supply chain stability <ul style="list-style-type: none"> Implement a supplier assessment mechanism to strengthen supplier quality and environmental management capabilities Require suppliers to propose post-disaster impact and recovery plans to reduce the risk of supply disruption 	5. Responsible Supply Chain
2	Increased Extreme Weather Events	Long-term physical risks, such as drought and sea level rise, etc. may lead to factory shutdowns	Water shortages are becoming more severe due to climate change. VIS has completed analysis of the impact of plant operations and financial impact under different water restriction levels.	Enhancing resilience at withstanding natural disasters <ul style="list-style-type: none"> To reduce water scarcity, VIS is committed to implementing water conservation measures and improving the efficiency of water usage. Implement in-plant water recycling to reduce dependence on external water resources. The "VIS Drought Period Water Truck Transport Response Plan" has been formulated, ensuring activating relevant response mechanisms depending on the water situation, thus reducing drought water shortages' impacts on production capacity. Continuously discussing possibilities for using "seawater desalination/plant/reclaimed water" as a water source. 	4.2 Water Resource Management
		Short-term physical risks, such as heavy rainfall, floods, may affect fab equipment and operations.	A flooding event caused by heavy rainfall may result in production disruptions and further reduce revenue.	Enhancing resilience at withstanding natural disasters <ul style="list-style-type: none"> Potential flooding analysis based on the 500-year return rainfall was carried out at production sites, and 138 anti-flood gates were accordingly installed within the factories based on simulation results. The "Guidelines for Implementing Flood Disaster Prevention and Rescue" were deployed to manage flooding risks within the factories. Crisis management procedures are established and disaster prevention and response systems are built, including flood prevention drills for employees, anti-typhoon measures, river water level monitoring systems, and water proof gate installation. 	

Rank	Climate Risk	Impact Description	Financial Impact	Opportunities Arising from Each Risk and the Countermeasures	Corresponding Report Section
3	Changes in Consumer Behavior	Brand customers demand low-carbon processes and products, and consumers' preference and interest in green low-carbon products have increased	Consumers are less willing to spend, resulting in reduced revenue	Promote low-carbon green products <ul style="list-style-type: none"> Develop low-carbon design products to improve product Energy efficiency in order to respond to market demands 	3.4 Innovation Management
4	Impact on Corporate Image	Negative response or poor performance on issues such as climate change, energy saving, and carbon reduction leads to failure in meeting stakeholders' expectations, resulting in a negative impact on the company's reputation or image.	Stakeholders' willingness to invest is reduced	Enhancing Corporate Reputation <ul style="list-style-type: none"> Satisfy stakeholders' demand for energy-saving products and invest in green product design We are actively obtaining certifications including ISO 50001 Energy Management System, ISO 14001 Environmental Management, ISO 14064-1 Greenhouse Gas (GHG) Inventory, and ISO 46001 Water Resource Efficiency Management System, strengthening green management in our systems and processes. 	4.1 Climate Change and Energy Management
5	Increased Concern of Stakeholders on Low-carbon Products and Services	Stakeholders demand disclosure of environmental data during production processes and demand that companies declare reductions in these aspects	Increased costs due to the development of low-carbon products and services	Promote low-carbon technologies and production processes <ul style="list-style-type: none"> Enhance product efficiency and design low-carbon products to respond to market demand. In the power control-related platforms of BCD, SOI, UHV, MOSFET, and GaN, a total of NT\$2.15 billion were invested in R&D in 2021, with over 300 personnel involved. To date, over 200 power-related patents have been accumulated. The main areas of investment currently include DC-AC and AC-DC power converters, these types of components are widely used in computers, mobile phones, TVs, household appliances, and lighting equipment. 	3.4 Innovation Management
6	Increased Global Fuel Prices	Global fuel price increases lead to higher production and transportation costs	Increase in production and operating costs due to higher fuel prices	Participate in renewable energy programs <ul style="list-style-type: none"> Introduce renewable energy, plan the installation of renewable energy generation equipment, such as solar power systems, and purchase Renewable Energy Certificates. From 2023, VIS has installed a solar photovoltaic system with a cumulative capacity of 272 kW, achieving an actual power generation of 213,652 kWh. Additionally, the capacity of the procured renewable energy reached 8,167.5 kW, with a total power generation of approximately 11.9 million kWh. Joined RE100 in December 2022 and committed to using 100% renewable energy by 2040. 	4.1 Climate Change and Energy Management
7	Costs of Production of Innovative Technologies	Increased cost due to new technology development, equipment introduction and process innovation	Increased cost of production of innovative technologies	Technology innovation opportunities <ul style="list-style-type: none"> Continuing increasing investment in product and process research and Process research and developing technologies relating to BCD processes and ultra-high voltage processes for power control. 	3.4 Innovation Management
8	Policy and Regulatory Requirement	Follow the regulations including the "Greenhouse Gas (GHG) Reduction and Management Act" and the "Renewable Energy Development Act", corresponding fees and taxes are increasing. Failure to comply with these regulations can lead to increased penalties and litigation.	If the "total emissions control and carbon penalty" or "carbon tax" mechanism is implemented in Taiwan, financial expenses may increase Higher operating costs due to the installation of renewable energy generation equipment	Participate in renewable energy projects and the carbon trading market <ul style="list-style-type: none"> Adopting the ISO 50001 Energy Management System, reviewing plant-wide energy savings, and actively implementing various Greenhouse Gas Emissions management measures. Introduce renewable energy and plan for the construction of renewable energy generation facilities 	4.1 Climate Change and Energy Management

Climate Change Risk and Opportunity Matrix

Climate Change Risk Matrix



1 Supply Chain Disruption

2 Increased Extreme Weather Events

3 Changes in Consumer Behavior

4 Impact on Corporate Image

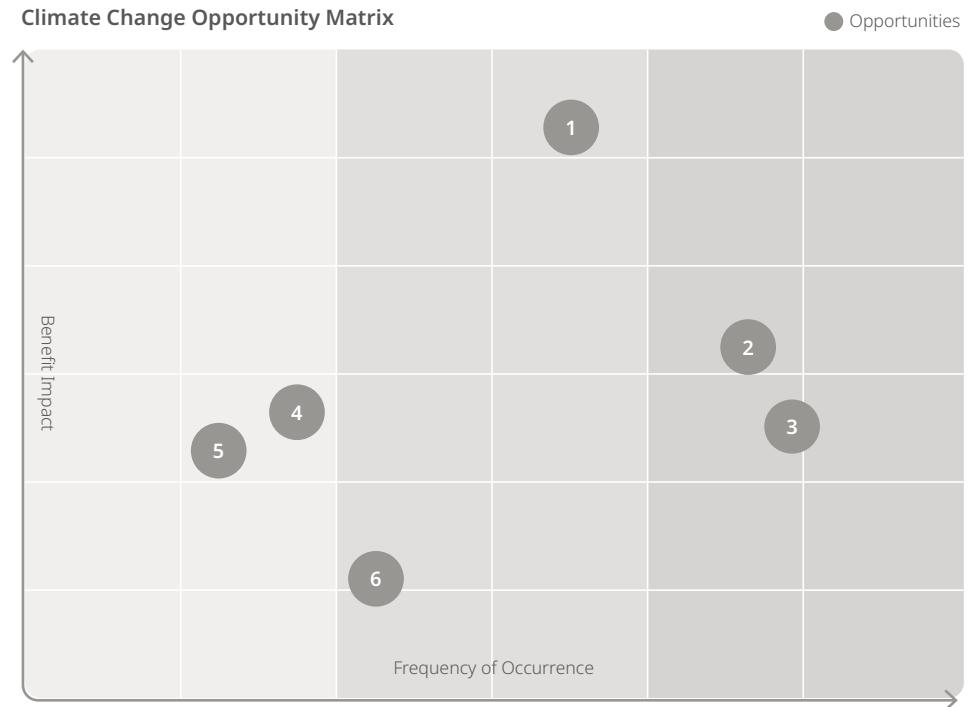
5 Increased Concern of Stakeholders on Low-carbon Products and Services

6 Increased Global Fuel Prices

7 Costs of Production of Innovative Technologies

8 Policy and Regulatory Requirement

Climate Change Opportunity Matrix



1 Enhancing resilience at withstanding natural disasters

2 Enhancing Corporate Reputation

3 Participate in renewable energy projects and carbon trading market

4 Technology innovation opportunities

5 Supply chain stability

6 Promote low-carbon green production

Scenario Analysis of Physical Risks and Financial Impact

Taiwan is prone to seasonal and regional water shortages due to high topography, steep slopes and uneven rainfall distribution. In recent years, climate change has intensified extreme weather events such as torrential rains, floods, and droughts. To address the impacts of inundation and water shortages, VIS has completed a comprehensive risk factor identification process encompassing 100% of its operational facilities. The company has proactively developed contingency mechanisms and mitigation measures, with the objective of implementing these planned initiatives within a 5-year timeframe to reduce operational risks.



Risks item		
Risk of Flooding Due to Heavy Rainfalls <small>Note</small>		
Risks Description	Short term (within 3 years)	Under the Global Warming Mitigation Scenarios (RCP2.6) According to current potential flood analysis based on 500-year return rainfall.
	Medium term (within 10 years)	Under the Worst Case Scenario (SSP5-8.5), heavy rainfall intensity is projected to increase by about 15% in 2035 Compared to the potential flooding analysis results based on rainfall amounts of the 500-year return period, flooding heights will increase by 15%.
	Long term (>10 years)	Under the Worst Case Scenario (SSP5-8.5), heavy rainfall intensity is projected to increase by about 20% in 2050 Compared to the potential flooding analysis results based on rainfall amounts of the 500-year return period, flooding heights will increase by 20%.
Opportunities	Establish a flood prevention management & response mechanism and install hardware to improve the ability of fabs to prevent flooding and reduce the risk of production disruption due to flooding.	
Organization Impact	long term	The production disruption due to flooding may result in about NT\$35 million/day loss per fab.
	Business Impact	Based on the results of the flooding potential analysis, the plan is to install the floodgates to prevent flooding, in addition, the remaining risks are also planned for risk transfer through insurance. The floodgates heights are set to be higher than the potential flood analysis results to avoid flooding in the factory under the worst-case scenario(Worst case).
	Financial Planning	Risk Control Cost Planning: Financial impact analysis results include (1) hardware investment for installing floodgates; (2) personnel flood response training, flood and typhoon preparation work, and maintenance costs for flood response hardware and software; (3) flood and typhoon insurance premiums expenditure at approximately NT\$20 million to NT\$30 million (Assessment scope covers all production Wafer Fab).
Worst case scenario	Resilience of strategy	Worst case scenario: Under the Worst Case Scenario (SSP5-8.5), the average annual maximum one-day torrential rain intensity in Taiwan is projected to increase by approximately 41.3% by the end of the 21 st century. In this scenario, compared to the potential flood analysis based on 500-year return rainfall, the flood height is estimated to increase by 42%. Resilience of strategy Floodgate installation height has been increased by over 42% (for example, in Fab 3, floodgate design height has been increased from 53 cm to 120 cm, resulting in an increase of installation height by 126%).
Note: The Singapore plant is not located in a flood-prone area (according to the hazard risk assessment map by Swiss Re Ltd.). Additionally, the Singapore plant site is more than 1 meter higher than the surrounding roads, thus the flooding risk is low. The above outlines the flood risk analysis results, response strategies, and financial planning for the Taiwan plant area.		



Risk item Climate Change Leading to Drought, Water Shortage <small>Note</small>		
Risks Description	Short term (within 3 years)	Under the Global Warming Mitigation Scenarios (RCP2.6) According to potential flood analysis based on 500-year return rainfall.
	Medium term (within 10 years)	Under the Worst Case Scenario (SSP5-8.5), heavy rainfall intensity is projected to increase by about 15% in 2035 Compared to the potential flooding analysis results based on rainfall amounts of the 500-year return period, flooding heights will increase by 15%.
	Long term (>10 years)	Under the Worst Case Scenario (SSP5-8.5), heavy rainfall intensity is projected to increase by about 20% in 2050 Compared to the potential flooding analysis results based on rainfall amounts of the 500-year return period, flooding heights will increase by 20%.
Opportunities		Establish a flood prevention management & response mechanism and install hardware to improve the ability of fabs to prevent flooding and reduce the risk of production disruption due to flooding.
Organization Impact	long term	The production disruption due to flooding may result in about NT\$35 million/day loss per fab.
	Business Impact	Based on the results of the flooding potential analysis, the plan is to install the floodgates to prevent flooding, in addition, the remaining risks are also planned for risk transfer through insurance. The floodgates heights are set to be higher than the potential flood analysis results to avoid flooding in the factory under the worstcase scenario.
	Financial Planning	Risk Control Cost Planning: Financial impact analysis results include (1) hardware investment for installing floodgates; (2) personnel flood response training, flood and typhoon preparation work, and maintenance costs for flood response hardware and software; (3) flood and typhoon insurance premiums expenditure at approximately NT\$20 million to NT\$30 million (Assessment scope covers all production Wafer Fab).
Worst case scenario	Resilience of strategy	Worst case scenario: Under the Worst Case Scenario (SSP5-8.5), average annual maximum one-day torrential rain intensity in Taiwan is projected as increasing approximately 41.3% by the end of the 21 st century. Compared to the return rainfall of 500 years, flooding potential analysis results indicate an increase in flooding height by 42%. Resilience of strategy Floodgate installation height has been increased by over 42% (for example, in Fab 3, floodgate design height has been increased from 53 cm to 120 cm, resulting in an increase of installation height by 126%).
Note: The Singapore government has established a comprehensive water supply system, including local catchment water, highly-purified reclaimed water (also known as NEWater), desalinated water, and imported water. Therefore, the risk of water shortage is low. The above outlines the water shortage risk analysis results, response strategies, and financial planning for the Taiwan plant area.		

VIS's analysis of Climate Change Transition Risks and financial impacts mainly relies on: IEA NZE 2050/Sustainable Development Condition (SDS, fossil fuels transitioning to Renewable Energy, transitioning to 100% Renewable Energy by 2040); Bloomberg New Energy Finance (BNEF) Net Zero Climate Condition, and the three main technologies for Net Zero being clean Energy, Hydrogen Energy, and Negative Carbon Technology (carbon capture and storage); Taiwan's 2050 Net Zero Transition Policy Condition (Stated Policies Scenario, STEPS).

Analysis and Financial Impact of Transition Risks due to Climate Change



Risks item
Scope 1: Direct GHG Emissions - Low-carbon Transition Risks

Risks description	Short term (within 3 years)	Imposing Carbon Fees/Taxes, Risks of Increased Operating Costs. Carbon fee/tax payment rates: Taiwan: Initial rate NT\$300 per ton; Singapore: 2024 rate NT\$525 per ton Based on the 2023 (Scope 1) emission estimates, the carbon emissions from the Taiwan facility are approximately 180,000 tons CO ₂ e. The carbon fee for Taiwan is estimated to be NT\$54 million. For the Singapore facility, according to the Singapore government's calculation model, the taxable carbon emissions are approximately 30,000 tons CO ₂ e (which differs from the IPCC 2019 calculation of 22,000 tons CO ₂ e). The carbon tax for Singapore is estimated to be NT\$15.75 million.
	Medium term (within 10 years)	Imposing Carbon Fees/Taxes, Risks of Increased Operating Costs. Carbon Fee/Tax Payment Rates: Taiwan: NT\$500-1,000 per ton; Singapore: NT\$525-1,050 per ton Based on the 2023 (Scope 1) emission estimates, the carbon fee for Taiwan is approximately NT\$90 million to NT\$180 million. The carbon tax for Singapore is estimated to be NT\$15.75 million to NT\$31.5 million.
	Long term (>10 years)	Imposing Carbon Fees/Taxes, Risks of Increased Operating Costs. Carbon Fee/Tax Payment Rates: Taiwan: NT\$1,000-1,600 per ton; Singapore: NT\$1,050-1,680 per ton Based on the 2023 (Scope 1) emission estimates, the carbon fee for Taiwan is approximately NT\$180 million to NT\$288 million. The carbon tax for Singapore is estimated to be NT\$31.5 million to NT\$50.4 million.
Opportunities		Implementing the (Scope 1) carbon emission reduction improvement plan, reducing the carbon tax and carbon fee payment, and enhancing corporate competitiveness.
Organization impact	Businesses	<ol style="list-style-type: none"> If the "Carbon Emission Reduction Improvement Plan" is not implemented, introduction of carbon fees/taxes will result in an increase of operating costs. Implementing the (Scope 1) carbon emission reduction improvement plan will entail the generation of following impacts: <ol style="list-style-type: none"> Equipment Installation Handling: Adding equipment maintenance/ Fab space adjustment/ Adding equipment installation construction management. Conversion of gases: Certification of gases to replace the assessment.
	Strategy	The implementation (Scope 1) of carbon emission reduction improvement project includes: <ol style="list-style-type: none"> Replacing high emission factor greenhouse gases: Using low emission factor greenhouse gases. Installing greenhouse gas emission treatment equipment: Completing greenhouse gas removal before emission. For greenhouse gas emissions that cannot be removed, offsetting will be done using negative carbon technologies. It is estimated that the implementation of the above improvement measures (1) + (2) can reduce the carbon fee/tax payment by 75%. The remaining part will be offset by negative carbon technologies (carbon capture and storage).
	Financial planning	<ol style="list-style-type: none"> Investment cost planning: Installation of greenhouse gas emission treatment equipment: Installation rate 100%, total amount: NT\$164.9 million. For greenhouse gas emissions that cannot be removed, approximately 111,911 tons CO₂e, the offsetting cost is estimated at NT\$2,000 per ton. The annual offsetting cost is approximately NT\$224 million.
Worst case scenario	Resilience of strategy	VIS Risk description (worst case) within 10 years: Carbon fees in Taiwan/carbon taxes in Singapore are rapidly increasing. Taiwan: NT\$3,000/ ton; Singapore: NT\$3,100/ton Based on the 2023 (Scope 1) emission estimates, the carbon fee for Taiwan is approximately NT\$540 million. The carbon tax for Singapore is approximately NT\$93 million.
	Responsive Strategies: Accelerating carbon emission reduction improvement plan: GHG conversion / GHG treatment equipment installation.	



Risks item	
Scope 2: Indirect GHG Emissions - Low-carbon Transition Risks	
Risks description	<p>Short term (within 3 years) The introduction of carbon fee in Taiwan increases the risk to operating cost. 2024 Taiwan Carbon Fee Payment Rate: NT\$300 per ton (simulation scenario) Based on the 2023 (Scope 2) emission estimates (approximately 475,000 tons CO₂e), the annual total carbon fee payment for Taiwan is estimated to be NT\$143 million.</p> <p>Medium term (within 10 years) Imposing Carbon Fees/Taxes, Risks of Increased Operating Costs. 2030 Taiwan Carbon Fee Payment Rate: NT\$1,000 per ton (simulation scenario) Based on the 2023 (Scope 2) emission estimates (approximately 475,000 tons CO₂e), the annual total carbon fee payment for Taiwan is estimated to be NT\$475 million.</p> <p>Long term (>10 years) Imposing Carbon Fees/Taxes, Risks of Increased Operating Costs. 2050 Carbon Fee/Tax Payment Rate: NT\$1,500 per ton (simulation scenario) Based on the 2023 (Scope 2) emission estimates (approximately 475,000 tons CO₂e), the annual total carbon fee payment for Taiwan is estimated to be NT\$713 million.</p>
Opportunities	The implementation (Scope 2) of the Power Saving Improvement and Renewable Energy Use Project, reduce carbon emissions, lower carbon fee payment, reduce operating costs in order to enhance VIS competitiveness.
Organization impact	<p>Businesses</p> <ol style="list-style-type: none">To align with international net zero emission initiatives, renewable energy must be adopted to reduce Scope 2 carbon emissions to zero. If the Power Saving Improvement and Renewable Energy Use Project is not implemented, the imposition of the carbon fee in Taiwan will increase operational costs.The implementation of (Scope 2) Power Saving Improvement and Renewable Energy Use Project entails the following impacts: Power Saving Improvement projects, if improperly executed, may result in injuries and property damage. Therefore, construction safety management and control measures must be undertaken, including reviewing construction processes and management measures, and implementing controls for hazardous and high-risk operations to ensure construction safety. Installation of renewable energy equipment: Install such equipment in low-risk areas and establish new fire protection systems for monitoring and protection works.
Strategy	The implementation (Scope 2) of the Power Saving Improvement and Renewable Energy Use Project includes: <ol style="list-style-type: none">The goal is to save 40% on electricity by 2050, the plan contents provide for: introducing LED lighting/energy-saving facilities and chilled water equipment/ installing smart meter Energy Management System/ energy-savings rotating equipment and continuous power supply system (UPS) introduction...and further energy-savings technology and equipment introduction.Achieving 100% reliance on renewable energy by 2040: Joined RE100 in December 2022 and committing to 100% using renewable energy by 2040.
Financial planning	(Scope 2) Power Saving Improvement and Renewable Energy Use Project Programs financial planning: <ol style="list-style-type: none">Achieving a 40% reduction in electricity consumption by 2050 is estimated to cost approximately NT\$12 billion.Achieving 100% reliance on renewable energy by 2040: Expected purchase of green electricity: 770 million kWh/year, with an annual cost of approximately NT\$3.911 billion. Taiwan: Estimated purchase of renewable energy: 629 million kWh/year, with a simulated green electricity price of NT\$4.2 per kWh, resulting in an annual cost of NT\$2.642 billion. Singapore: Estimated purchase of renewable energy: 141 million kWh/year, with a simulated green electricity or certificate price of NT\$9 per kWh, resulting in an annual cost of NT\$1.269 billion.
Worst case scenario	<p>Resilience of strategy</p> VIS risk description (worst case) within 10 years: Rapid increase in Taiwan's carbon fee rate, reaching NT\$3,000 per ton-CO ₂ e by 2030. Based on the 2023 (Scope 2) emission estimates (approximately 475,000 tons CO ₂ e), the annual total carbon fee payment for Taiwan is estimated to be NT\$1,425 billion.
<p>Response Strategy: Accelerate the progress of electricity saving improvement project and renewable energy procurement to reduce carbon emissions and lower operation costs.</p>	

**Risk item****Opportunities and Risk of Changes in Customer Product Trends (Higher Percent of Green Products and Energy-Savings Products)**

Risks description	Short term (within 3 years)	Increase and upgrade high-frequency and low-impedance components in newly developed or existing BCD, Discrete, DDIC, e-Flash, MEMS, and GaN technology platforms to increase green product revenue by 3%, otherwise, VIS will gradually lose market competitiveness.
	Medium term (within 10 years)	Increase and upgrade high-frequency and low-impedance components in newly developed or existing BCD, Discrete, DDIC, e-Flash, MEMS, and GaN technology platforms to increase green product revenue by 10%, otherwise, VIS will gradually Market competitiveness.
	Long term (>10 years)	Increase and upgrade high-frequency and low-impedance components in newly developed or existing BCD, Discrete, DDIC, e-Flash, MEMS, and GaN technology platforms to increase green product revenue by 15%, otherwise VIS will gradually Market competitiveness.
Opportunities	Increasing and enhancing high-frequency low-impedance components in new or existing BCD/Discrete/DDIC/e-Flash/MEMS/GaN technology platforms, increasing green energy product revenue.	
Organization impact	Businesses	If the manufacturing technology of green energy products cannot be increased or improved, downstream customers will lose their market competitiveness.
	Strategy	Increasing green product technology and market sales promotion education and training.
	Financial planning	Needing allocating capital expenditures for equipment matching green energy product manufacturing technology development.
Worst case scenario	Resilience of strategy	Allocating funds for acquiring usage authorization for High-frequency Low-impedance process technologies.

VIS Taskforce on Nature-related Financial Disclosures (TNFD)

VIS is committed to sustainable development, continually promoting the concept of green manufacturing over the long term, and fulfilling corporate sustainability and social responsibility. In response to the adoption of the Kunming-Montreal Global Biodiversity Framework at the 15th Conference of the Parties to the United Nations Convention on Biological Diversity, VIS regards nature and biodiversity as crucial capital for its operations. This year, VIS has implemented the version 1.0 of the Nature-related Financial Disclosures Framework (Taskforce on Nature-related Financial Disclosures, TNFD), released in September 2023, to evaluate and disclose the risks and opportunities related to nature-related issues. Following the TNFD disclosure recommendations, VIS's nature-related financial disclosures are composed of four sections: "Governance," "Strategy," "Risk Management," and "Indicators and Targets."

VIS TNFD Approach

- Governance**
- The Board of Directors and senior management review nature-related impacts, dependencies, risks, and opportunities, providing decision-making and guidance.
 - The management team then formulates policies and improvement targets based on the results of the Board's discussions, which are then executed by various committees.
 - Under the governance framework, three committees have been established: The "Corporate Sustainability Committee" formulates strategies and facilitates cross-platform communication on nature-related issues; the "Enterprise Risk Management Committee" identifies and manages nature-related risks; the "Energy and Carbon Reduction Committee" manages targets and actions related to nature-related issues.
 - Regarding potential human rights risks arising from nature-related issues, VIS has established the "VIS Human Rights Policy," which includes regular human rights risk assessments, due diligence, and risk mitigation measures. The company also provides diverse and accessible channels for feedback.

VIS TNFD Approach**Strategy**

- VIS has established the "[Biodiversity and Zero Deforestation Commitment](#)" as a guiding principle for corporate operations, value chains, and stakeholder engagement concerning biodiversity.
- When conducting operations in critical biodiversity areas, the company will implement impact mitigation measures to avoid, minimize, restore, and offset operational impacts sequentially.
- VIS regularly assesses nature-related risks associated with its operations and key value chains, identifying priority nature-related issues and priority locations for focused attention.
- This year's evaluation identified priority nature-related issues and locations:

		Priority Issues of Concern	Priority Locations for Focused Attention of Concern
Related to Corporate Operations	Impact	Pollutants, Waste	Fab 1, Fab 3
	Dependency	Water Resource Utilization	Fab 2, Fab 3
Related to Value Chain	Impact	Pollutants, Waste	Upstream Supply Chain (Wafers, Gases)
	Dependency	Water Resource Utilization	Upstream Supply Chain (Target Materials)

- Evaluate physical and transition risks for identified priority nature-related issues and locations.
- Develop corresponding corporate response strategies and value chain engagement actions for nature-related risk factors.

VIS TNFD Approach**Risk Management**

- VIS has established nature-related assessment and management objectives, including pollutant and waste management and reduction, as well as water use management and reduction, integrating these into the internal corporate risk management mechanism.
- Conducting a nature-related risk review biannually and reporting implementation outcomes for risk management measures to the Board of Directors once annually.
- Using the TNFD's LEAP methodology, VIS evaluates and discloses nature-related impacts and dependencies at its own sites and within key supply chains.
- Incorporating nature-related concerns into the Supplier Code of Conduct, VIS requires responsible identification, management, and disposal of hazardous substances, waste, and pollutants. Suppliers are also required to implement water resource management plans, seek opportunities for water conservation, and monitor wastewater treatment.
- Through supplier engagement actions such as questionnaires, audits, and training, VIS promotes biodiversity, forest and natural habitat conservation, and pollution prevention to its suppliers.

Indicators and Targets

- VIS has established a Biodiversity Commitment with the goal of achieving a net positive impact on biodiversity by 2050.
- For identified priority nature-related issues, VIS has set green manufacturing targets related to "Water Resource Management," "Waste Management," and "Air Pollution Prevention."
- VIS continues to invest in enhancing the natural environment within and around its sites, increasing green vegetation areas, restoring ecological environments, and promoting environmental education and biodiversity concepts.

Nature-Related Risk Identification and Assessment Methodology

VIS identifies nature-related risks using the TNFD's LEAP methodology, which involves four sequential steps: Locate, Evaluate, Assess, and Prepare. This approach is applied to analyze nature-related issues at VIS's production and operational sites, as well as key points in the upstream and downstream value chain.

Locate

Locate and identify the interfaces between corporate operations, value chain activities, and nature.

Evaluate

Evaluate the natural impacts and dependencies of corporate operations and the value chain.

Assess

Assess the financial risks and opportunities related to nature.

Prepare

Prepare nature-related actions and targets for the company.

Scope of Nature-Related Risk Assessment and Disclosure by VIS

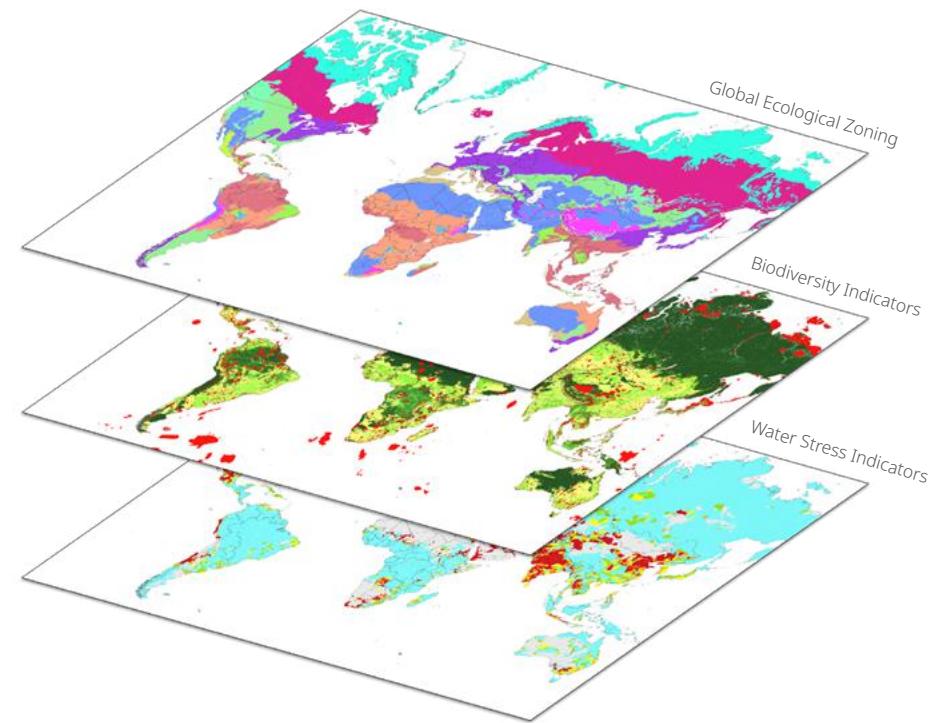


The LEAP methodology emphasizes the priority identification of operational and key value chain nodes with significant potential natural impacts and dependencies. This year, the scope of VIS's nature-related risk assessment and disclosure includes an analysis of its global production and operational sites. The assessment also focuses on the top three suppliers and top three downstream customers in five major procurement categories (wafers, chemicals, gases, target materials, and equipment) as key value chain nodes, ensuring comprehensive coverage in terms of scale and scope.

Locate

To identify the natural conditions at its own sites and key value chain nodes, VIS uses Geographic Information Systems (GIS) to overlay site locations with global critical data layers, including "Global Ecological Zoning," "Biodiversity Indicators," and "Water Stress Indicators." The biodiversity indicators are further composed of two metrics: ecological importance and ecological integrity.

Nature-Related Issue Data Layers



The global ecological zoning used in this analysis is based on the Ecoregions 2017 data layer. The biodiversity importance indicator employs the global Key Biodiversity Areas (KBAs) data layer. The biodiversity integrity indicator is derived from the GLOBIO4 model's Mean Species Abundance (MSA). The water stress indicator utilizes the baseline water stress (BWS) annual and monthly data layers from WRI Aqueduct 4.0, supplemented by historical data from the Water Resources Agency's water condition alerts.

Distribution of VIS Production and Operational Sites and Key Value Chain Nodes in Ecological Zones

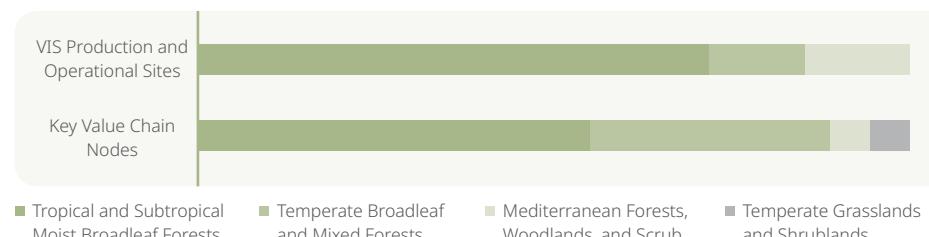
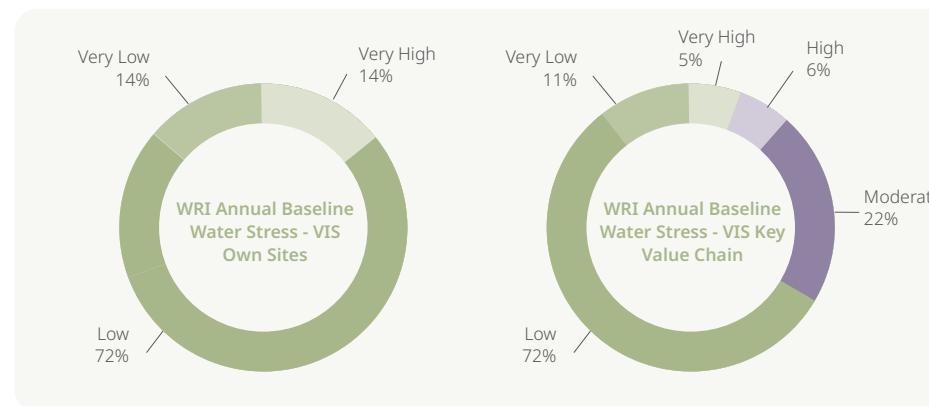


Figure Caption: Spatial analysis results indicate that the ecological zones of VIS's production and operational sites and key value chain nodes are primarily located in Tropical and Subtropical Moist Broadleaf Forests and Temperate Broadleaf and Mixed Forests.

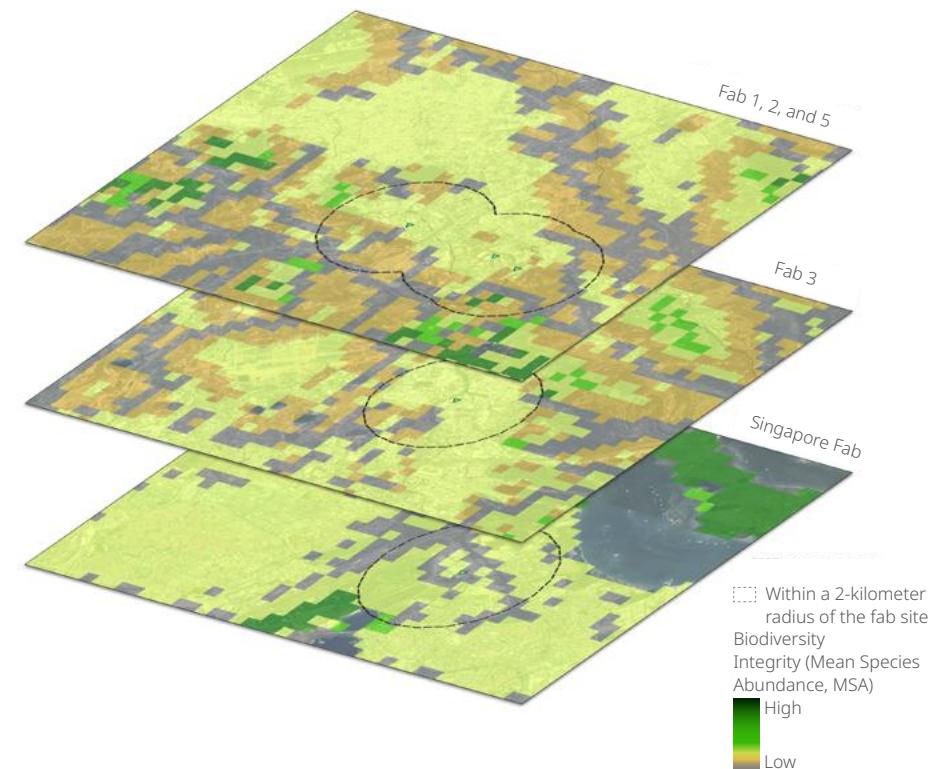
Environmental Water Stress at VIS Production and Operational Sites and Key Value Chain Nodes



Spatial analysis results indicate that the wafer fabs of VIS are mostly located in areas with low or very low baseline water stress according to WRI, only one operational office located in an area with very high water stress. However, approximately one-third of key value chain nodes are located in areas with medium, high, or very high baseline water stress.

Note: The WRI model's annual baseline water stress only considers the annual water supply and demand ratio within specific watersheds, without accounting for seasonal variations. Additionally, it is limited by the spatial resolution of the dataset. Therefore, in the subsequent identification and assessment stages, VIS also incorporates the monthly data from the WRI model and historical water condition alerts from Taiwan as supplementary analysis parameters.

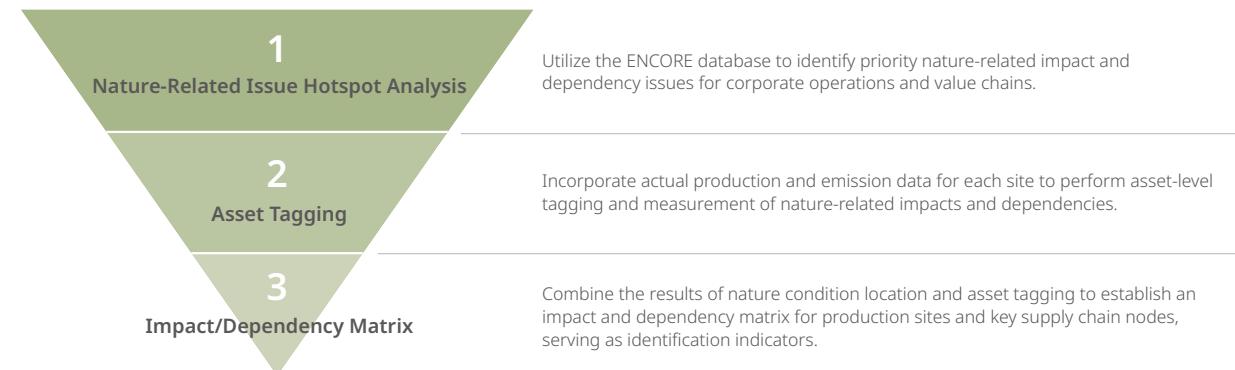
Figure Title: Biodiversity Analysis Around Production Sites



Spatial analysis results show that within a 2-kilometer radius of the production sites of VIS, the area is a highly urbanized zone with low ecological integrity. The nearest Key Biodiversity Area (KBA) to the production site within a 2-kilometer radius is the Ubin-Khatib Important Bird Area in Singapore, located 1.52 kilometers from the Singapore plant. The company's operations do not directly impact this KBA and comply with government regulations, so no significant impact on the KBA is expected.

Evaluate

According to the TNFD methodology, the goal of the Evaluate step is to identify the priority nature-related impacts and dependencies of corporate operations and value chain activities and to establish measurement standards. VIS identifies nature-related issues through a three-step process: Using the ENCORE database, VIS creates a value chain nature-related issue hotspot map at the industry sector level to filter out priority impact and dependency issues. Subsequently, for these priority nature-related issues, VIS incorporates relevant production and emission data for each site to perform asset-level tagging and measurement of nature-related issues. Finally, VIS combines the results of asset tagging with the outcomes of the Locate step to establish an impact/dependency matrix. This matrix helps identify nature-related impacts and dependencies at VIS production sites and key upstream supply chain nodes.



Value Chain Nature-Related Issue Hotspot Map

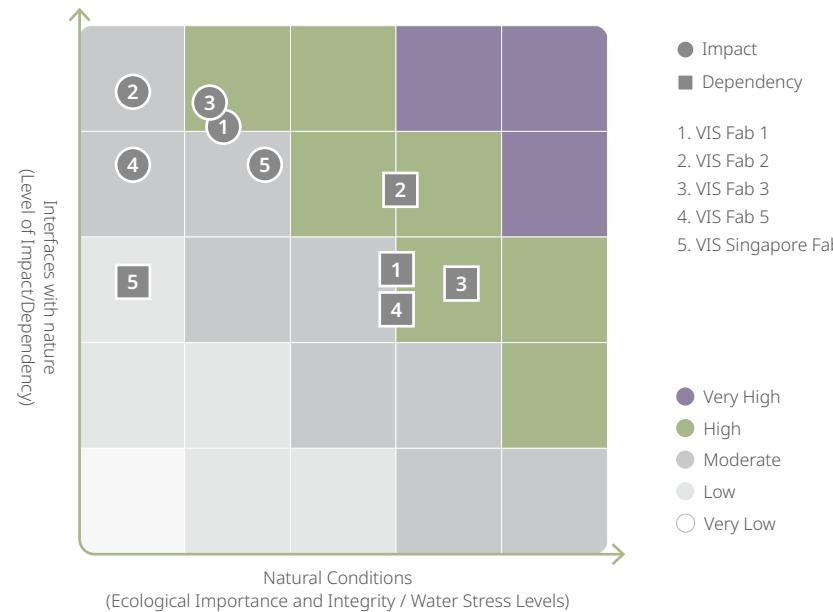
	Nature-Related Impacts						Nature-Related Dependencies	
	Land Use Change	Non-GHG Pollutants	Soil Pollutants	Water Pollutants	Waste	Ecological Disturbances	Water Resource Use	Heavy Rainfall and Flooding
Upstream Value Chain	Wafers	○	○	●	●	●	●	○
	Chemicals	●	●	●	●	●	●	○
	Gases	●	●	●	●	●	●	●
	Target Materials	○	●	●	●	●	●	●
	Equipment	○	○	●	●	○	●	●
VIS	○	○	●	●	○	○	●	○
Downstream Value Chain	Electronic Parts and Components Manufacturing	○	○	●	●	●	●	○

● Very High ● High ● Moderate ● Low ○ Very Low

The hotspot map indicates that the priority nature-related impact issue for VIS's value chain is "Pollutants and Waste," while the priority nature-related dependency issue is "Water Resource Use."

Note: ENCORE is a database jointly established and maintained by the United Nations Environment Programme (UNEP) and Global Canopy, among others, that provides information on nature-related impacts and dependencies by industry sector. The ENCORE database offers potential impact and dependency ratings for various industry sectors. These ratings do not consider the specific characteristics of different spatial locations or the actual activities and measures taken by individual companies. Therefore, they can only provide general information for preliminary screening purposes.

Nature-Related Impact/ Dependencies matrix (Production Sites)



Nature-Related Impact/ Dependencies matrix (Key Supply Chain)



VIS combines ENCORE's hotspot analysis with the coordinates and production-related data of its own production sites to analyze nature-related impacts and dependencies. This analysis is used to establish the corresponding impact and dependency matrix. The analysis results indicate that Fab 1 and Fab 3 have higher potential impacts compared to other sites, while Fab 2 and Fab 3 have higher potential nature dependencies compared to other sites.

Production Sites Analysis Parameters	Natural Conditions	Interfaces with nature
Nature-Related Impacts	Production Site Coordinates; Key Biodiversity Areas (KBAs); Mean Species Abundance (MSA)	ENCORE Database; Production Site Emissions (including VOCs, SOx, NOx) and Waste Statistics
Nature-Related Dependencies	Production Site Coordinates; WRI Baseline Water Stress Indicators (Annual/Monthly); Historical Water Condition Alert Data from the Water Resources Agency	ENCORE Database; Production Site Water Withdrawal Statistics

VIS combines ENCORE's hotspot analysis with the coordinates of production sites to analyze nature-related impacts and dependencies in the key supply chain. Using procurement expenditure ratios for weighted analysis, a corresponding impact and dependency matrix is established. The analysis results indicate that within VIS's key supply chain, wafers and chemicals have higher potential nature-related impacts, while target materials are identified as supply chain nodes with higher potential nature-related dependencies.

Key Supply Chain Analysis Parameters	Natural Conditions	Interfaces with nature
Nature-Related Impacts	Suppliers Coordinates; Key Biodiversity Areas (KBAs); Mean Species Abundance (MSA)	ENCORE Database
Nature-Related Dependencies	Suppliers Coordinates; WRI Baseline Water Stress Indicators (Annual)	ENCORE Database

Assess

Based on the results of the Evaluate step, VIS further analyzes the nature-related impact and dependency matrix for its production sites and key supply chain nodes. Considering internal operations and production models as well as the external natural and policy environment, VIS identifies and summarizes the following nature-related risk issues. Each risk is explained in terms of its impacts and financial implications, along with the opportunities arising from these risks and the corresponding response measures and actions taken.

Rank	Nature-Related Risk	Impact Description	Financial Impact	Opportunities Arising from Each Risk and the Countermeasures	Corresponding Report Section
1	Physical Risks Drought events causing water shortages	Drought events lead to production delays at VIS's sites, affecting product manufacturing and delivery schedules.	Increased operational expenses due to water shortage response measures; Decreased revenue due to paying damages to customers for delayed deliveries.	Enhancing resilience to water shortages <ul style="list-style-type: none"> To mitigate water scarcity, VIS is committed to implementing water-saving measures and improving water use efficiency. Continued Implement in-plant Recovery recycling to reduce dependence on water resources. The "VIS Drought Period Water Truck Transport Response Plan" has been formulated, ensuring activating relevant response mechanisms depending on the water situation, thus reducing drought water shortages' impacts on production capacity. Continuously discussing possibilities for using "seawater desalination/plant/reclaimed water" as a water source. 	4.2 Water Resource Management
		Drought events lead to supply chain disruption at VIS's sites, affecting product manufacturing and delivery schedules.	Increased operational expenses due to alternative supply use; Decreased revenue due to paying damages to customers for delayed deliveries.	Enhance supply chain stability <ul style="list-style-type: none"> The Supplier Code of Conduct requires the implementation of water management plans, recording and monitoring water usage. Through engagement mechanisms, suppliers are encouraged to adopt water-saving measures. Implement a supplier assessment mechanism to strengthen supplier quality and environmental management capabilities Require suppliers to propose post-disaster impact and recovery plans to reduce the risk of supply disruption 	5. Sustainable Supply Chain
2	Market Transition Risk Change in Customer Demand	Increased preference and concern from brand customers regarding nature-related issues, requiring water-saving and low environmental impact processes.	Reduced customer procurement willingness, leading to decreased revenue.	Deepening green manufacturing practices <ul style="list-style-type: none"> Continuously deepen green manufacturing and improve process resource efficiency to meet market demands. We are actively obtaining certifications including ISO 50001 Energy Management System, ISO 14001 Environmental Management, ISO 14064-1 Greenhouse Gas (GHG) Inventory, and ISO 46001 Water Resource Efficiency Management System, strengthening green management in our systems and processes. 	4. Green Manufacturing
		Brand customers are increasingly focused on nature-related issues, demanding enhanced nature-related supply chain management and responsibility.	Increased costs related to raw material procurement.	Enhancing supply chain management and engagement <ul style="list-style-type: none"> Establish nature-related supplier codes of conduct, requiring compliance with relevant standards in pollution, resource efficiency, biodiversity, and forest conservation. Conduct surveys, audits, and evaluations of new and key suppliers to understand their current status and manage related risks. Provide improvement recommendations through measures such as questionnaires, on-site audits, or third-party verification audits, and regularly track effectiveness. Conduct ESG education and training for suppliers and incorporate biodiversity management concepts into the supply chain through the audit process. 	5. Sustainable Supply Chain

Rank	Nature-Related Risk	Impact Description	Financial Impact	Opportunities Arising from Each Risk and the Countermeasures	Corresponding Report Section
3	Market Transition Risk Change in Stakeholder Preferences	Passive or poor response to nature-related issues may fail to meet stakeholder expectations, negatively affecting the company's reputation or image.	Reduced stakeholder investment willingness, impacting the company's valuation.	<p>Ongoing investment in nature-related actions</p> <ul style="list-style-type: none"> Continuously invest in nature-related public welfare activities, such as ecological restoration and environmental education. Ongoing ecological conservation at operational and production sites, increasing vegetation coverage and enhancing ecological value. Regularly assess nature-related issues and risks, engage with stakeholders, and conduct proactive disclosures. 	7.2 Environmental Conservation
4	Policy Transition Risk Changes in Nature-Related Policies and Regulations	Government increases regulations or policies related to nature, such as water usage fees or requirements for nature-related disclosures and monitoring.	Increased operational costs due to compliance with policy transition measures.	<p>Enhancing focus on nature-related issues, measures, and disclosures</p> <ul style="list-style-type: none"> Continuously deepen green manufacturing capabilities to reduce nature-related impacts and dependencies, and enhance process resilience. Regularly update, assess, and disclose nature-related issues and risks to stay aligned with policy transition directions. 	4. Green Manufacturing
5	Liability Transition Risks Changes in regulations related to pollutants and waste responsibilities.	Changes in regulatory responsibilities related to nature impacts, increasing compliance costs.	Increased operational expenses due to higher costs of compliance with related penalties or regulatory responsibilities.	<p>Strengthening pollution control equipment and stability</p> <ul style="list-style-type: none"> In recent years, VIS has continuously installed new wastewater and waste treatment equipment at various plants, ensuring higher removal efficiency and exceeding regulatory requirements. All wafer fabs are equipped with emergency power supplies and backup systems to ensure that in the event of equipment failure, the backup system can take over, reducing the risk of abnormal pollutant emissions. 	4.2 Water Resource Management 4.4 Air Pollution Control

Prepare

VIS sets relevant indicators for identified priority nature-related impacts and dependencies to continuously monitor and track green manufacturing performance.

VIS Nature-Related Priority Issues	Quantitative Indicator	Corresponding Report Section
Nature-Related Impacts	<p>Air Pollution Control</p> <ul style="list-style-type: none"> Reduction rate of air pollutant emissions per unit wafer area compared to 2015 (%). 	4.4 Air Pollution Control
Water Pollutant	<p>Water Pollution Control</p> <ul style="list-style-type: none"> Emission Concentration of Tetramethylammonium Hydroxide (TMAH) in Discharged Water (ppm) Emission Concentration of Ammonia Nitrogen ($\text{NH}_3\text{-N}$) in Discharged Water (ppm) 	4.2 Water Resource Management
Waste	<p>Waste reduction</p> <ul style="list-style-type: none"> Waste Recycling Rate (%) Number of Waste Reduction Improvement Projects (Items/year) Waste Landfill Rate (%) <p>Proper treatment of waste</p> <ul style="list-style-type: none"> Auditing and Counseling Rate of Disposal Vendors(%) Proportion of Waste Treatment Vendors Obtaining ISO 14001 or Similar EHS Management Certifications (%) 	4.3 Waste Management
Nature-Related Dependencies	<p>Compliance with Environmental Regulations</p> <ul style="list-style-type: none"> Number of Violations of Environmental Regulations (cases) <p>Water Recovery Rate</p> <ul style="list-style-type: none"> Process Water Recovery Rate at Each Plant (%) <p>Water consumption management</p> <ul style="list-style-type: none"> Production Loss due to Water Restriction (wafer units) 	4.2 Water Resource Management

4.1.2 Energy Management

Energy policy

As a leading manufacturer engaged in the design, research and development, manufacturing, and sales of integrated circuits (ICs), VIS is dedicated to implementing sustainable business practices and fulfilling our responsibilities as responsible corporate citizens. With a focus on risk management, green production, and energy efficiency, we are actively engaged in the implementation of an energy management system to ensure compliance with laws and regulations, meet customer demands, and enhance energy efficiency. To achieve this goal, VIS promises to continuously carry out and improve the following tasks:

1

Compliance with Energy Regulations

Complying with related laws and regulations

2

Effective Energy Utilization

Treasuring and properly utilizing resources, including electricity and natural gas

3

Implementing Management by Objectives

Setting up Energy performance metrics for management in the PDCA model

4

Continued performance Improvement

Regularly reviewing and continuously improving energy usage efficiency

5

Supporting Green Procurement

Supporting procurement of energy-saving facilities or products

6

Promoting internal and external communications

Establishing internal and external communication channels to facilitate information transmission

7

Providing proper resources for achieving objectives and targets

8

Striving for Energy Conservation and Sustainability

VIS' power savings rate in 2023 was 1.26% and the cumulative power savings rate from 2016 to 2023 was 17.2%. The revenues of VIS in 2023 were NT\$38.27 billion, with total energy consumption at 975,908 MWh, and total energy consumption intensity at 0.025 kWh per dollar. In 2023, in line with the government's energy-saving policy, VIS invested NT\$153.36 million in the replacement of energy-saving equipment and saved 12.05 GWh of electricity. The energy-saving project focused on Three major categories: shared equipment, AC equipment, and the renewal of auxiliary equipment of energy-saving equipment. Achieved with 23 energy-saving improvements.

Meanwhile, Fab 1, Fab 2, and Fab 3 introduced ISO 50001:2011 certification in 2017 and completed transitioning to ISO 50001:2018 certification in 2023, factory continuously passing SGS' external verification every year. in addition, VIS Through systematic management procedures of ISO 50001:2018, compares energy usage efficiency across factories, continuously looking for energy savings improvement opportunities, thereby enhancing our energy savings performance. To enhance employees' intrinsic learning abilities, annual energy management education and training courses are scheduled based on performance analysis capable of evaluation and comparison. External instructors are hired each year to train personnel involved in energy management.

VIS is also responsive to Taiwan's national energy conservation goals. In compliance with the "Energy Users' 1% Reduction in Electricity Consumption" announced by the Ministry of Economic Affairs on August 1, 2014, by directive number MOEA Energy 10304603580, in the past five years, VIS has achieved an energy savings rate of over 1%.

Years	Annual Electricity Consumption (kWh) (A)	Electricity Saved ^{Note 1} (kWh) (B)	Power Savings Rate % ^{Note 2} (C)
2019	663,726,306	18,603,787	2.7%
2020	855,037,203	18,171,696	2.1%
2021	879,488,668	18,492,319	2.1%
2022	946,215,380	22,026,410	2.3%
2023	946,832,690	12,050,992	1.3%

Note 1: The degree of savings is the sum of the energy-savings performance of the energy-savings measures implemented in the current year.

Note 2: The energy savings rate $C = B / (A + B) \times 100\%$

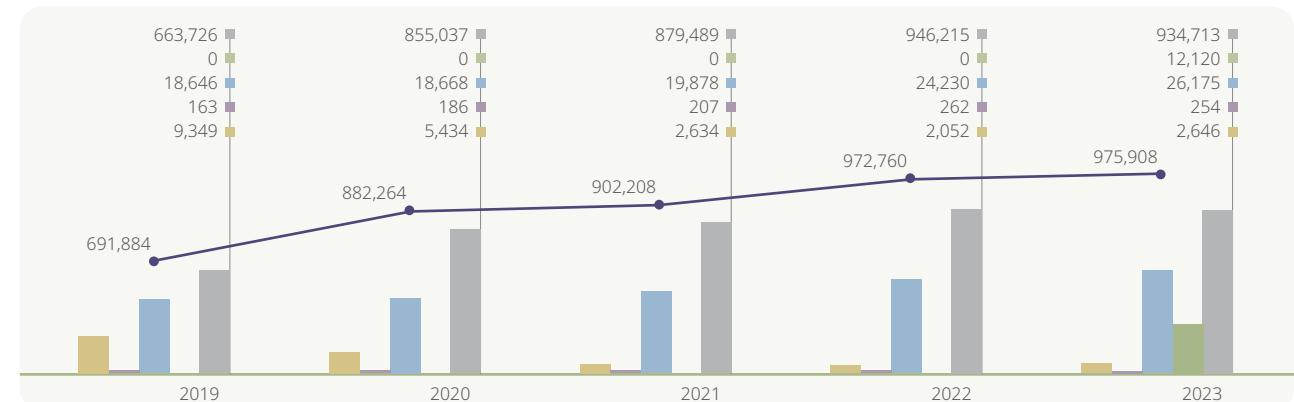
Note 3: The conversion unit is one kilowatt-hour equals 3,600 kilojoules.

Statistics on Annual Electricity Consumption



Note 1: The total electricity consumption increased in 2022 due to the addition of electricity usage in Fab 5.
Note 2: The conversion unit is one kilowatt-hour equals 3,600 kilojoules.

Energy Consumption



Note 1: The total energy consumption includes natural gas, purchased steam consumption, and diesel.
Note 2: The conversion unit is one cubic meter of natural gas = 10.5 kWh; one liter of diesel = 9.8 kWh; one kWh = 3,600 Kilojoules.
Note 3: The conversion unit is one ton of steam heat value (660,000-kilo calories) = 767.4 kW of electric energy; one kW of electric energy = (860-kilo calories).
Note 4: The total electricity consumption increased in 2022 due to the addition of electricity usage in Fab 5.

4.1.3 Renewable Energy

VIS adheres to the government's Renewable Energy Development Act, supporting energy diversification and improving energy structures, deploying environmental sustainability concepts while committing to using clean, pollution-free green energy. In 2022, we announced participation in the Global Corporate Renewable Energy Initiative(RE100), pledging all global operations using 100% renewable energy by 2040. In 2023, VIS procured renewable energy with a solar power generation site capacity of 8167.5 kW, More than 10% of the contracted capacity. In 2023, the total power generation are 11,906,160 kWh. VIS displaying its commitment to self-generation and use, completed the installation of a 272 kW photovoltaic system at Fab 2 in 2022. Actual solar power generation in 2023 reached 213,652 kWh. In addition, VIS invested in a self-built solar power system for VS1 in 2023, with a capacity of 450 kW. We expect the setup completion by June 2024, at which time the annual total power generation of the company's self-built solar power system will reach 750,000 kWh.

In addition, VIS has received approval from the Taipei Exchange (TPEx), to issue NT\$7 billion in corporate bonds, including NT\$1 billion in green bonds, to be used in the development of projects including renewable energy. In the future, VIS will continue to purchase renewable energy and renewable energy generation equipment.

4.1.4 Greenhouse Gas (GHG)

GHG Inventory, Validation, and Verification

GHG reduction is an important key to mitigate climate change and global warming, and GHG inventories provide a basis for reduction. Reduction targets and priorities for them should then be formulated based on the GHG inventory results. This effectively facilitates the subsequent GHG reduction process. Additionally, the results can also help us ascertain our reduction results.

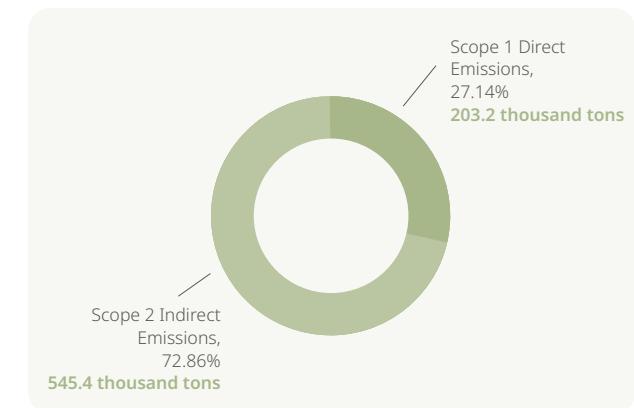
Scope 1 GHG emissions (emissions include carbon dioxide, methane, nitrous oxide, hydrofluorocarbon, perfluorocarbon, sulfur hexafluoride, and nitrogen trifluoride) refers to direct emission sources of VIS fabs, including stationary emission sources, such as diesel and natural gas fuels for generators; and mobile emission sources, such as gasoline and diesel (including biodiesel) used by official vehicles. In addition, there are also fugitive emission sources, such as organic emissions, fire equipment, firefighting equipment, and fumes. In addition, there are also other emission sources, such as organic waste gas, fire-fighting equipment, septic tanks, refrigerants, and process emission sources of fluorinated gases. Scope 2 is mainly the indirect sources of emission from the purchased electricity.

The GHG validation and verification operation of VIS is based on the requirements specified in the ISO/CNS 14064- 1 and the greenhouse gas verification guidelines of the GHG Inspection Guidance ^{Note} and the GHG Emissions Inventory Registration Practice Guidance released by the Environmental Protection Administration, as well as the GHG Protocol released by the WBCSD/WRI. The organizational boundary is set in a 100% operational control manner.

Note: The GHG inventory for 2023 adopts the ISO 14064-1 2018 version along with the Assessment Report 5 (AR5) for GHG emissions calculation; the AR4 is adopted for GHG emissions calculation until 2020 (inclusive).

The past results of the GHG emission inventory of VIS Taiwan are as follows, in which the wafer area shows the statistics validated and verified by the GHG inventory.

The Composition of the VIS GHG Emissions in 2023



VIS Scope 1 GHG Emissions■ VIS Scope 1 GHG Emissions (x 10,000 ton CO₂e)● VIS GHG emissions per Unit wafer area (kg CO₂e/cm² wafer area)**VIS Scope 2 GHG Emissions**■ VIS Scope 2 GHG Emissions (x 10,000 ton CO₂e)● VIS GHG emissions per Unit wafer area (kg CO₂e/cm² wafer area)

	2020	2021	2022	2023	2023 Goals
Direct GHG Emissions (Scope 1)					
Total volume of direct GHG emissions Ton CO ₂ e					
Total volume of direct GHG emissions	337,466.34	424,442.54	341,018.57	203,200.27	387,000
Indirect GHG (Scope 2)					
Indirect GHG emissions from purchased and consumed energy Local Ton CO ₂ e					
Indirect GHG emissions from purchased and consumed energy	506,591.23	521,171.67	570,769.49	545,390.84	518,000
Market Ton CO ₂ e					
Perfluorocarbon Emissions	-	-	-	-	-
Direct PFC Emissions kg PFC/ metric tons of products					
Direct PFC Emissions	1,010.2	680.1	550.5	754.7	700

VIS calculates Scope 3 GHG emissions in accordance with ISO 14064-1 2018 and identifies indirect GHG emissions not included in Scope 1 and 2 emissions through the validation and verification by third-party company SGS.

2023 Scope 3 GHG Emissions Inventory Results

Scope 3 Emission Sources	Scope 3 Emission Sources Descriptions	Scope 3 GHG Emissions in 2023 (tCO ₂ e)			
Purchased Goods and Services	Carbon emissions are generated from purchasing primary raw materials for the production of 8-inch wafers and auxiliary raw materials used in the manufacturing process, excluding outsourced services.	111,293.8			
Fuel and energy-related activities (not included in Scope 1 and 2)	The fuel and energy used in the fabs are calculated using the life cycle cost (LCC) method, and deducting the results of Scope 1 and 2 emissions.	143,374.9			
Upstream Transportation and Distribution	Carbon emissions generated from the ton-km of transport and distribution (including air, land, and sea transport) of goods (the purchased primary raw materials and auxiliary raw materials required for the production of 8-inch wafers) from the suppliers to the fabs.	962.5			
Waste Generated in Operations	Carbon emissions generated from waste in the production process, including waste transportation and disposal.	2,938.3			
Business Travel	Carbon emissions are generated from employees' domestic and overseas business trips, with the distance of each return trip calculated by setting each fab as the departure point and the destination of land or air transportation as the endpoint.	33.0			
Employee Commuting	Calculated based on passenger km between the district office where the employees' households are registered and each fab.	12,311.2			
Downstream Transportation and Distribution	Calculated based on the one-level channel of 8-inch wafer products.	673.0			
Total		271,586.8			
Indirect GHG (Scope 3)	2020	2021	2022	2023	2023 Goals
Total Indirect GHG Ton CO ₂ e	249,704.063	278,141.54	287,264.03	271,586.76	275,000.00

GHG Reduction Target

Scope 1 (Direct Carbon Emissions) and Scope 2 (Indirect Carbon Emissions from Electricity, etc.) Net Zero Carbon Reduction Pathways and Strategic Planning (Five 8-inch Waferfabs):

1. Net Zero Carbon Reduction Pathways:

(A) Absolute Reduction Targets:

Relative to the baseline year 2021 carbon emissions (946,000 tons CO₂e), the short-term target (2030) is to achieve an absolute carbon reduction of 45%, the long-term target (2040) is to achieve an absolute carbon reduction of 90%, with the ultimate goal of reaching net zero by 2050.

(B) Carbon Intensity Reduction Targets (under full capacity):

Relative to the 2021 baseline year carbon intensity (0.771 kg-CO₂/cm²), the goal is to reduce carbon intensity by 50% by 2030, by 90% by 2040, and to 0 kg-CO₂/cm² by 2050.

2. Carbon Reduction Strategies:

(A) Autonomous Carbon Reduction:

Achieving over 90% carbon reduction through the installation of greenhouse gas removal equipment, conversion of high carbon potential gases to low carbon potential gases, implementation of energy-saving improvement projects, and procurement of green electricity to meet autonomous carbon reduction targets.

(B) Carbon Credits/Negative Carbon and Natural Carbon Sink Technologies:

For the remaining less than 10% of carbon emissions, from 2041 to 2050, the strategy includes offsetting through the purchase of external carbon credits, negative carbon technologies, and natural carbon sink technologies.

Scope 3 (Purchased goods and services and other indirect emissions)
Net-zero carbon reduction pathway and strategy planning (5 8-inch wafer fabs):

1. Net-zero Carbon Reduction Path:

Absolute Reduction Target: Relative to the 2021 baseline year emissions (272,000 tonnes CO₂e), the near-term target (2030) is to achieve an absolute carbon reduction of 9.8%, and the long-term target (2040) is to achieve an absolute carbon reduction of 66.9%, ultimately reaching net-zero by 2050.

2. Carbon Reduction Strategies:

(A) Facilitate supplier completion of ISO 14064-1 or ISO 14067 verification and validation, and provide guidance to suppliers on carbon reduction initiatives.

(B) Carbon credits/negative emissions and natural carbon sequestration technologies: For the residual <10% of carbon emissions, evaluate offsetting through carbon credit procurement, negative emissions technologies, and natural carbon sinks between 2041-2050.

Disclosure of GHG Emissions Information

VIS discloses GHG emissions and reduction information to the public through various channels. Through the process of information disclosure, we further review and obtain external suggestions to continuously reduce GHG emissions. The information disclosure channels are as follows:

- Since 2005, VIS has conducted validations and verifications of GHG emissions information every year by a third-party company

and reported to the Taiwan Semiconductor Industry Association Environmental Department Climate Change Administration.

- Since 2014, VIS has autonomously responded to the Carbon Disclosure Project (Carbon Disclosure Project, CDP) by annually disclosing information related to climate change management, including GHG emissions and reductions; and reviewing risks and opportunities in all aspects of regulations, natural disasters, finance, and operations for improvement. For related information, please refer to the [CDP website](#).
- Since 2014, VIS has published an ESG Report every year, with the aim of disclosing the sustainability goals and implementation and providing consultation for customers and investors on related issues.

4.1.5 Energy Saving Measures

Major Energy Saving Measures and Results in 2023

VIS actively implemented various energy-saving measures. Through real-time control of management equipment, we achieved optimal operation while maintaining quality, quantity, and normal equipment operation conditions, thereby reducing electricity consumption. Additionally, we participated in government-promoted guidance programs, engaging personnel and energy experts to identify and improve energy-consuming weaknesses in system operations.

VIS adopted high-efficiency equipment such as lighting, transformers, motors, and air compressors, and installed variable-frequency drives on energy-consuming equipment to further reduce energy consumption. Furthermore, we implemented management systems and enhanced equipment efficiency through methods such as improving power factor.

In 2023, VIS achieved energy-saving measures performance of 12.05 GWh, resulting in an energy savings rate of 1.26%. The internally estimated economic benefit is approximately NT\$47.13 million.

Note: The energy savings rate = Saved electricity/(Annual Electricity Consumption + Saved electricity) × 100%

Energy Saving Management Solutions

VIS' energy savings management solution is as shown below, from 2016 to 2023 the cumulative power savings rate achieved 17.2%. The middle-term goals of VIS aim at achieving a 1% power savings rate and preparing long-term goals to reach 24% of the accumulated electricity savings rate, and accumulated energy Savings reach 2 GWh by 2030. VIS will continually propose conservation projects for improvement and enhance energy utilization.

Power-saving Performance Statistics

Unit: NT\$ thousand

	2019	2020	2021	2022	2023
Power-saving performance	41,110	43,220	45,360	58,808	47,135
Data coverage	100%	100%	100%	100%	100%

Main Energy Savings Measures and Effects in 2023



23 measures
Energy-saving Measures



12 GWh
GWh Saved



5,965 Metric tons
Carbon Emissions

Utility Equipment Energy Saving



Air Conditioning System Energy Saving

- Addition of High-Efficiency Chiller
- HV adopting variable-frequency drive
- Adding high-efficiency cooling tower motors and fans



Efficiency Improvement

- Energy-savings machine usage in UPS
- Dust-Free Room Light Tube Replacement LED Energy Savings Project
- Smart Factory - Smart Meter + Energy Management System Phase I



Machine Set Replacement

- Replacement of auxiliary equipment of energy-saving equipment

A total of **8** energy-saving measures save approximately **2.3** GWh.
Reducing **1,117** metric tons of carbon

A total of **4** energy-saving measures save approximately **1.8** Gwh, Carbon Reduction of **886** tons
Reducing **3,963** metric tons of carbon

Note 1: The carbon emissions equivalent coefficient is 0.495 kg/kWh.

Note 2: The conversion unit is one kilowatt-hour equals 3,600 kilojoules.

Cumulative Electricity Savings Rate

VIS anticipates large-scale energy-savings engineering projects in 2024.

Energy Saving Project Name

F1 1A Chiller#3 replaced with a 1,200RT Moderate used machine

F1 UPS Upgrade Project (Note: Update 12 Delta Energy-savings UPS)

F2 Energy-Savings Dry Pump Investment PlanPhase- VII -EE1

F2 Fab LED Replacement → FAC(ME)

F2 Replacement of energy-savings fan blades in cooling tower

F2 HV High Vacuum Motor Frequency Conversion Energy Savings Project

F3 Cleanroom Tube Replacement LED Energy Savings Engineering

F3 added a new frequency converter air compressor

F3 Energy-Savings Dry Pump Investment PlanPhase- VII -EE1+EE2

VS1 Solar Panel installation

VS1 Sub Fab LED Repalcement for area 3

VS1 Chiller Set Renew

F5 adjusts down MAU air volume following exhaust reduction

F5 R6/R7 CP/CHP Increase energy savings with variable frequency drives.

Total energy consumption Statistics

Unit: MWh

	2019	2020	2021	2022	2023
A) Non-renewable fuel consumption (procurement or usage)	18,808	21,793	20,085	24,493	26,429
B) Non-renewable electricity consumption (procurement)	667,687	855,037	879,489	946,215	934,713
C) Other purchased energy (steam)	9,349	5,434	2,634	2,052	2,646
D) Total renewable energy procurement or production	0	0	0	70	12,120
E) Total renewable energy sales	0	0	0	0	0
Total non-renewable energy consumption (A+B+C)	695,884	882,264	902,208	972,760	963,788
Total energy consumption (A+B+C+D)	695,884	882,264	902,208	972,830	975,908
Data coverage rate	100%	100%	100%	100%	100%

Note 1: The conversion unit is one kilowatt-hour equals 3,600 kilojoules.

Note 2: The total electricity consumption increased in 2022 due to the addition of electricity usage in Fab 5.

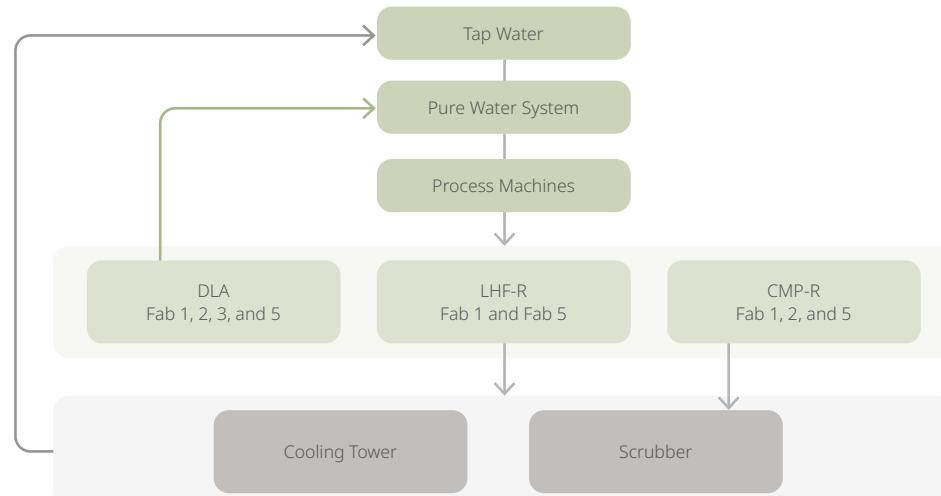
4.2 Water Resource Management

4.2.1 Water Usage Information

VIS Fab 1, Fab 2, and Fab 5 are located in the Hsinchu Science Park and are fed by the Baoshan Reservoir and the Baoshan Second Reservoir. The production wastewater is first treated within the fabs to meet the acceptance criteria and discharged to the Hsinchu Science Park Administration's wastewater treatment plant for a second treatment, and eventually discharged. Fab 3 is located in Taoyuan City and its water source comes from Shimen Reservoir. The production wastewater is first treated within the fab and discharged into Taoyuan's Dakeng River after meeting the discharge standard. The Singapore fab uses Newater^{Note} as its water source. Affected by global climate change, droughts and floods in Taiwan have gradually become more extreme in recent years, resulting in a rising risk of water shortage and flooding. Therefore, water management, water recovery and emergency response to water shortages are becoming more prominent.

Note: From the perspective of national strategic security, Singapore has implemented the development of four major "National Water Hose" projects to mitigate the risk of a water crisis. These initiatives encompass rainwater harvesting, freshwater imports, seawater desalination, and wastewater recycling. The wastewater recycling project is referred to as "Newater."

Process Water Recovery Diagram



As for water resource management, for mitigating impacts on production due to reduction of tap water supply during the dry season, VIS acts according to conditions at each plant and referring to industry experience, stipulating for our "Water Truck Transportation Response Plan for Water Shortages". According to the water situation, the related responsive mechanisms can be activated to reduce production capacity impacts.

VIS fully reuses all wastewater generated in manufacturing processes. According to the wastewater characteristics, it is segregated into more than 10 separate drainage channels. Wastewater emissions are treated via the recovery water system according to the water quality and demands at the usage end. This not only reduces wastewater discharge and eases the environmental burden but also reduces supplementation of tap water, hence saving water resources.

Risk Management of Water Resources

In terms of Risk Management of Water Resources, VIS utilizes the World Resources Institute (WRI) water risk assessment tool for identification of water stress and water risks in the region where wafer fabs are located. The results showed a low to moderate risk for the fabs in Taiwan and a low risk for the one in Singapore. No VIS wafer fabs are listed as high-risk water resource areas, and the water consumption of each factory is less than 2% in the region, indicating no significant impact on the use of water sources.

Meanwhile, VIS's employees serve as representatives of the Water Resources Division of the Taiwan Science Park Association, actively participating in water conservation counseling and technology-sharing sessions organized by the Hsinchu Science Park Administration or the Water Resources Agency of the Ministry of Economic Affairs. We share experiences on water resources recycling and reuse with industry peers and independently develop plans to address water shortages. During dry seasons, we collaborate with government agencies to meet water conservation targets and coordinate with the Hsinchu Science Park Administration or the Water Resources Agency regarding the allocation and usage of water resources, ensuring both the quality and quantity of the water supply.

Additionally, starting from 2024, Fab 3 will collaborate with the Taoyuan City Government to implement a project that replaces tap water with recycled RO water (reclaimed from domestic wastewater treatment), reducing reliance on tap water and mitigating the impact on production during dry seasons.

VIS adheres to the principle of maximizing the use of every drop of water. In 2022, it implemented the ISO 46001 water resources management system. This involved conducting a survey of current water usage, analyzing organizational water consumption patterns, assessing the condition of water-use equipment, identifying significant water-consuming equipment, auditing existing issues and deficiencies, discovering water-saving potentials, and proposing practical water-saving measures and improvement strategies. Additionally, the company conducts annual water management education and training at the Taiwan plant to enhance water efficiency awareness and management among water users.

Region	Factory	Water Sources	WRI Water Risk Assessment Level
Taiwan	Fab 1	Baoshan Reservoir, Baoshan Second Reservoir, Yongheshan Reservoir, and Shimen Reservoir	Low to moderate
	Fab 2		
	Fab 5		
	Fab 3	Shimen Reservoir and Feitsui Reservoir	
Singapore	Singapore Fab	Domestic Wastewater Treatment and Reuse (Newater)	Low

Type of Water Source and Amount of Water Withdrawn	Unit: million liters/year				
	2019	2020	2021	2022	2023
Surface Water	1,508.71	1,249.23	1,371.78	1,777.83	1,793.09
Groundwater	0.00	0.00	89.91	0.00	0.00
Third Party's Water	3,473.86	5,309.42	5,383.05	5,334.36	5,950.57
Total Water Withdrawal	4,982.57	6,558.65	6,844.74	7,112.19	7,743.66

Note: The third-party water is tap water provided by the tap water company, the source is surface water, and all are freshwater ($\leq 1,000 \text{ mg/L}$ total dissolved solids).

4.2.2 Water Recovery Management

In addition to adopting the Science Park's standard of an 85% process water recovery rate as a target, VIS Fab 1, Fab 2, and Fab 5 have chosen to use low water consumption process machines, divert process drainage pipes, establish various process water recovery systems, and continually promote water conservation measures to reduce tap water use.

In 2023, the average process water recovery rate (Note) of VIS Fab 1 reached 85.9%, Fab 2 reached 85.1%, and Fab 5 reached 87.7%, all exceeding the standard set by the Hsinchu Science Park. Although VIS Fab 3 is located in Taoyuan, which falls outside the jurisdiction of the Hsinchu Science Park, it still targeted a process water recovery rate of 75% and achieved 77.1% in 2023. The process recovery rate for the Singapore fab reached 70.2%.

Note: The water recovery rate is calculated based on the water balance diagram of each fab and therefore has not been converted to the overall company water recovery rate.

Since 2021, the process water recycling volume of Fab 3 and the Singapore plant of VIS has been gradually increasing. VIS acquired Fab 3 in 2015, the Singapore plant in 2020, and Fab 5 in 2023. It has successfully implemented process water recycling projects. From 2015 to 2023, the accumulated process water recycling volume of VIS has exceeded 10.36 million tons per year.

	2019	2020	2021	2022	2023
Fab 1 Average Process Water Recovery Rate (%)	86.4%	86.7%	87.1%	86.2%	88.9%
Fab 1 Process Water Recovery Volume (million metric tons)	2.76	2.87	2.78	2.89	2.74
Fab 2 Average Process Water Recovery Rate (%)	85.5%	85.3%	85.5%	85.5%	85.1%
Fab 2 Process Water Recovery Volume (million metric tons)	3.71	3.70	3.66	3.59	3.41
Fab 3 Average Process Water Recovery Rate (%)	77.0%	77.1%	77.1%	77.1%	77.1%
Fab 3 Process Water Recovery Volume (million metric tons)	1.97	1.96	2.08	2.47	2.58
Fab 5 Average Process Water Recovery Rate (%)	-	-	-	-	87.7
Fab 5 Process Water Recovery Volume (million metric tons)	-	-	-	-	1.19
VS1 Average Process Water Recovery Rate (%)	-	59.8%	60.9%	68.3%	70.2%
VS1 Process Water Recovery (million metric tons)	-	1.30	1.61	1.71	1.63
Total Process Water Recovery (million tons/year)	8.43	8.45	9.83	10.13	10.36

Note: The calculation of the process water recovery rate for all VIS fab sites is based on the standard water balance diagram provided by the Science Park Administration.

With the integration of the Singapore plant and Fab 5, VIS has experienced changes in production capacity and process water recycling rates. The tap water consumption for 2021, 2022, and 2023 was 6.84 million tons, 7.11 million tons, and 7.74 million tons, respectively. In 2019, this data was validated through a biennial product water footprint verification conducted by SGS. Furthermore, VIS has implemented water-saving and water recycling measures, effectively reducing wastewater volume and decreasing wastewater emissions per unit wafer area.

4.2.3 Water Resources Management Projects

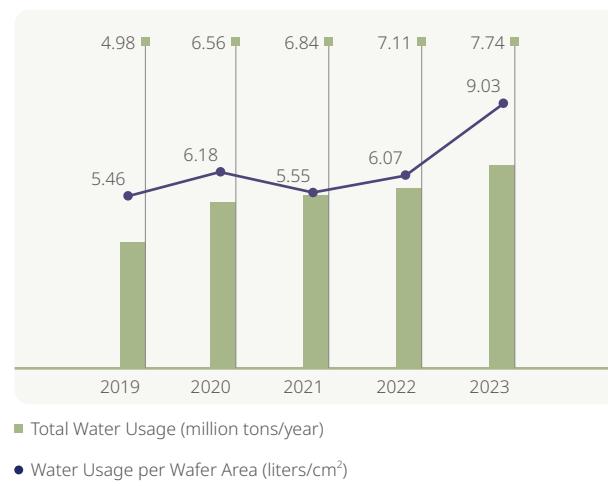
As a leading manufacturer engaged in the design, research and development, manufacturing, and sales of integrated circuits (ICs), VIS is committed to maintaining sustainable business practices and fulfilling our responsibilities as a good corporate citizen. With a focus on regulatory compliance, energy saving and carbon reduction, green production, and minimizing the impact on energy and water resources, we are actively engaged in implementing a comprehensive energy resource management system. This ensures compliance with laws and regulations, meets customer demands, and enhances the efficiency of energy resource utilization. To achieve these goals, our company commits to continuously carrying out and improving the following initiatives:



VIS's water resource management projects are detailed in the following table, with an established goal of reducing water consumption per wafer area by an additional 9% in 2022 compared to 2015. Following the addition of the new Fab 5 factory in 2023, a reevaluation of overall water-saving measures will be conducted.

Type	Water Conservation Measures	Project Execution Year
Shared Equipment Water Conservation	The backwash of WWTs sand filter has been changed to ROR concentrated water to reduce raw water consumption.	2020
	West Side MAU Water Discharge Recovery and Reuse	2020
	ROR Recovery Ratio Adjustment	2021
	Singapore Fab LHF Water Discharge Recycling and Reuse	2023
Production Equipment Water Conservation	Taoyuan Fab UPW UF Concentrated Water Recovery	2023
	Water saving for change QDR idle	2022
	PB UF backwash water recovery and recycling	2020
	Adjustment of RO Recovery Ratio	2021

Water Consumption Per Unit Wafer Area



Wastewater Discharge Per Wafer Area



In terms of water pollution prevention, VIS employs strategies such as reducing the amount of pollutants used in the production process, adopting high-efficiency equipment for water recovery and treatment of water pollutants, and ensuring that discharge water quality is better than or in compliance with government regulations. VIS also continues to reduce the concentrations of Tetramethylammonium Hydroxide (TMAH) and Ammonia Nitrogen ($\text{NH}_3\text{-N}$) in the effluent, thereby minimizing the harm to receiving water bodies.

Each VIS fab is equipped with continuous emission monitoring systems (CEMS) at the discharge points of wastewater treatment facilities to monitor and record changes in water quality and volume. To prevent groundwater contamination from potential tank ruptures at wastewater treatment plants, the Taiwan fabs conduct annual groundwater sampling and triennial soil sampling within the fab areas to ensure that the wastewater discharge, surrounding groundwater, and soil meet monitoring standards. In compliance with government regulations, the Singapore fab recycles wastewater, eliminating the need for effluent and soil testing.

The water quality analysis results of the wastewater discharge are shown in the table below, demonstrating that each fab has good stability in their wastewater treatment plants.

Controls	Region where the Fab is located	Control Standards	2019	2020	2021	2022	2023
Suspended Solids' Concentration in Wastewater (mg/L)	Within the Park	Fab 1/Fab 2/Fab 5	300	5.7-255	1.4-42.5	2.7-47	6.3-94.0
	Outside the Park	Fab 3	30	4.0-29.0	4.5-29	5.7-28.5	4.2-27.8
Wastewater Chemical Oxygen Demand (COD) Concentration (mg/L)	Within the Park	Fab 1/Fab 2/Fab 5	500	31.2-127	27.3-147.0	30.3-152.0	19.0-113.0
	Outside the Park	Fab 3	100	9.0-54.5	12-63	14.4-63.6	14-62
TMAH Concentration in wastewater (mg/L)	Within the Park	Fab 1/Fab 2/Fab 5	30	1.3-26.4	7.57-26.5	9.96-24.5	6.0-20.1
	Outside the Park	Fab 3	—	—	—	—	1.24-6.65
Ammonium Nitrogen Concentration in Wastewater (mg/L)	Within the Park	Fab 1/Fab 2/Fab 5	50	10.9-29.8	14.7-31	15.4-36.1	9.88-28.3
	Outside the Park	Fab 3	30	4.7-29.0	11-25	6.2-29.6	9.2-22.5

Note 1: The data for Fab 1, 2, and 5 is from the twice a month water sampling tests conducted by the Science Park Administration; Fab 3 is located outside the park, and its data comes from the self-sampling tests conducted by independent third-party laboratories.

Note 2: The Singapore fab complies with government regulations for wastewater recovery and usage, hence there is no effluent monitoring data.

Each wastewater treatment plant is equipped with a comprehensive backup system, including an emergency power supply, to ensure that the backup system can automatically take over in the event of partial equipment failure during operation. The operating status of wastewater treatment equipment at VIS is centrally monitored, with personnel maintaining strict 24-hour oversight. If the effluent quality shows anomalies or exceeds preset limit values, an alarm is immediately triggered, and effluent discharge is suspended until the anomalies are resolved and normal conditions are restored.

Type of Wastewater Discharge and Volume of Discharge

Unit: million liters/year

	2019	2020	2021	2022	2023
Surface Water (million liters/year)	1,078.32	1,125.63	1,245.14	1,526.96	1,528.33
Groundwater (million liters/year)	0.00	0.00	0.00	0.00	0.00
Seawater (million liters/year)	0.00	0.00	0.00	0.00	0.00
Third Party's Water (million liters/year)	2,211.65	3,306.83	3,531.87	3,384.79	3,174.79
Total Water Discharge (million liters/year)	3,289.97	4,432.45	4,777.01	4,911.75	4,703.12
Processing Level	Fab 1/2/3/5/VS1	Secondary treatment	Secondary treatment	Secondary treatment	Secondary treatment

Note: 1. The discharged wastewater is all freshwater ($\leq 1,000$ mg/L of total dissolved solids).

2. Secondary treatment is designed to remove components and substances that remain in the water, whether dissolved or suspended.

Total Water Consumption

Unit: million liters/year

	2019	2020	2021	2022	2023
Total Water Withdrawal (million liters/year)	4,982.57	6,558.65	6,844.74	7,112.19	7,743.66
Total Water Discharge (million liters/year)	3,289.97	4,432.45	4,777.01	4,911.75	4,703.12
Total Water Consumption (million liters/year)	1,692.60	2,126.20	2,067.73	2,200.44	3,040.54

Water Consumption

Unit: Million tons

	2020	2021	2022	2023	2024 Goals
(A) Water Withdrawn: Water supplied by water company (or from other water supplying institutions)	5.309	5.383	5.334	5.950	
(B) Water withdrawal: Clean surface water (lakes, rivers)	1.249	1.372	1.778	1.793	
(C) Water Withdrawn: Clean Groundwater	0	0.09	0	0	
(D) Reusing water sources: Reclaimed water or water sources that are the same or higher in quality as tap water (only applicable to B and C)	0	0	0	0	
(E) Total Water Used from All Sources (A+B+C-D)	6.558	6.845	7.112	7.743	7.32
Data Coverage Scope (Percentage of the Denominator)	100%	100%	100%	100%	-

Trend Changes: In 2021, due to drought conditions, the Taiwan fabs adjusted their water recovery rates, resulting in reduced pure water consumption. With the addition of Fab 3 and Fab 5 in 2023, the installation of new equipment and increased production capacity led to an increase in water consumption.

Target Setting: The 2024 target for the Taiwan fabs is established based on the linear trend line of the actual output from 2018 to 2022, incorporating the actual 2023 emissions for the Singapore fab, to formulate the VIS 2024 targets.

How to Achieve the Goal: Starting in 2024, Fab 3 will collaborate with the Taoyuan City Government to implement a project that replaces tap water with recycled RO water (reclaimed from domestic wastewater treatment), reducing reliance on tap water and mitigating the impact on production during dry seasons.

Ultrapure Water

Unit: Tons

	2020	2021	2022	2023	2024 Goals
Ultrapure Water Consumption	8,718,083	9,071,904	9,402,321	9,875,267	8,935,146
Data Coverage Scope (Percentage of the Denominator)	100%	100%	100%	100%	-

Trend Changes: In 2021, due to drought conditions, the Taiwan fabs adjusted their water recovery rates, resulting in reduced pure water consumption. With the addition of Fab 3 and Fab 5 in 2023, the installation of new equipment and increased production capacity led to an increase in water consumption.

Target Setting: The 2024 target for the Taiwan fabs is established based on the linear trend line of the actual output from 2018 to 2022, incorporating the actual 2023 emissions for the Singapore fab, to formulate the VIS 2024 targets.

How to achieve the goals: Continue optimizing the operating conditions of the pure water system to achieve the goals.

4.3 Waste Management

Life Cycle of Substances/Resources and Management Practices

The VIS waste management philosophy has transitioned from traditional cleaning and disposal to integrated resource management. Professional technical personnel with expertise in waste management have been appointed. In alignment with ISO 14001 standards, waste treatment control procedures have been established, and employee education and training programs are implemented. All employees are required to adhere to stringent protocols at all stages of waste sorting, collection, storage, and disposal to ensure compliance with regulatory and environmental standards.

For the sustainable utilization of resources, the first principle is to reduce chemicals used in the production process at the source, so as to reduce the subsequent generation of waste. The second principle is to recycle and reuse the waste, with the final principle being the use of other treatment methods such as incineration and sanitary burial.

In order to properly manage the waste generated by VIS, the internal management has improved from the initial legal and proper cleaning and treatment to further focus on waste reduction at source and waste recycling. The review method for waste management follows the ISO 14001 PDCA management process. Based on the results of the Environmental Considerations identification, employees propose opportunities for improvement, such as waste source reduction. The performance of these improvements is then reviewed to achieve the goal of reducing waste output by minimizing usage at the source. In terms of waste source reduction, it is carried out according to the results of the Environmental Considerations identification under ISO 14001.

These initiatives include: Optimizing process parameters to decrease the generation of waste solvents; and, Enhancing equipment maintenance practices to extend the lifespan of parts and reduce waste generation. In terms of improvement of process conditions, evaluation and testing of replacing NMP (N-Methyl-2-Pyrrolidone) with carbonated

water can reduce the amount of waste solvent produced; Furthermore, VIS collaborates with chemical manufacturers to evaluate the feasibility of applying to the Industrial Development Administration Ministry of Economic Affairs for converting waste acid into industrial-grade raw materials, thereby reducing resource waste.

Waste Reuse Methods

Waste acids, solvents and sludge are the most common types of waste generated by VIS. Most of these wastes are treated physically and thermally and then reused as technical grade raw materials, cement, road bricks or other mixing materials. Containers that cannot be recycled are cleaned and reused by qualified manufacturers. Some of metals with the certain value, such as waste hardware, white iron, and aluminum, are handed over to manufacturers for recycling. The small amount of NiCd batteries generated each year is shipped by sea to advanced countries for recycling and treatment, in accordance with the spirit of the Basel Convention. Due to low output, there will be no overseas transporting in 2023.



Refurbished Computer and Digital Training Program

Regarding discarded computers, VIS has been cooperating with ASUS since 2009 on a digital gap project, implementing the "Refurbished Computer and Digital Training Program" project combining environmental protection and Social Welfare. Obsolete information technology products are recovered and refurbished into computers, which are then donated to disadvantaged groups to bridge the digital gap in society, simultaneously achieving resource recovery. VIS has donated a total of 9,572 electronic products such as computers and screens to date(note). And will continue to keep track of international laws and regulations, customer requirements, and possible new regulatory requirements in the future in order to make better preparations in advance.

Note: The link to the ASUS "Refurbished Computer and Digital Training Program" project [webpage](#).

Waste Treatment Company Management

As for external waste vendor management, VIS sets an annual audit plan for waste vendors each year, and in 2023, a total of 40 active audits for waste treatment vendors were completed. In addition to reviewing their in-factory Industrial Safety Environmental Protection, waste-related licenses, and the on-site operating situation, audits were also conducted on the flow of their products and waste, to ensure that both their reusable product sales and waste treatment flow are conducted as lawful channels. Together with the partners in high-tech industry, VIS has developed an assessment and audit standard for waste treatment companies to improve audit quality through the industrial power for the more reliable waste treatment companies.

VIS performs audits on waste treatment companies in four major areas: safety and health management performance, environmental management performance (including the requirements of waste disposal, treatment and recycling facilities, air pollution prevention and control, and water pollution prevention and

control), loss control management performance, and onsite inspection. The audit results for 2023 showed a total of 39 deficiencies that needed improvement, all of which have been fully addressed.

Types of Waste Treatment Companies	Specific Deficiency	No. of Instances
Waste Solvents	The suspension operation checklist does not contain a column for recording rated load value of used equipment.	1
	It is indistinguishable on the audit record form of the derivative waste cleaning suppliers whether the audit results meet your company's requirements.	1
	The on-site forklift does not have a warning beep sounding while reversing.	1
	The finished product tank is in the explosion-proof area, and there is one light fixture on site that is not explosion-proof.	1
	During the break time of the scrap cleanup operation, protective gear was left uncollected on-site, posing risks for contamination.	1
	The LPG storage tank area is not equipped with lighting, impeding immediate response in case of nighttime emergencies.	1
	The inspection and testing records for the emergency shower were not retained.	1
Waste Acid Solution	The classification management list for chemicals has not filled out the Risk Level and Assessment methods.	1
	The ladder area for the waste liquid storage tank is not marked with a warning sign prohibiting personnel who have not obtained work permits from climbing atop.	1
	The outdoor tanker filling area workers only wore long gloves. Please confirm if the worker's protective equipment is adequate.	1
	No signs prohibiting smoking or eating were observed at the specific chemical operation site.	1
	As per the law provided, controlled substances for sudden air pollution accidents, shall conduct an air pollution sudden accident drill at least once annually.	1
	There is no buzzer warning sounding when the forklift is reversing.	1

VIS Waste Management Procedures



Types of Waste Treatment Companies	Specific Deficiency	No. of Instances
	The eyewash station in the laboratory lacks a water basin, making it impossible to use in case of emergency.	1
	The emergency shower and eyewash station have been inspected, but there is no record on the inspection checklist.	1
	The storage area for space packs of waste plastic does not indicate the name and code for the waste.	1
	For the expansion engineering of the new factory, the contractor was engaged in high-altitude work without wearing safety helmets and safety belts.	1
	It is recommended that personal sampling be added to the dust sampling operation in the packaging area to reflect the actual exposure situation.	1
	The water source for the emergency shower and eyewash station was utilized by the contractor for cleaning roof ridges, which may render it unavailable for immediate use in the event of an emergency.	1
	The front of the fire extinguisher is blocked by clutter, it needs to be cleared for ease of access.	1
Sludge	The maximum monthly production approved for D-0899 is 1.08 tons. On December 28, 2022, the clearance volume reached 1.96 tons, exceeding 10% of the clearance quantity. This requires the execution of changes to the Waste Management Plan.	1
	The safety belts of the forklifts used in the factory have suffered from elastic fatigue. Their replacement is recommended before further use.	1
	Sparks are produced during metal cutting operations, and operators did not wear protective face shields.	1
	During vehicle inspections on May 17, it was discovered that the time on the CCTV was 13 minutes ahead of the actual time.	1
	The factory's first aid kit medication has expired, replacing is recommended.	1
	The contractor is working on the addition of electrostatic deodorization equipment in the factory without wearing hard hats.	1
	Forklift for the use of adding agents, without safety belts for the operator.	1

Types of Waste Treatment Companies	Specific Deficiency	No. of Instances
	The contractor engaged in pipeline modification work without wearing a safety helmet.	1
	Items cannot be placed within 1 meter in front of a fire extinguisher box to prevent obstruction of the fire extinguisher's use.	1
	A trash can is placed in front of a fire extinguisher, blocking access to the fire extinguisher, so the trash can must be relocated.	1
Spent Ion Exchange Resin	The stacking of miscellaneous items in the temporary storage area at the entrance is too high, posing a risk from tipping over.	1
	The flange is leaking, causing the ground to be too slippery.	1
General matters	The first aid kit medication is expired and needs replacing.	1
Industrial Waste	Car wash water is excessively dirty, leading to easily breeding disease vectors.	1
Scrap Metal	As per the law provided, controlled substances for sudden air pollution accidents, shall conduct an air pollution sudden accident drill at least once annually.	1
	Canister opening date was not duly timely recorded immediately after the detoxification canister was opened, making it impossible to effectively control whether any use has been made past its expiration date.	1
Waste Empty Buckets	Inorganic sludge space bags fail to indicate waste names.	1
	Training records preservation must clearly record course start and end times ensuring compliance relevant continuing education training hours.	1
Waste Plastic	Process operators were not wearing safety helmets.	1
Total		39

Waste Management Target

VIS has set a target for the regulatory target for the recycling and reuse rate of industrial waste in 2023 must be higher than 92%, the execution rate of which is tracked by the Safety, Health and Environment Committee; Currently, all of VIS' waste are handled with the assistance of qualified waste cleaning, treatment or recycling facilities on proper waste cleaning, treatment and recycling. The aforementioned data was verified through bi-annually product carbon footprint verification commissioned to SGS, with the most recent audit completed in 2022.

Also, in 2017 for strengthening effectiveness in waste vendor audits, VIS signed the "High-tech Industry Waste Cleanup and Recycling Self-regulation Covenant" proposed by the Taiwan Semiconductor Industry Association, participating in the association's joint audit activities, and thereby reducing legal violations' risks among waste removal vendors.

The waste recycling rate is determined mainly by identifying the waste treatment method adopted when looking for a waste treatment company to work with. The methods of waste burial or incineration which waste cannot be recycled are not included in the recycling statistics. Waste generated is shown in the table below:

Waste Generation

Unit: Metric tons/year

Type	2019	2020	2021	2022	2023
General Industrial Waste	2,670	4,046	4,018	4,237	3,542
Hazardous Industrial Waste	3,823	4,494	4,894	5,068	4,850
Total Waste Generated	6,493	8,539	8,911	9,306	8,392
Industrial Waste Recycling Volume	6,098	7,906	8,306	8,713	7,982
Industrial Waste Incineration Volume	390	618	597	585	404
Industrial Waste Burial Volume	4	16	8	8	6
Industrial Waste Recycling Rate	93.92%	92.58%	93.21%	93.64%	95.12%
Industrial Waste Incineration Rate	6.01%	7.23%	6.70%	6.28%	4.81%
Industrial Waste Burial Rate	0.06%	0.19%	0.09%	0.08%	0.07%

Note: The Industrial Waste Reuse Rate (%) = Industrial Waste Reuse Volume (tons/year) ÷ Total Waste Output (tons/year) × 100

The Incineration Rate(%) of Industrial Waste = Annual Incineration Volume of Industrial Waste (Metric Tons/Year) ÷ Total Waste Generation (Metric Tons/Year) × 100

The industrial waste landfill rate (%) = Industrial waste landfill volume (metric tons/year) ÷ Total waste generated (metric tons/year) × 100

Solid General Industrial Waste Statistics

Unit: Metric tons

	2020	2021	2022	2023	2023 Goals
Total waste production for recovery/recycling	3,257.15	3,431.06	3,673.80	3,137.92	-
Total Waste Disposed	611.19	580.77	562.87	377.08	490
Total Waste Buried	8.28	1.90	1.76	1.11	-
Total waste generation for incineration (thermal energy recovery)	0	0	0	0	-
Total Incineration Generation Type (without Heat Recovery) Waste	602.91	578.87	561.11	375.97	-
Waste Disposed with Other Methods	0	0	0	0	-
Waste Disposed with Unknown Methods	0	0	0	0	-
Data Coverage	100%	100%	100%	100%	-

Statistics for Hazardous Industrial Waste

Unit: Metric tons

	2020	2021	2022	2023	2023 Goals
Total waste production for recovery/recycling	4,261.69	4,584.94	4,823.90	4,496.54	-
Total Waste Disposed	232.44	308.64	244.55	353.66	339
Total Waste Buried	8.28	6.37	5.73	4.77	-
Total waste generation for incineration (thermal energy recovery)	196.30	282.94	214.52	319.14	-
Total Incineration Generation Type (without Heat Recovery) Waste	26.65	18.88	24.25	28.88	-
Waste Disposed with Other Methods	1.21 (Wastewater Treatment)	0.45 (Wastewater Treatment)	0.05 (Wastewater Treatment)	0.87 (Wastewater Treatment)	--
Waste Disposed with Unknown Methods	0	0	0	0	-
Data Coverage	100%	100%	100%	100%	-

4.4 Air pollution control

The air pollution generated by the semiconductor manufacturing industry is mainly composed of volatile organic compound (VOCs) and acid-base gases. VIS adopts the best feasible technology of source separation and multistage treatment in pollution control, and effectively treats the pollutants in the waste gases with high efficiency pollution control equipment. This practice is to ensure that pollutants emitted into the atmosphere are less than (or meet) government regulations. Based on actual test results, the air pollutant concentrations and emissions of VIS are well below the emission standards approved by the Environmental Protection Administration.

VIS has installed proper backup systems, including emergency power supply, in all its fabs ensuring if partial equipment failure occurs during operations, operations can still be automatically replaced by a backup system, reducing abnormal pollutant emission risks. Volatile organic waste gas systems at all VIS Taiwan fabs are equipped with zeolite rotor combined with incineration equipment. In 2022, Fab 3 implemented one new volatile organic compound (VOC) abatement system, which became operational in 2023. In 2023, Fab 5 installed an additional VOC abatement system, scheduled to commence operations in 2024. These installations are projected to enhance removal efficiency, exceeding regulatory requirements (>90%). In 2023, Vanguard International Semiconductor Corporation's Taiwan facilities achieved an average VOC removal efficiency of 95.56%. This performance surpasses the Best Available Control Technology (BACT) standard of 92% stipulated by environmental impact assessments and exceeds Vanguard's 2023 target of 93%^{Note}. According to the Taiwan EPA, air pollutant volatile organic compounds (VOCs) emission factor estimation for the semiconductor industry, in 2023, VIS's Taiwan and Singapore fabs emitted 29.03 metric tons of Volatile Organic Compounds (VOCs).

In 2023, VIS's Taiwan and Singapore fabs achieved a 1.1% reduction in Volatile Organic Compounds (VOCs) emissions per wafer area compared to 2015.

The fuel used by VIS consists primarily of natural gas, with minimal amounts of diesel for generator use. According to the emission coefficients for air pollutants such as Nitrogen Oxides (NOx) and Sulfur Oxides (SOx) set by the Environmental Protection Administration of Taiwan's Ministry of Environment for the semiconductor industry, VIS's Taiwan fabs emitted 20.86 metric tons of Nitrogen Oxides (NOx) and 10.95 metric tons of Sulfur Oxides (SOx) in 2023.

Note: The target for 2024 is established at greater than 94%, while the 2030 target is set at greater than 95%.

Statistics of VOCs Emission



Taiwan and Singapore Fabs	2021	2022	2023	2023 Goals
VOCs Emissions	38.71	32.5	29.03	38

Taiwan Fabs	2021	2022	2023
Nitrogen Oxides (NOx)	18.46	18.18	20.86
Sulfur Oxides (SOx)	9.79	9.66	10.95

4.5 Environmental Protection

In 2023, VIS did not suffer any losses caused by environmental pollution and incurred no fines related to environmental or ecological issues. VIS is committed to implementing the routine maintenance and optimal management of existing equipment and continues to install new wastewater and waste gas treatment systems and other preventive equipment. Additionally, VIS seeks better methods for waste reuse and treatment. The total environmental investment amount in 2023 was approximately NT\$380 million (see Table 1), with expenditure categories detailed in Table 2. The environmental investment benefits amounted to NT\$52.14 million (as shown in Table 3).

Total Environmental Protection Expenditures 2020 - 2023 (Taiwan Fabs)

Unit: NT\$ hundred million

Category	2020		2021		2022		2023	
	Expenditure	Capital Expenditure						
Subtotal	2.5265	1.7045	2.4825	2.6854	1.9622	5.4728	1.9282	1.8749
Total Amount	4.2310		5.1679		7.4350		3.8031	

Note 1: Fee expenditures include environmental protection-related testing fees, equipment operation and maintenance fees, and personnel costs.

Note 2: Capital expenditures include environmental protection-related equipment installation costs.

Note 3: Not any fines (greater than USD \$10,000) arising from environmental or ecological issues.

Note 4: Fab 5 has been part of the company since 2022.

Environmental Investment Benefits for Years 2020 to 2023

Classification	Description	2020		2021		2022		2023	
		Environmental Benefits	Economic Benefits						
Cost Savings	Energy Saving Measures	18,172 MWh	NT\$43.22 million	18,492 MWh	NT\$45.36 million	22,026 MWh	NT\$58.81 million	12,051 MWh	NT\$47.13 million
	Water Conservation Measures	140,320 Metric tons	NT\$1.71 million	60,809 Metric tons	NT\$0.74 million	532,357 Metric tons	NT\$16.73 million	410,954 Metric tons	NT\$5.01 million

Classification of Environmental Expenditures for the Year 2023

Unit: NT\$ hundred million

Classification of Environmental Expenditure Items	Description	Expenditure	Capital Expenditure
1. Direct Costs of Reducing Environmental Impacts			
(1) Pollution Prevention Costs	Including expenses for air pollution control, water pollution control, and additional environmental pollution control.	1.238	1.447
(2) Saving resources consumption costs	The costs incurred for conserving resources (for example: water resources)	0.003	0.428
(3) Business waste disposal and recycling	Costs for industrial waste disposal (including recycling, incineration, and landfill)	0.497	-
2. Interconnection costs for reducing environmental load (Environmental protection related management costs)	Including (1) environmental monitoring costs; (2) costs relating to environmental management system certification; (3) expenditures on employee environmental education; (4) green procurement costs; (5) costs of dedicated environmental personnel.	0.191	-
		-	-
3. Additional Environmental Protection-Related Costs	Including (1) costs for soil remediation and environmental restoration; (2) expenses for environmental pollution insurance and government levied environmental fees; (3) compensation for environmental issues, fines, and litigation costs.	-	-
Total		1.9282	1.8479

Responsible Supply Chain

VIS has been dedicated to the responsible procurement towards the sustainable supply chain management. And strengthening of supply chain resilience in response to the ever changing international political and economic situation. The further expectation is to generate positive impact on the supply chain of global semiconductor industry, fulfill corporate social responsibility, and create a supply chain of sustainable development.

The VIS' "Supplier Code of Conduct" has been approved by the Chairman. The commitment, mechanisms, and sustainable supply chain issues are reported during regular quarterly board meetings for approval before implementation.

100%

100% of products do not contain any conflict minerals

100%

100% of suppliers have signed the "VIS Corporate Sustainability Policy" and "VIS Supplier Code of Conduct"



5.1 Supply Chain Governance Structure

To enhance the overall resilience of the supply chain and efficiently manage the sustainable supply chain, the significant decisions related to the overall supply chain management of VIS are made directly by the Board of Directors. The Corporate Sustainability Committee tracks the implementation results and performance of these decisions, reporting the execution status and outcomes to the Board of Directors every six months.

Sustainable Supply Chain Management Structure



5.2 Sustainable Supply Chain Management Strategies

Given that supply chain management encompasses various aspects of sustainability, the Board of Directors of VIS continuously supervises and guides the strategies and directions of sustainable supply chain management. This ensures that the promotion of a sustainable supply chain aligns with VIS' overall ESG strategy.

Sustainable Supply Chain Management Strategies

Climate Actions	Care about supply chain emission and climate change issues, and establish a resilient supply chain
Value Consideration	Continuously strengthen the supply chain with value and competitiveness
Strategic Cooperation	Integrate suppliers' resources and capabilities to jointly enhance the supply chain resilience
Diversified Supply	Seek multiple supply sources for the same material to ensure supply chain stability
Quality First	Acquire the products and services of the optimal quality provided by suppliers
Risk Management	Enhance the suppliers' sustainability performance in the environmental, social, and economic aspects
Responsible Mines	Ensure that the product sources provided by the supplier are reliable conflict-free minerals
Environmentally Friendly	Implementation of green procurement while taking care of both business growth and environmental responsibilities

5.2.1 Supply Chain Composition

The semiconductor manufacturing service industry includes a diverse and multifaceted supply chain. When dealing with numerous suppliers, VIS must consider the characteristics of various types of suppliers to establish an effective management model that aligns with the strategies of sustainable supply chain management. Therefore, we categorize suppliers based on the products and services they provide into six major categories: machinery & equipment, equipment parts, raw materials (including 8-inch wafers, process chemicals, gases, photoresists, and sputtering targets), construction engineering and professional consulting services, information and office supplies, and outsourcing services.

As of the end of 2023, VIS has established cooperative relationships with a total of 1,121 suppliers. In addition to categorizing suppliers, we also implement a tiered management approach. By classifying suppliers based on the degree of collaboration and scale, we provide the most appropriate management requirements and standards. This approach ensures that suppliers of various sizes and categories can collectively support VIS' commitment to ESG.

Overview of Supplier Categories in 2023

	Number of Suppliers	Percentage of Procurement Amount (%)
Machinery & Equipment	41	11.3
Equipment Parts	394	11.8
Raw Materials	177	59.3
Construction and Professional Consulting Services	263	9.0
Information and Office Supplies	80	2.3
Outsourcing Services	166	6.3
Total	1,121	100

Distribution of Tier 1 Suppliers in 2023

	Number of Suppliers	Percentage of Procurement Amount (%)
Taiwan	368	83.3
Mainland China	4	0.6
Other Asia-Pacific Regions	9	9.2
United States	3	0.3
Europe	3	2.3
Total	387	95.7

Overview of Supplier Classification in 2023

	Number of Suppliers	Percentage of Procurement Amount (%)
Tier 1 Suppliers ^{Note 1}	387	95.7
Tier 1 Significant Suppliers ^{Note 2}	132	81.3
High-risk Suppliers ^{Note 3}	6	-
Significant suppliers in non Tier-1 ^{Note 4}	62	-
Significant suppliers (Tier-1 and non Tier-1)	194	-

Note 1: Tier 1 Suppliers: Suppliers with non-one-time transactions and an annual transaction amount of NT\$2 million or more.

Note 2: Tier 1 Significant Suppliers: Including Tier 1 suppliers that account for the top 85% of procurement amounts, as well as suppliers that are the sole source of supply and irreplaceable.

Note 3: High-Risk Suppliers: Among Tier 1 suppliers and non-Tier 1 suppliers, those identified as having high sustainability risks through detection and identification.

Note 4: Non-Tier 1 Significant Suppliers: Significant suppliers of Tier 1 Significant Suppliers or higher-level significant suppliers.

As VIS gradually expands its global presence, we have initiated localization activities for the supply chain. This approach not only strengthens local economic development and reduces carbon emissions from transportation but also shortens product delivery times, establishing an efficient and low-carbon supply chain.

Local Procurement

	Local Procurement Amount Ratio (%)			
	2020	2021 ^{Note}	2022 ^{Note}	2023
Taiwan	91	69	78	88
Singapore	66	76	78	81

	Local Procurement Supplier Number Ratio (%)			
	2020	2021 ^{Note}	2022 ^{Note}	2023
Taiwan	95	97	96	97
Singapore	82	82	82	83

Note: Due to the procurement of machinery and equipment in 2021 and 2022, which involved large procurement amounts and non-Taiwanese suppliers, the local procurement ratio decreased.

5.3 Promotion of Sustainable Supply Chain Cycle

To ensure that all suppliers clearly understand our commitment and expectations regarding sustainable supply chains, and in line with the Board of Directors' requirements for supply chain sustainability management, VIS has established a comprehensive sustainable supply chain management mechanism. This mechanism includes sustainable supply chain standards, supply chain sustainability risk identification, supply chain sustainability audits, improvement, and capacity building.

Additionally, we emphasize sustainability-related education and training for procurement personnel as a key item. We believe that incorporating supply chain sustainability requirements into daily procurement practices is essential for achieving a truly sustainable supply chain. Furthermore, to encourage suppliers to actively implement sustainable supply chain requirements, we have developed supplier reward and elimination mechanisms. We clearly communicate our sustainable

supply chain requirements to suppliers, providing necessary guidance or resources. Suppliers demonstrating excellent sustainability performance receive appropriate incentives, while those unable to meet VIS' basic sustainability requirements face elimination mechanisms.

Repeatedly Promotion of Sustainable Supply Chain



5.3.1 Sustainability Rooted Training Program for Procurement Personnel

Only when procurement personnel clearly understand their crucial role in the sustainable supply chain strategy during daily operations can the execution of a sustainable supply chain be effectively implemented. In 2023, VIS organized sustainability education and training courses for procurement personnel, totaling 104 training hours. Through relevant education and training, procurement colleagues not only understand the importance of sustainable development but also implement it in their daily procurement processes, continuously strengthening the connection between supplier management and sustainable management.

2023 Sustainability Training Courses for Procurement Personnel

	Target Audience	Number of Participants	Hours	Hours
ESG Sustainable Management Education and Training	Procurement Staff	26	2	52
2023 Supplier ESG Assessment Project (Execution of Questionnaires/ Audits)	Procurement Staff	26	2	52
Total				104

5.3.2 Supplier Sustainability Standards

To clearly communicate our requirements and standards for a sustainable supply chain, VIS has established the "VIS Supplier Code of Conduct" and the "VIS Corporate Sustainability Policy." Suppliers are required to sign these documents to ensure compliance with our ESG principles.

Supplier Code of Conduct

"VIS Supplier Code of Conduct" primarily based on the "Responsible Business Alliance (RBA) Code of Conduct," the "UN Guiding Principles on Business and Human Rights," and international human rights regulations, including the "ILO Declaration on Fundamental Principles and Rights at Work" and the "UN Universal Declaration of Human Rights." These documents encompass regulations on labor, environment, business ethics, safety and health, and management systems. We require all suppliers to comply with this code and monitor their adherence to it. By the end of 2023, all 1,121 suppliers with transactions during the year had signed the code, achieving a 100% signing rate.

Key Points of the "VIS Supplier Code of Conduct"



A. Labor

- Freedom to Choose Occupation
- Young Workers
- Working Hours
- Wages and Benefits
- Humane Treatment
- Non-Discrimination
- Freedom of Association

B. Health and Safety

- Occupational Safety
- Emergency Preparedness
- Occupational Injuries and Illnesses
- Industrial Hygiene
- Physical Work
- Machine Guarding
- Public Health and Accommodations
- Health and Safety Communication

C. Environment

- Environmental Permits and Reporting
- Pollution Prevention and Resource Conservation
- Hazardous Substances
- Solid Waste
- Air Emissions
- Material Control
- Water Resource Management
- Energy Consumption and Greenhouse Gas Emissions
- Biodiversity, Deforestation, or Land Conservation

D. Ethical Standards

- Integrity in Business Operations
- No Improper Advantage
- Information Disclosure
- Intellectual Property Rights
- Fair Trade, Advertising, and Competition
- Protection of Identity and Prevention of Retaliation
- Responsible Mineral Procurement
- Privacy
- Avoidance of Conflicts of Interest
- Compliance with Import and Export Regulations
- Compliance with Confidentiality Obligations
- Supplier Business Contact Points

E. Management Systems

- Company Commitments
- Management Responsibilities and Accountabilities
- Legal and Customer Requirements
- Risk Assessment and Risk Management
- Improvement Objectives
- Training
- Communication
- Employee Feedback, Participation, and Complaints
- Audits and Assessments
- Corrective Actions
- Documentation and Records
- Supplier Responsibilities

VIS Corporate Sustainability Policy

In addition to requiring suppliers to sign the Supplier Code of Conduct, we also mandate that they sign the "VIS Corporate Sustainability Policy." This policy encompasses five key areas: corporate governance, business ethics, employee rights, health and safety, and environmental protection. By adhering to these requirements, we aim to work together with our suppliers towards the sustainable vision of Cultivating the Value of Sustainability and creating social common good. By the end of 2023, 1,121 suppliers had signed the code, achieving a signing rate of 100%.

5.3.3 Supplier Sustainability Risk Identification

VIS conducts reviews of potential and existing suppliers, assessing not only their performance in environmental, social, and governance aspects but also examining business relevance, geographic location and country, industry, and product categories provided. This approach aims to identify suppliers with potential risks and implement timely management measures to reduce risks faced by the supply chain.

Sustainability Risk Assessment Aspects

Aspect	Content
Environment	<ul style="list-style-type: none">Examine whether there are potential environmental-related negative risks, such as the absence of an environmental management system, lack of carbon reduction measures, inefficiency in resource utilization, or improper waste disposal.Verify if suppliers have any records of environmental law violations.
Society	<ul style="list-style-type: none">Examine whether there are potential social-related negative risks, such as not assessing supply chain human rights risks or the occurrence of workplace injuries.Verify if suppliers have any records of violations related to safety, health, labor, or human rights.
Governance	<ul style="list-style-type: none">Examine whether there are potential governance-related negative risks, such as incidents of corruption or bribery, or failing to require suppliers to adhere to the Supplier Code of Conduct.Verify if suppliers have any records of business disputes, financial report falsification, corporate fraud, corruption, unfair competition, or other legal violations.
Commercial Aspect (Business Relevance)	<ul style="list-style-type: none">Evaluate suppliers based on procurement amount, procurement volume, market share, substitutability, capacity, price, supply status, quality, and technical capability.
Country	<ul style="list-style-type: none">Assess geopolitical risks, conflicts, and risks associated with high-risk countries based on the supplier's location.
Industry	<ul style="list-style-type: none">Evaluate the potential negative impacts of different industries, such as labor conditions, energy consumption, resource intensity, emissions, or pollution, to identify specific risks of concern within the industry.
Commodities	<ul style="list-style-type: none">Evaluate the potential negative impacts of different products, such as supply chain conditions, labor conditions, land use and resource intensity, energy consumption, emissions, material toxicity, or pollution, to identify specific risks associated with the products.

Before becoming a qualified new supplier for VIS, in addition to passing the aforementioned screening and verification, we also have further assessment procedures. According to the "New Supplier/Material Assessment Method" and the "Third-Party Safety, Health, and Environmental Audit Management Method," we select qualified potential new suppliers through investigation and on-site audits. Additionally, to ensure that material suppliers comply with VIS' green product policy, suppliers are required to submit test reports and safety data sheets as stipulated. They must also sign commitments and declarations, such as the Restricted and Hazardous Substances Warranty and the Conflict Minerals Declaration, to ensure they meet our sustainability requirements on major issues.

5.3.4 Supplier Sustainability Audit

To effectively manage risks for different categories and levels of suppliers, VIS employs diverse audit methods to understand the extent of suppliers' implementation of sustainability issues. The results of these audits provide insight into the risks faced by the supply chain, allowing us to offer relevant guidance and capacity-building programs. This approach enhances the overall resilience of the supply chain and strengthens its ability to respond to risks.

Our audit forms include desk audits and various forms of on-site audits, including 2nd party audit, 3rd party audit, and industry standards. In 2023, we conducted 449 supplier audits in written form, with 60 suppliers undergoing other forms of audits (on-site/remote audits, third-party audits, or industry-standard audits). We also set annual targets to ensure the effective execution of sustainability audits.

2023 Execution of Sustainability Audit

	Execution Method	Audit Participant	Number of Auditees	Total Number of Companies	2023 Goals	2023 Results
Desk Audits	Gathering Supporting documents through Sustainability Risk SAQs or RBA SAQ surveys	Tier 1 Suppliers	387	449	<ul style="list-style-type: none"> Completed desk audits for 387 Tier 1 Suppliers (Inclusive of Significant Suppliers) 	<ul style="list-style-type: none"> Completed desk audits for 449 Tier 1 Suppliers (Inclusive of Significant Suppliers)
		Tier 1 Significant Suppliers	132			
		Non-Tier 1 Significant Suppliers	62			
On-site Audits - 2 nd Party	Conducted by either VIS or consultants	Tier 1 Significant Suppliers	44	48	<ul style="list-style-type: none"> Completed second-party audits for 44 Tier 1 Significant Suppliers Completed on-site audits for all 6 high-risk suppliers Completed third-party audit for 1 significant supplier Completed industry-standard audits for 10 significant suppliers 	<ul style="list-style-type: none"> Completed second-party audits for 48 significant suppliers Completed on-site audits for all 6 high-risk suppliers Completed third-party audit for 1 significant supplier Completed industry-standard audits for 10 significant suppliers
		High-risk suppliers	1			
		Non-Tier 1 Significant Suppliers	5			
		Non-Tier 1 Significant Suppliers	4			
On-site Audits - 3 rd Party	Conducted by independent third-party ^{Note}	Non-Tier 1 Significant Suppliers	1	1		
On-Site Audits - Industry-Standard Audits	Conducted audits based on the RBA VAP	Tier 1 Significant Suppliers	6	10		
		Non-Tier 1 Significant Suppliers	4			

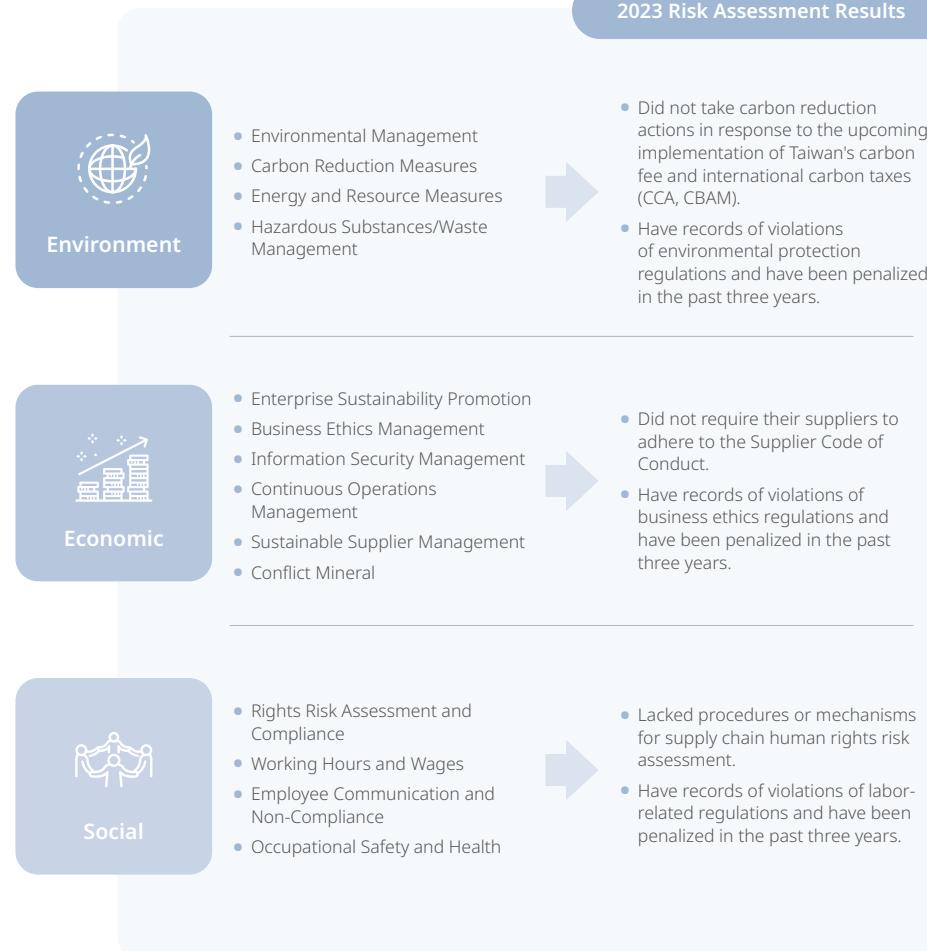
Note: Social Accountability 8000, SA8000

Desk Audits

For Tier 1 suppliers, we distribute a Sustainability Risk Assessment Questionnaire (Self-assessment Questionnaire, SAQ). Different versions of the SAQ are designed to address the specific characteristics and risks of various industries. Suppliers are required to provide supporting documents for verification. Through a comprehensive risk assessment system, we effectively manage risks.

By analyzing the results of the Sustainability Risk Assessment Questionnaire, we consider Tier 1 suppliers who score below 60 or fail to score on key questions as high-risk suppliers. In 2023, there were 6 high-risk suppliers. For high-risk suppliers, we conduct on-site audits and provide improvement recommendations for any deficiencies identified. We guide suppliers through the improvement process and set deadlines to ensure their risks are effectively controlled and reduced.

Sustainability Risk SAQ and Risk Assessment Results



Second-party On-site Audits

The VIS Sustainability Audit Team conducts on-site audits for Tier 1 Significant Suppliers, non-Tier 1 Significant Suppliers, and high-risk suppliers. During these audits, the team not only verifies the accuracy of the suppliers' supporting documents but also further understands the implementation of their sustainability practices. If deficiencies are identified, we provide guidance to help suppliers make improvements and assist them in completing the necessary corrections. In 2023, we conducted second-party on-site audits for 48 suppliers. We identified a total of 74 deficiencies across 44 suppliers. After providing guidance, all deficiencies were successfully addressed and corrected.

2023 Audit Deficiency Category Proportions

Type	Number of Deficiencies (not number of suppliers)	Deficiency Category Percentage (%)
Labor	7	9.5
Health and Safety	39	52.7
Environment	9	12.1
Business Ethics	5	6.8
Management Systems	14	18.9

2023 Main Audit Deficiencies

Type	RBA Classification	Deficiency Items	Improvement Plans
Labor	Working Hours	Ineffective management of employee overtime hours.	Establish a pre-approval mechanism for overtime, and control employee working hours in real-time.
	Freedom to Choose Occupation	Employment contracts not clearly stating workers' right to resign freely.	Clearly stipulate in recruitment contracts/company regulations that employees can resign freely if they notify in advance.
Young Workers		Lack of explicit prohibition on child labor.	Formulate a policy explicitly prohibiting the use of child labor.

Type	RBA Classification	Deficiency Items	Improvement Plans
Health and Safety	Occupational Safety	Safety hazards in the workplace, lack of safety warning information and protective measures.	Conduct regular inspections to identify safety hazards and set up appropriate safety warning information and protective measures.
		Failure to provide reasonable and appropriate breastfeeding/nursing facilities for nursing women.	Provide reasonable and appropriate breastfeeding/nursing facilities for nursing women.
	Emergency Preparedness	Ineffective inspection of fire detection and firefighting equipment.	Conduct regular inspections to ensure the effectiveness of fire detection and firefighting equipment.
		Incomplete escape routes and signage information.	Review and revise workplace escape routes and signage, and establish a regular review mechanism.
		Blocked escape routes.	Conduct regular inspections to ensure escape routes are unobstructed.
		Lack of emergency preparedness training and drill records.	Develop procedures specifying the preservation methods and retention periods for training and drill records.
		Occupational Injuries and Illnesses	Ineffective inspection of first aid kits.
	Machine Guarding	Establish inspection frequencies and create inspection checklists.	
		Failure to maintain physical protective devices.	Conduct regular inspections to ensure the effectiveness of physical protective devices.
	Health and Safety Communication	Health and safety information not provided in languages understandable by foreign workers.	Provide appropriate health and safety information in languages understandable by foreign workers
Environment	Environmental Permits and Reporting	Ineffective verification of professional certifications.	Develop a review mechanism and inspection frequency for professional certifications to ensure their validity.
	Hazardous Substances	Failure to identify, label, and manage hazardous substances.	Develop hazardous substance management procedures and review mechanisms to ensure the safe disposal of hazardous substances.
	Energy Consumption and Greenhouse Gas Emissions	Failure to establish goals and plans to reduce greenhouse gas emissions.	Develop goals and plans to reduce greenhouse gas emissions and regularly review the results.

Type	RBA Classification	Deficiency Items	Improvement Plans
Business Ethics	Protection of Identity and Prevention of Retaliation	Lack of anonymous reporting/complaint mechanism.	Establish anonymous reporting/complaint channels and subsequent handling mechanisms to protect the identity and rights of whistleblowers.
	Responsible Mineral Procurement	Failure to continuously update due diligence results for responsible minerals.	Develop procedures specifying the timing for updating due diligence results for responsible minerals.
		Privacy	Failure to reasonably protect personal data and privacy of business partners.
		Management Systems	Develop procedures to protect personal data and privacy, and monitor execution.
		Management Responsibilities and Accountabilities	Develop a corporate sustainability management policy and regularly review the effectiveness of its implementation.
	Training	Senior management of suppliers yet to decide on joining the rba organization.	Senior management of suppliers should regularly review their sustainability management systems and plan execution requirements.
		Senior management of suppliers yet to decide on establishing an organization/unit to promote corporate sustainability.	
		Supplier Responsibilities	Lack of information security training.
	Lack of risk identification and assessment procedures for significant suppliers at all upstream levels.	Develop information security training procedures to prevent/reduce information security risks.	
		Supplier Responsibilities	Develop procedures to communicate sustainability requirements to suppliers and monitor their compliance.
		Lack of on-site audit procedures for significant suppliers according to rba standards.	Identify significant suppliers, establish their risk assessment procedures, and implement document review/on-site audit systems.

Industry-Standard On-Site Audits

For Tier 1 suppliers, we require adherence to the RBA VAP and conduct audits through external third-party organizations. This third-party audit perspective ensures the implementation of sustainability practices. In 2023, we conducted audits on 10 suppliers. Among these, 3 suppliers were found to have major deficiencies, while the other 7 had minor or no deficiencies. All identified deficiencies have been corrected.

Supplier Assessment

In addition to conducting sustainability audits for suppliers, VIS also conducts supplier assessments every six months through a cross-departmental team. This team, comprising members from Procurement, Quality, and Safety & Environmental Protection units, evaluates suppliers' performance over the past six months based on five key dimensions: Quality (Q), Delivery Time (D), Cost (C), Safety & Environmental Protection (S), and Sustainability Governance (S), collectively known as QCDSS. From the perspective of sustainable development, safety is also a crucial component of promoting sustainability. Thus, we have included safety as one of the sustainability-related assessment dimensions. With this inclusion, the weight of sustainability-related dimensions has increased to 25%, highlighting our strong emphasis on sustainable development.

Supplier Assessment Weights

Quality (%)	Cost (%)	Delivery time (%)	Industrial Safety (%)	Sustainability (%)
35	20	20	15	10

To enhance suppliers' attention to and implementation of environmental, safety, health, and fire protection practices, the Risk and Environmental Safety Management unit conducts regulatory compliance surveys for raw material and parts suppliers. In 2023, surveys were

conducted with 62 raw material suppliers and 11 parts suppliers, confirming that all 73 suppliers fully comply with environmental and occupational safety and health regulations.

5.3.5 Improvement and Capacity Building Program

In line with the Board of Directors' expectations for sustainable supply chain management, we are gradually implementing guidance mechanisms and capacity-building programs within the supply chain. By helping suppliers understand the practical significance and methods of sustainable practices, we encourage more suppliers to actively participate in relevant sustainability activities. We are also gradually establishing management mechanisms to enhance suppliers' capabilities in managing sustainability risks.

Sustainability Audit Deficiency Improvement Actions

In 2023, through on-site sustainability audits, a total of 44 suppliers were found to have deficiencies. VIS addressed these deficiencies by desk assessment, remote, and on-site support to the suppliers, assisting them in making the necessary improvements. Our goal for 2023 was to help all significant suppliers with sustainability audit deficiencies complete the necessary improvements. We achieved a 100% completion rate for our 2023 annual target.

Supplier Education and Training

VIS has established a supplier education platform that includes training materials on sustainable supply chain management mechanisms and requirements. These materials explain the contents of the "VIS Supplier Code of Conduct" and compile common audit deficiencies in the environmental, social, and economic dimensions of the semiconductor supply chain in recent years. This experience-sharing accelerates the promotion of ESG initiatives. In the second half of 2024, we plan to make minor adjustments to the Supplier Code of Conduct in response to version 8.0 of the RBA Code of Conduct. We will also update the training materials based on the sustainability audit deficiencies identified in 2024. In 2023, all 1,121 suppliers met VIS' requirements and completed the education and training.

Supplier Capacity Building Project

To build a resilient sustainable supply chain, VIS has launched a series of supplier capacity-building projects. These projects focus on various key issues, allocate relevant resources, and engage in long-term cooperation with suppliers for more than six months, working together on ESG-related issues.

Since 2023, VIS has initiated a CDP cooperation project with suppliers, aiming to work together to reduce carbon emissions and achieve net-zero emissions. VIS has identified and monitored the carbon emissions of suppliers. We conducted a questionnaire survey on 24 suppliers with the largest carbon emissions (accounting for 90% of supplier carbon emissions) to understand their awareness and current status on this issue. We planned educational training and guidance, encouraging suppliers to complete ISO 14064-1 or ISO 14067 verification and certification as a foundation for promoting net-zero emissions. Additionally, we focused on creating a low-carbon supply chain, emphasizing three main areas: energy conservation and carbon reduction, low-carbon energy (green electricity, steam/cooling recovery), and waste resource utilization. In 2023, we successfully guided 14 suppliers to complete ISO 14064-1 organizational-level greenhouse gas verification and certification actions. We also assisted suppliers in reducing greenhouse gas emissions, resulting in an annual reduction of 2,219 tons of CO₂e in VIS' Scope 3 greenhouse gas emissions.

2023 Supplier Capacity Building Project

Project Title	Project Content	Target Audience	Number of Suppliers	Benefits	2023 Goals	2023 Goals Achievement Rate
Supply Chain Greenhouse Gas Verification/Certification	Assist suppliers in completing organizational-level third-party verification/certification of greenhouse gases	For suppliers accounting for the top 90% of Scope 3 emissions, guide them to complete organizational-level third-party verification/certification of greenhouse gases.	24	Ensure suppliers fully understand the sources and details of their greenhouse gas emissions. In 2023, 14 suppliers received ISO 14064-1 organizational-level greenhouse gas verification/certification statements from third-party certifying bodies.	Number of suppliers with greenhouse gas verification/certification reached 8, accounting for 30% of targeted suppliers. (Annual increase of 10% since 2021)	Achievement Rate: 100%
Supply Chain Carbon Reduction Management	Guidance for suppliers to reduce Scope 3 emissions	Long-term carbon reduction guidance for suppliers with the top 90% of Scope 3 emissions.	24	Ensure suppliers understand the greenhouse gas emissions data of their various products. In 2023, based on ISO 14067 product carbon footprint verification results by third-party certifying bodies for 6 suppliers' products, VIS' supply chain achieved an annual reduction of 2,219 tons of CO ₂ e, a reduction rate of 1.4%.	Number of suppliers with product carbon footprint verification/certification reached 4, accounting for 16% of targeted suppliers. Based on verification/certification results, VIS' supply chain achieved an annual greenhouse gas reduction rate of 1.6% for Scope 3.	Achievement Rate: 87.5%

Supplier Sustainability Benchmark Case Sharing

We aim to extend the concepts and practices of sustainable development to more supply chain partners. The supply chain management unit continuously monitors suppliers' sustainability practices and selects exemplary sustainability cases to share with supply chain partners. For example, in 2023, six suppliers were selected for inclusion in the S&P Global Sustainability Yearbook. VIS not only recognized and encouraged these suppliers but also shared their cases with other industry suppliers as benchmarks for learning.

2023 Supply Chain ESG Action Plan and Results

Corresponding Company Overall Strategies	Sustainability Aspect	Management Mechanism	Action Plan	Project Objectives	Project Results
Establishing a friendly workplace	Strategic Cooperation	Regular Audit of Commitment Specifications	VIS proactively protects foreign employees' human rights and launches a series of human rights protection projects, continually conducting foreign worker human rights risk assessment targeting brokers. The assessments focus on related regulations of "Freely Chosen Employment" in the RBA Code of Conduct, including freedom to change jobs, voluntarily work and leave employment, no need to pay any fees under any circumstance, employer and brokers may not hold employees' identity or immigration documents, and no irrational restrictions of their movements.	Provision of zero-fee projects for foreign workers through labor intermediaries, ensuring comprehensive human rights protection in the supply chain	<ul style="list-style-type: none"> In 2023, nearly 100 foreign workers benefited from the zero-fee project, with related costs fully covered by VIS, amounting to over NT\$3 million. 100% of labor agencies have signed the Supplier Code of Conduct to promise to comply with RBA specifications. Providing dormitories with comprehensive facilities ensures a comfortable living environment for foreign workers. In 2023, there were no complaints from foreign employees about any fee being charged or any other illegal matter.

Corresponding Company Overall Strategies	Sustainability Aspect	Management Mechanism	Action Plan	Project Objectives	Project Results
Implementing corporate governance	Responsible Mines	Risk Assessment	<p>As a member of the Responsible Mineral Initiative (RMI), VIS regularly monitors the latest information on responsible mineral procurement released by RMI. We utilize RMI-developed templates such as the Conflict Minerals Reporting Template (CMRT) and the Extended Minerals Reporting Template (EMRT) to conduct due diligence on suppliers. Suppliers are required to use smelters/refiners that comply with the Responsible Minerals Assurance Process (RMAP). Additionally, new suppliers must sign the "Environmental and Social Responsibility Commitment," pledging adherence to VIS' responsible minerals policy and submitting qualified CMRT/EMRT reports.</p> <p>The procurement department has formulated a hierarchical management mechanism with respect to supplier risks. When there is any supplier using conflict minerals, the procurement department must take management measures immediately in accordance with the mechanism to ensure that all products used by VIS and the supply chain are from countries/regions without any conflict minerals.</p>	<p>Reduce the supply chain to ensure that 100% of products do not contain any conflict mineral.</p>	<ul style="list-style-type: none">Promote VIS' responsible minerals policy to suppliers and require their cooperation in its implementation.After risk assessment, 100% of minerals smelters/refiners of the relevant supply chain are not from any country or region of high-risk conflict minerals100% of suppliers have replied with the CMRT/EMRT forms indicating zero use of conflict mineralsIn accordance with the results of the suppliers' survey, the CMRT/EMRT forms of VIS must be publicly disclosed on the website for stakeholders to easily access relevant informationVIS will affix a Conflict-Free Label on the exterior of the product box

5.3.6 Supplier Reward and Elimination Mechanisms

Supplier Reward Mechanisms

For suppliers scoring 90 or above on the SAQ, we consider increasing their procurement amounts or volumes. Additionally, for any new demands, these suppliers will be given priority, thereby providing concrete incentives for suppliers to continuously improve their sustainability performance.

Supplier Elimination Mechanisms

VIS requires suppliers to submit corrective actions for any audit deficiencies within three months and complete the necessary improvements. We also provide remote guidance to verify the compliance and effectiveness of these corrective actions. If a supplier has major deficiencies requiring more than three months for improvement, an extension may be granted once with VIS' approval. If a supplier fails to complete the improvement within the specified period, we will revoke their qualified supplier status. In 2023, one supplier was eliminated for failing to meet our sustainability requirements.

5.4 Responsible Procurement

5.4.1 Statement of Responsible Minerals

VIS is committed to following the RBA and U.S. Securities and Exchange Commission regulations regarding conflict minerals, avoiding the purchase of conflict minerals from specific countries (Democratic Republic of Congo and neighboring countries), including gold, tin, tantalum, tungsten, cobalt, and other minerals that may be regulated by RMI in the future.

5.4.2 Responsible Minerals Risk Assessment

VIS conducts risk assessments of suppliers' use of responsible minerals and establishes a tiered management mechanism to ensure that the smelters or refiners of the products used by VIS and its supply chain come from conflict-free countries/regions. In 2023, the relevant metals used by VIS were tungsten (W), tantalum (Ta), and cobalt (Co), which meet Level 2 as shown in the table below. Through due diligence, we require suppliers to provide CMRT or EMRT according to RBA standards, and no smelters or refiners from regulated countries or regions were found.

Risk Level and Control Measures

Risk	Condition	Action
Level 1 (Low)	Supplier's products or raw materials do not use responsible minerals.	<ul style="list-style-type: none">VIS makes a declaration to supplier and requires the supplier to cooperate and sign back
Level 2	The supplier's products or raw materials use responsible minerals, but the source did NOT originate from the Democratic Republic of Congo, and its surrounding region or other applicable areas ("Covered Countries") or are from recycled or scrap sources.	<ul style="list-style-type: none">VIS makes a declaration to supplier and requires the supplier to cooperate and sign backSuppliers need to reply to "Investigation Spreadsheet" (Downloaded from RMI website) to understand the origin country of responsible minerals
Level 3 (High)	The supplier's products or raw materials use responsible minerals, but the source did originate from the Democratic Republic of Congo, and its surrounding region or other applicable areas ("Covered Countries") or are from recycled or scrap sources.	<ul style="list-style-type: none">The supplier is required to propose a plan to replace the source of responsible mineralsConduct an audit to check its control mechanism on suppliers, and request improvement reports for deficiencies, and fulfill the responsibilities of global citizens

5.4.3 Responsible Minerals Management Mechanism

As an RMI member, VIS not only declares its responsible minerals policy to suppliers but also implements a Reasonable Country of Origin Inquiry (RCOI) and a due diligence system (DD), obtaining relevant proof documents for mineral sources. For non-RMI-certified smelters, suppliers are required to have their smelters apply for certification with RMI or a third-party auditing entity and pass, ensuring that the minerals used by the company and its supply chain meet responsible minerals standards.

Recognizing that the management of responsible minerals information is also a concern for customers, the procurement unit proactively discloses the latest CMRT and EMRT forms on the VIS Online platform for customers to easily access and download. In 2023, VIS conducted CMRT investigations on 14 suppliers, identifying 24 smelters through the investigations. All suppliers were found to be compliant with conflict mineral standards. We also conducted investigations on two cobalt suppliers, with their upstream smelters totaling four. All were qualified suppliers (three with valid RMI RMAP verification and one with Cooper Mark JDDS verification).

If a supplier discloses that their smelters or refiners are from regulated countries or regions, we require them to immediately cease procurement from these sources and switch to legal smelters or refiners. As there are many smelters or refineries that have obtained RMI certification, the transition of sources is not difficult. Additionally, as a member of the Responsible Business Alliance (RBA), VIS will provide necessary guidance and assistance. If a supplier refuses to make the transition, we will immediately cease procurement from that supplier.

In terms of risk management, VIS maintains alternative sources, including multiple sources and inventory. Even if the above situation occurs, the company has sufficient time to assist suppliers in transitioning to alternative sources or terminating and replacing suppliers without affecting operations.

5.4.4 Responsible Mineral Usage and Labeling

In 2023, following RBA and U.S. Securities and Exchange Commission regulations, VIS conducted due diligence on raw material suppliers. It was confirmed that no suppliers purchased conflict minerals (gold, tin, tantalum, tungsten, cobalt) from specific countries (Democratic Republic of Congo and surrounding countries) and that the products produced in 2023 were 100% conflict-free.

Revenue proportion from conflict-affected mineral products over the past four years

	2020	2021	2022	2023
Proportion of revenue from products containing minerals from conflict-affected areas (%)	0%	0%	0%	0%
Proportion of revenue from products containing minerals from conflict-affected areas and verified as non-conflict minerals (%)	0%	0%	0%	0%

Since April 2021, to support the U.S. Dodd-Frank Act (DFA) and strengthen the implementation of corporate social responsibility, VIS has labeled all outsourced packaging of its own foundry products with the "Conflict-Free" mark, declaring that its products do not use conflict minerals.

In addition to following RMI guidelines, we fulfill our supply chain due diligence responsibilities by complying with the requirements of equivalent international organizations and initiatives. These include the London Bullion Market Association (LBMA), the Responsible Jewellery Council (RJC), the Responsible Cobalt Initiative (RCI), and the Joint Due Diligence Standard (JDDS) set by The Cooper Mark. By proactively responding to these requirements and implementing further measures, we conduct cross-checks on the supply chain sources to reduce the risk of using conflict minerals.

5.4.5 VIS Sustainable Raw Materials Policy

VIS adheres to the principles of resource recycling and environmental sustainability, having established the "VIS Sustainable Raw Material Policy," which has been submitted for approval by the Board of

Labeling of Conflict-Free Minerals



Directors. VIS is proactively establishing a sustainable raw material recycling network, increasing the proportion of third-party certified raw materials, optimizing the use and efficiency of recycled materials, and vigorously promoting innovative circular business models.

Through the development of innovative systems and technologies, the Company aims to minimize raw material consumption and reduce the negative environmental and social impacts on biodiversity regions. By creating more value with fewer resources, VIS ensures a positive impact on sustainable development.

5.4.6 VIS Sustainable Raw Materials Program

VIS continually increases the procurement ratio of sustainable raw materials with traceable management from suppliers, striving to reduce the potential negative environmental and social impacts of raw material usage. In 2023, VIS focused on five major categories of raw materials: wafers, process chemicals, gases, photoresists, and sputtering targets. We assessed the priority of using sustainable raw materials based on three dimensions: technical feasibility, economic viability, and environmental friendliness. The initial focus was on wafers and sputtering targets. We then expanded our efforts to include circular economy activities for process chemicals, gases, and photoresists. For each category, we set targets for the proportion of sustainable raw material usage and the proportion of sustainable raw material recycling. Additionally, we provided sustainability awareness training and job-specific training on sustainable raw materials to relevant stakeholders.

VIS Sustainable Raw Materials Short-Term Program: 2023

Raw Materials Category	Procurement Targets	2023 Sustainable Raw Materials Program and Achievements			
		Usage Proportion (%)		Recycling Proportion (%)	
		Target (%)	Actual (%)	Target (%)	Actual (%)
Wafers	Reclaimed Silicon Wafers for Control/Dummy	64%	64%	100%	100%
Sputtering Targets	Platinum Targets (Target Blank, Backing Plate)	68%	68%	100%	100%

VIS Sustainable Raw Materials Medium-Term Program: 2027

Raw Materials Category	Procurement Targets	2027 Sustainable Raw Materials Program	
		Target Usage Proportion (%)	Target Recycling Proportion (%)
Wafers	Reclaimed Silicon Wafers for Control/Dummy	65%	100%
	Reclaimed Silicon Wafers for Compound Semiconductor Products	50%	100%
Process Chemicals	Sulfuric Acid	20%	100%
	Isopropanol	20%	100%
Sputtering Targets	Platinum Targets (Target Blank, Backing Plate)	69%	100%
	Silver Targets (Target Blank, Backing Plate)	50%	100%

Sustainable Raw Materials Long-Term Plan: 2030

Raw Materials Category	Procurement Targets	2030 Sustainable Raw Materials Program	
		Target Usage Proportion (%)	Target Recycling Proportion (%)
Wafers	Reclaimed Silicon Wafers for Control/Dummy	66%	100%
	Reclaimed Silicon Wafers for Compound Semiconductor Products	65%	100%

Raw Materials Category	Procurement Targets	2030 Sustainable Raw Materials Program	
		Target Usage Proportion (%)	Target Recycling Proportion (%)
Process Chemicals	Sulfuric Acid	25%	100%
	Isopropanol	25%	100%
Sputtering Targets	Platinum Targets (Target Blank, Backing Plate)	70%	100%
	Silver Targets (Target Blank, Backing Plate)	70%	100%
Gases	Helium	Technical feasibility, economic viability, and environmental friendliness are continuously being evaluated. The target usage proportion will be confirmed upon completion of the assessment.	100%
Photoresists	Thinner		
	Edge Bead Remover		
Sputtering Targets	Titanium Targets (Target Blank, Backing Plate)		

Circular Recycled Metal Raw Materials

VIS' metal-containing raw materials are found in WF6 gas and various types of metal sputtering targets. In 2023, the usage and proportion of recycled metal raw materials are as listed in the table below.

Metal Substances	2023 Usage (tons)	2023 Recycled Material Usage Proportion (%)	
		Aluminum	Cobalt
Lithium	0 (VIS does not use lithium metal in products)	NA	20%
Iron	0.042	0	20%
Nickel	0.491	0	20%
Titanium	2.510	0.017	70%
Platinum			

Friendly Workplace

VIS prioritizes a people-centered approach, providing employees with a safe, healthy, challenging, and enjoyable work environment, along with educational training. This support helps employees enhance themselves and leverage their strengths.

57%

57% of manpower vacancies are filled through internal transfers

70 days

Maternity leave days have been increased from the statutory 56 days to 70 days



6.1 Talent Attraction and Retention

Recruitment Results and Targets

The achievements of campus relationship management in 2023 include:

1. A total of 10 academia-industry cooperation projects with 7 universities.
2. A total of 25 students from domestic and foreign universities and academia-industry cooperation projects participated in the summer internship programs.
3. A total of 22 campus recruitment activities involving more than 4,000 students.
4. Deepening the management of campus relationships in 16 universities by holding seminars and special lectures.
5. Planning 5 business visits with 4 schools, assisting students to become more familiar with the semiconductor industry, serving a total of 203 teachers and students.

Recruitment Strategies

Short-term goals

- (1) Deepening campus management: strengthening the linkage with each target school by organizing various campus activities.
- (2) Establishing diversified recruitment channels: enhancing recruitment process efficiency via social media, campus activities, and training organizations for better talent recruitment.

Mid-to-Long-term goals

- (1) Becoming a top-notch brand of employer to attract outstanding talents.
- (2) Providing competitive overall salaries to attract and retain top-notch talents while rewarding the employees with outstanding performance and long-term contribution.

Human Capital Recruitment and Retention

Diversified Marketing of Employer Branding

In light of the fact that employer branding is a major factor affecting

talent employment, VIS has actively managed employer branding via different channels to explore the potential market of job seekers and cultivate the potential job seeker groups in the next 3 to 5 years. The promotion methods include: participating in campus recruitment activities, company supervisors sharing practical industrial experiences as alumni, academia-industry cooperation, summer internship programs, social media marketing, and deep cultivation of campus relationship. We share the company news, various employee activities, and recruitment information via the Facebook fan page of "Vanguard International Semiconductor Corporation"; the total number of accumulated fans has reached 9,051 in 2023, and the major audience is the group aged of 18-44. The LinkedIn page of "Vanguard International Semiconductor Corporation" has accumulated up to 8,779 connections. These two major social media have become the employer branding channels for job seekers and the general public. VIS continues with investment of various recruitment resources to expect students, potential job seekers, and the general public to understand the company's business philosophy and corporate culture via diversified employer branding marketing strategies to attract the like-minded talents.

Recruitment Costs in 2020-2023

	2020	2021	2022	2023
Average Cost	9,783	8,345	8,217	36,257

Note: Recruitment cost of new employee = Annual recruitment cost /Annual number of new employees.

Summer Internship Program

Domestic and foreign students are selected annually via the recruitment channels of professors of various universities, internal employees, and social media to participate in the internship programs in VIS's key development units. In 2023, a total of 25 interns participated in the summer internship programs of VIS. During the internship period, the instructions of exclusive career mentors will help students apply what they learn to the internship project and cultivate potential talents to be dedicated to the semiconductor industry. In order to deepen the

linkage with outstanding talents and recruit like-minded partners to join the company, VIS has sent pre-offer letter to interns with outstanding performance during the internship period. In 2023, pre-offer letters sent to interns with outstanding performance reached 100%.



Interns' project presentation



Interns' orientation

Cooperation Project

VIS assists students in understanding the semiconductor industry and cultivating their practical abilities through industry-academic cooperation.

In cultivating and recruiting more talent, VIS first engages in industry-academic cooperation with universities and colleges. Teams from the company's research and development, production management, and process departments collaborate with schools on research topics, conducting joint industry-academic research. This provides students with practical experience and a deeper understanding of the company. Secondly, the company offers semiconductor/semiconductor manufacturing-related courses at universities and colleges to assist students in further understanding the semiconductor industry and job responsibilities. Moreover, for high school, junior high school, and elementary school levels, efforts are made through supporting online learning courses. For example, signing agreements like the "University and High School Co-creation Online Learning (UHCOOL) Plan MOU" with institutions such as Yang Ming Chiao Tung University and the Taoyuan City Government, or organizing semiconductor career lectures and collaborating with external organizations to promote "seamless transition from school to employment" plans. These initiatives aim to help more students understand the importance of career planning and the semiconductor industry before making decisions about their future education paths.

Employing differently-abled persons

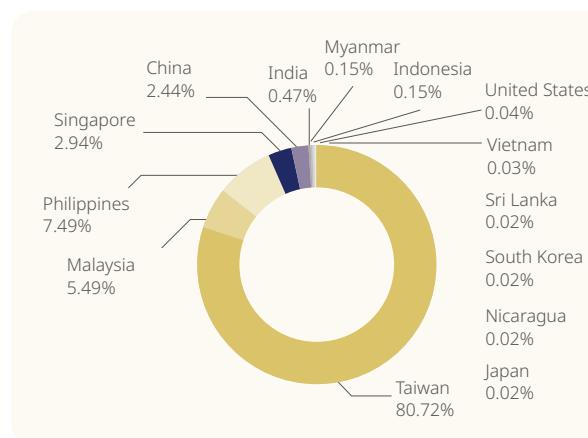
VIS has been hiring massagists with mental or physical disabilities since 2009. In 2020 new job positions such as factory cleaning and document management were added, and the job positions of campus recruitment representatives were added in 2022 to actively establish good and diverse job opportunities. A total of 40 people with disabilities were hired in 2023, accounting for 1% of total employees of the company, which is about 9% higher than the regulatory requirement. In addition to being guided by senior employees, local employment service stations are also invited to carry out design for individual case work, to pay a visit to these employees, and provide counseling services to help them adapt to work environment.

Human Resources Structure

VIS has conducted a talent recruitment process flow in VIS accordance with international human rights conventions and human rights and employment-related laws and regulations: no child labor is hired, and no discrimination based on race, religion, skin color, nationality, age, gender, sexual orientation, age, marriage, appearance, disability, or other legally protected situations. For employees from 14 countries all over the world, VIS is dedicated to creating a friendly working environment respecting diverse ethnic groups, blending cultures of multiple countries, and constantly promoting exchanges among employees from various ethnic groups.

By the year-end of 2023, the total number of employees of VIS reached 6,395, the total number of Taiwan employees was 87%, and the number of Employees not in Taiwan was 13%. 96.3% of employees of VIS are non-regular employees, and 3.7% of them are regular employees. Based on the job category, there are a total of 598 supervisors, 3,053 professionals, and 2,744 technicians.

Share in Total Workforce



Share in all management positions, including junior, middle and senior management in 2023

Nationality	Number	The Proportion of Executives of that Nationality to the Total Number of Executives
Taiwan	539	90.13%
Philippines	2	0.33%
Malaysia	8	1.34%
Singapore	38	6.35%
India	3	0.50%
United States	3	0.50%
China	1	0.17%
Indonesia	1	0.17%
Sri Lanka	1	0.17%
South Korea	1	0.17%
Japan	1	0.17%

Non-Employee Workers

Since 2023, there were around 388 company non-employee workers in VIS. The most common type is the construction subcontractor, and there was also a part of security, cleaning, and restaurant workers.

Distribution of Numbers of Employees

Type	Type of Employment	Male		Female		Subtotal and Ratio	
		Number	Ratio of the Group	Number	Ratio of the Group	Number	Ratio of the Group
Gender		3,202	50.1%	3,193	49.9%	6,395	100.0%
Nationality	National	2,661	51.5%	2,501	48.5%	5,162	80.7%
	Foreigner	541	43.9%	692	56.1%	1,233	19.3%
Job Title	Supervisor	477	79.8%	121	20.2%	598	9.4%
	Professional	2,242	73.4%	811	26.6%	3,053	47.7%
	Technician	483	17.6%	2,261	82.4%	2,744	42.9%
Identity	Non-regular	3,096	50.3%	3,061	49.7%	6,157	96.3%
	Regular	106	44.5%	132	55.5%	238	3.7%
Age	Under 30	397	49.6%	404	50.4%	801	12.5%
	30-49	2,324	50.0%	2,321	50.0%	4,645	72.6%
	50 and above	481	50.7%	468	49.3%	949	14.9%
Education	High school and below	366	21.3%	1,355	78.7%	1,721	26.9%
	College	1,628	52.1%	1,495	47.9%	3,123	48.8%
	Master	1,158	77.5%	337	22.5%	1,495	23.4%
	Ph.D.	50	89.3%	6	10.7%	56	0.9%

Note 1: This table includes employees in Taiwan HQ and the overseas subsidiaries.

Note 2: The classification of domestic and foreign nationality in this table is based on the location of the company's headquarters. Domestic nationality refers to nationals of the home country, while non-nationals of the home country are categorized as foreign nationality.

Distribution of Numbers of Employees by Region

Type	Type of Employment	Taiwan						Singapore/US					
		Male		Female		Subtotal and Ratio		Male		Female		Subtotal and Ratio	
		Number	Ratio of the Group	Number	Ratio of the Group	Number	Ratio of the Group	Number	Ratio of the Group	Number	Ratio of the Group	Number	Ratio of the Group
Gender		2,657	41.5%	2,900	45.3%	5,557	86.9%	545	8.5%	293	4.6%	838	13.1%
Nationality	National	2,620	51.2%	2,493	48.8%	5,113	92.0%	41	83.7%	8	16.3%	49	5.8%
	Foreigner	37	8.3%	407	91.7%	444	8.0%	504	63.9%	285	36.1%	789	94.2%
Job Title	Supervisor	420	80.5%	102	19.5%	522	9.4%	57	75.0%	19	25.0%	76	9.1%
	Professional	1,886	72.6%	713	27.4%	2,599	46.8%	356	78.4%	98	21.6%	454	54.2%
	Technician	351	14.4%	2,085	85.6%	2,436	43.8%	132	42.9%	176	57.1%	308	36.8%
Identity	Non-regular	2,644	47.7%	2,895	52.3%	5,539	99.7%	452	73.1%	166	26.9%	618	73.7%
	Regular	13	72.2%	5	27.8%	18	0.3%	93	42.3%	127	57.7%	220	26.3%
Age	30 and below	323	48.8%	339	51.2%	662	11.9%	74	53.2%	65	46.8%	139	16.6%
	30-49	1,948	47.9%	2,120	52.1%	4,068	73.2%	376	65.2%	201	34.8%	577	68.8%
	50 and above	386	46.7%	441	53.3%	827	14.9%	95	77.9%	27	22.1%	122	14.6%
Education	High school and below	208	14.9%	1,187	85.1%	1,395	25.1%	158	48.5%	168	51.5%	326	38.9%
	College	1,310	48.4%	1,394	51.6%	2,704	48.7%	318	75.9%	101	24.1%	419	50.0%
	Master	1,093	77.7%	313	22.3%	1,406	25.3%	65	73.0%	24	27.0%	89	10.6%
	Ph.D.	46	88.5%	6	11.5%	52	0.9%	4	100.0%	0	0.0%	4	0.5%

Note 1: The classification of domestic and foreign nationality in this table is based on the location of the company's headquarters. Domestic nationality refers to nationals of the home country, while non-nationals of the home country are categorized as foreign nationality.

Note 2: As of December 31, 2023, the original number of employees in Taiwan was 5,566. However, 9 employees were assigned to overseas subsidiaries, and thus are categorized under overseas subsidiaries, resulting in 5,557 employees counted as Taiwan employees.

The gender ratio structure of the employees of VIS is rather balanced, where male employees account for 50.1% and female employees account for 49.9%. Due to the characteristics of the technology industry and employment market supply, most managerial and professional staff are male. The company continuously focuses on the career development of female employees. To achieve the sustainability goal of having over 19% female supervisors, the proportion of female managers increased by 1.1% in 2023 compared to 2022, with 20.2% of management positions held by women.

Distribution of Numbers of Female Employees

Years	2019		2020		2021		2022		2023	
	Number/Ratio	Number of Female	Number of Female	Number of Female	Ratio of Female	Number of Female	Ratio of Female	Number of Female	Ratio of Female	Number of Female
Overall Employees	2,758	51.9%	2,959	49.9%	3,127	49.4%	3,317	49.9%	3,193	49.9%
Management Level	72	17.7%	87	18.1%	103	19.1%	110	19.1%	121	20.2%
Junior Management (Section)	35	17.1%	44	18.4%	54	19.5%	60	19.9%	65	21.1%
Middle Management (Department)	27	17.5%	32	18.1%	37	19.2%	38	18.6%	42	20.2%
Senior Management (Division/ Regional)	10	20.4%	11	16.9%	12	17.4%	12	17.1%	14	17.1%
Supervisors of Production Revenue Related Departments	41	12.2%	54	13.3%	74	15.4%	78	15.3%	87	16.1%
Employees of STEM Categories	586	22.1%	696	22.8%	790	24.1%	872	24.5%	859	24.3%

Note 1: Departments related to production and revenue include engineering, manufacturing, sales, quality, and supply chain units involved in the production and revenue process.

Note 2: STEM includes employees in engineering, quality, and finance units.

Employee Entry Rate and Turnover Rate

Domestic and Foreign Recruitment

By the end of 2023, the total number of employees at VIS will reach 6,395, and the total number of new employees will be 154 with a new employment rate of 2.4%. The overall gender ratio of employees is balanced, with 78.6% of men and 21.4% of women. In terms of age distribution, those of 30 and below account for the most at 45.5%, followed by those aged 30-49, at 43.5%, and then finally those aged 50 or above at 11%. 57% of the labor vacancies in 2023 were filled by internal transfer.

Ratios of Vacancies Filled by Internal Transfer in 2019-2023

	2019	2020	2021	2022	2023
Internal Transfer Rate	58%	15%	32%	40%	57%

Ratios of Vacancies Filled by Internal Transfer in 2023

		Number of positions filled internally	Ratio
Total persons		202	-
Age Distribution	Under 30	39	19%
	30-49	155	77%
	50 and above	8	4%
Gender Distribution	Male	127	63%
	Female	75	37%
Management	First-Level Management	4	100%

Number of new employees from 2020 to 2023

	2020	2021	2022	2023
Number of new employees	532	1,320	1,250	154

Note 1: New employees refer to official non-regular employees who complete registration procedures.

Note 2: To meet capacity demands, the number of external hires is reduced.

Employee Turnover Rate

In 2023, the number of resigned employees in Taiwan is 294 (including 29 retirees) with a turnover rate of 5.3%. By gender, the average turnover rate of male employees is 6.7%, and the average turnover rate of female employees is 3.9%; based on the age group, the average turnover rate of employees aged under 30 is 9.4%; the average turnover rate of employees aged 30 to 49 is 4.3%; the turnover rate of employees aged 50 and above is 5.5%.

Employment Rate by Gender, Region, Nationality, and Age of New Employees in 2023

Type	Male		Female		Total	
	Number	Percent	Number	Percent	Number	Percent
	121 (3.7%)	78.6%	33 (1%)	21.4%	154 (2.4%)	100.0%
Region						
Taiwan	77	89.5%	9	10.5%	86 (1.5%)	55.8%
Non-Taiwan	44	64.7%	24	35.3%	68 (8%)	44.2%
Nationality						
Taiwan	84	86.6%	13	13.4%	97 (1.8%)	63.0%
Non-Taiwan	37	64.9%	20	35.1%	57 (4.5%)	37.0%
Age distribution						
30 and below	65	92.9%	5	7.1%	70 (7.3%)	45.5%
30-49	40	59.7%	27	40.3%	67 (1.4%)	43.5%
50 and above	16	94.1%	1	5.9%	17 (1.9%)	11.0%

Note 1: New employee refers to the official non-regular employee who completes the registration procedure.

Note 2: Employment rate of each group = Total number of new employees of each group in 2023 / ((Total number of employees of each group at the beginning of the year) + (Total number of employees of each group at the end of the year) / 2).

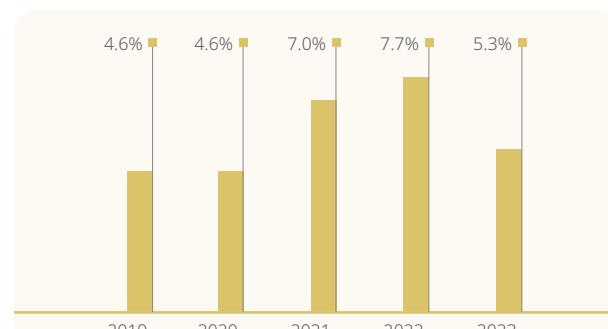
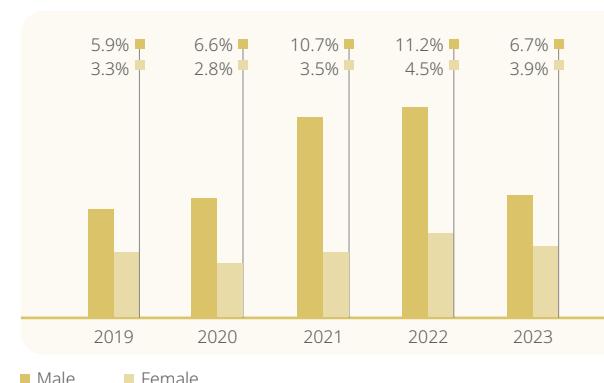
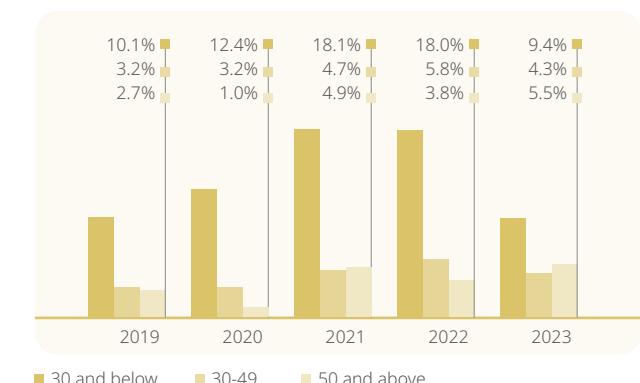
Turnover Rate

Gender/Item	2019		2020		2021		2022		2023	
	Number	Turnover Rate								
Male	154	5.9%	165	6.6%	274	10.7%	310	11.2%	176	6.7%
Female	94	3.3%	75	2.8%	94	3.5%	133	4.5%	118	3.9%
Total	248	4.6%	240	4.6%	368	7.0%	443	7.7%	294	5.3%
Age/Item	Number	Turnover Rate								
Under 30	113	10.1%	114	12.4%	162	18.1%	182	18.0%	74	9.4%
30-49	124	3.2%	121	3.2%	177	4.7%	235	5.8%	177	4.3%
50 and above	11	2.7%	5	1.0%	29	4.9%	26	3.8%	43	5.5%
Total	248	4.6%	240	4.6%	368	7.0%	443	7.7%	294	5.3%

Note 1: Monthly turnover rate = the total number of resigned employees of the group ÷ an average number of employees of the group of the month.

Note 2: Calculation of annual turnover rate= Σ (Turnover rate of each month of the year)

Note 3: The calculation of the turnover rate involves the resigned official full-time employees, not including the employees on unpaid leave.

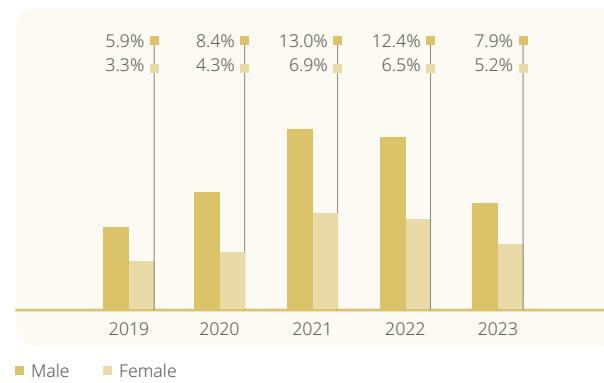
Turnover Rate in Taiwan**Turnover Rate in Taiwan - Gender****Turnover Rate in Taiwan – Age**

In 2023, the number of employees who resigned in the Singapore region was 133. By gender, there were 79 males (59%) and 54 females (41%). By age, 59 employees were under 30 years old (44%), 68 employees were between 30 and 49 years old (51%), and 6 employees were 50 years old or older (5%).

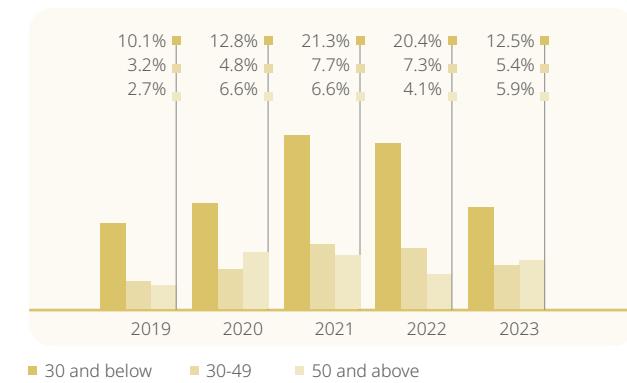
Total Turnover Rate



Turnover Rate of the Entire Company – Gender



Turnover Rate of the Entire Company – Age



Compensation

Overall Compensation

VIS is dedicated to providing employees with benefits above the industrial average; the overall compensation of employees of VIS is determined according to the professional knowledge and skills, job duties, performance, and long-term dedication in conjunction with the company's operation objectives. In order to maintain the competitiveness of VIS's overall remuneration, the company will make proper adjustments to the salaries of employees via salary survey, evaluation of the market salary level, and overall economic indicators. For employees to share the company's operation achievements, VIS provides a comprehensive compensation package including base salary, allowances, and bonuses. Additionally, at least 10% of the annual profits are distributed as employee compensation, with eligible recipients including employees meeting certain criteria. Additionally, through medium- to long-term incentive plans spanning 2-3 years, VIS provides contract bonuses or stock options to employees and supervisors who demonstrate potential and achieve performance targets, aiming to retain and motivate top talent. There were a total of 13 managers in VIS in 2023, and 5,595 non-managerial full time employees. The average annual salary was NT\$1,485,000, and the median annual salary was NT\$1,076,000. (According to the Taiwan Stock Exchange Corporation Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds) All aforementioned data has been qualified by the audits by Deloitte & Touche. The total employee remuneration for 2023 is around NT\$1.75 billion, which will be distributed after the resolution by the Board of Directors and the approval by the shareholders' meeting in 2024 in order to encourage

the constant contribution of our employees. The overall remuneration of VIS will not vary due to the difference in gender, age, race, religion, political stance, or marriage, and all employees will be treated equally. The salary ratio between male and female grass-root employees in 2023 was close to 1 to 1.

Welfare System

VIS provides a welfare system that is superior to the regulatory requirements while meeting the needs of employees and a perfect leave management system, such as: insurances, flexible vacation days, pensions, emergency assistance, marriage and childbirth gifts, funeral subsidies, birthday gift certificates, year-end party subsidies, special store discounts, occasional group travel activities, community subsidies, and adjustment of "Leave for pregnancy checkup" and "Paternity leave" from the statutorily required 7 days to 10 days; maternity leave is increased from the legally-mandated 56 days to 70 days. Starting in 2024, the flexible working hour system will be implemented, allowing day shift workers to adjust their working hours according to their own needs and provide a diverse and friendly work environment that can balance work and life quality. Meanwhile, foreign employees will have access to the same welfare system as the local employees. VIS provides every employee in Taiwan with insurance meeting local laws and regulations. In addition to the labor insurance and national health insurance for every employee, as required by law, we also provide group comprehensive insurance, including life insurance, accident insurance, medical insurance, cancer insurance, etc. Starting from the day of registration, every employee will join the group comprehensive insurance paid by the company covering the spouse, children, and family members of every employee so that they can be fully protected to be concentrated to their works without any worry.

Ratio of Base Pay and Compensation of Female and Male Employees in Taiwan in 2019-2023

Item/Year		2019		2020		2021		2022		2023	
		Base Pay	Compensation								
Managerial	Executives	0.63	0.4	0.85	0.83	1	1.37	0.91	1.8	0.92	1.09
	Senior Management	0.96	0.91	0.95	0.92	0.95	0.97	0.96	0.98	0.95	0.91
	Junior management	0.98	0.95	0.99	0.98	0.96	0.93	0.93	0.9	0.93	0.91
	Management Positions (Junior, Middle, and Senior Levels) Total	0.97	0.93	0.97	0.95	0.96	0.95	0.95	0.94	0.94	0.91
Non-managerial	Indirect Personnel <small>Note</small>	0.94	0.85	0.89	0.8	0.89	0.8	0.88	0.78	0.9	0.8
	Direct Personnel (Taiwanese)	1.11	1.03	1.12	1.03	1.11	1.04	1.16	1.09	1.13	1.06
	Direct personnel (Foreign)	1	1.02	1	1.04	0.97	1.02	0.96	1.04	0.96	1
	Non-Management	1.02	0.97	1	0.96	0.99	0.95	1	0.97	1	0.95

Note: Due to the type of work, the indirect non-managerial staff is mostly male employees related to engineering.

Leave and Attendance Policy Superior to Statutory Requirement

Item	Statutory Standard	Measures Superior to Statutory Standard
Holiday	• 12 national holidays every year	• In addition to the 12 national holidays per year, another 7 days of memorial day holidays will be granted to be used flexibly by our employees.
Special Leave	• Those who serve for more than 6 months but less 1 year will be granted three days of such leave	• To take care of the needs for leave for new employees who have served for less than a year, one day of special leave will be granted for every 2 months of service.
"Leave for pregnancy checkup" and "Paternity leave"	• "Leave for pregnancy checkup" 7 days • "Paternity leave" 7 days	• "Leave for pregnancy checkup" and "Paternity leave" are increased from the legally-mandated 7 days to 10 days.
"Maternity Leave"	• Maternity Leave: 8 weeks	• Maternity Leave increased from the legally-mandated 8 weeks to 10 weeks.
Flextime System	None	• Starting in 2024, a flextime system was implemented, allowing regular day shift employees to adjust their working hours according to their needs.

Employee Compensation and Welfare Expenses in 2019-2023

Unit: NT\$ thousand

Item	2019	2020	2021	2022	2023
Employee Compensation and Welfare Expenses	7,508,045	8,111,480	11,106,860	12,823,275	9,224,280
Average Employee Compensation and Welfare Expenses	1,386	1,561	2,099	2,199	1,621

Note 1: The average number of employees is calculated by the average number of people of the year (annual average number of employees = sum of total number of current employees at the end of each month/12).

Note 2: Employee compensation and welfare refer to salaries, bonuses, and welfare expenses disclosed in the accompanying financial statements.

Data Related to Leave Without Pay

In 2023, there were a total of 142 employees at VIS who enjoyed parental leave, and 90 of them applied for unpaid parental leave, all of which were approved. In 2023, there were 39 employees reinstated from a leave of absence for childcare, with a reinstatement rate of 72.2%. Among them, the reinstatement rate for male employees was 71.4% and that for female employees was 72.5%. The primary reason female employees did not return after their unpaid leave was due to the need to continue caring for their families (accounting for 90.9%), while male employees not returning after leave had mostly found other jobs (accounting for 75%). In addition, the retention rate for colleagues who took parental leave and returned to work in 2022 and stayed for over a year was 90.2%, with a retention rate of 81.3% for male colleagues and 94.3% for female colleagues.

Parental Leave and Reinstatement in 2022 and 2023

Item	Total	Male	Female
Number of Employees Eligible for Parental Leave in 2023 ^{Note}	142	83	59
Number of Applications for Unpaid Parental Leave in 2023	90	24	66
Actual Number of Employees Reinstated from Parental Leave in 2023 (A)	39	10	29
Number of Employees Expected to Reinstate from Unpaid Parental Leave in 2023 (B)	54	14	40
Reinstatement Rate (A)/(B) from Maternity Leave in 2023	72.2%	71.4%	72.5%
Actual Number of Employees Reinstated from Unpaid Parental Leave in 2022 (C)	51	16	35
Number of employees who returned and stayed at work for more than one year from unpaid parental leave in 2022 (D)	46	13	33
Retention Rate of Employees Returning from Parental Leave in 2022 (D)/(C)	90.2%	81.3%	94.3%

Note: The number of people who have taken unpaid parental leave from 2021/01/01 to 2023/12/31.

Retirement System**Complete and Sound Pension System**

VIS has abided by laws and regulations with its pension system, and the employees applicable to the old system of the "Labor Standards Act" and the employees applicable to the new system of the "Labor Pension Act" all have their retirement rights properly protected. The company has also established an internal retirement forum to provide new knowledge of retirement based on new/old system and reminder of relevant rights and interests to help employees with their retirement plans. In 2023, 32 VIS employees applied for retirement and were all approved; among them, 50% were male employees and 50% were female employees.

For employees who choose the new system, the company allocates 6% of their salary every month and deposits it into the personal account of the Labor Insurance Bureau; for those who choose the old system, and those who choose the new system but retain the seniority of the old system, the "VIS Labor Pension Reserve Fund Supervisory Committee" has been established by law to deposit 2% of labor pension reserve fund every month.

By 2023, the fair value of the pension plan assets of VIS is NT\$850.33 million; the amount that needs to be appropriated by law in the future has been listed as accrued pension liabilities, and the amount by the end of 2023 is NT\$302.69 million. In addition to the deposit of pension reserve fund, the company also conducts actuarial calculations of retirement reserve funds through professional accounting consultants every year to confirm the full amount of appropriation and protect the rights and interests of employees to claim pensions in the future.

6.2 Employee Development

Comprehensive Talent Development and Cultivation

In order to cultivate professional talents meeting the company's needs and discover the potential of employees, the company has established learning resources such as a complete talent development system(as shown below), a training management system (learning passport system), knowledge management platform, and online learning platform to provide our employees with tailor-made personal learning and development plans, comprehensive talent training courses, and rich and diversified learning resources in order to enhance the talent development for employees and corporate competitiveness.



Personnel Development

Performance-Oriented Management and Development

The performance management and development system at VIS aims at developing employees' potential and enhancing human capital quality. By establishing a positive communication model through mutual cooperation between supervisors and colleagues, enhancing individual and organizational performance, supervisors will arrange performance improvement plans for underperforming colleagues to assist them in improving and increasing their work efficiency.

Performance Evaluation Method

Evaluation Type	Evaluation System	Applicable Targets	Frequency	Execution Practices
Management by Objectives	Performance evaluation	All employees	Half-Yearly	The supervisor takes on the organization's objectives and, after discussing the annual goals with colleagues, jointly formulates performance measurement indicators.
Diverse Assessment	Performance evaluation	All Personnel	Half-Yearly	Supervisors may occasionally provide performance feedback. The company requires that the implementation status of objectives be reviewed at least every six months.
Diverse Assessment	Performance evaluation	Supervisor	Half-Yearly	Supervisors may invite supervisors from external units to act as co-evaluation supervisors to provide feedback on colleagues' performance. At the same time, colleagues in supervisory positions must participate in cross-organizational evaluations, receiving feedback and suggestions from supervisors across different units. If colleagues are assigned to or support other units, the supervisor of the assigned or supporting unit will be invited to act as a co-evaluator.
Diverse Evaluation	Personnel Promotion	Promoted Supervisors	Half-Yearly	Supervisors must invite cross-unit supervisors to provide feedback and development suggestions to nominated personnel, and form a committee composed of cross-unit supervisors to review the process and provide feedback and suggestions.
Agility	Monthly evaluation	Direct Staff	Monthly	Production line personnel review the operational quality monthly to ensure it meets the expected standards and record it as a reference basis for subsequent Personnel Development.

The company has stipulated the management capability training roadmap and organized multiple management training courses in order to develop the management skills required by supervisors of all levels and establish a common language. For example, there are more than a dozen courses such as The First Lesson for the New Supervisor, Subordinate Training and Guidance, Skills for Performance Interview, Effective Encouragement and Communication Counseling, Cross-Department Cooperation, and Situational Leadership. In 2023, a total of 20 management training courses were organized, with a total of 586 participants and a total training time of 3,709 hours. This allowed supervisors at all levels to apply what they learned in daily business management through the courses and post-course learning plans, thereby continuously improving their leadership skills.

In 2023, VIS invited an external lecturer to give a course on "Subordinate Cultivation and Guidance", with 96 basic Supervisors participating, in total. This enabled Supervisors to learn key communication skills for cultivating subordinates and learn about possible problems during the guidance and feedback process, and the content of the course also included how to use positive job evaluation skills to build and maintain departmental team confidence, thereby increasing employees' engagement and performance. Currently, the course has been listed in the management training plan for grass-root supervisors every year. Grass-root supervisors of all units will be gradually trained to establish mutual management languages to continuously contribute to the growth and development of the entire team of the company.

Strengthening Cross-Disciplinary Capabilities of Employees

All employees of VIS have formulated Individual Development Plan (IDP) with company compulsory courses, department compulsory courses, and other elective courses. Supervisors will also provide employees with training resources in accordance with the needs of their current positions to continuously improve the professional knowledge and skills of every employee in different periods. Additionally, the company also supports employees to develop according to their individual career planning and expertise, advocates proper talents for suitable positions, respects employees' willingness to transfer, encourages employees to accumulate different professional field capabilities, and cultivates internal cross-disciplinary talents.

Key training projects in 2023 and their benefits

2023 Cross-Disciplinary Talent Development Projects

The Six Sigma Green Belt training program (total of 2 sessions in 2023)

The company continues to promote specialized quality training programs (Black Belt/Green Belt). By 2023, 19 Black Belt and 436 Green Belt experts have been trained, establishing strong capabilities in quality improvement and problem-solving analysis. The knowledge gained is applied to work and improvement projects are proposed.

Project Classification and Actual Benefits

Senior engineers are nominated by supervisors to participate in a 17-week lean training program for each session. They learn to apply Six Sigma methods to achieve significant improvements in factory operational quality with faster speeds and smaller process variations. In 2023, 3 training sessions were conducted, with a total of 90 participants. A total of 12 improvement initiatives were proposed, including the Customer Product Yield Improvement Project, Process Improvement for Photolithography Exposure Equipment, the Grinding and Backside Metallization Yield Improvement Project, and projects addressing environmental, personnel, and equipment defect reduction. Each initiative is projected to deliver benefits of at least NT\$1 million. Examples:

- 1) Customer Product Yield Improvement Project: This project improved chip yield from 95.1% to 99.0%, mitigating product scrappage. The financial benefit amounted to NT\$2,609,314.
- 2) Grinding and Backside Metallization Yield Improvement Project: This project enhanced yield from 98.3% to 99.5%, resulting in a financial benefit of NT\$5,139,842.

The aggregate benefit of all 12 initiatives totaled NT\$24,247,496, surpassing the project target by more than 100%.

Quantitative Benefits (\$ Amount)

Through course learning and project discussions, improvement solutions were obtained. In 2023, a total of 70 trainees completed 12 project outcomes, each achieving benefits of over NT\$1,000,000, with total benefits amounting to NT\$24,247,496.

% of FTEs participating in the program

1.09%

Employee Participation Rate across the Entire Company

Operations and Environmental, Health, and Safety Training Development (TDT): New Engineer Competency Training Program

Cultivate professional semiconductor talents, workplace integration/professional training/communication and care, ensure the inheritance of professional skills, and lay a solid professional foundation.

Project Classification and Actual Benefits	<ol style="list-style-type: none">Select Engineers with potential from all regions to participate in lecture training via the talent selection evaluation.Enhance the trainer's mindset, formulate affinity training courses, including team building, general training development, and professional learning.The training program comprises mentor training, basic and advanced courses in various areas, practical component operations, and departmental hands-on learning, spanning a duration of 12 weeks.
Quantitative Benefits (Amount)	<ol style="list-style-type: none">The first batch of new engineer training program includes 578 sessions, 15 professional courses, with a total of 101 new engineers and 166 trainers participating in the training program.The new engineer training program has an average training duration of 136 hours per participant, with workplace care provided approximately 161 times, and an overall satisfaction rating of 4.8.All 101 new engineers who participated in the training program have completed their training and are now serving important roles in various departments.In terms of organizational efficiency enhancement, the independent duty period for engineers was reduced from 12 months to 9 months, allowing them to start operations 3 months earlier.

Employee Participation Rate across the Entire Company: 4.16%

Development of Leader: Junior and Middle Level Management Training Development Plan

Cultivating potential management/technical leadership talent, enhancing the leadership of junior and moderate-level supervisors, ensuring the sustainability of key positions, and establishing a management ladder.

Project Classification and Actual Benefits	<ol style="list-style-type: none">Through the Human Capital selection assessment tools, supervisors with development potential in various regions are selected for participating in various levels of supervisor development plans.Refining the management thinking of supervisors, and providing leadership training courses, including judgment, innovation, Human Capital Development, and diverse learning.The development plan activities include mentorship, job rotation, overseas assignment, and participating in training, for a duration of 1 year.
Quantitative Benefits (Amount)	<ol style="list-style-type: none">For individual supervisor capabilities, corresponding mentoring is provided, with a total of 85 supervisors participating in the development plan.Conducting Condition Leadership Training, training, and counseling nearly 600 attendances, with total training hours of 140 hours per participant, improving leadership skills at the Management Level.Among the project participants, 62.3% demonstrated good performance. To date, 27 supervisors have been promoted to important positions within the company.99% retention rate for participating project members.

Employee Participation Rate across the Entire Company: 1.33%

Learning and Development

Rich and Diversified Learning Resources

VIS has a complete talent development system including new employee training, management functional training, professional training, external training, and self-development. In addition, the company's e-Learning online learning website offers nearly 840 courses, continuously adjusting teaching materials as needed. The content covers courses in Engineering Technology, Professional Competency, Management, and General Education. With this rich and real-time learning mechanism, our employees can learn at any time and place and formulate learning plan according to their learning progress to enhance self-competitiveness while create the company's culture of self-learning. There have been close to 80,508 participants of on-line learning during the year of 2023.

The total internal training hours reached 169,084 hours in 2023, with a total of 127,900 attendances. Each employee received an average training time of about 26.44 hours, and the total training cost exceeded NT\$24.71 million.

2019-2023 VIS Training Metric for Disclosure Statistics

Years	Number of Employees	Total Number of Participants	Total Training Hours	Average Training Hours	Total Training Cost	Average Training Cost
2019	5,315	105,744	139,974	26.34	5,312,607	999.5
2020	5,929	88,211	86,256	14.55	6,979,185	1,177.1
2021	6,333	122,697	139,317	22.00	7,593,524	1,199.0
2022	6,641	135,714	160,015	24.10	17,723,091	2,668.7
2023	6,395	127,900	169,084	26.44	24,714,271	3,864.6



New Engineer Competency Training- Participant Return-to-Factory Sharing Session.

2019-2023 VIS Training Metrics Statistics Average Training Hours (Distinguished by employee category)

Unit: Hours

Year	Direct Staff	Indirect Staff	Supervisor	Male	Female
2019	11.34	40.11	32.10	38.71	14.87
2020	9.17	18.9	17.49	18.53	10.55
2021	14.64	27.66	27.94	26.72	17.16
2022	14.02	34.49	26.81	29.12	19.06
2023	13.02	36.47	35.29	35.82	17.14



Supervisor management course - Use multiple management methods and tools to help supervisors with effective and efficient decision-making.



Training of Internal Lecturer - Let students understand how effective, interesting, and innovative teaching can be via on-stage practice.

Note: Different training courses will be provided based on the attributes of current job titles. Currently, the majority of engineers are male, so the average training hours for male employees are greater.

Overview for VIS Training Courses in 2023

A total of 487 in-person courses were held throughout the year, with a portion excerpted as follows:

Type of Course	Name of Course	Content and Benefits of Course	Number of Trainees
Engineering	Common New Engineer Series Courses	New engineer courses are summarized according to the needs of various factories, and there are intensive trainings	2,782
RD	Process technology, component physics and other concepts	Initiate engineering research and development technical courses and lectures to enhance engineers' application of knowledge related to semiconductor electrical properties.	824
Information	AI Lectures	Establish AI lectures, cultivate AI seeds in various departments, and lay a good foundation for the company's future AI applications.	276
Quality	Six Sigma Courses	Through the Quality Improvement Method Training courses, engineers understood quality methods and further applied them into their work. A total of 28 seed students were trained. The annual benefits of this project reached NT\$7.7 million, helping further continuously improving company Product Quality and Human Capital competitiveness.	1,985
General Knowledge	Teacher's Day: The Lecture of Changing the World with Innovation	During the activity period, it has improved the professional knowledge of internal lecturers and encouraged them via posters and thank-you cards to enhance their teaching enthusiasm and appreciate their efforts.	831
Management	Supervisor Management Courses	Courses tailored for supervisors at various levels have been designed to address specific management functions, such as talent development and personnel management. These courses aim to bolster the management capabilities of supervisors across all levels and enhance their overall effectiveness.	586

Return on Human Resources Capital Investment

Unit: NT\$ Thousand

	2019	2020	2021	2022	2023
(A) Operating Revenue	28,286,072	33,131,202	43,951,087	51,694,310	38,272,570
(B) Operating Expenses	3,423,398	3,840,078	5,049,955	6,116,773	4,671,828
(C) Employee Salaries and Benefits Expenses	7,508,045	8,111,480	11,106,860	14,686,307	10,791,480
Return on Human Capital Investments (A- (B-C))/C	4.31%	4.61%	4.50%	4.10%	4.11
Total Number of Employees	5,315	5,929	6,333	6,641	6,395



Quality course - Six Sigma.



Teachers' Day Lecture - Psychological Safety and Cohesion Power.

6.3 Human Rights

VIS supports international human rights norms and places Human Rights as the most important consideration when formulating related policies. VIS Human Rights Policy were announced in October 2018. In terms of employee labor related systems and regulations, it has complied with or formulated the regulations superior to laws and international human rights regulations to ensure that the company's code of conduct can be aligned with international indicators; it has also been dedicated to establishing active and positive employee relationships and to create a fun and challenging working environment.

Human Rights Policies

VIS is committed to supporting the "Universal Declaration of Human Rights (UDHR)" and is guided by international human rights norms, including the "International Human Rights Covenants", the "ILO Declaration on Fundamental Principles and Rights at Work", the "UN Guiding Principles on Business and Human Rights (UNGPs)", the "OECD Guidelines for Multinational Enterprises", and the "UN Global Compact Ten Principles (UNGc)". We take actions consistent with the "Responsible Business Alliance Code of Conduct (RBA)" and strictly adhere to the laws of the countries where we operate globally to protect Human Rights and create a dignified working environment. We uphold our core corporate values, by implementing the "VIS Human Rights policies", ensuring that Employees have a Safe Working Environment and are treated with the respect they deserve. At the same time, we demand major suppliers to develop and implement relevant Human Rights Policies in accordance with the provisions of the "Responsible Business Alliance Code of Conduct", and require our supply chain partners to adhere to the same standards.

Human Rights Risk Assessment and Risk Mitigation Measures

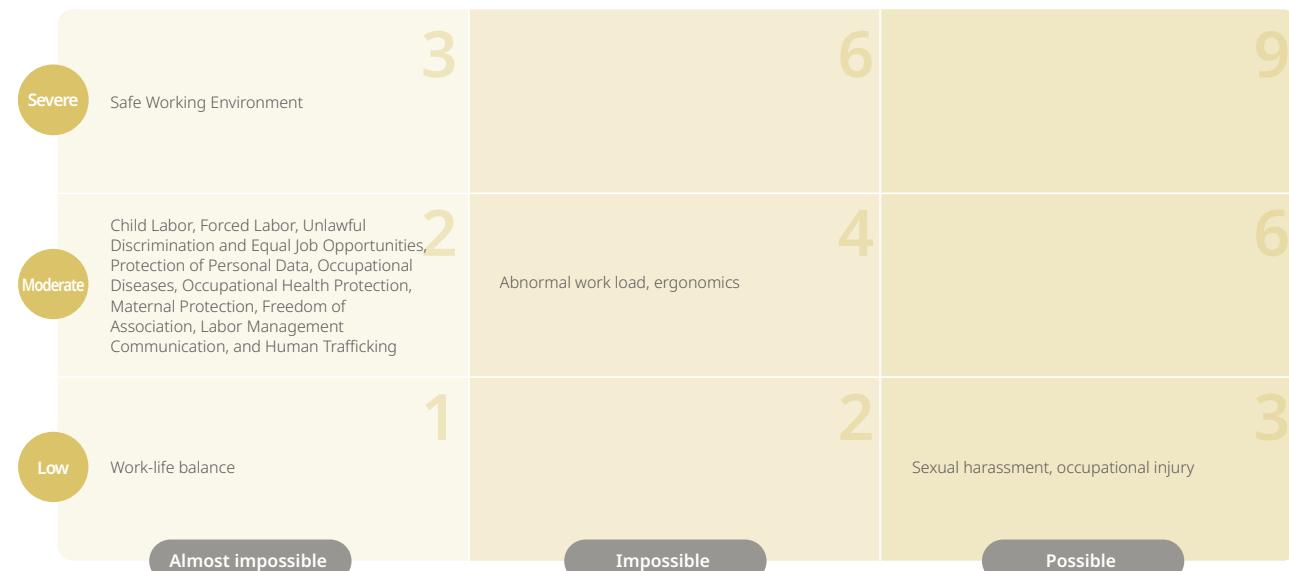
VIS promises to ensure the safety of supply chain working environment, the respect and dignity for all employees, emphasis on environmental protection policies, compliance with morality, and constant innovation and improvement plan; the checklist of human rights risks will be established annually according to international human rights conventions and policies, and the supervisors of all responsible units (Human Resources Division, Risk and Environmental Safety Department) will carry out risk assessment and human rights due diligence with

respect to all subjects on the checklist. For mitigation of human rights risks, the company has actively carried out specific improvement plans to create an outstanding, more challenging, safer, and more interesting working environment; meanwhile, it has also provided the educational training of human rights protection to ensure all employees understand their rights.

In 2023, VIS identified a total of 16 human rights risk issues. The following human rights risk matrix is the result of a risk assessment conducted by the responsible units for each topic, based on the probability of occurrence and the severity of the impact. In the 2023

human rights risk assessment, no high-risk issues (9 points); there were five moderate-risk issues (3-6 points): Safe Working Environment, Abnormal Workload, Ergonomics, Sexual Harassment, and Occupational Injury; a total of eleven issues were identified as low risk (1-2 points): Child Labor, Forced Labor, Unlawful Discrimination and Equal Employment Opportunity, Protection of Personal Data, Occupational Diseases, Maternity Protection, Occupational Health Protection, Work-life Balance, Freedom of Association, Human Trafficking, and smooth Labor Management Communication.

Human Rights Risks Matrix Diagram



Human Rights due Diligence Process Flow

Step	1. Information Collection	2. Identification of Level of Impact	3. Analysis	4. Execution
Execution Method	<p>Assessment of own business, value chain and related businesses, mergers and acquisitions, joint ventures, and other new business relationships.</p> <p>Collect and study the issues of risk groups such as employees, women, children, aborigines, immigrants, third-party contracted labor, and local communities</p>	Actual	Primary cause, contributing factors, and correlation conditions	Integrated in the process flow and operation
	Employee Opinion Mailbox	Potential	Scale, scope and remedial ability	Remedies
	Feedback of stakeholder		Severity and possibility	Communication

Human rights regulations are one of the sectors of due diligence. The responsible unit shall formulate the due diligence checklist with contents including implementation standards for risk assessment, integrated human rights assessment, and implementation framework.

Vulnerable Object	Human Rights Issue	Prevention/Mitigation Measures	Remedies	Number of Bases with Improvement Plans and the Ratio of Improvement
All Employees	Occupational Health Protection and Occupational Diseases	<p>System</p> <ul style="list-style-type: none"> Set the management objective of "Safe with Zero Accident, Healthy with Zero Occupational Disease". Comply with laws and regulations and international conventions to establish a safe and healthy working environment Provide all current employees with health examinations every year Provide special operation health examinations every year and carry out classified management according to the results of examinations Promote health improvement activities and employee assistance programs in conjunction with the company's philosophy, health examination analysis, and employees' health needs, and encourage the participation by employees <p>Training</p> <ul style="list-style-type: none"> List occupational health protection courses as compulsory courses <p>Communication</p> <ul style="list-style-type: none"> Through association boards and Employee Communication meetings for advocacy and outreach. 	<p>Compensation</p> <ul style="list-style-type: none"> Arrange outpatient clinics with factory doctors for employees with abnormal health examinations, provide individualized health consultations, and strengthen medical assistance and tracking for employees with medium and high health risks Arrange outpatient clinics with factory doctors for employees with abnormal special operation health examinations, provide individualized health consultations and health educations, and provide referral medical assistance and tracking when necessary In 2023, a total of 825 employees received personal health guidance from the company doctor. 	The evaluation indicates that there is no base of risk
All Employees	Abnormal Work Load	<p>System</p> <ul style="list-style-type: none"> Establishing a disease prevention plan triggered by abnormal workload in VIS. Arrange overwork scale survey every year, and establish a tracking list for prevention and management of occupational cerebrovascular and heart diseases 	<p>Compensation</p> <ul style="list-style-type: none"> Arrange outpatient clinics with factory doctors for employees, provide individualized consultation and professional suggestions, and assist employees in creating health life modes In 2023, after assessing abnormal work loads, 42 individuals required interviews, all of whom completed individual interviews and health guidance. 	The evaluation indicates that there is no base of risk

Vulnerable Object	Human Rights Issue	Prevention/Mitigation Measures	Remedies	Number of Bases with Improvement Plans and the Ratio of Improvement
All Employees	Forced Labor	<p>System</p> <ul style="list-style-type: none"> Comply with the labor laws of the local government, emphasize the willingness of employees to freely choose occupations, and never force employees to provide labor services by means of coercion or threat; all employees work voluntarily and have the right to terminate their employment relationship at any time Employees can make complaints of relevant issues via the Ombudsman Mailbox and Employee Opinion Mailbox 	<p>Compensation</p> <ul style="list-style-type: none"> Mediation and coordination in accordance with internal procedures In 2023, there were no incidents of forced labor or complaints. 	The evaluation indicates that there is no base of risk
All Employees	Work-life Balance to Maintain Employees Physical and Mental Health	<p>System</p> <ul style="list-style-type: none"> Provide employees with diversified art, health, parent and child, and society activities We provide an EAP (Employee Assistance Program), offering employees professional counseling in psychology, law, finance, health, and management, and provide medical services. 	<p>Compensation</p> <ul style="list-style-type: none"> Professional consultants assist employees in legal, financial, health management, psychological and other issues In 2023, the EAP services were used 213 times, with psychological and legal issues being the most frequent. In 2023, various activities such as family days, walking and running events, sports seasons, and employee travel were organized, with over 15,000 participants, promoting employee Work-life balance. 	The evaluation indicates that there is no base of risk
All Employees	Freedom of Association	<p>System</p> <ul style="list-style-type: none"> In accordance with the company's human rights policy, employees have the right to freedom of association according to local regulations, and the company respects employees' rights to form unions through legal procedures. Employee Welfare Committee encourages employees to participate in legitimate leisure and welfare activities, formulates association management methods, and provides financial subsidies 	<p>Compensation</p> <ul style="list-style-type: none"> Mediation and coordination in accordance with internal procedures In 2023, a total of 30 clubs were operating normally. 	The evaluation indicates that there is no base of risk
All Employees	Labor Management Communication	<p>System</p> <ul style="list-style-type: none"> Provide smooth employee communication channels According to the Implementation Measures for Labor-Management Meetings, labor and management representatives shall be assigned in each plant, and employees can make proposals during the quarterly labor-management meeting The Chairman's Communication Meeting will be held once every six months for close communication between Chairman and employees 	<p>Compensation</p> <ul style="list-style-type: none"> Mediation and coordination in accordance with internal procedures A total of 16 Labor-Management Meetings, 5 Chairman's Communication Meetings, and over 200 Fab/Area Communication Meetings were held in 2023; the Employee Opinion Channels received 355 cases, all of which were resolved after communication with the proposers. 	The evaluation indicates that there is no base of risk
All Employees	Protection of Personal Data	<p>System</p> <ul style="list-style-type: none"> Establish the Personal Data Protection Committee to accept consultation, complaints, exercise of rights of owner of personal data, and emergency notification The Personal Data Protection Committee shall carry out regular sampling inspections and reviews and convene regular meetings to strengthen the personal data protection; internal audit and external audit units shall conduct law compliance inspections every year <p>Communication</p> <ul style="list-style-type: none"> Carry out occasional advocacy of personal data protection 	<p>Compensation</p> <ul style="list-style-type: none"> Mediation and coordination in accordance with internal procedures <p>Punishment</p> <ul style="list-style-type: none"> Mediation and coordination in accordance with internal procedures There were no personal data leakage incidents in 2023. 	The evaluation indicates that there is no base of risk

Vulnerable Object	Human Rights Issue	Prevention/Mitigation Measures	Remedies	Number of Bases with Improvement Plans and the Ratio of Improvement
All Employees	Sexual Harassment	<p>System</p> <ul style="list-style-type: none"> Formulate sexual harassment prevention and management measures, and insist on zero tolerance of discrimination Set up sexual harassment complaint mailbox with the CLO as the top person in charge <p>Training</p> <ul style="list-style-type: none"> Sexual harassment prevention, control, and management are listed as the annual compulsory courses <p>Communication</p> <ul style="list-style-type: none"> Maintaining a gender-equal work environment, Sexual Harassment Prevention has been listed as one of the severe items. Outreach activities like creating animations, and eDMs, are announced through bulletin boards, television, and Employee Communication meetings. 	<p>Compensation</p> <ul style="list-style-type: none"> Comprehensively investigate the who/what/when/where/which of the case, track, audit, and supervisor of individual case, and ensure the effective implementation of punishment or counseling measures to adjust the workplace environment and system to avoid the occurrence of same incidents or retaliations <p>Punishment</p> <ul style="list-style-type: none"> The Sexual Harassment Complaint Committee will warn or punish the perpetrators depending on the circumstances of the violation, and request the perpetrator to apologize to the victim. If the circumstances are serious, they may be dismissed according to the company's regulations The 3 cases of Sexual Harassment complaints filed in 2023 have all been investigated and concluded. Based on the investigation results, under the premise of protecting the parties involved, the respondents were subjected to behavioral education, observation counseling, and performance penalties, all of which were documented and the cases were closed. 	The evaluation indicates that there is no base of risk
Female Employees Who are Pregnant or within One Year After Giving Birth	Maternal Protection	<p>System</p> <ul style="list-style-type: none"> Establish the VIS Maternal Health Protection Management Plan to provide maternal health consultations and work safety assessments and grading management for pregnant and postpartum women. Establish maternal health protection and management notification system <p>Communication</p> <ul style="list-style-type: none"> Promote the Maternal Health Protection Plan through channels such as bulletin boards and posters outreach. 	<p>Compensation</p> <ul style="list-style-type: none"> Arrange pregnant and parturient women to receive health consultation, work safety assessment, pregnancy and postpartum health guidance from factory doctors, and refer medical assistance and tracking when necessary In 2023, 94 maternal health assessments were completed, allowing all individuals to continue working in their original units, with individualized health consultations and guidance provided. 	The evaluation indicates that there is no base of risk
All employees and resident suppliers	Ergonomics	<p>System</p> <ul style="list-style-type: none"> Carry out regular operation analysis and hazard assessment with respect to all employees and resident suppliers 	<p>Compensation</p> <ul style="list-style-type: none"> For suspected hazard cases involving employees and vendors, a nurse will arrange for a health clinic visit, and together with the Risk and Environmental Safety Management Department, perform on-site operational observation. After conducting an analysis of the operational procedures, contents, and actions, suggestions for improvement are made. In 2023, there were no abnormal findings from ergonomics investigations. 	The evaluation indicates that there is no base of risk
All Employees and Suppliers	Safe Working Environment	<p>System</p> <ul style="list-style-type: none"> There shall be gas and liquid leakage detectors installed in the plant for on-site real-time monitoring; the operation environment measurement shall be conducted once every 6 months <p>Training</p> <ul style="list-style-type: none"> All employees participate in the work of occupational safety and health, controlling environmental and safety risks from the source; through training, communication, and emergency response drills, strengthening recognition of occupational safety and health responsibilities, and instilling a culture of occupational safety and health. 	<p>System Adjustment</p> <ul style="list-style-type: none"> Strengthen the education and advocacy of EHS for employees and suppliers <p>Compensation</p> <ul style="list-style-type: none"> Implement selection and assignment of workers and health management classification in accordance with the health examination reports and the results of operation environment measurements In 2023, no abnormal safety risk was found in the working environment. 	The evaluation indicates that there is no base of risk

Vulnerable Object	Human Rights Issue	Prevention/Mitigation Measures	Remedies	Number of Bases with Improvement Plans and the Ratio of Improvement
All Employees and Suppliers	Occupational Injury	<p>System</p> <ul style="list-style-type: none"> Carry out hazard identification and risk assessment regularly with respect to the contents and items of all operations The coordination organization safety meeting must be convened in advance for all construction projects in order to implement the management of dangerous operation permits and on-site operations <p>Training</p> <ul style="list-style-type: none"> Safety and health training shall be listed as the compulsory courses for new employees <p>Communication</p> <ul style="list-style-type: none"> Industrial safety advocacy must be implemented for all employees and suppliers Advocacy of prevention and control of occupational injuries of employees 	<p>Compensation</p> <ul style="list-style-type: none"> Occupational injuries and industrial safety cases shall all be listed as the tracking and improvement items, and improvement plans shall be proposed for these cases In 2023, there were 12 occupational injury cases, primarily consisting of contusions and sprains. Upon occurrence, employee care and return-to-work procedures were immediately initiated, and the causes of accidents were reviewed to enhance safety management and supervision mechanisms. Additionally, improvements were made to hardware to reduce the risk of human error. 	The evaluation indicates that there is no base of risk
Foreign Employees	Human Trafficking	<p>System</p> <ul style="list-style-type: none"> Comply with the labor laws and regulations of local government and carry out recruiting process flows according to the laws while confirming the identity documents of the interviewees Employees are required to the an employment contract upon reporting for duty ensuring that all procedures comply with applicable regulatory processes. Cooperate with legal labor agencies to hire foreign direct employees, and apply for foreign employee work permits in accordance with laws and regulations. Strictly verify relevant information to ensure that the process flow complies with laws and regulations 	<p>Punishment</p> <ul style="list-style-type: none"> By law the company shall downgrade or suspend the labor agencies with major human rights violations In 2023, there were no incidents of human trafficking. 	The evaluation indicates that there is no base of risk
Employees under 18 years old	Child Labor	<p>System</p> <ul style="list-style-type: none"> Strictly abide by labor laws and regulations while carrying out the recruitment process flow 	<p>Punishment</p> <ul style="list-style-type: none"> Explain to the hiring unit and assess the improvement plan for each individual case In 2023, no child labor was employed. 	The evaluation indicates that there is no base of risk
All Employees and Job Seekers	Unlawful Discrimination and Equal Employment Opportunity	<p>System</p> <ul style="list-style-type: none"> Promote and implement internal control procedures, abide by labor laws and regulations of local government, and never discriminate job applicants based on the screening conditions of race, class, language, ideology, religion, party affiliation, place of origin, place of birth, gender, sexual orientation, age, marriage, appearance, facial features, and physical and mental disabilities Employees can make complaints of relevant issues via the Ombudsman Mailbox and Employee Opinion Mailbox Carry out recruitment process flow according to laws and regulations to eliminate unlawful discrimination 	<p>Punishment</p> <ul style="list-style-type: none"> Mediation and coordination in accordance with internal procedures In 2023, there were no incidents of employment discrimination. 	The evaluation indicates that there is no base of risk

Employee Communication

VIS takes employees' opinions and ideas seriously, so that it establishes diversified and smooth employee opinions feedback channels and provides bilateral open communication environment to improve the harmonic labor-management relationship. The top persons in charge of each communication channel include the independent director, Chairman, President, Vice President & CFO, CLO, Human Resources Director, and Director of each plant. In 2023, there were a total of 355 cases reported through the Employee Opinion Channels. All reported cases were handled properly and promptly by appropriate units with the highest confidentiality principle and, depending on the situation, a special task force was established. This includes 157 cases of "Speak Out", 171 cases in the Employee Opinion Mailbox, 24 cases in the Ombudsman Mailbox, and 3 cases in the Anti-Sexual Harassment Mailbox. A sexual harassment complaint is a situation where there is inappropriate contact against the willingness of the victim in the workplace, causing the victim to feel offended. We have formulated the "Regulations Governing Sexual Harassment Prevention" in accordance with the "Act of Gender Equality in Employment" and "Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace", where the Sexual Harassment Complaint Committee shall carry out undisclosed investigation procedures to protect the parties concerned, and based on investigation result, to provide behavioral education, observation, and coaching, as well as performance punishment, and keep records to close the case. All Communication Channels are described and promoted on the Company's internal website, electronic bulletin board, and new employee training materials, ensuring that all employees are informed.

The Company respects the establishment of enterprise unions by employees in accordance with legal procedures. The company has established clear and smooth communication channels with the union, including regular quarterly labor-management meetings, and communication between union supervisors and human resources units at all times, the Company holds at least 2 Chairman's Communication Meetings semi-annually, level Supervisor Communication Meetings for supervisors of Specific and above, and the Employee Communication Meeting open to all employees. A total of 5 sessions were held in 2023, where the Chairman shared the company's operational status and future outlook, and responded to each colleague's questions, effectively conducting two-way

communication. To maintain a harmonious and trusting relationship through the aforementioned channels, no collective agreements have been signed, resulting in 0% coverage of employees under such agreements. All employees adhere to labor-related system regulations outlined in the "VIS Human Rights Policy" and have the opportunity to submit suggestions through the aforementioned communication channels, which reference industry practices as guidelines.

To continuously create a communication-friendly environment and proceeding toward an "open management model", adhering to the principles of efficient communication, starting from 2022, Regular Fab/Area Communication Meetings have been held for face-to-face Communication between Supervisors and Employees. Transparent Communication and listening to employees' voices allows for Immediate feedback and effective problem-solving, further strengthening employee relationships.

Frequency and Content of Implementation of Diversified Communication Channels

Item	Implementation Frequency	Description of Content	2023 Execution Outcomes
Labor-Management Meeting	Quarterly	It shall be organized in each plant according to laws and regulations	A total of 16 labor-management meetings were held at the four factories in Taiwan.
Employee Opinion Channels	Occasionally	Speak Out, Employee Opinion Box, Ombudsman Mailbox, Anti-Sexual Harassment Mailbox, Audit Committee Mailbox, Chairman's Mailbox, and President's Mailbox.	There were a total of 355 cases in the Year, with a case closure rate of 100%.
Chairman's Communication Meeting	Half year	Specific and above Manager Communication Meeting, and All Employees Communication Meeting.	There were 5 sessions of the Chairman's Communication meetings throughout the year, with approximately 1,500 participants from the Taiwan and Singapore Fabs.
Fab/Area Communication Meeting	Occasionally	Each fab/area holds a Fab/Area Communication Meeting, Skip Level, or Workshop based on actual needs.	In 2023, a total of 252 sessions were held with 12,482 participants, the sessions and number of participants increased by over 50% compared to 2022.

Survey of Employee Recognition of Business Philosophy

VIS has always emphasized every employee's opinions, which can serve as the basis for improvement measures to create a more harmonic working environment and to strengthen the cohesion of employees. In order to understand the recognition level among employees toward the company's business philosophy, since 2018, the company has cooperated with expert consultants to conduct the "Survey of Employee Recognition of Ten Major Business Philosophies". The survey in 2023 covers employees in Taiwan, the West Coast of the United States, and Singapore. The response rate was 99.98%, with an approval rating of 4.55/5.0, an increase of 0.13 points from 2020. All items showed significant improvement, indicating that colleagues highly appreciate the company's business philosophy and dedication (work commitment).

The questionnaire covers the Business Philosophy and the Aspect of Employee Engagement, with a total of 51 questions, answered on a five-point Likert scale. The business philosophy includes a total of ten concepts. The average level of recognition from all employees for the aspect of business philosophy is 4.55, and 85.0% of the employees agree, which is slightly higher than the recognition level in 2020 (4.42, 77.3%).

Years		2018	2020	2023						
Aspect	Content	All Employees	All Employees	All Employees	Gender		Job Position			
		Male	Female	Non-Management	First-Level Management	Middle-Level Management	Senior Management			
Business Philosophy Article 1	Upholding Ethical Business Practices									
Business Philosophy Article 2	Focusing on Core Business									
Business Philosophy Article 3	Internationalized Operation with View on Global Market									
Business Philosophy Article 4	Focusing on Long-term Business Strategies, Striving to Be a Perpetual Enterprise									
Business Philosophy Article 5	Treating Customers as Partners									
Business Philosophy Article 6	Building Quality into All Aspects of Our Business Compliance	4.39 (77.5%)	4.42 (77.3%)	4.55 (85.0%)	4.53 (83.9%)	4.56 (86.0%)	4.54 (84.7%)	4.65 (87.6%)	4.58 (86.1%)	4.65 (89.1%)
Business Philosophy Article 7	Constant Innovation and Entrepreneurial Vitality									
Business Philosophy Article 8	Creating a Dynamic and Enjoyable Working Environment									
Business Philosophy Article 9	Establishing an Open Management Style									
Business Philosophy Article 10	Being a Good Corporate Citizen by Contributing and Caring for both Shareholders and Employees									
Level of Employee	Commitment	4.42 (86.3%)	4.42 (85.1%)	4.56 (88.6%)	4.56 (87.8%)	4.56 (89.2%)	4.54 (88.0%)	4.70 (93.2%)	4.66 (92.1%)	4.80 (94.5%)

Engagement

- The questionnaire uses a five-point Likert scale (5 points for strongly agree, 4 points for agree, 3 points for neutral, 2 points for disagree, and 1 point for strongly disagree) for responses.
- The percentages in brackets are the percentages of employees answering Agree and Strongly Agree.
- The following investigation result represents the employees' work motivation (Purpose), whether they enjoy work (Job Satisfaction) and Happiness. (No questions corresponds to stress)

Aspect	Identity Level	The percentages of employees answering Agree and Strongly Agree
Work Motivation (Purpose (internal motivation, e.g., my work has a clear sense of purpose))	4.55	92.6%
Enjoyment from Work (Job satisfaction (external motivation, e.g. I am satisfied with my job))	4.45	88.4%
Sense of Happiness from Work (Happiness (e.g., I feel happy at work most of the time))	4.39	86.3%

Diversity and Inclusion

VIS regards its employees as its most valuable asset, striving to create a diverse, equitable, and inclusive culture. The Company provides a safe and healthy work environment and equal opportunities for development, enhancing employee recognition and helping both employees and the Company to grow together. The Company is committed to promoting diversity and inclusion, with a particular focus on addressing the challenges faced by underrepresented groups, including women and foreign employees. By listening to their voices and creating an inclusive and equitable work environment, the Company ensures that every employee feels respected and valued. This approach enhances employee recognition and supports their personal and professional growth.

Establishing a Women's Resource Group

The Company regards women's empowerment as an important sustainability indicator, striving to deeply understand the challenges faced by women worldwide to create a better work environment, strengthening the recruitment and retention of female engineers.

Starting in January 2023 with the "Women Empowerment Gathering," the Company invited Business Weekly CEO Yiling Kuo and female senior executives to share their perspectives and success experiences, listening to women's voices and challenges. In March, the "Women Empowerment Brainstorming" focus group discussions were held to identify women's needs and entry points. In May, the Company invited the President and other male senior executives to participate in a forum to express their determination to "support women's empowerment." The first employee resource group, Women V, was established in May 2023, with Vice President of Finance Amanda Huang serving as Chair. "We hope that with everyone's efforts, we can strengthen the women's empowerment at Vanguard!"



First Women's Empowerment Forum



"We Men Support Women" Senior Executive Women's Empowerment Forum

The Vice Chair of Women V is held by various Area Heads, including those from HR, RESM, FIN, and PR. Under the mission of "uniting women's strength, promoting diverse dialogue, unlocking personal potential, realizing self-worth, supporting mutual growth, and becoming better together to jointly create a healthy, balanced, and inclusive workplace," they plan and promote four major dimensions: activities and lectures, campus engagement, labor conditions and work environment optimization, and brand marketing. Quarterly meetings are held to report on the progress of women empowerment projects and share employees' feedback. Committee representatives are also encouraged to provide suggestions to understand the needs of women or other underrepresented groups, which serve as a reference for promoting women-friendly policies. These include: Introducing flexible working hours, adding new shifts of 07:30-16:30, 08:00-17:00, and 09:00-18:00 alongside the original 08:30-17:30 shift. These four flexible daytime shifts allow employees to better meet family care needs and alleviate traffic congestion. Additionally, the Company hosted its first "Little Engineer" winter camp in two sessions, with a total of 60 children participating. The event was highly praised for its success!



Women focus group forum



"Little Engineer" winter camp

A Rich and Diverse VIS Family

Comprised of members from 14 countries worldwide, the VIS Family is dedicated to creating a friendly work environment that respects diverse groups. The Company integrates various cultures and continuously promotes interaction among employees from different backgrounds. Every Christmas, the Company organizes activities for colleagues from the Philippines, allowing them to experience warmth similar to their hometown while in Taiwan. Additionally, the cafeteria regularly features Filipino comfort food to warm the hearts and stomachs of employees. Every year during the year-end banquet, the Company reserves special performance time for foreign colleagues to sing together with the Chairman, fostering a lively and enthusiastic atmosphere that allows more colleagues to feel the warmth and energy of their peers! In addition to organizing diverse activities, the Company now regularly conducts employee communication sessions to understand the needs of foreign employees and promptly address them.



Filipino colleagues dressed up and interacted closely with the Chairman, singing enthusiastically



Liezcel Marquez · 追蹤

thank you VIS for making us feel the Spirit of Christmas here in Taiwan we really enjoyed &appreciated this Christmas party 🎅🎅 merry Christmas and happy new year ❤️



Eihka Lenroc Selegna

Thank you VIS for the raffle gifts and cash gifts, we really enjoyed the party 😊
Happy holidays ✨
May the winds of positive change, happiness, and goodwill blow your way all year 😊
#ILOVEVANGUARDINTERNATIONALSEMICONDUCTORCORP.😊
#THANKYOUVIS 😍



Filipino colleagues appreciate the Company for organizing Christmas activities

6.4 Workplace Health Management

Emergency Response for Infectious Diseases

To protect employee health and safety, VIS announced and is promoting pandemic prevention policies and regulations through the Pandemic Prevention Team, closely monitoring the current pandemic situation, and providing timely health education. With the collective efforts and increased vaccination rates, the Epidemic Prevention Bureau announced a downgrade in epidemic prevention measures starting from May 1, 2023.

During the epidemic, we managed a total of 3,256 confirmed cases; completing epidemic-related tracking and care for a total of 5,881 times; continuing to advocate good hygiene habits among colleagues and moving on toward a new post-pandemic life.



Health Management

VIS is dedicated to creating a safe and healthy workplace by providing health examinations at frequencies superior than the statutory requirement, including physical and health examinations for new employees, special operation personnel, and current employees. We have appointed professional nurses, special on-site service physicians and occupational physicians according to the laws and regulations to provide employees with professional consultation on medical and health examination reports, along with the comprehensive health management plan including special protection, health promotion, and psychological counseling in order to enhance the employees' health awareness.



To help employees better understand their individual health risks, VIS has optimized the Health Management App. This includes adding individual health grading, allowing employees to track their health trends over the years, strengthening the importance of health, and increasing awareness of self-health management. The app is also fully integrated with the National Health Insurance Express platform consolidating medical and medication records, and can be connected to personal wearable devices for comprehensively recording daily sleep, walking, and other health information. This creates a comprehensive record of an employee's health history, allowing employees to enjoy "holistic health anytime, anywhere". In 2023, VIS received recognition and commendation from renowned institutions for our services in workplace health, employee welfare, and disease prevention



initiatives, and for building a Friendly Workplace. VIS was awarded the "Corporate Health Responsibility, (CHR) - Platinum Award", "Outstanding Healthy Workplace - Gender Health Friendly Award from the Health Promotion Administration, Ministry of Health and Welfare", "Ministry of Labor's Workplace Health Service Promotion Outstanding unit - Model Enterprise Award", and "Epidemic Prevention Pioneer Award - Gold Award".



Outstanding Healthy Workplace - Gender Health Friendly Award



Factory occupational physician outpatient clinic consultation service



Epidemic Prevention Vanguard Award - Gold Award



MINISTRY OF LABOR'S WORKPLACE HEALTH SERVICE PROMOTION OUTSTANDING UNIT - Model Enterprise Award

Special Protection

VIS conducts special operational health examinations every year to care about employees' health. In the Taiwan Region, the number of people undergoing special hazardous operations (including noise, Ionizing radiation, arsenic, nickel, and indium) was 292 in 2023, with a 100% completion rate. The result of special operation health examination indicates that there are no personnel of the Third Level and Fourth Level Management; for the personnel of the Second Level Management, factory occupational physicians have been assigned to interview them to provide personal health guidance. At the same time, based on the results of health check reports, lists for occupational-induced cerebrovascular and heart disease prevention management and moderate-to-high aged work aptitude assessment have been established. Proactively arranging for occupational physicians providing individual counseling and professional advice helping colleagues create healthy lifestyle patterns. In addition, we are regularly conducting surveys on employees' musculoskeletal status and overload, actively promoting and ensuring our employees' physical and mental health, and safety of the working environment.

Vanguard Life-母嬰親善園地

公司首頁 公共區域 ➡ Vanguard Life&福委會 ➡ 母嬰親善園地(連結) ➡

2024/01/25前，於爸媽交流區指定文章成功留言者，並上傳Surveycake，即可參加抽獎，My Deer好禮等你來拿囉～(獎品100份)

- 步驟一：爸媽交流區 → 点到抽好禮(文章連結) → 回覆文章(部門/工號/姓名) → 完成送出
- 步驟二：截圖Vanguard Life留言畫面 → 上傳Surveycake(問卷連結) → 完成送出

Vanguard Life

提供公司母嬰親善/友善職場的公告活動，讓同仁隨時掌握最新資訊。

百寶箱

提供公司母嬰親善/友善職場的公告活動，讓同仁隨時掌握最新資訊。

爸媽交流區

提供同仁自由刊登有關育兒/懷孕/生活等資訊交流、團購或物品交換平台，讓育兒生活更便利。

Vanguard Life Maternal and Child-Friendly Zone

VIS has a Maternal Health Protection Management Plan, arranging health consultations, work safety assessments, pregnancy and postnatal health guidance for pregnant and postpartum women, and provides exclusive parking spaces for expectant mothers and breastfeeding rooms, ensuring the physical and mental health of Female labor force during pregnancy, after childbirth, and while breastfeeding, and achieving the purposes of Maternal Health Protection. In 2023, a total of 91 maternal health protection consultations were completed, and tracking and care were carried out according to the classification management assessed by doctors.

In addition, the 2023 Advanced Maternal Protection 2.0 plan will make the maternity workplace even more holistically complete. The contents are as follows:

- (1) Establish resting stations for expectant mothers, to demonstrate compassion for pregnant colleagues enjoying a warm and comfortable resting space during lunch breaks or when feeling unwell due to pregnancy.
- (2) The guide for maternity protection is available on the company homepage. The Content includes



Pregnant Mamas Rest Stop



Maternal Protection Manual

government regulations, notification methods, Management processes, and full guidance on maternity protection for a friendly work environment.

- (3) Creating the Vanguard life parent-friendly platform, updating the latest parent-friendly information, providing colleagues with topics for discussion on pregnancy/child-rearing, thus making parenting life more convenient.
- (4) Planning the "VIS Baby Exclusive Gifts: My Deer Diaper Cover, Baby Bath Gift Box", ensuring VIS babies receive the finest care. In 2023, a total of 59 colleagues received these gifts for their children.

VIS has formulated and implemented a work plan suitable for middle-aged and elderly employees, targeting colleagues over the age of 45, conducting Risk Assessment, factory on-site physician consultation for suitability evaluation advice, and taking necessary suitability job assignment measures to implement Occupational Safety and Health regulations, ensuring work safety and physical and mental health among middle-aged and elderly groups.



VIS' Exclusive Gifts for Babies

Health Care Program

VIS provides annual health checks for all employees in service. There were a total of 5,309 participants in Taiwan in 2023 with a then check-up rate of 96.5%. For employees with any abnormal physical examination results, the nurse arranges for a factory clinic visit and provides individual health counseling. We are enhancing medical assistance and tracking for employees with moderate and high health risks. The number of times people visited the factory clinic for counseling was a total of 825 in 2023.

Influenza prevention is a key safety and health item for VIS. Every year, the company arranges flu vaccinations in conjunction with health check events. In order to meet different group needs, in 2023, two kinds of vaccines for employees to choose from. Each individual was granted a NT\$500 subsidy for the vaccine, and in 2023, a total of 1,767 employees got vaccinated with a total subsidy of NT\$884,000.



Flu Vaccination



Vaccination



Health Checkup Poster



Employee Health Checkup

Health Promotion Activities

Modern people pay attention to health and wellness, and lowering blood fat has become a hot topic in recent years. We invited the knowledge influencer, "77 Boss", with millions of fans, to discuss "Is it difficult to lose fat? Just drink the right tea". Speaking about these Themes, a professional traditional Chinese medicine doctor shared with colleagues the method of using tea drinks and acupressure to maintain personal health. In total, 286 colleagues participated, together establishing a new concept of health.

VIS also encourages employees maintaining regular exercise habits and promoting physical and mental health. In 2023, our company's mascot - My Deer, became the "King of Navigation", kicking off "VIS King of Navigation - Let's go!" The Severe Weight Loss Competition and Online Walking Event: Towards the Great Voyage" takes our colleagues on a journey across 12 countries, with challenging tasks to appreciate the unique attractions of each country, embarking on a spectacular adventure around the world together! In the three-month group and individual competitions, different target thresholds were designed for each phase, planning the goals for individual and group activities. Furthermore, these activities were paired with weight loss programs encouraging colleagues maintaining healthy walking and sports slimming practices. A total of 235 teams and 2,307 participants were attracted to participate.

In addition, VIS also held a "Life Numerology X Essential Oil Aromatherapy" stress-relieving seminar, inviting professional aromatherapists to explore the mysterious life numerology, creating individual-specific essential oils, and using aromatherapy to achieve relaxation and stress-relief effects. A total of 140 colleagues participated in the activity.



Weight loss contest activity



Online walking activity



"Life Numerology X Essential Oil Fragrant" stress reduction seminar



Traditional chinese medicine lipid-lowering seminar



6.5 Occupational Safety and Health

6.5.1 Environmental, Safety, and Health Policy and Management System

Environmental, Safety and Health Policy

VIS adheres to the core values of "Integrity, Customer Orientation, Value Orientation, Commitment", actively establishes good interaction and enhances awareness and common sense with the stakeholders, fulfills the responsibility of environmental safety and health investigation before mergers and acquisitions, and is dedicated to achieving the objectives of "Zero Safety Accident and Sustainable Environmental Development".

The VIS company's environmental, safety, and health policy is drafted and revised by the Environmental, Safety, and Health (ESH) Committee reviewed by the Board of Directors, and applies to all Operations locations and contractors. The Risk and Environmental Safety Department is in charge of supervisor and promotion, and presenting performance and results during quarterly Environmental, Safety, and Health Committee.

The Environmental, Safety, and Health Policy, and the scope of application of the Environmental/Safety Health Management System, have been posted on the company's website. In addition, all contractors are required to comply with the company's policies and carry out safety and health management. VIS' environmental, safety, and health policies are explained during the safety and health education and training sessions provided to these contractors. This ensures that all contractors entering VIS for construction work fully understand our policies.

Environmental, Safety, and Health Management System

VIS independently follows the requirements of ISO 14001, ISO 45001, and environmental, safety, and health regulations to establish an environmental, safety, and health management system. Both the Taiwan and Singapore facilities have obtained third-party certification for the ISO 14001:2015 and ISO 45001:2018 management systems (the Taiwan facilities have also obtained TOSHMS certification). Stakeholders such as suppliers and the public can check the status of the relevant certificates through the following link: https://www.vis.com.tw/en/press_document

Note: The verification scope includes all personnel working within the premises of each facility but does not include company dormitories.

As factory engineering department, and equipment engineering departments, will conduct a risk assessment and registration and identification of environmental considerations related to safety and health based on activities, products, and services in the workplace, process hazards, insurance company audits, expert advice, cases occurring in any department or friendly factories, and legal requirements. They are carried out by senior personnel assigned by each unit, and proposals for environmental protection and safety and health (ESH) programs must be put forward for the execution of improvement for items with high risk and significant environmental considerations. The major methods for promotion are as shown below:

- **Regulatory Compliance Identification**

The Risk and Environmental Safety Management Department logs into the national regulatory database and other websites every month to review the latest environmental safety regulations and other requirements to ensure the company complies with the above-mentioned regulations and the demands of other stakeholder groups.

- **Environmental, Safety, and Health Risk Assessment and Formulation of Management Plan**

Each business unit assigns senior personnel (trained personnel for Singapore Fab) to conduct a Risk Assessment of Safety and Hygiene and Identification and registration of Environmental Considerations. It is mandatory to propose ESH plans for and implement improvement for items with high risk and significant Environmental Considerations.

The Environmental Safety and Health (ESH) plan is initially approved by the proposing unit supervisor, the department's safety representative, and the Risk and Environmental Safety Management Department, and then implemented after approval by the Chairman of the Regional ESH Committee. Each plant shall report the environmental, safety and health implementation performance

during the Plant ESH Committee Meeting every month, and the environmental, safety and health implementation performance of all plants shall be summarized and reported during the ESH Committee of the entire company.

- **Environmental, Safety, and Health Performance KPI (Key performance indicator) Competition (Singapore Fab won the Best Workplace Safety and Health Performance Award of the Year)**

The Factory Affairs Engineering and Equipment Engineering Departments of the Taiwan factories hold the EHS performance KPI competitions every six months. The competition items include: accidents and deficiencies, EHS Continuous Improvement, and operational control, with flags and bonuses awarded to the winning units as incentives. Singapore Fab's Annual Best Workplace Safety and Health Performance Award, competition items include: Monthly accidents and deficiencies, monthly inspection detection/closure rate, ESH item, ESH sharing, and meeting attendance rate.

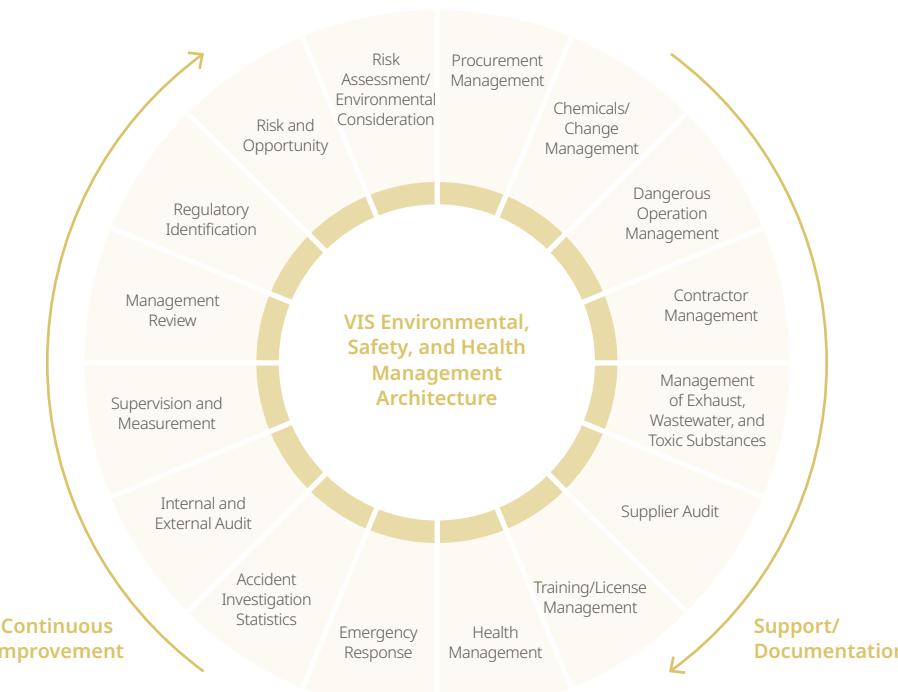
- **Implementation of Internal and External Audits**

The company has established the "Environmental, Safety, and Health Corrective and Preventive Measures and Internal Audit Procedures." These procedures use internal audits to examine compliance with relevant operational principles or standards. Based on audit results, appropriate corrective and preventive measures are taken to achieve continuous improvement objectives, maintain the effectiveness of the company's ESH system, and ensure that effective countermeasures can be taken when actual or potential abnormalities occur to prevent the recurrence of similar issues and achieve continuous improvement.

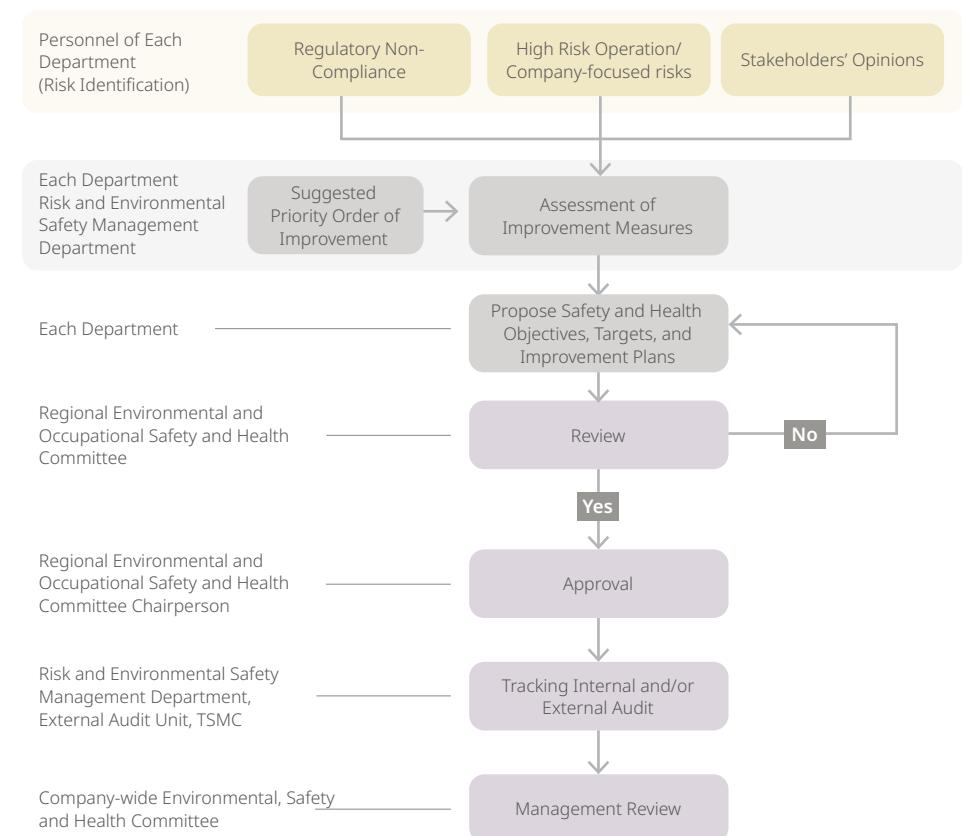
The Risk and Environmental Safety Management Department conducts an Internal Audit once every six months (annually for the Singapore Fab) and entrusts a third-party Party certification unit to conduct an Audit of the Management System every year ensuring Management System effectiveness.

If there is any abnormality or deficiency found, an accident investigation system and the Corrective Action Request (CAR) shall be established to request the deficiency unit for improvement. The environmental, safety, and health management shall be implemented according to the PDCA method as shown below:

Environmental and Occupational Safety and Health Management Structure Chart



The implementation and operation process flow of the environmental safety and health organization



The company's important environmental policy is to implement green production and reduce environmental impact. In 2023, the Taiwan factory completed a total of 58 environmental improvement projects, mainly focusing on three categories: waste reduction, energy and resource conservation, and compliance with environmental regulations. These projects include the addition of energy-saving Uninterruptible Power Supply (UPS) systems, replacement of LED tubes/air compressors with energy-efficient coolers, replacement of variable frequency dry pumps, installation of plasma scrubbers, improvement of baking formula WPH (wafer per hour), reduction of residual gas pressure in helium bundle cylinders, and reduction of enzyme removal hydrogen peroxide usage, aiming to reduce environmental impact. Additionally, the company continues to purchase green (recycled) products such as hand towels and photocopy paper and uses raw materials that do not contain prohibited substances, further reducing environmental load and impact.

Important safety and health-related programs executed by the Taiwan factory in 2023 are as follows:



Fab 3: Replacement of glass for cooling water tower:

Fiber Reinforced Plastic (FRP) framework improvement
(Risk Level: 3 → 5)



Fab 2: Improvement of mechanical and electrical component heat dissipation:

Case (Holes were made in the machine backplate) Improvements
(Risk Level: 3 → 4)

The Singapore Fab carried out improvements based on mid-year review of Risk items, including: Fire Risk; Speed up Duct sprinkler installation work, MEMS Fab/Computer Room/Implant Early Smoke Detection System (VESDA) installation project, License Management e-System, Reduce Carbon Emissions, Device monitoring Improvement, and ESH ISO & Regulation Compliance. In total, there were 15 items. And tracking the Volatile Organic Compound (VOCs) removal rate, process water recovery rate, and waste recycling rate.

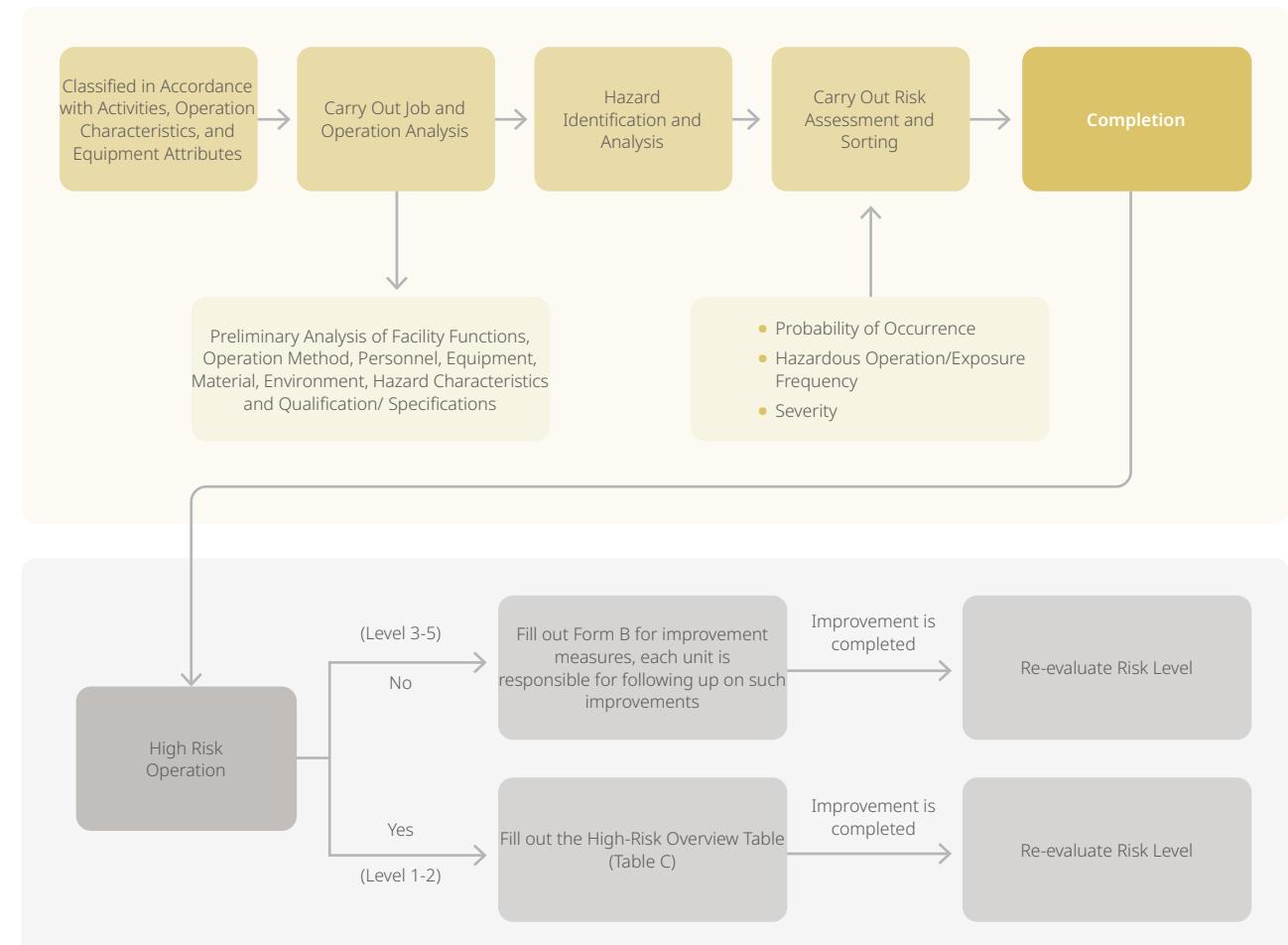
Hazard Identification, Risk Assessment, and Accident Investigation

Relevant responsible departments (Factory Affairs Engineering Department, Equipment Engineering Department, etc.) should assign senior personnel (those with more than two years of experience) or section-level supervisors to serve as hazard identification and risk assessment personnel. They will assess their various operations, facilities, and activities, including routine and non-routine tasks, hazard classifications (including physical, human, chemical, biological, and psychosocial hazards), planned or new product development or modified activities, products, and services. The assessment will cover employees, contractors, agents, visitors, contract personnel, individuals involved with the interface of leased facilities, and other external personnel who need to enter the workplace for work-related reasons. They will identify safety and health hazards associated with equipment, facilities, and the production environment, considering personnel behavior, capabilities, and other human factors that may introduce risks to operational activities. Based on the identification results, they will carry out operational improvements and risk and opportunity assessment controls.

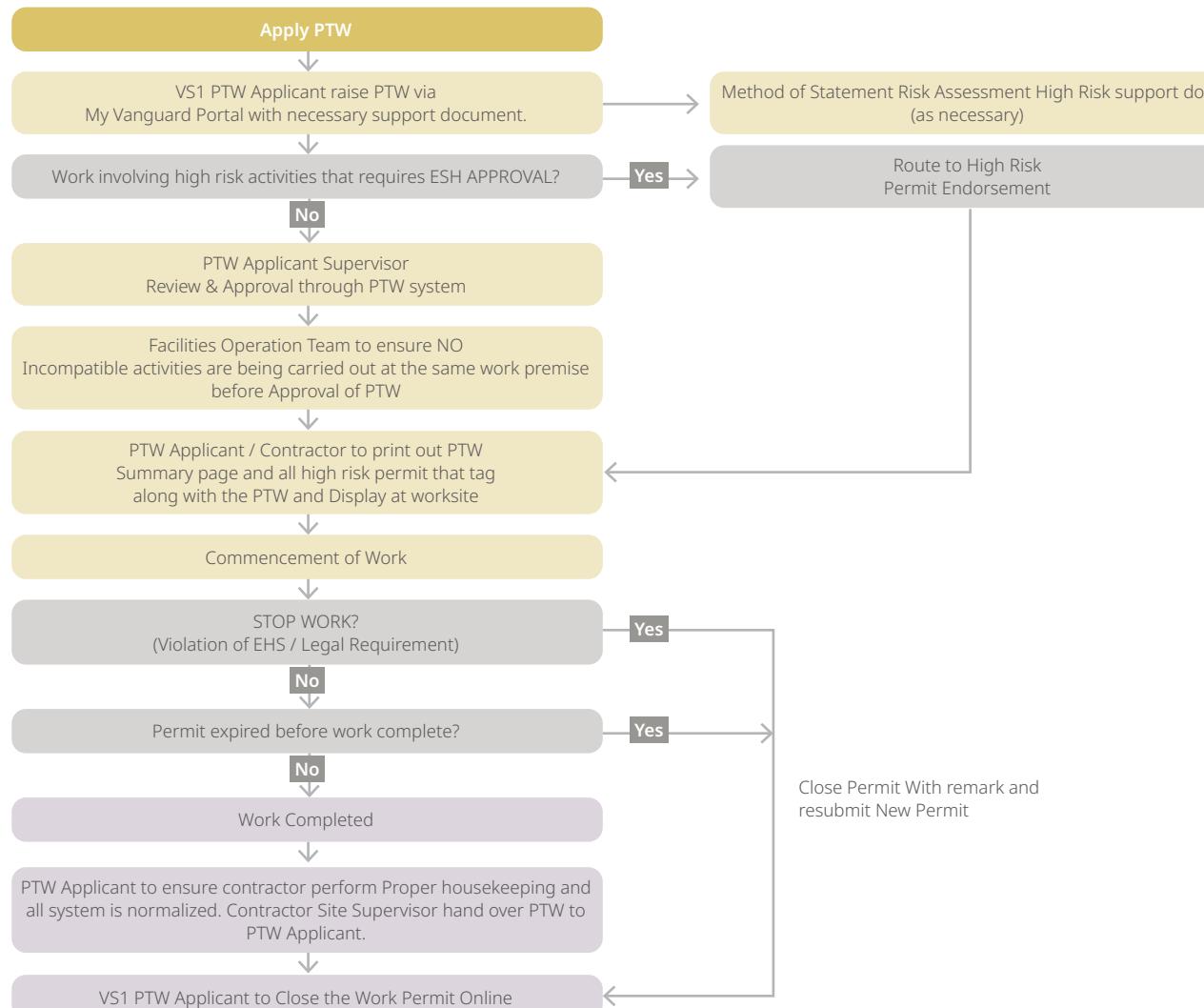
Risk and Opportunity Assessment

- (1) The responsible department should assign personnel to evaluate the risks and opportunities within the department or section.
- (2) The abovementioned assigned personnel, based on the collection of internal and external environmental, safety, and health issues and stakeholders' needs, will discuss with the supervisor to select SWOT analysis themes for risk and opportunity assessment. Fill out the SWOT analysis form for risks and opportunities, analyzing strengths/opportunities, strengths/threats, weaknesses/opportunities, and weaknesses/threats, and take corresponding measures. Improvements should be made based on the total score evaluation results.

Operating Procedures for Hazard Identification and Risk Assessment of Taiwan Plant



Operating Procedures for Hazard Identification and Risk Assessment of Singapore Plant



(3) After selecting significant environmental, safety, and health issues, the responsible unit should establish improvement measures and targets. These should be planned through project meetings, the ESH committee, and continual improvement activities (Continual Improvement Team, CIT), determining the execution of ESH improvement plans and their prioritization.

If the results of hazard identification, risk assessment, and environmental considerations reveal items of major risk and significant environmental considerations, the management plan needs to be formulated. The Environmental Safety and Health (ESH) plan is initially approved by the proposing unit supervisor, the department's safety representative, and the risk management organization, and then implemented after approval by the Chairman of the Regional ESH Committee. Each plant shall report the environmental, safety and health implementation performance during the Plant ESH Committee Meeting every month, and the environmental, safety and health implementation performance of all plants shall be summarized and reported during the ESH Committee of the entire company.

VIS has stipulated in the "Safety and Health Rules" that when the personnel performing their duties found the "imminent danger", without endangering the safety of other workers, they may stop operations and evacuate to a safe place on their own, and immediately report to their immediate supervisors. They shall stop the operation and retreat to a safe place without endangering the safety of other workers, and report to the direct supervisor immediately. The company must not dismiss, transfer, retaliate, and refuse to pay wages during the suspension of operations, or take other unfavorable punishments for those who exercise the right of retreat.

Contractor Management

During the Coordination Organization Meeting for all outsourced engineering or contracted operations in the Taiwan Plant, the business undertaking unit and the contractor are required to fill out Job Safety Analysis (JSA) for engineering hazard analysis, identifying problems early and proposing appropriate improvement strategies. A toolbox meeting must also be convened before the daily engineering operation, informing the contractor's personnel of the possible risks of the day's operation and any required protective measures.

There must be risk assessment based on work activities hazard analysis for contracted operations in the all outsources projects or contracted business in Singapore Plant. During the toolbox meeting, contractors shall be notified of the emergency evacuation plan, Personal Protective Equipment(PPE) requirements, scope of work, and method of work. For contractors/maintenance providers who have just taken over the Singapore plant, it is necessary to conduct on-site inspections with the contractors/maintenance providers to familiarize themselves with the site of the Singapore plant.

During the execution of hazardous operations and high-risk operations, if any safety concerns are found, any VIS employee has the right to inquire, stop, and inform the Emergency Response Center or the responsible unit of the operation site on the spot.

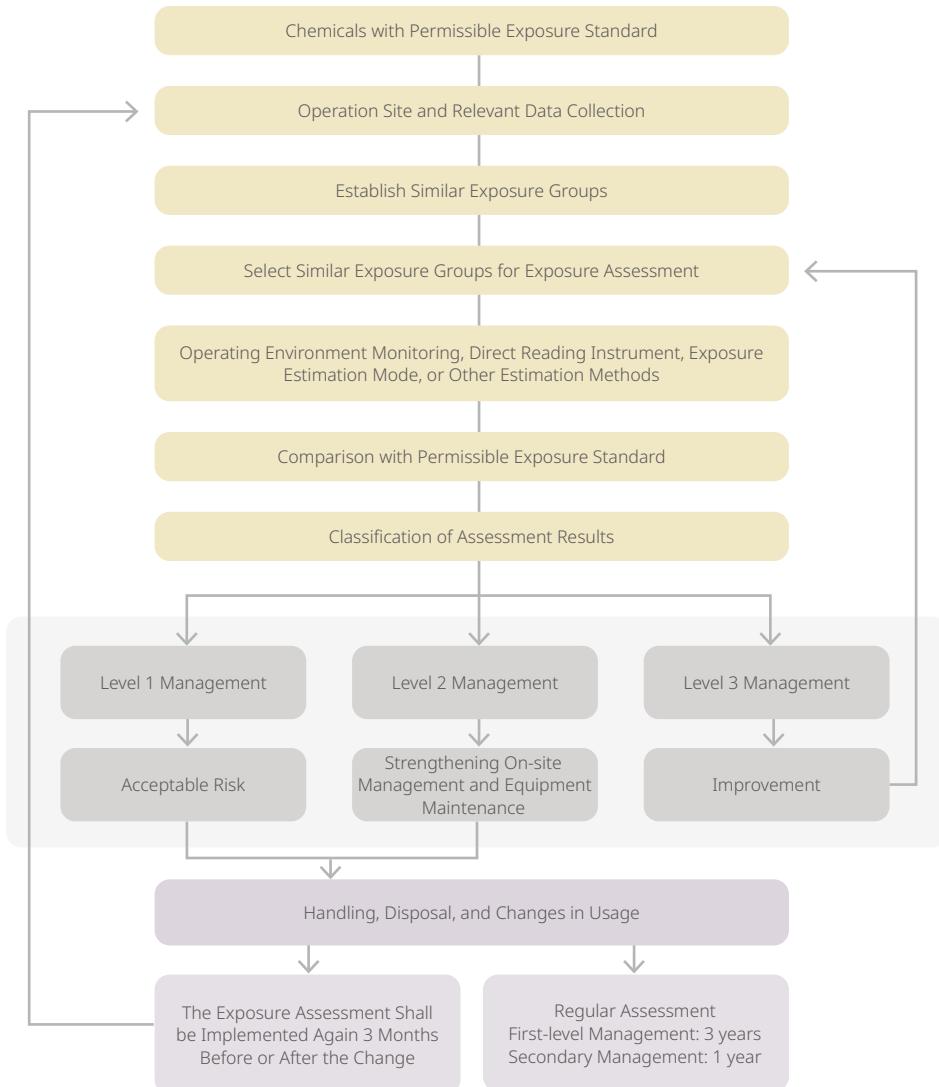
The company has established the "Procurement Regulations for Machinery/Equipment, Personal Protective Equipment, Raw Materials, and Labor Environmental Safety and Health." The purpose is to ensure that the company's procurement of machinery/equipment, personal protective equipment, raw materials, and labor-related services comply with environmental safety and health regulations. Relevant domestic and international standards requirements (such as CNS (Chinese National Standards), IEC (International Electrotechnical Commission), FM certification, etc.) are incorporated into these procurement regulations.

Chemicals Management

The risk levels of hazardous chemicals used or stored in Taiwan Plant shall be assessed in accordance with the degree of health hazard, distribution status, and consumption, and the hierarchical management shall be adopted. Contracted operations in the If there is any chemical change in Singapore Plant, the change management shall be implemented according to the technical data document "Engineering Change Risk Management Measures". Taiwan Plant: Risk & Environmental Safety Management Department shall outsource the operation environment monitoring according to the regulatory requirements once every six months, and the results of monitoring shall be announced and the units with abnormality detected shall be requested for improvement. Singapore Plant: The industrial sanitation inspection shall be implemented for dangerous chemicals every year according to the local regulatory requirements.

The company has established the "Measures For Employee Safety And Health/Environmental Protection Education And Training" in accordance with Articles 27 and 32 of the Occupational Safety and Health Act, the Regulations for Occupational Safety and Health Education and Training, and the Key Points for Implementing Occupational Safety and Health Education and Training. Environmental protection personnel are designated based on the regulations and management measures of the Environmental Protection Specialized Units and the enterprise requirements for appointing professional waste management technicians as specified in public announcements.

The assessment results and classification management process for chemicals with allowable exposure standards are as follows:



Emergency Response

The Emergency Response Centers (ERC) in all VIS factories conduct annual appropriate emergency response trainings and drills according to the "Emergency Response Handling Plan Instruction". The company has established an "Emergency Response Action Plan". If abnormal accidents occur within the factory, the ERC must respond and handle the emergency according to various emergency procedures. For instances like gas leaks or fire

Emergency and Response Team (ERT) Education and Training Situation in Taiwan Plants

Item	New ERT Basic Training	ERT Skills Training	ERT team leader training	ERT IC (Commander) Training	Professional Firefighting Foundation Training	Basic Chemical Disaster Training	Advanced Fire Training for Professional Firefighting	Professional Disaster Training	Emergency Rescuer (EMT-1) retraining	Total
Number of People at Taiwan Plants	47	1,299	261	273	108	56	28	10	129	2,211
Taiwan Plant Sessions	15	172	12	10	8	4	6	4	8	239

Emergency and Response Team (ERT) Drill Situation in Taiwan Plants

Item	ERT Unannounced Assembly Drill	ERT Drill - Department Level	ERT Drill - Class Level	ERT Drill - Statutory	ERT Drill - Flood Prevention / Post-earthquake Assessment, etc.	Evacuation Drill - Operator Evacuation	Office staff evacuation drill	Total
Number of People at Taiwan Plants	353	410	352	362	143	4,283	2,044	7,947
Successive Stages in the Taiwan Plants	5	34	56	32	35	48	3	208

Data on Training and Drill Situation for the Emergency Response Team (ERT) in the Singapore plant

Item	Emergency response team - skills training	Emergency response team Drill	Operators Evacuation drill	Office staff evacuation drill	Total
Singapore Fab - Number of People in the Area	126	132	414	321	993
Singapore Fab - Stages in the Area	4	4	7	8	23

alarms, the ERC will broadcast for all personnel in the area to evacuate to the designated area first, and members of the trained Emergency Response Team (ERT) wearing protective gear will deploy to confirm and handle the emergency. Then, the internal and external reporting to the Supervisor and the investigation of the accident will be initiated according to the "Accident Notification/Accident Investigation Methods". All accidents/deficiencies will be tracked for their improvement progress and reported to all members and labor representatives in the plant safety and environmental committee and the company's safety and environmental committee.

16 items of drills of Emergency Response Team (ERT) have been organized in Wafer Plant 1, 2, 3, and 5. A total of 447 drill sessions were completed with a total of 4,626 participants.

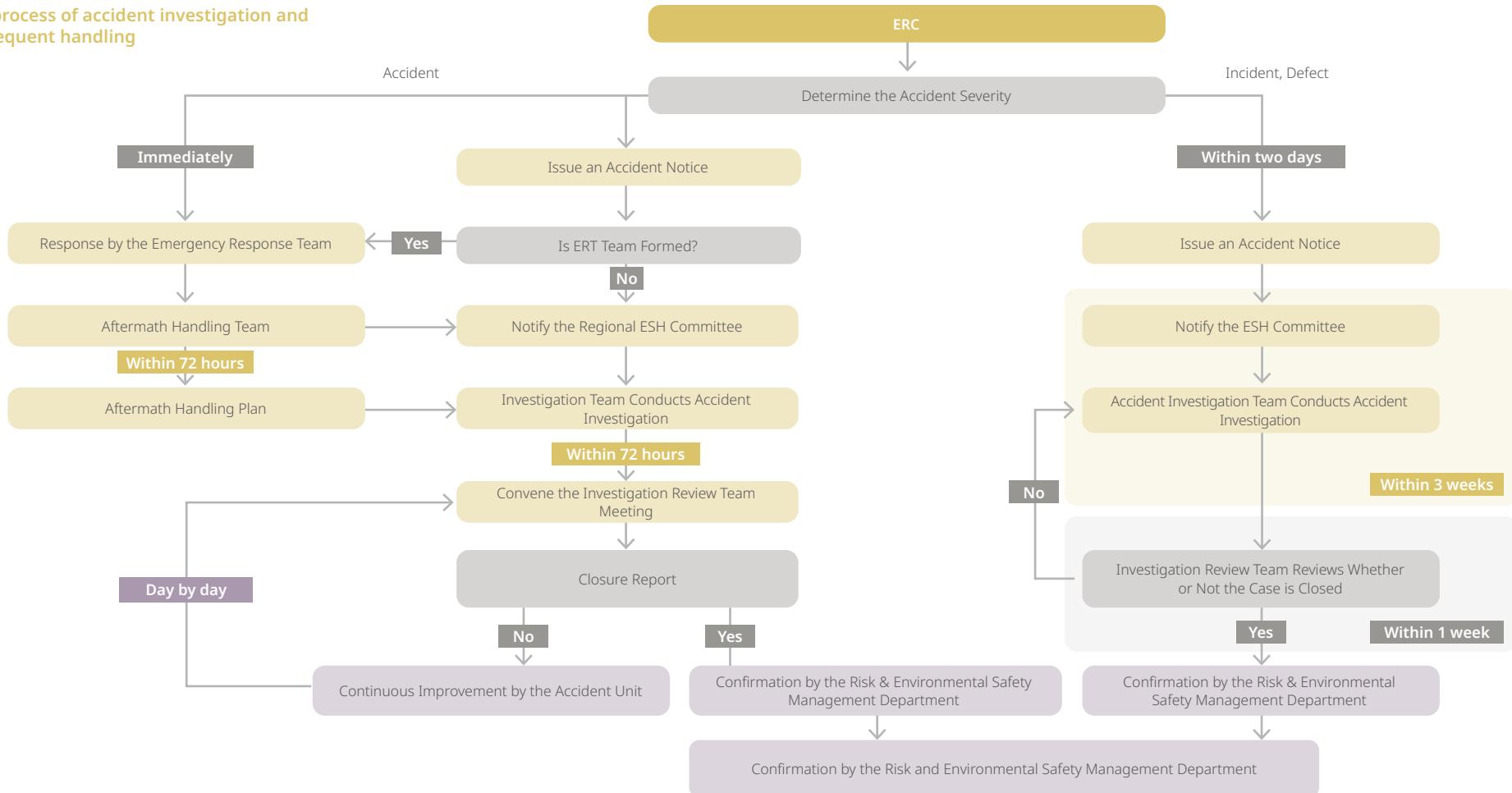
- ERT Training: 9 items, a total of 239 sessions, with 2,211 attendances having completed the training.
- ERT Drill: Six items with a total of 208 sessions and 7,947 attendances.

Environmental Safety and Health Incident Reporting and Investigation

The company has established the "Accident Notification/Accident Investigation Methods" to provide guidelines for incident reporting and handling. This ensures that every VIS worker and contractor can promptly report incidents to relevant units according to the procedure in the shortest time possible. The headquarters and each facility unit are responsible for incident handling according to their respective duties, taking relevant corrective measures based on the root cause of the incident, and continuously improving to minimize losses.

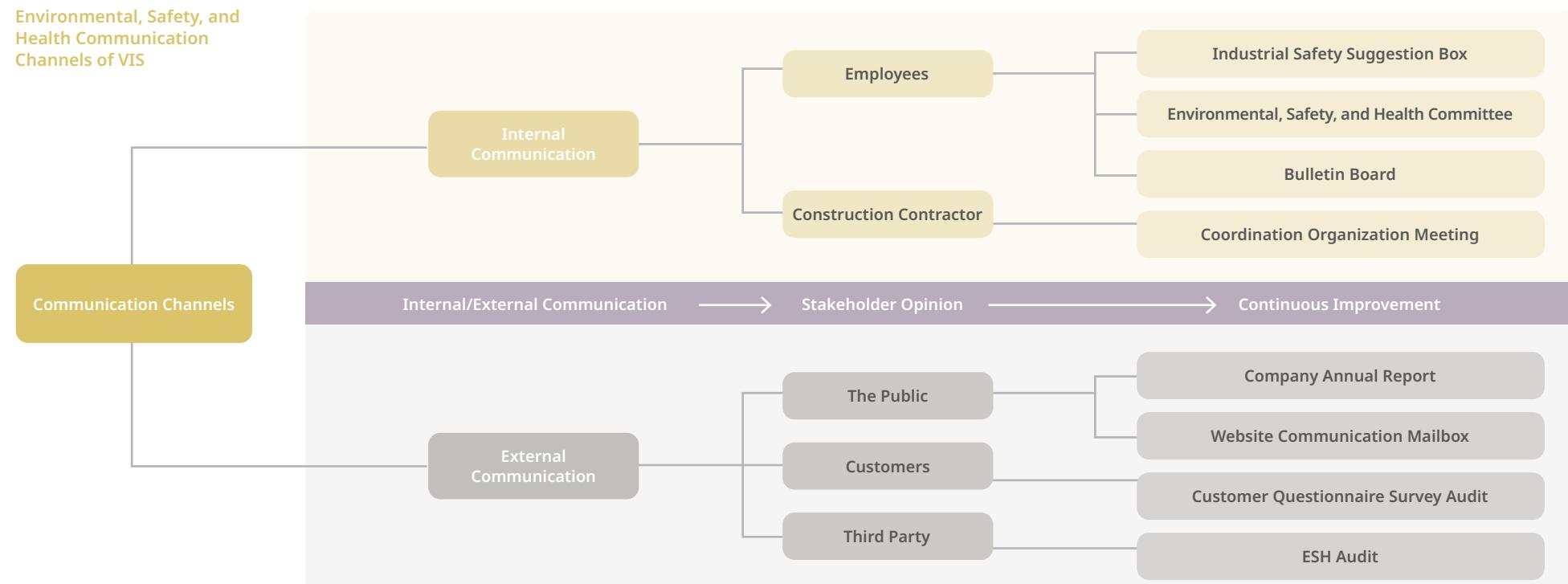
The company has established the "VIS Staff Injury Accident Handling Procedure" to manage the handling of employee injuries and illnesses that occur in the workplace or during the commute to and from work. This includes providing medical assistance and preventing the recurrence of similar accidents.

The process of accident investigation and subsequent handling is as follows:

The process of accident investigation and subsequent handling

Participation, Consultation, and Communication of Environmental, Safety and Health Workers

VIS company has a dedicated person available 24 hours in the plant to provide emergency response consultation. Environmental safety and health issues can be referred to the regular day shift engineer for safety and environmental protection. The communication channels include TE (Operator) Communication Monthly Meetings, Physical and E-Bulletin Boards, Bathroom Literature, Departmental Environmental Safety Meetings, Regional ESH Committee meetings, Industrial Safety Suggestion Box, Suggestion Improvement System, Newcomer Symposium, Reflection to Manager or Industrial Safety Representatives, and Labor-Management E-Communication Platform. If resident vendors discover problems during their usual operations, they can immediately report them to the responsible engineer or bring them forward company during the monthly Hook-up(Second pair) Coordination Organization Meeting in the Taiwan factories. In addition, face-to-face communication with vendor staff on environmental, safety, and health-related issues can be done through Supplier Audit.



Environmental, Safety, and Health Committee

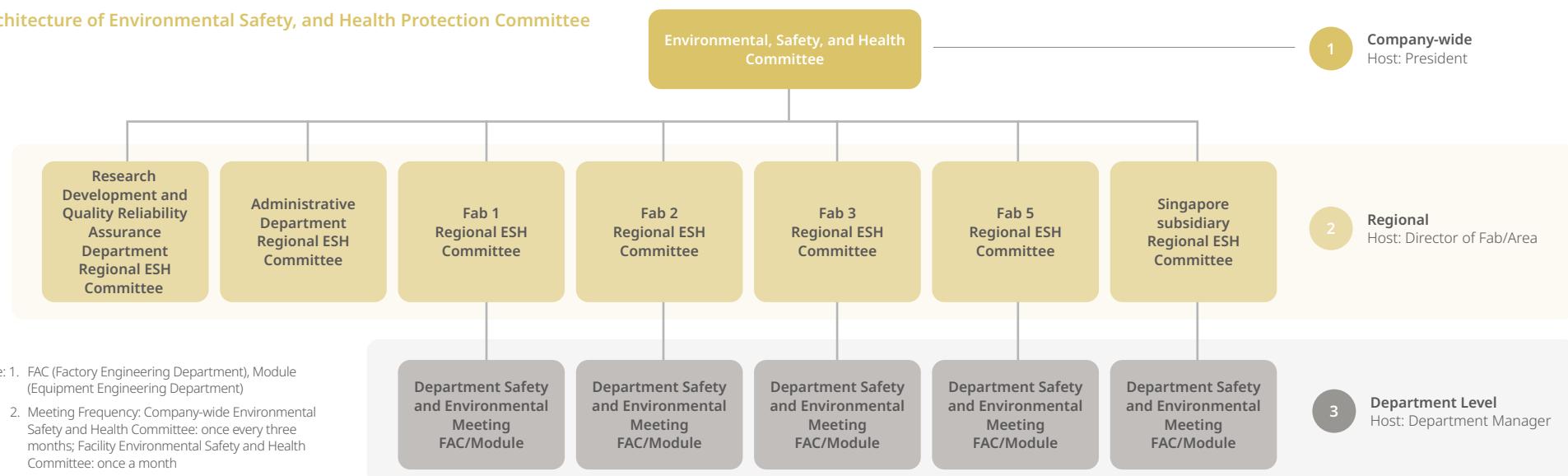
VIS has established a Environmental, Safety, and Health Committee (also known as the ESH Committee), consisting of the President, supervisors of each department, labor representatives, plant nurses, and safety and health personnel, to conduct regular reviews of the implementation status of various ESH-related issues. Additionally, regional committees are established according to the nature of each department. This allows for more in-depth and effective improvement proposals and review of current management status tailored to departmental operation characteristics, effectively enhancing overall management performance. The Members and architecture of the Committee is as shown below:

Committee Representatives: President (Management Representative), Heads of each regional plant (division), ESH and nursing personnel, Department manager, and labor representatives (occupying more than one-third of total members).

Labor representatives: They are formed by the labor representatives elected by the labor-management meeting and the representatives elected by each regional ESH committee.

The Workplace Environmental and Safety and Health Committee at the Singapore Fab, which is composed of Management Level and Employees, do not need to include mandatory labor representatives according to the "Workplace Safety and Health Law".

Architecture of Environmental Safety, and Health Protection Committee



Workers Covered by the Occupational Safety and Health Management System

VIS has a total of 6,397 employees (5,566 in Taiwan Fabs and 831 in Singapore Fab).

The number of contractors or non-employee workers controlled by the organization in the workplace totals 388 (307 at the Taiwan facility and 81 at the Singapore facility), accounting for 5.7% of all workers. (The above numbers and percentages of workers have been verified and confirmed both internally and externally by the company).

Note: The number of employees/ contractors is as of December 31, 2023.

6.5.2 Statistics of Occupational Injuries

In 2023, the number of occupational injuries among colleagues in VIS Taiwan factories was 10 cases, and 0 cases in the Singapore Fab, mainly including individual sprains and twists, with no fatalities. The above list includes minor injuries of Employees during operations. When such events occur, care for Employees is immediately initiated until they return to work, and the cause of accidents is reviewed. Workplace safety management and Supervisor monitoring mechanisms are strengthened. Further improvements are made on the hardware dimension to reduce human error Risks.

There were no occupational disasters causing severe injuries in 2023, which demonstrated continual improvement in hazard recognition by VIS employees and ongoing efforts in improving the working environment, ensuring a safe environment for all employees and contractors.

Statistics of Occupational Injuries - Taiwan Plant

	2019	2020		2021		2022		2023		
Total Number of Employees	64,944	62,265		63,275		68,204		67,840		
Total accumulated work hours	11,619,703	11,653,073		11,838,737		12,555,198		11,613,543		
Number of Occupational Injuries	8	5		8		8		10		
Number of People with Occupational Injuries	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
	3	5	0	5	2	6	2	6	3	7
Occupational Injury Number Proportion ^{Note 1}	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
VIS Occupational Injury Frequency ^{Note 2}	0.26	0.43	-	0.43	0.17	0.51	0.16	0.48	0.26	0.60
VIS Severity Rate of Occupational Injuries ^{Note 3}	11	2	-	16	2	11	1	6	3	17
Total Injury Index ^{Note 4}	0.05	0.03	-	0.08	0.02	0.07	0.01	0.05	0.03	0.10

The total number of days lost due to occupational injuries is the sum of the days when employees of the company are temporarily or permanently unable to return to work due to injuries; the calculation of these cases does not include the traffic accidents took place during commuting.

Note 1: The proportion of occupational injury number is calculated as an integer, anything below is ignored.

Note 2: Occupational injury frequency=(Number of occupational injuries / Total person-work hours(including overtime hours)) x 1,000,000

Note 3: The severity rate of occupational injuries = (Total loss of days due to occupational injuries / Total working hours (including overtime)) x 1,000,000

Note 4: The comprehensive injury index = $\sqrt{(\text{Occupational injury frequency} * \text{Occupational injury severity} / 1,000)}$

Note 5: There were no contractor occupational disaster incidents from 2019 to 2023.

Statistics of Occupational Injuries - Singapore Plant

	2020		2021		2022		2023	
Total Number of Employees	8,663		10,692		11,579		10,257	
Total accumulated work hours	1,633,448		2,009,902		2,030,325		1,826,320	
Number of Occupational Injuries	2		2		4		0	
Number of People with Occupational Injuries	Male	Female	Male	Female	Male	Female	Male	Female
	0	2	1	1	5	0	0	0
Occupational Injury Number Proportion ^{Note 1}	-	0%	0%	0%	0%	-	-	-
VIS Occupational Injury Frequency ^{Note 2}	-	1.22	0.50	0.50	2.46	-	-	-
VIS Severity Rate of Occupational Injuries ^{Note 3}	-	2	7	7	19	-	-	-
Total Injury Index ^{Note 4}	-	0.06	0.06	0.06	0.22	-	-	-

The total number of lost days due to occupational injuries is the sum of the days when the company's employees cannot temporarily or permanently resume work due to injuries.

The number of items does not include traffic accidents occurring during the commute to or from work.

Note 1: The proportion of occupational injury number is calculated as an integer, anything below is ignored.

Note 2: Occupational injury frequency=(Number of occupational injuries / Total person-work hours(including overtime hours)) x 1,000,000

Note 3: The severity rate of occupational injuries = (Total loss of days due to occupational injuries / Total working hours (including overtime)) x 1,000,000

Note 4: The comprehensive injury index = $\sqrt{(\text{Occupational injury frequency} * \text{Occupational injury severity} / 1,000)}$

Note 5: The Singapore factory started to gather statistics from 2020.

Note 6: There were no contractor occupational disaster instances from 2020 to 2023.

Absentee Rate

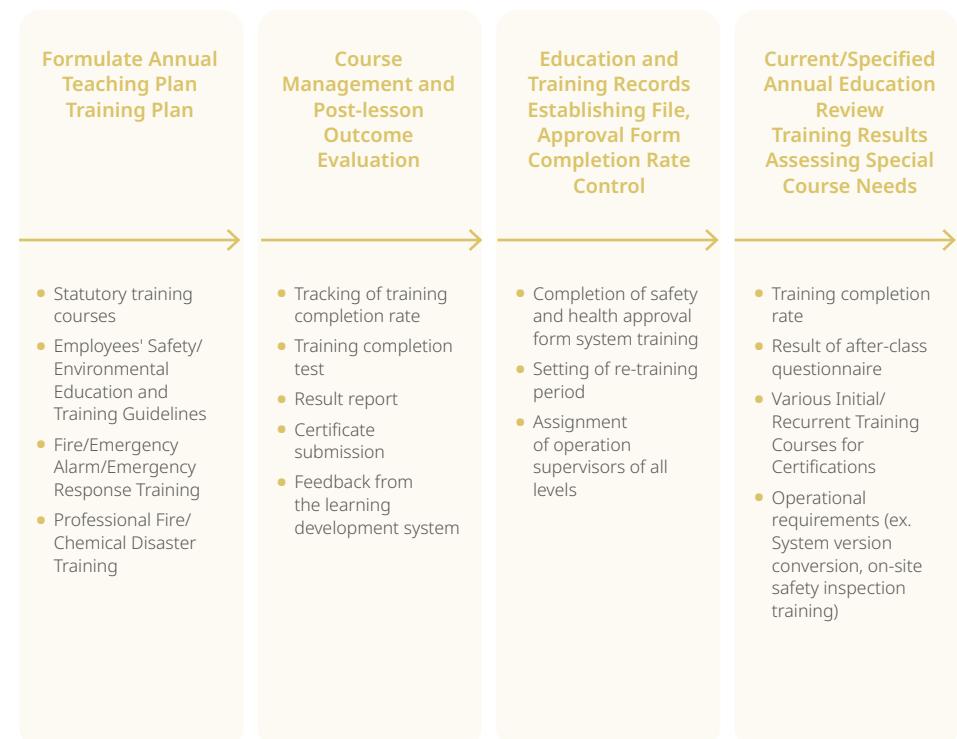
	2020	2021	2022	2023
Total company-wide accumulated work hours	13,286,521.0	13,848,639.0	14,585,523.0	13,439,725.0
Occupational injuries, personal leave, and sick leave hours	142,721.0	140,478.5	224,377.5	181,121.5
Absentee Rate	1.07%	1.01%	1.54%	1.35%

6.5.3 Environmental, Safety and Health Educational Training and Promotion

VIS adopts an employee-centric approach, encouraging all employees to engage in safety education and training, and professional skill certification. Through such comprehensive training, employees enhance their awareness of safety, enriching their knowledge and skills, and shaping a safety culture shared by all employees, thereby realizing the goal of a "Healthy Happy Workplace Joyful Homeland".

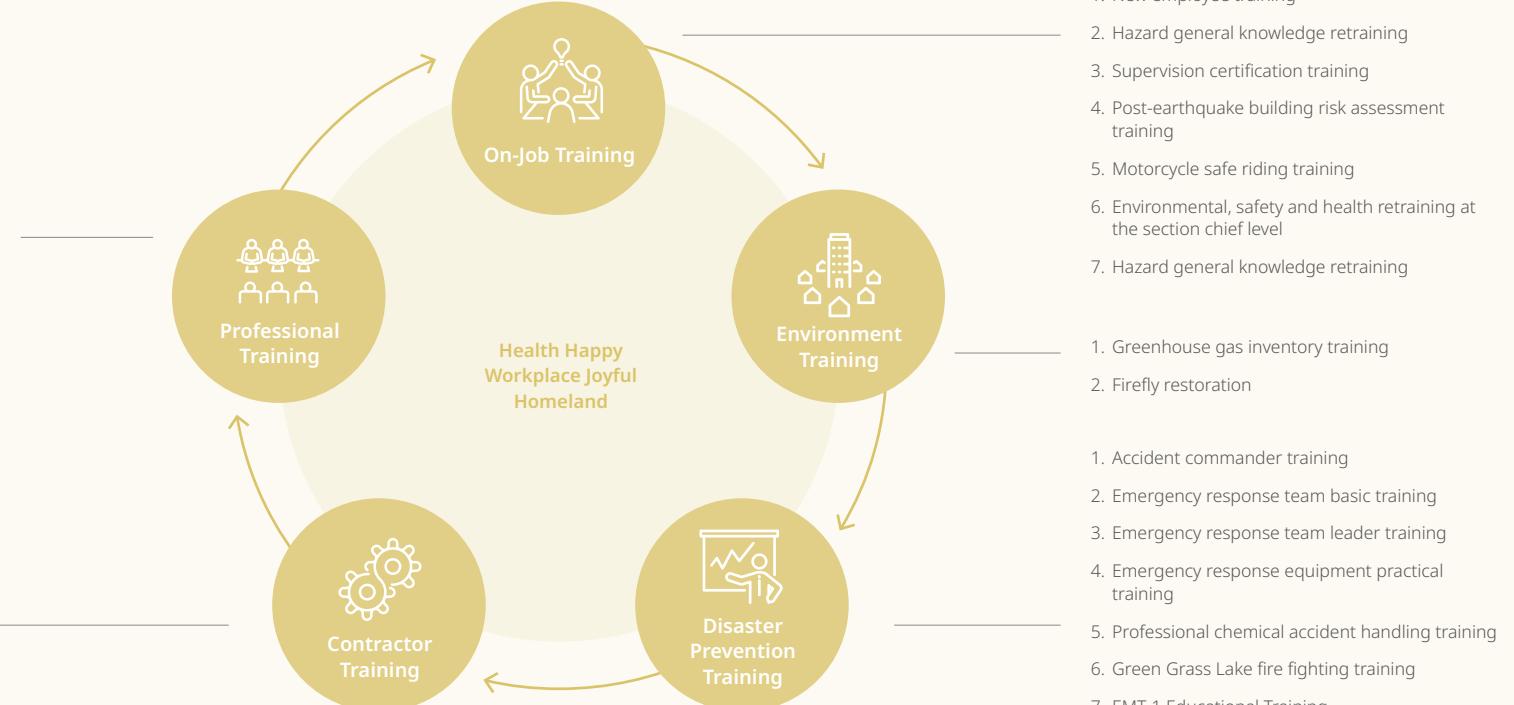
VIS follows the Safety / Environmental Protection Education and Training Regulations and Annual Safety Course Plan conducting various training activities. They can be divided into four major categories based on the training object, content of work, and work requirements, which are on-the-job training, environmental promotion training, professional training, and disaster prevention training. The training effectiveness shall be verified by assessment to enhance the safety awareness of employees and achieve the purpose of protecting employees' work safety.

I. VIS Educational Training Planning and Implementation Process Flow



II. Type of Education and Training

1. Organic Solvent Operation Supervisor Training
2. Specific Chemical Substances Operation Supervisor Training
3. Radiation protection training
4. Human hazard prevention practical training
5. Civil defense training
6. Plant fire safety planning practical training
7. Accident investigation training
8. Corporate Risk Management Related Risks
9. Management Procedure and Quantitative Risk Training



Note 1: The target audience for new employee training refers to national service conscription alternates, and contractual/temporary employees who have transitioned to permanent positions as regular non-fixed term employees.

Note 2: Please refer to the emergency response chapter for disaster prevention related training.

III. Education and Training Photos

Enhancement of on-the-job training and disaster prevention training

Health educational trainings have been organized according to different operation characteristics.



Commander Training (Number of participants: 231)



Emergency Response Group Leader Training (Number of participants: 64)

Safety and health educational training grading system

A grading system has been implemented for environmental, safety and health courses to enhance the professional skills of environmental, safety and health personnel at all levels.



Organic solvent operation supervisor training (Total number of trainees: 103)



Specific chemical substances operation supervisor training (Total number of trainees: 52)

Employee Environmental Education

Through Environmental Education courses, employees learn about environmental sustainability, which enhances their sustainability awareness and encourages positive environmental behavior.



Create Green Islands - Moss Ball DIY Course



Through the "Create Green Islands - Moss Ball DIY Course", the employees can recognize the types of native plants rehabilitated in the factory, The growth characteristics of plants, and experience the hands-on moss ball explanation (Number of participants: 201)

6.5.4 Contractor Management

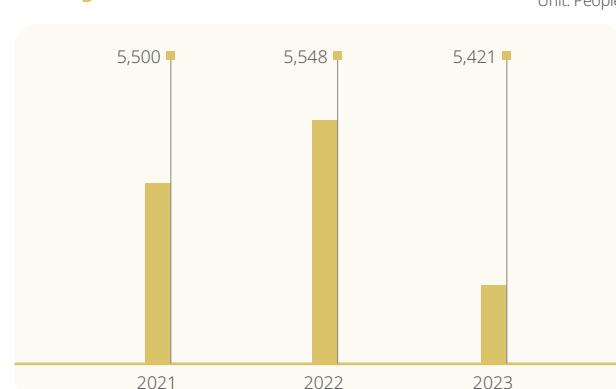
VIS emphasized the contractor Management. All contractors cooperating with VIS must sign the "Contractor Construction and Safety Management Affidavit", and every operator of the contractor must also sign the "Contractors' Personnel Safety, Health, and Environmental Management Signature Form" to fully understand the environment of the contracted work and the required safety measures, and be responsible for all safety and health matters during the construction period and promise the implementation of automatic inspection.

Hazard Notification and Educational Training

The hazard notification must be completed for all contracted works of VIS in order to confirm all possible hazards facing the operators of contractors before, during, and after the operations, and their preventive measures.

- **Coordination organization meeting:** The risk assessment and job safety analysis (Job Safety Analysis) must be surely filled out according to the laws and regulations of Taiwan to list all risks and preventive measures in the project to be advocated during the

Passing the Courses



coordination organization meeting. Supervisors and all agents of contractors must attend the coordination organization meeting, and the meeting minutes must be reviewed by the person in charge of the contractor and the subcontractor to ensure that the person in charge of the contractor and all supervisors are clearly aware of the hazards of the contracted operation and the preventive measures.

- **Daily toolbox meeting:** During the toolbox meeting prior to the start of work every day, the supervisor must advocate safety, health, and environmental protection matters to all operators. VIS shall from time to time audit the contractor to see if the meeting is indeed convened. The purpose is to allow all operators to be clearly aware of the hazards of the operation and the precautions.

VIS has provided educational training for the contractors every week to notify them of various operation hazards, precautions, and regulations to be complied with. Various cases have been explained in a rather simple way to allow every operator of contractor to enhance his/her safety awareness.

Qualification of Contractor's Operators

The confirmation of contractor's operators is under strict control:

- In Taiwan, contracted workers, in addition to being legally required to have labor insurance, complete 6 hours of safety training and hold relevant licenses, VIS also specifically requires the following further qualifications:
 - (1) Execution high-risk key operation personnel must have more than two years of relevant work experience.
 - (2) General construction contractors must have more than one year of seniority before they can be granted long-term work permits
 - (3) High-risk operation personnel must be over 20 years old and have the contractor's confirmation to engage in the operation.

- For the supervisor and safety and health personnel of the contractor, VIS specifically stipulates the following qualifications:

- (1) Supervisors must be authorized the person in charge of the company via a letter of authorization
- (2) Contractor supervisors (for projects with 5 or more people) and safety and health personnel (for projects with 30 or more people) must have at least a Type C Labor Safety and Health Supervisor Qualification.

"The e-Management System" closely checks and confirms all personnel entry into the factory.

With the e-management system, such as the contractor management system, contractor hazard notice, and construction safety permit application system, all contractors need to enter the plant for services must establish personnel and company information and hazard notification data, such as the record of coordination organization, and they must be reviewed to be confirmed; meanwhile, all contractors' operators must be qualified by the "Contractors' Safety and Health Educational Training". All supervisors, safety and health personnel, and operators meeting the aforementioned qualifications can be listed in the "Construction Safety Permit Application System" to be selected and appointed by the applicant.

Supervision of Contracted Operation

- **According to the Company's Regulations, Employees Responsible for the Contracted Operation must be Equipped with the Qualifications of "Supervisor" in order to Achieve Source Management, and the Retraining must be Implemented Once Every Two Years.**

- **Prior Application for Approval is Required for the Contracted Operation**

For the safety of operations, the applications for various high-risk operations and dangerous operations must be completed in advance. After the application is approved, the inspection form shall be printed out to be checked by the contractor's supervisor item by item together with the inspection of working environment, and then it shall be re-examined by the person in charge of sales of VIS.

- **High Risk Operation**

According to the company's regulations, before the high-risk critical operation, the three parties of the contractor's supervisor, the supervisor of the responsible unit and industrial safety personnel of VIS must confirm that there is no problem before proceeding with the operation; the contracting unit can use a driving recorder to supervise the project progress depending on the degree of hazard of this project.

- **Daily Control of Operation Progress**

The daily joint defense morning meeting of the Risk and Environmental Safety Management Department will confirm that the protective measures are completed for all the application operations in each factory area. Industrial safety personnel will carry out daily sampling inspection and supervision (prior to the construction) during the toolbox meeting of each operation in the company. The "Emergency Response Center" will have all high risk and dangerous operations in the company under control and conduct inspections during and after construction to confirm that all operations are carried out according to the regulations.

- **Comprehensive Supervision**

Director of each plant, supervisor of engineering unit, and industrial safety representatives shall conduct inspections from time to time and correct any problem found and list them as one of the follow-up improvement items.

- **Technology-based Law Enforcement**

VIS uses an "AI Integrated CCTV Image Recognition System" to inspect personnel not wearing helmets as required and those who lifted the elevated floor without the required fence operation. The accuracy rate was as high as 98%, effectively improving the rigor in contractors' operations.



The image shows AI artificial intelligence identifying those not wearing safety helmets as required.

"Exclusive" Abnormal Conditions Acceptance Unit

If the contractor is found to have any unsafe condition, the emergency response center of each plant must be notified immediately. After being notified, the acceptance unit shall immediately visit the place for confirmation along with relevant units, correct the unsafe situation, and carry out follow-up systematic tracking and improvement.

Contractor Evaluation

VIS will conduct contractor evaluation every year, and the results of evaluation will be reported in the Safety Committee Meeting of each plan and the company-wide Safety Committee Meeting and submitted to the procurement unit to serve as the basis for the company to decide whether or not to continue to cooperate with them.

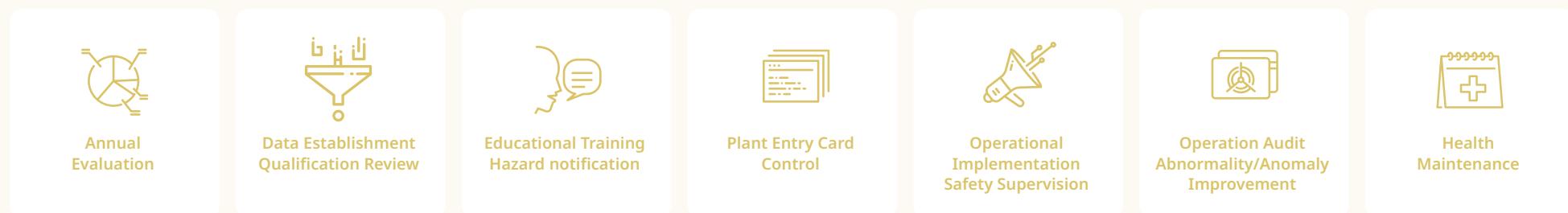
Contractor's Health Management

VIS has emphasized the health management for contractors by setting up a health center, qualified first aid personnel, junior rescue technician and first aid equipment in the Taiwan Plant to provide immediate assistance in case of medical emergency. For those who provided personal health information based on the contractor's consent, the health center of the company will conduct the tracking management and health guidance for those with abnormal results of health examinations. During the pandemic prevention period, the contractors are also the key objects of pandemic prevention management. The measures are: only those with body temperatures, travel histories, and contact histories meeting the requirements of the company's Pandemic Prevention Committee will be allowed to enter the plan, and all pandemic prevention measures after plant entry must comply with the company's regulations.

"Big Hands Holding Small Hands" Plan

VIS continues to plan the "Big Hands Holding Small Hands" project in 2023 to improve the ESH Management performance of contractors, and promote the ESH Audit guidance system; it will be expanded from the current Third Party to all contracting companies, introducing the "Contractor Audit System" into the normal track to bridge the gap in safety and health management between contractors and VIS, jointly preventing construction accidents.

Contracting Operation Management Architecture of VIS



Common Good

VIS actively invests resources to assist disadvantaged groups, support rural education, engage in community development, and advocate for the UN Sustainable Development Goals, contributing to social upliftment.

36.33 million

The value of investment in the Common Good was approximately NT\$36.33 million

4,000 people

There were over 4,000 employee instances participating in the Year-end Charity Donation Campaign

2,200 hours

Employees accumulated over 2,200 hours as environmental volunteers

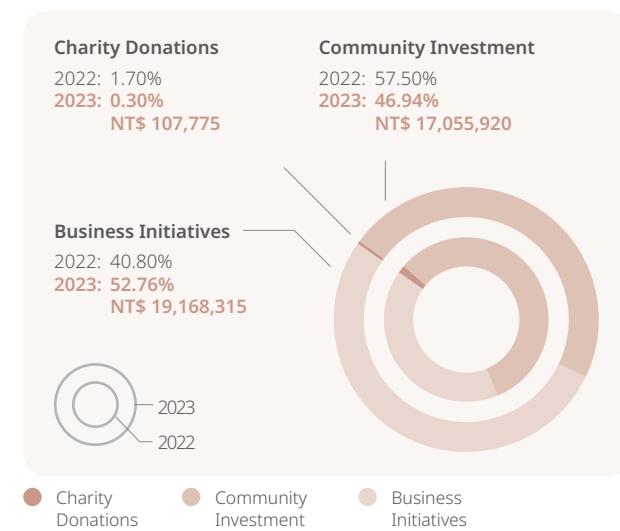


As a responsible corporate citizen, VIS believes that it is only by contributing to the overall common good, that our enterprise can achieve sustainable operations. To practice the precepts of the common good, under the supervision and regularly held review of our Board of Directors, VIS adheres to five public welfare themes: Care for Disadvantaged Groups, Care for Elderly Citizens Living Alone, Diverse Empowerment, Sustainability Initiatives, and Environmental Conservation. VIS evaluates the impact of its operations on communities and society, and participates in social activities through methods such as donations, volunteer services, and resource investment to proactively implement the UN sustainable development goals, promote public welfare and sustainable projects, and invites suppliers, customers, and employees to participate together. In February 2023, the Corporate Sustainability Committee proposed a mid-to-long-term plan for ESG social engagement projects centered on five major themes to the Board of Directors and obtained their support. The committee looks forward to continuously implementing sustainability goals with concrete actions, creating a more diverse positive social impact, and achieving the vision of the common good.

Concrete Actions and Social Impacts for the Five Major Public Welfare Themes

Public Welfare Themes	Concrete Actions	Impact on Society
Care for Disadvantaged Groups      	<ul style="list-style-type: none"> With the themes of "Life Practices with Love" and "Spending the New Year with the Elderly", a year-end charity donation campaign was held. Employees, customers, and suppliers were invited to participate. The theme of the annual ESG project film for three public welfare organizations was "Exercise in Loving". A year-end charity banquet was held, inviting elders from the local neighborhood and clients of social welfare organizations to share in dining together. Holding the "Sending Love Home in Winter! Material Donation Event", collected daily necessities for use by the homeless and elderly living alone. Donating NT\$1.2 million to 12 social welfare organizations with which VIS enjoys long-term cooperation. The volunteering club has long cared for local disadvantaged children and youth. Social welfare children and employees were invited to enjoy Family Day at Lihpao Land amusement park. For the first time, VS1 participated in an event organized by the Singapore Children's Cancer Foundation. For two consecutive years, VS1 has been participating in the Singapore charity, Willing Hearts. 	<ul style="list-style-type: none"> 6 social welfare organizations raised a total of NT\$4.37 million; over 4,000 employees participated. Three social welfare organizations received a free promotional video, which can be used for long-term fundraising efforts, they are the Love Blind Foundation, Blue Sky Home, and Lehuo Kindergarten. Six social welfare organizations and three local neighborhoods, with more than 300 senior citizens and persons with disabilities, sang KTV and enjoyed delicious food together at the year's end. 49 large boxes of assorted daily necessities were donated for homeless and senior citizens living alone in northern Taiwan. 12 social welfare organizations received a total of NT\$1.2 million in donations. They can use these funds for their projects. Children at Hsinchu Blue Sky Home, Taoyuan International Children's Village, and Taoyuan Lohas Kindergarten receive long-term care. Over 140 underprivileged children received full subsidies for transportation, admission tickets, and meals, creating wonderful summer vacation memories. Singaporean families of children with cancer received over a thousand dollars in donations. Cooperating with Willing Hearts on a charity meal delivery program, to provide food support for the Singapore disadvantaged.

2022-2023 Change in the Percent of Public Welfare Types



Public Welfare Themes	Concrete Actions	Impact on Society
Care for Elderly Citizens Living Alone  	<ul style="list-style-type: none"> The volunteering club regularly organizes local elder care and communal dining activities. For three consecutive years, VS1 has been participating in The Boys' Brigade Share-a-Gift campaign To reduce the gap between learning and practical application, while helping adolescents confused about their future directions, we collaborated with "IC Broadcasting" on the "Learning-Application Link" project. We produced two career-oriented videos targeting adolescents, broadcast in 14 high schools and vocational schools in the Taoyuan, Hsinchu, and Miaoli areas. We also invited the participating teachers and students to share their thoughts via virtual meetings. We made the videos available to high schools and vocational schools across Taiwan upon request and held on-site lectures at Hsinchu Girls' Senior High School and St. Peter Senior High School. 	<ul style="list-style-type: none"> Elders in Baoshan Village and Kehuli receive monthly companionship and health care services. Donated over a hundred gifts to a nursing home in Singapore. The "Learning-Application Link" project reached over 100,000 people, including more than 10,000 high school students from 14 schools in the Taoyuan, Hsinchu, and Miaoli areas receiving career guidance inspiration; additionally, 174 schools across Taiwan actively applied for screenings, with a total audience exceeding 52,000; and over 1,900 high school students from Hsinchu Girls' Senior High School and St. Peter Senior High School enjoyed face-to-face discussions with university professors and corporate human resource directors.
Diverse Empowerment    	<ul style="list-style-type: none"> Holding semiconductor science and career lectures at LongShan Elementary School, MinFu Elementary School, Neihu Elementary School, Zhuxin Home Tutoring Class in Hsinchu, and Dongshan Elementary School in Tainan. Sponsoring Tsing Hua University's Sunrise Program with NT\$ 300,000, providing scholarships and female mentors, and funding three disadvantaged female students to study. Sponsoring Yang Ming Chiao Tung University's "Scholarship Program for Ukrainian Students" with NT\$ 500,000, supporting two Ukrainian students to study in Taiwan, with peace of mind about their homeland. In partnership with National Taitung Junior College, we offered a Micro-credit Course on semiconductor manufacturing and equipment, providing NT\$ 200,000 in scholarships, teachers, and internship opportunities to pragmatically ensure rural areas' equal education rights. Signed a tripartite Memorandum of Understanding (MOU) with National Yang-Ming Chiao Tung University and the Taoyuan City Government to promote the "University/High-school Collaboration On Online-learning (UHCOOL)" program. A Christmas market was held with 6 charities invited for an intra-company charity sale. Using charity vouchers, employees were encouraged to make purchases at charity booths. There were 5,200 individual donor instances of charitable purchases. Organized the activity "Order Instead of Donate: Celebrate the Festival with Social Welfare Groups" campaign, to encourage the ordering of gift boxes from social enterprises or sheltered workshops. Hire additional persons with physical and mental disabilities, establishing diverse Job Titles. Encouraging employees to volunteer, we held two intra-corporate batches of training for educational volunteers, transmitting the lecturing experience of our charity seminars and cultivating seed lecturers. 	<ul style="list-style-type: none"> Around 250 Hsinchu elementary students and nearly a hundred elementary students from a remote township in Tainan gained new knowledge about semiconductor science and Career concepts. Three disadvantaged female students from National Tsing Hua University received practical care and career guidance, helping them attend school with peace of mind and without financial burdens. Two Ukrainian students at National Yang-Ming Chiao Tung University are able to continue their studies in Taiwan despite the Russian-Ukrainian War. Students from National Taitung Junior College access semiconductor faculty members, educational resources, Yang-Ming Chiao Tung University Scholarships, and financial aid, and enjoy special open internship opportunities, eliminating the resource gap from their remote location. The company will collaborate with industry, government, and academia to produce and promote a digital course titled "Introduction to Semiconductor Principles and Manufacturing". This initiative aims to allow high school students to gain early exposure to professional knowledge and practices in the semiconductor field, providing them with richer opportunities for interdisciplinary learning and experience. The cumulative amount raised from charity sales exceeded NT\$460,000, all of which was donated to 6 charitable organizations: the Inspiring Foundation, Renewal Youth Care Association, Taiwan Grape Tree Care Association, Joyful Life Care Shelter Workshop, Yucheng Social Welfare Foundation, and Chinese Goodness Love Welfare Association. The annual order amount exceeds NT\$ 200,000, supporting independent operations by sheltered workshops or social enterprises through ordering gift boxes. A total of 61 employment positions for people with disabilities were filled, accounting for 1% of the total employees of the company, which is about 9% higher than the regulatory requirement. Over 30 individuals participated in educational volunteer courses.

Public Welfare Themes	Concrete Actions	Impact on Society
Sustainability Initiatives 	<ul style="list-style-type: none"> Sponsoring NT\$ 2 million to "Focus Taiwan: Jennifer Shen's talk" radio program, producing 52 episodes a year and advocating numerous United Nations' Sustainable Development Goals. A total of five factories in Taiwan and Singapore turned off the lights for one hour to implement the promoted initiative. 	<ul style="list-style-type: none"> Sharing information on global sustainability trends and important issues in Taiwan with the general public, reaching over 1.2 million individuals. A total of approximately 156 kWh of electricity was saved, reducing carbon emissions by about 75 kilograms for the planet.
Environmental Conservation 	<ul style="list-style-type: none"> For the first time, VS1 participated in the International Coastal Cleanup Day by organizing a beach cleanup event. Sponsored the United Daily News' 72nd anniversary "Taitung Chishang Tree Light Plan". Cooperating with National Taiwan University, we initiated the three-year phase one research on "Application of Resource Recycling Concepts to Enhance Soil Carbon Sink". Adopting Qianjia Park, the largest air quality purification area in Hsinchu City, for five consecutive years VIS has been recognized as an excellent adoption organization for air quality purification areas by the Taiwan Environmental Protection Administration. Adopting Cherry Blossom Park and transforming it into an urban park where residents can "enjoy proximity to water, appreciate cherry blossoms during the day, and view fireflies at night." Moreover, a four-year firefly restoration project is being conducted around Kezihu and the flood detention pond in Hsinchu Science Park. The "Delight in Cherry Blossoms by Day and Fireflies by Night" sakura party event was held, inviting government agencies, residents, employees, and their families, to plant cherry blossom tree saplings together on the eve of Arbor Day. Holding an "Adventure Team in the Enchanted World- Cherry Blossom Park Edition" parent-child Environmental Education course, leading our employees, and their children in experiencing the importance of ecological conservation. Holding environmental education courses at LongShan Elementary School, MinFu Elementary School, Neihu Elementary School, Zhuxin Home Tutoring Class in Hsinchu, and Dongshan Elementary School in Tainan. Implementing a plant restoration project within the fab area, becoming the first company to invest in the restoration of Bamboo Orchid (<i>Arundina graminifolia</i>) (a plant with a national critically endangered status (CR)). Employees accumulated over 2,200 hours as environmental volunteers. 	<ul style="list-style-type: none"> Successfully removed more than 140 kg of local marine debris. Planting 10 native tree species in Chishang, Taitung, and supporting them to achieve township carbon neutrality. We are the first semiconductor company in Taiwan to engage in the study of soil carbon sequestration technology using resource recycling concepts, and we will also conduct in-situ soil improvement experiments. The adopted park green space covers an area of 4.9 hectares, providing the public with two green public spaces for daily rest spots, and they can participate in environmental education activities such as tree planting, firefly watching, and understanding plants: <ul style="list-style-type: none"> Within Qianjia Park, there are 325 tall trees and a large area of green space. The Park can clean 5 metric tons of carbon dioxide every year by its own natural mechanisms, acting as a natural air purifier. In Cherry Blossom Park, a total of 6,500 firefly larvae have been released into the wild, successfully establishing a firefly ecological cycle, and environmental education has been conducted through firefly viewing activities. Over 200 Hsinchu elementary students and More than a hundred elementary students from a remote township in Tainan gained new knowledge about semiconductor science and environmental education. Various threatened native plants in Taiwan have been rehabilitated and protected again, including Bamboo Orchid, Shower of Gold Climber, and Wulai Azalea. Over 2,300 individuals of the public participated in Environmental Education activities.

7.1 Social Welfare

7.1.1 Care for Disadvantaged Groups & Care for Elderly Citizens Living Alone

Year-end Charity Donation Campaign

VIS has held an intra-corporate charity donation campaign since 2015. Over the years, in addition to continuing to carry out the fundraising project "Spending the New Year with the Elderly" with Huashan Social Welfare Foundation, Eden Social Welfare Foundation and Old Five Old Foundation, in recent years, VIS has set annual themes and expanded the search for social welfare groups, inviting stakeholders including employees, suppliers, and customers to participate in charitable activities.

The theme for the annual project in 2022 was "Empowerment for the Disadvantaged". With the help of charitable donations, the beneficiary organizations launched operations in 2023, yielding fruitful results. The Bornanew Youth Caring Association organized a total of 290 children and youth empowerment-related training and activities, including entrepreneurship training programs for disadvantaged children and youth, transitional employment job training projects, youth story broadcasting projects, children's interest exploration courses, and community meal empowerment projects, benefiting a total of 3,732 individuals; the Lezhi Charity Association's Homeless Repair Team completed 33 public service cases (repairing 11 households and cleaning 22 households) in half a year. Since the launch of the repair services in June 2021, they made 369 visits with 28 participating team members and successfully helped 16 formerly unhomed people exit homelessness.

In addition to donation support, VIS also continues the good deeds of our employees through concrete actions. This included inviting the Renewal Youth Care Association's entrepreneurship training program "Cat Training Workshop" to participate in the "Cherry Blossom Firefly River Shines the World" cherry blossom party event at VIS. For two consecutive years, the company organized the "Sending Love Home in

Winter" material collection activity in collaboration with the Joyful Knowledge Public Welfare Charity Association. A total of 76 boxes of daily necessities were collected over two years, providing supplies for street renovation teams and cold families and elderly living alone. Additionally, six organizations including the Taiwan Vine Arts Association, Bornanew Youth Caring Association, and the Garden of Hope Foundation were invited to participate in a Christmas bazaar held within the company premises.

In 2023, VIS continued implementing the concept of "Empowerment for the Disadvantaged". We recognized that there are groups of disadvantaged people in our society who, due to physical limitations or incomplete family and upbringing, have not enjoyed the opportunity to learn and grow at a normal pace, resulting in difficulty in achieving adulthood self-sufficiency. Therefore, with the theme of "Life Practices with Love," we developed three empowerment projects with the Taiwan Foundation for the Blind's "Opening the Window of Vision," LoHas Children's Home "Self-guided Urban Adventure," and Blue Sky House's "Cycling Journey of Learning." Through a series of activities including low vision aiding equipment, digital learning courses for the visually impaired, city adventures, career experiences, bicycle learning, and special education tutoring, we assist visually impaired individuals and children from halfway homes in learning to be independent. We hope that when they leave social welfare institutions, they will have sufficient abilities and sound common sense to live independently and change the course of their futures.

In 2023, a total of NT\$4.37 million was raised in the Year-end Charity Donation Campaign. For two consecutive years employees have set new donation records, passionately responding to Chairman Leuh Fang's message in the annual ESG project video "Even though the road ahead is full of obstacles and hardships, let us use our warm hands in guiding them, accompanying them in finding direction, encouraging them to face unforeseen challenges, and becoming the very best they can be. Life Practices with Love, as we complete it together with them."

In 2023, VIS' Year-end Charity Donation Campaign Raised More than NT\$ 4.37 million from Employees, Customers, and Suppliers

Themes	Public Welfare Organizations	Project Title
Life Practices with Love	Taiwan Foundation for the Blind	Opening the Window of Vision
	LoHas Children's Home	Self-guided Urban Adventure
	Blue Sky House	Cycling Journey of Learning
Spending the New Year with the Elderly	Old Five Old Foundation	Embracing Senior Citizens Living Alone with Love that is always there
	Huashan Social Welfare Foundation	Feeding the Needy 30
	Eden Social Welfare Foundation	Heartwarming Reunion Meal

Education is a long-term investment, and empowering the disadvantaged requires a continuing effort. For three consecutive years, VIS has selected education-related themes for its annual fundraising projects. Combining internal resources and activities, VIS also invites charity groups at years-end to further implement the vision for empowerment, through charity sales, entrepreneurship training, and collection of product donations. Believing that a journey of a thousand miles begins with a single step, as long as we take action, even the slightest good intention can flow far and wide, pushing society onwards to an ideal future.



Responding to the annual theme "Life Practices with Love", for the second consecutive year the Year-end Charity Donation Campaign by VIS in 2023 created a new high in employees' donations

Year-end Charity Donation Campaign Series - Year-end Charity Banquet

The Year-end Charity Banquet was suspended for 3 years due to the pandemic and was finally held again in 2023. VIS invited service recipients from the Huashan Foundation, Eden Social Welfare Foundation, and Old Five Old Foundation, as well as senior citizens from Baoshan Village, Kehu District, and Jinshan District, to dine together. Over 300 guests gathered at the event, with performances delivered by VIS employees. Members of the VIS Volunteering Club took part in serving meals and singing along with the special guests. Leuh Fang, Chairman of VIS, presented checks for the Year-end Charity Donation Campaign to six social welfare organizations for the designated projects in the next year.



After a hiatus of three years, VIS was finally able to hold our Charity Banquet, with Chairman Leuh Fang, on behalf of all our staff, donating to six social welfare organizations

Year-end Charity Donation Campaign Series - Cat with U Handcraft Workshop Charity Sale accompanied by Sakura Cherry Blossoms

In 2023, on the eve of Arbor Day, VIS held the "Delight in Cherry Blossoms by Day and Fireflies by Night", sakura party event at the Cherry Blossom Park in Jingshan Neighborhood, Hsinchu City. We invited the "Cat with U Handicraft Workshop" from the Bornanew Youth Caring Association, New Taipei City Pilot Café to participate in the event. Staff members and community residents attended the event and supported the idea of "Empowerment for the Disadvantaged", promoting our commitment to sustainability.



Cat with U Handicraft Workshop is one of the startup training programs supported by VIS for the Bornanew Youth Caring Association. The event specially introduced charity product exchange vouchers to encourage participants to support the VIS "Empowerment for the Disadvantaged" philosophy

Year-end Charity Donation Campaign Series - Christmas Market: Voucher Plus to Stimulate Consumption

In 2023, VIS invited six non-profit organizations to set up booths at our Christmas market. The Bornanew Youth Caring Association, the Garden of Hope Foundation, and the Taiwan Vineyard Arts Association were also entities that had received support in the past three years during the annual Year-end Charity Donation Campaign. They were invited in particular due to their work being closely related to educational precepts. To encourage employees to support charity sales, an extra subsidy was provided. Employees can use charity vouchers to offset part of the costs when they make purchases at charity booths. The event attracted 5,200 participants within just two days, and the charity sold over NT\$460,000.

Years-end Charity Donation Campaign Series - Sending Love Home in Winter! Material Donation Event

VIS launched a materials donation event in various wafer factories in Taiwan to raise daily supplies for Lezhi Charity Association's homeless repair team and the underprivileged families and senior citizens it serves. In 2023, they set a record by collecting 49 large boxes of supplies, providing warmth to the disadvantaged during cold winter days.

VIS Volunteering Club's uninterrupted local care

VIS volunteers have been caring for senior citizens and disadvantaged children in the local community on a long-term basis. For example, we regularly organize "Dining with the Elders" events, not only providing meals but also arranging simple exercise routines and singing activities. Through companionship, we care for the senior citizens' physical and mental health, understand their needs, and provide necessary living resources and assistance for seniors living alone. We also occasionally combine corporate activities and resources for caring for disadvantaged children and teenagers.



VIS has specially added more subsidies for vouchers to encourage employees to spend at charity booths, which has been well received



Lezhi Charity Association delivering all the supplies to those in need before the Lunar New Year



VIS Volunteering Club extends the Company's internal activities to the Blue Sky House, where a Fun Club event is held



VIS has collected a total of 76 large boxes of supplies over two years, aiming to deliver warming care to the disadvantaged for the Spring Festival

Family Day - Employees Creating Summer Memories with Disadvantaged Children and Youth

Since 2015, VIS has allocated annual donations to social welfare organizations with which it has developed long-term relationships. So far, twenty social welfare organizations have benefited from this financial support. In 2023, VIS Family Day invited 140 disadvantaged children and teenagers from SOS Children's Villages and the World Haha Urban Indigenous Boxing Club to enjoy Lihpao Land amusement park with our employees. Chairman Leuh Fang, on behalf of VIS, made a donation of NT\$1.2 million to the 12 social welfare organizations with which VIS has developed long-term cooperation.

Singapore Subsidiary Activities - Diverse Empowerment, Protecting the Environment

Our Singapore subsidiary, VS1, also puts the spirit of corporate social responsibility into action and impacts through a series of activities designed to make contributions. Including participating in the Boys' Brigade Share-a-Gift event for three consecutive years, donating over a hundred gifts to local nursing homes for senior citizens, and spreading joy and goodwill. And once again cooperating with the Singapore charity Willing Hearts to deliver free meals, providing food support for the disadvantaged.

In addition to the aforementioned traditional efforts, VS1 is also proactive in developing new initiatives in 2023, hoping to have a positive impact on society through diversified contributions. In response More than Flag Day event of the Singapore Children's Cancer Foundation, over a thousand US dollars was raised for the use of children with cancer and their families. In addition to fulfilling our commitment to Environmental Conservation, we participated in the International Coastal Cleanup Day by organizing a beach cleanup activity with VS1 volunteers removing more than 140 kilograms of local marine debris.



After a hiatus of three years, VIS hosted our Family Day again. On behalf of the Company, Chairman Leuh Fang donated NT\$1.2 million to 12 social welfare organizations.



For two consecutive years, VS1 employees have cooperated with the Singaporean charity, Willing Hearts, for free meal delivery.



Through our participation in the International Coastal Cleanup Day, VS1 successfully removed more than 140 kg of marine debris.



For the first time, VS1 took part in the Singapore Children's Cancer Foundation event and successfully raised over one thousand US dollars.

7.1.2 Diverse Empowerment

Reduction of the gap between learning and application - Learning-Application Link Project

The disconnect and gap between what is learned and what is used has always been a topic of concern in society. As high school students face the pressure of further studies, they also face uncertainty about their future. In order to narrow the gap between learning and practical application, VIS cooperated with IC Broadcasting and organized events under the theme "Learning-Application Link". We invited Professor Ping-Cheng, Yeh from the Department of Electrical Engineering at National Taiwan University, and Associate Professor Yun-Nung, Chen from the Department of Computer Science and Engineering to dialogue with our young colleagues. Through warm and friendly conversations, we recorded two videos titled "Welcome To The Real Job – Meeting with Success" and "New Young Women Power - Career Life without Limitations". By sharing their personal experiences in an easygoing interview format, we inspire high school and vocational school students to ponder the significance and choices for their careers, helping them

make early preparations and plan for their future.

The event incorporated sharing of the current situation in education and the workplace from academia and industry representatives to high school students. At the same time, it also incorporated the fifth goal of the United Nations Sustainable Development Goals (SDGs), "Achieve gender equality and empower all women," and the eighth goal, "Promote inclusive and sustainable economic growth, employment and decent work for all." It is hoped that the students can examine their goals, think, adjust their directions, and bravely attempt different challenges and possibilities.

The two videos were screened at 14 high schools and vocational schools in the Taoyuan, Hsinchu, and Miaoli regions, with over 10,000 high school and vocational students viewing them. There are another

174 schools across Taiwan that actively applied for screenings, with over 52,000 attendees. Two on-site seminars were specially held for this event, featuring conversations with Professor Yun-Nung, Chen of National Taiwan University, and VIS's HR supervisor. These seminars took place at Hsinchu Girls' Senior High School and St. Peter Senior High School, with a total of over 1,900 students participating.

The "Learning-Application Link" project, which includes activities such as in-school video presentations, on-site seminars, "Dear Life Practice" radio interviews, student testimonials, and social media promotions, has reached over 100,000 individuals. Through participation in the project, it is hoped that every young student will have the courage to break the mold and pursue their ideal life.



VIS invited Associate Professor Yun Nung, Chen (pictured in the middle) from National Taiwan University and young colleagues (pictured on the left) to record the video conversation "New Young Women Power - Career Life without Limitations", sharing career experiences



VIS invited Professor Ping-Cheng, Yeh (right), and young colleagues of the Company (left) to record the conversation video "Welcome To The Real Job- Meeting with Success", sharing professional experiences



The first on-site lecture of the "Learning-Application Link" event was held at the auditorium of Hsinchu Girls' Senior High School, which has a history of over 90 years, attracting more than 600 high school students to attend.

The second stop was an on-site lecture held at Hsinchu St. Peter Senior High School with more than 1,300 students present.

Empowerment for the Disadvantaged -- Semiconductor Popular Science and Career Lectures

VIS aims to use empowering approaches to practically and proactively assist disadvantaged groups. From 2022, we have established public welfare themes entailing "Empowering the disadvantaged, educational sessions on the semiconductor industry, and narrowing the gap between learning and practical application". By combining these with our main business endeavors, we hope to not only expand recruitment for the sector, but also assist students of all ages and disadvantaged groups; To date, we have conducted semiconductor knowledge and career lectures at Longshan Elementary School and Minfu Elementary School in Hsinchu, Neihu Elementary School in Taipei, and Zhuxin Home tutoring class in Hsinchu, Boyou Foundation, Blue Sky House, and Dongshan Elementary School in Tainan. This allows students to understand what semiconductors are and realize that in reality, semiconductors are

pervasively everywhere. Among them, Dongshan Elementary School is located in rural Tainan. Led by the president of the VIS Volunteering Club, Associate Vice President Ching-Ying Lee, with a special invitation to firefly expert Dr. Chia-hsiung Wu, together combined the VIS experiences in firefly rehabilitation to deliver a lecture on environment and semiconductor science. Nearly a hundred elementary students participated in the lecture.



Club President Ching-Ying Lee specially brought an eight-inch wafer on-site for students to learn about



Students saw an 8-inch wafer for the first time in their lives

Transmitting public welfare teaching experience and cultivating seed instructors - Educational Volunteer Training Class

VIS employees have long been involved in giving public lectures and courses in schools and social welfare institutions, covering topics from beetle ecology, to environmental education, semiconductor science, and career sharing. In 2023, to help more employees become involved in volunteer educational activities, two volunteer cultivation classes were offered within the Company. The training was conducted using two types of teaching plans, comprising semiconductor popular science and ecology. Through trial lecturing activities, senior lecturers imparted teaching experiences and offered feedback. This successfully cultivated many employees to become seed lecturers, the course attracted over 30 participants. It is expected that starting from 2024, seed instructors will begin to conduct volunteer educational activities with the assistance of senior instructors.



Associate Vice President and Volunteering Club President, Ching-Ying Lee (third from right in the front row), attended the educational volunteer training program, encouraging colleagues to join the ranks of volunteer educational service

Encourage Women to Join the Technology Industry - National Tsing Hua University's Sunrise Program

Since 2016, VIS has sponsored Tsinghua University's Sunrise Program, providing economically disadvantaged students with scholarships, hoping to shorten the gap in educational resources caused by economic disparity, so that disadvantaged students can pursue their studies with peace of mind. From 2021 onward, to encourage female students to work in the high-tech industry, we have designated sponsorship for three female students studying in different departments, offering a total of NT\$ 300,000 scholarships, including the CFO among the three female supervisors as their mentors, offering one-on-one assistance for students in their studies, life, and career development. Regular gatherings are held to appreciate students' current situation. Currently,

the three female students being supported are expected to graduate in 2024. Among them, two have been accepted into graduate schools and will continue their studies.

Implementing Education Without Borders - National Yang Ming Chiao Tung University Scholarship Program for Ukrainian Students

The Russian-Ukrainian War has forced many Ukrainian students to interrupt their studies due to the conflict. Based on the spirit of Education Without Borders and humanitarian relief, VIS participates in the Scholarship Program for Ukrainian Students initiated by National Yang Ming Chiao Tung University. Starting from 2022, each year we sponsor NT\$ 500,000, to support the tuition of two Ukrainian students

in the special program in Taiwan, ensuring burdenless studies.

Expand Opportunities to Rural Areas - National Taitung Junior College

To meet the needs of future growth and cultivate technical equipment talent as early as possible, since 2021, VIS has been cooperating with National Taitung Junior College to offer a Micro-credit Course on Semiconductor Manufacturing and Equipment. To implement the idea of equal rights to education, VIS has sent our internal lecturers to teach in Taidong; providing NT\$ 200,000 sponsorships every year, and summer internship opportunities to students from Taitung Junior College.



VIS regularly arranges for mentors to dine with students from the Sunrise Program. Amanda Huang, Vice President and Chief Financial Officer (third from the left), and professor Hong-Lin Chan, the Dean of Student Affairs at Tsing Hua University (fourth from the right), attended the dinner party we initiated at the year-end together.



Associate Vice President Tom Tseng (left) signs a Memorandum of Cooperation for Academia-Industry Cooperation with Principal Wang Chun-Sheng of National Taitung Junior College (right).

Industry, government, and academia collaborate to cultivate semiconductor talents through the "University/High-school Collaboration On Online Learning (UHCOOL)" initiative

The declining birthrate issue is a common challenge for Taiwan's semiconductor industry. The VIS Signed a tripartite Memorandum of Understanding (MOU) with National Yang-Ming Chiao Tung University and the Taoyuan City Government to promote the "University/High-school Collaboration On Online-learning (UHCOOL)" program. The company hopes to lead by example and encourage the semiconductor industry to collectively support the program, fostering more talent for the semiconductor industry. This initiative aims to firmly establish Taiwan's semiconductor industry and enhance its competitiveness on the international stage.

This program will involve collaboration among industry, government, and academia to develop and promote a digital course titled "Introduction to Semiconductor Principles and Manufacturing." The aim is to provide high school students with a clear understanding of the basic principles of semiconductor components, industry development, and future technological trends. By doing so, students can gain early exposure to professional knowledge and practices in the semiconductor field, enriching their cross-disciplinary learning opportunities and experiences.

Additionally, VIS established long-term cooperating with National Tsing Hua University, National Yang-Ming Chiao Tung University, and National Sun Yat-sen University; Built "Smart Manufacturing and Management Lab" with the National Yang-Ming Chiao Tung University; to sponsor the Taiwan Semiconductor Industry Association's semiconductor industry-university awards and industry-university fund. By doing so, the

company aims to harness academic research capabilities to enhance its competitiveness.

Summer Internship Program

VIS has long been offering internship opportunities during the summer break. In 2023, 25 outstanding students from domestic and international universities were admitted, embarking on a two-month internship experience. Additionally, the company organizes various activities such as orientation sessions for recruits, meetings with senior executives, presentation sessions for showcasing achievements, graduation ceremonies, and appreciation gatherings for mentors. These activities are designed to help interns integrate into the company, gain early insights into the semiconductor workplace, and have the opportunity to apply their academic knowledge to practical work scenarios.



From left to right: John Wei, President of VIS; Zhang Shanzheng, Mayor of Taoyuan City; Lin Qihong, President of National Yang-Ming Chiao Tung University; and Liu Zhongcheng, Director of Taoyuan City Education Bureau, jointly attended the signing ceremony of the "University/High-school Collaboration On Online-learning" memorandum of cooperation. (Image Source: Taoyuan City Government)



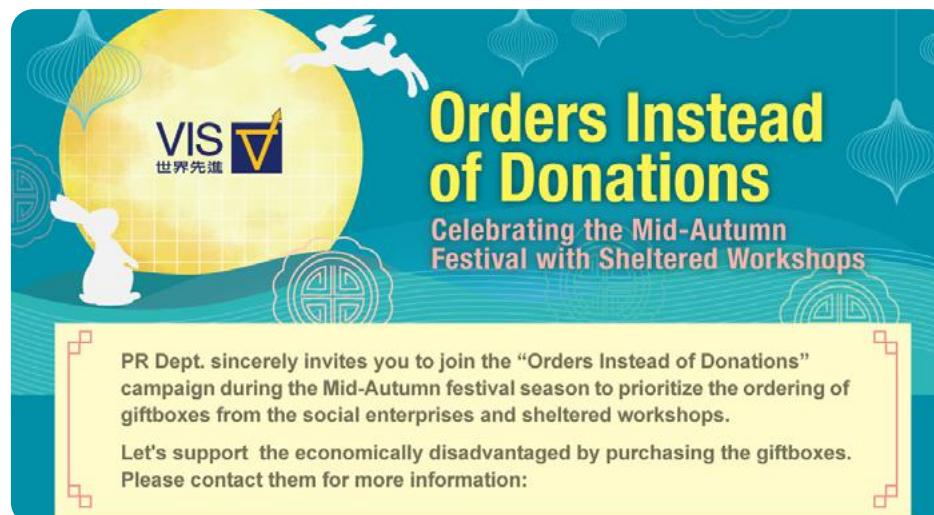
Since 2022, VIS has collaborated with National Yang-Ming Chiao Tung University to establish the "Smart Manufacturing and Management Laboratory". Jonathan Chang, Associate Vice President (8th from the right), attended the unveiling ceremony

Promote Persons with Disabilities by establishing diverse Job Titles

VIS has gradually established high-quality and diverse jobs for people with disabilities. Since 2009, the Company started hiring masseurs with mental and physical disabilities. In 2020, new job positions such as factory cleaning and document management were added. In 2022, the job positions of campus recruitment representatives were also introduced. In 2023, a total of 61 employment positions for people with disabilities were filled, accounting for 1% of the total employees of the company, which is about 9% higher than the regulatory requirement. In addition to being guided by senior employees, local employment service stations are also invited to carry out planned individual case work, paying visits to these employees, and providing counseling services to help them adapt to the work environment, all in a bid to put into practice the concept of empowering the disadvantaged.

Order Instead of Donate: Celebrating the Festival with Social Welfare Groups

To support and encourage the development of social welfare organizations and social enterprises, since 2021 VIS has launched the "Order Instead of Donate" campaign during holiday seasons. It encourages employees and departments to prioritize purchasing gift boxes from these organizations. The campaign has received a lot of support and positive feedback from our team members. In 2023, the total order value is over NT\$ 200,000, and collaborating with over 10 social welfare organizations.



VIS implemented the "Order Instead of Donate" campaign, which received support and praise from our employees

7.1.3 Sustainability Initiatives

Earth Hour lights-off initiative

VIS has participated in the Earth Hour initiative to turn off lights. So long as it did not affect production or factory safety, it simultaneously turned off unnecessary lights inside and outside the five factories in Taiwan and Singapore, saving a total of approximately 156 watts of electricity and reducing carbon emissions by almost 75 kg.

Note: In the Taiwan plant, carbon emissions per kilowatt-hour of electricity consumed are 0.509 kilograms, while in the Singapore plant, it is 0.4057 kilograms per kilowatt-hour.

THANKS FOR PARTICIPATING EARTH HOUR 2023

VIS saved about 156 kWh electricity
and achieved carbon reductions of about 75 kg
across our 5 fabs in Taiwan and Singapore
in the Earth Hour event this year.

Energy saving is not only committing one hour
on one day.

At VIS, we are committed in building a better world
for our people and the planet.



VIS saved a total of approximately 156 kWh in the Earth Hour event in 2023, reducing carbon emissions by almost 75 kg for the planet

Focus Taiwan: Jennifer Shen's talk

To proactively advocate for the UN sustainable development goals, VIS has donated NT\$2 million every year to IC Broadcasting Company Limited since 2015, to attract ideas and carry out Sustainability Initiatives. The currently sponsored "Focus Taiwan: Jennifer Shen's Talk" radio program is hosted by Jennifer Shen. Through her professional expertise in journalism, she combines the theme of the program with the United Nations' sustainable development goals. In 2023, a total of 52 episodes were produced and broadcast. Professionals from different fields were invited to discuss current important issues of sustainability trends and culture. The program has responded to at least 12 United Nations sustainable development goals, as well as important issues for Taiwan including the current international situation, AI trends, local development, art and education, and other influential subjects. Each episode is broadcast over the air and is also available on the IC Broadcasting website, Apple Podcast, Google Podcast, Spotify, and other on-demand podcast platforms. Episodes are available for listeners to select and listen to at their convenience, thus expanding the program audience. The program's impact has reached over 1.2 million individuals, driving discussions and attentiveness in the industry towards sustainability issues.

IC 之音 FM97.5 · 追蹤
2023年3月1日 · [...](#)

教科書也能做得有美學！美學細胞十多年來致力改變台灣教科書的美感，以豐富的科學繪圖呈現的自然課本；還有讓人想起畫廊高手漫畫的體育課本，目前有哪些成果？他們如何影響教育部及教科書出版社？

【本節目由世界先進積體電路股份有限公司贊助播出】

#IC之音 #春風華語 · 聚焦台灣 #沈春華 #美感教育從教科書開始0220

FM 97.5 IC 之音 竹科廣播 IC 之音 竹科廣播 IC 之音 竹科廣播 IC 之音 竹科廣播

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美感教育從教科書開始 Ft. 美感細胞協會共同創辦人 陳慕天
美學教科書 · 與美學教育息息相關！漫畫體育、科學繪圖、前衛風格的教科書，...

馬上聽 [\[i\] i](#)

IC 之音 FM97.5 · 追蹤
2023年3月28日 · [...](#)

台灣55歲以上勞動參與率不到五成？！少子化影響以及中高齡人力勞動參與率低，使得台灣勞動力供不應求的狀況更加劇。中高齡者提早退休的原因為何？雇主應有哪些新思維才能適應人才結構變化？

【本節目由世界先進積體電路股份有限公司贊助播出】

#IC之音 #春風華語 · 聚焦台灣 #沈春華 #大缺工時代0320

IC975.COM
大缺工時代！中高齡就業與營運思維再調整 Ft. 104人力銀行資深副總暨
人資長 鍾文雄

馬上聽 [\[i\] i](#)

IC 之音 FM97.5 · 追蹤
2023年7月17日 · [...](#)

從廢棄物製燃料棒，砍排放還可以減少3成！固體再生燃料(SRF)意在各種廢棄物中，分類出可燃燒的紙、塑膠或纖維等，接著加以改良，形成單一性質的燃料。這項技術是如何進行的？無法達到完全「淨零」，為何還有實用價值？

【本節目由世界先進積體電路股份有限公司贊助播出】

#IC之音 #廢棄物成低碳再生燃料 Ft. 隆順綠能科技共同創辦人陳俊宇博士
廢棄物可以成為燃料？有哪些減碳效益？這種燃料被定義為「再生能源」，是真的嗎？

IC975.COM

The program "Focus Taiwan: Jennifer Shen's talk" revolves around current sustainable initiatives and important cultural issues, encouraging listeners to accumulate cultural knowledge in their daily lives and take sustainable actions.

In 2023, Focus Taiwan: Jennifer Shen's Talk Radio Advocates for 12 UN SDGs, Involving multiple artistic and humanistic issues

Responding to the United Nations Sustainable Development Goals	Themes	Guests
	Sustainability Ingredients Guide! Changing the World Starts with Eating	Hua-jen Kuo, Honorary Professor of National Taiwan University's Department of Agronomy
	The post-pandemic era has not yet arrived! New Threats and Responses	Dr. Li-Min Huang, chief physician of the Pediatric Infectious Disease Department at National Taiwan University Hospital
	Digital innovation, breaking the imbalance of healthcare resources.	WaCare CEO Ren-hao Pan
	How much do we know about the radiation monitoring and food safety of the Fukushima nuclear wastewater discharge?	Radiation Protection Division of the Nuclear Safety Commission, Chen-Hsuan Lin, appointed as technical specialist
	Glimmer in the eyes guides one's direction, promotion of arts and culture for Persons with Disabilities.	Secretary-General Wan-Hua Chu of the Arts Promotion Association for the Disabled, R.O.C.
	Continual innovation in early childhood education is crucial in cultivating children's abilities in the face of global changes.	Founder of Season Arts Children Education Inst., Fu-Mei Tang
	Career planning is not aimless, campus study rules and teachers accompany you to find your direction.	Ju-Shan Cheng, President of Learning Plan Office, National Taiwan University
	Aesthetic education starts from textbooks.	Mu-Tian Chen, Co-Founder of Aestheticell
	Rescuing the fresh talent cycle in technology, reconsidering the high school credit system and university recruitment.	Yao-Wen Chang, Dean of the College of Electrical Engineering and Computer Science, National Taiwan University
	Sustainability education begins with addressing local issues.	Hsin-Wei Hsu, President of Taiwan Youth Creative Action Association

Responding to the United Nations Sustainable Development Goals	Themes	Guests
	Fishery-electricity co-existence, we cannot prioritize electricity development and neglect fisheries.	The person in charge of Apollo Aquatic Product is Guo-Liang Huang.
	Waste turned into low-carbon regenerative fuel	Dr. Chun-Yu Chen, Co-Founder of LONGSHUN Green Energy Technology Ltd.
	Great Labor Shortage Era! The employment and operational thinking of middle-aged and older adults are being adjusted.	The 104 Job Bank Senior Deputy Secretary-General and HR Director, Wen-Hsiung Chung
	Bridging the educational gap, making learning fun in rural areas!	Dr. Hsien-Chang Kao, President of the Science Education Center at Tamkang University
	Providing a safe place for teenagers to grow, the Dream Café offers accompaniment and protection.	Secretary General of the Bornanew Youth Caring Association, Yuan-Kai Chiang
	Meeting the Angel! The altruistic journey of the international artist, Yousif.	International Artist Yousif
	The Queen of Waterskiing pursues her dream on the water, returning home to establish a waterskiing base on Shezi Island.	Wei-Shan Lee, gold medalist in water skiing
	Our Mission: To transform poverty in rural areas!	Tsai-Hsi Chen, Founder of Seed in Land Social Enterprise
	Unique craftsmanship! Woodworking Skills Revitalize Rural Areas	Chia-Na Wang, Founder of Taiwan Wood Think Talent Cultivation Association
	The Everlasting Completely New Look of Green Buildings	Chang-Lian Lin, Principal Architect of J.C. Architecture
	There must be "people" in a place for local innovation to occur! Establish a Major Civil Platform for Regional Revitalization	Mei-Ling Chen, Chairman of the Taiwan Regional Revitalization Foundation
	From a Bowl of Ramen Soup to Regional Revitalization	Founder of Honest Eatery Life/Home Director of Taiwan Regional Revitalization Foundation
	Jinshan Exploring! North Sea Revitalization Forum leads the regional common good.	Yu-Hsin Ren

Responding to the United Nations Sustainable Development Goals	Themes	Guests
	From linear to circular, the new economic model creates Sustainability opportunities.	Hsin-Tien Lin, Assistant Professor of National Cheng Kung University's Department of Environmental Engineering
	Sociologists establish social enterprises, becoming the support for farmers with fidelity.	Sheng-Yu Hsieh, Founder of Howsfood Company
	Standing at the forefront of Climate Change, sustainable enterprises march into Greenland.	Chairman of O'right, Steven Ko
	Forests are the key to net zero carbon emissions, and policies in place are indispensable.	Dai-chi Hsiao, Adjunct Research Fellow at the Institute of Economics of Academia Sinica
	Sustainable Clean Environmental Utensils! New combination of corporate ESG and business model	Founder of Renouvo Company, Chian-Chung Huang
	Island Taiwan - Exploring Fisheries, Ecology, and Human-Sea Relationships	Hui-chun Chang, Director of Kuroshio Ocean Education Foundation
	Turtle Paradise Environmental Education	The person in charge of Good Friends Eco-friendly Hotel is Cheng-Nan Tsai.
	Mountain and Forest Imagery, Precious Ecology, Past and Present of the Prehistoric Mythical Creature - the Loach	Director Mai Ming-Ming
	The beautiful story that started with Director Tian, transforming farmland into the homeland of waterfowl.	Che-An Lin, Founder of Tian Dong Rice
	Save a Forest, Earn Sustainable Interest: The Story of Forest Culture Museum	Director Aliman of Sazasa Forest Museum
	Decipher the earth! 5% Design Action Initiates Sustainable Development Collaboration Model	Dr. Chen-fu Yang, CEO of 5% Design Action Social Design Platform
Key Topics Such as International Affairs, the AI Wave, Art and Technology, and Humanities Education in Taiwan	Taiwan Can Help! Taiwan's Special Search and Rescue Team aids in Turkey earthquake relief efforts.	Captain Chen Yifeng of the Special Search and Rescue Team of the Fire Bureau, Ministry of the Interior.
	Cyber Scams and Personal Data Leaks Pose Significant Threats! Personal Information Security Protection Strategies	Huang Shengxiong, Chairman of the Asia-Pacific Network Information Center.

Responding to the United Nations Sustainable Development Goals	Themes	Guests
	Professor Venturing into Entrepreneurship! Eye Tracking, Metaverse Trends, and Innovative Entrepreneurship	Professor Jian Shaoyi, Founder of Ganzin Technology and Professor at the Department of Electrical Engineering, National Taiwan University.
	Brands Don't Naturally Form! Brand Strength Builds Taiwan's Competitiveness	Huang Wenbo, Senior Marketing Creative
	Rescuing the fresh talent cycle in technology, reconsidering the high school credit system and university recruitment.	Yao-Wen Chang, Dean of the College of Electrical Engineering and Computer Science, National Taiwan University
	The Risks of Low-Orbit Satellites: Taiwan's Role and Opportunities	Ye Yongxuan, Academician of Academia Sinica, President of the Taiwan Space Union
	The Power of Community Connections, Learning, Sharing, and Self-Improvement.	Li Wanzhuan, 2023 Presidential Education Award winner
	With the Weather Getting Hotter and Electricity Prices Rising, New Concepts for Saving Electricity and Costs Are Needed	Chen Xinhong, Co-founder of IMA-EMS
	The Minimalist Aesthetics of Paper-Feel Cameras, a Taiwanese Creativity Endorsed by Time Magazine	Lin Qiugi, Founder of Paper Shoot Technology.
	AI Flourishing, the Collision Between ChatGPT and the Real World	Ko Ju-Chun, dAb
	AI Trend Impact! Will Artists Be Replaced or Optimized?	Gao Jie, Adjunct Lecturer at the Department of Media Communication Design, Shih Chien University.
	The Capabilities and Limitations of Virtual Anchors	Hu Wanling, Deputy General Manager of Formosa News Media Group
	Harnessing Humanistic Thought to Empower AI Technology: Confrontation between Artificial Intelligence and Fake News	Cai Zonghan, Research Fellow at the Institute of Humanities and Social Sciences, Academia Sinica
	From Missiles to Semiconductors, Application and Innovation of Microwave Technology	Chen Hanying, General Manager of Wave Power Technology Inc.
	Outbreak of Israel-Palestine Conflict! Elusive Peace, Intractable Issue	Professor Yan Zhensheng, College of International Affairs, NCCU
	Urgent Demand for AI Talent, How to Address the Scarcity?	Cai Mingshun, Principal of Taiwan AI Academy

Internal ESG Lectures to Enhance Sustainability Awareness

In 2023, to promote awareness of sustainability, VIS planned internal ESG lectures and invited Jennifer Shen, a seasoned media veteran who has received 13 Golden Bell Awards, to speak at the inaugural lecture. The topic was "Focus Taiwan: Talking about a Sustainable Future", Jennifer shared about global sustainability trends with our domestic and foreign employees through rich examples from her radio program, presenting Taiwan's vigorous SDGs momentum. Given the series of activities promoting gender diversity in the workplace hosted by VIS this year, Shen Chun-Hua specifically mentioned in her speech how modern women, who were raised in a traditional cultural background, are trying to find their footing in the new era while taking on multiple roles. She also suggested that both genders should ever more appreciate each other's differing aspects.



VIS invited veteran media personality Jennifer Shen (left) to share ESG cases. The President, John Wei (right), attended the event

The second ESG lecture invited Yun-Nung Chen, Associate Professor of National Taiwan University's Department of Computer Science and Information Engineering, who is part of the "Learning-Application Link" project. She presented on the topic of "BE UNIQUE BE YOURSELF: Creating Your Own Career without Limitations", sharing with colleagues the value and significance of diverse workplaces. The content included career choices, observations on the AI wave, and challenges and opportunities for minorities in the workplace. After the speech, Yun-Nung Chen gave detailed answers to enthusiastic questions from colleagues on-site and online, providing insightful opinions.



Professor Yun-Nung Chen shares the value and meaning of a diverse workplace with colleagues

7.2 Environmental Conservation

In December 2023, VIS announced a collaboration with National Taiwan University for a three-year initial phase aimed at advancing the "Application of Resource Circulation Concept to Soil Carbon Sequestration" research project. This initiative marks Taiwan's pioneering effort in employing resource circulation concepts to analyze soil carbon sequestration techniques, making VIS the first semiconductor enterprise to conduct on-site soil amendment experiments. The research involves the reuse of agricultural waste products such as biochar, combined with organic fertilizers and innovative nano-sized carbon dioxide bubbles, for soil improvement. This combination aims to enhance microbial growth, thereby boosting the soil's biotic carbon sequestration capacity. Upon completion of the technological development, further soil amendment experiments will be conducted at the Qianjia Park, a site under long-term stewardship by VIS. Through on-site trials, continuous observation and optimization of local soil carbon sequestration benefits will be ensured. Additionally, considering local climate and soil characteristics in the assessment will enable the evaluation of expected benefits when applying this technology to other similar subtropical climates, thus serving as a vital tool in enhancing soil organic carbon sinks.

Since 2018, VIS has initiated the adoption of Qianjia Park in Hsinchu City, successfully transforming the originally exposed public land into a leisure park. With an area of 3.81 hectares, it is the largest air quality purification area in Hsinchu City. The park currently has 325 trees and a large area of green space, which can naturally clean 5 metric tons of carbon dioxide each year, thus purifying the air. VIS has been recognized as an excellent adoption organization of air quality purification areas by the Taiwan Environmental Protection Administration for five consecutive years due to the outstanding maintenance results.

VIS Chairman Leuh Fang stated: "As a responsible corporate citizen, VIS adheres to the sustainable values of living in harmony with the environment and is committed to mitigating and adapting to adverse effects of climate change on the environment." Through cooperating with the Water Technology and Low Carbon Sustainable Innovation Research and Development Center of National Taiwan University, VIS promotes environmentally friendly innovation research projects based on the concept of resource recycling. This not only aligns with the international 0.04% soil initiative but also has a significant meaning as it is planned to be introduced into the Qianjia Park, which is adopted long-term by the Company, for in-situ research.

VIS has installed a landscape artwork: cherry blossom park petal swing, in Hsinchu city's cherry blossom park



7.2.1 Create a green living space

Since the beginning of 2022, VIS has obtained approval of the Hsinchu City Government to invest resources in the redevelopment of Hsinchu City's Cherry Blossom Park. Utilizing the full tree form method, the Company planted 37 new Showa cherry trees and Shin-sumizome cherry trees, transplanted and corrected the existing 62 Formosa cherry blossom trees and ring-cupped oaks, re-planted turf to increase the coverage of greenery, and re-laid the granite pedestrian paths. Landscape artworks were installed for the public to check-in and take photos, creating a green living space within the city.

To encourage the public to visit Cherry Blossom Park frequently, on the eve of Arbor Day in March 2023, VIS specially hosted a Cherry Blossom Party event, "Delight in Cherry Blossoms by Day and Fireflies by Night". Apart from inviting the public to observe and appreciate the blossoming cherry flowers in the park, the event also combined ecological adventure activities and tree planting activities promoting the concepts of environmental sustainability. A total of 500 people enthusiastically participated in the event that day, with Hsinchu City Mayor Hung-An Kao and Leuh Fang together sowing cherry tree saplings. Other

attendees included the Director of the Second River Management Office of the Ministry of Economic Affairs, local leaders of Jinshan Borough and Keyuan Borough in Hsinchu City, and Ke-hu Borough in Hsinchu County. To echo the concept of Empowerment for the Disadvantaged, we specially invited our long-term partner social welfare groups, Blue Sky House and Lohas Children's Home to join in the festivities. We also invited Bornanew Youth Caring Association, Chinese Shanai Association, Yu-Cheng Chi-Hsien Sheltered Workshop, and Children Are Us Foundation to set up charity booths. We encouraged participants to support public welfare by distributing vouchers for charity goods while participating in eco-friendly activities.

Upholding the belief in balancing growth and environmental sustainability, VIS is committed to implementing green manufacturing measures. Furthermore, on the eve of Arbor Day, we launched concrete actions to promote urban and community greenification. We have extended green actions beyond our factories, embodying the public welfare pillar of "Environmental Conservation".



Chairman Leuh Fang (third from the right) leads the company's senior management and mayor of Hsinchu, Hung-an Kao (third from the left) to plant winter cherry saplings



The "Cherry Blossom and Fireflies Light Up the World" event made a grand debut on the eve of arbor day, with enthusiastic participation from the mayor of Hsinchu, Hung-an Kao (fourth from left), representatives of the city government, and neighbors



VIS invites long-term partner social welfare organizations and neighboring communities to participate in environmental education activities

7.2.2 Environmental Education

In 2020, VIS started a four-year firefly restoration project, optimizing the firefly habitat environment and water source in the green waters of Kezihu Creek on both sides of Cherry Blossom Park. A total of 6,500 firefly larvae have been released into the wild over three years, successfully establishing a sustainable growth cycle for fireflies. In April 2023, VIS organized a night event for firefly viewing during the firefly season, inviting nearby residents, colleagues and their families to enjoy the restoration results by the pond. The Cherry Blossom Park is not only an urban park where people can "be close to water, enjoy cherry blossoms during the day and admire fireflies at night", but also a venue for green environment education where company colleagues, local residents, and school faculty and students can engage in leisure activities.

In order to preserve the beautiful scenery and sustain the ecology, VIS continues to bring the beetle class and ecological education course to schools. In 2023, VIS organized environmental education courses in Longshan Elementary School and Minfu Elementary School in Hsinchu City. Through interactive learning and introduction to live insects, students were deeply impressed and had great responses.

In addition, VIS continues to expand the scope of environmental education courses. During the summer vacation of 2023, a series of fun and educational environmental courses were launched to deepen the public's understanding of the relationships between the habitats and species in the Cherry Blossom Park. The first event was themed "Fantasy World Expedition Team - Cherry Blossom Park", open to VIS staff and their children. Participants were led through the entire park to learn about indigenous tree species and carry out ecological observations. This fun and relaxed approach to learning about biodiversity left a deep impression on the importance of ecological conservation.



Night firefly watching activity, inviting surrounding residents, colleagues and their families to participate, as children enthusiastically interacted with environmental education lecturers



The "Fantasy World Exploration Team" event, guides our colleagues and their children to understand ecological issues through gamified tutorials and group competitions

Biodiversity

VIS has established a "Commitment to Biodiversity and Zero Deforestation," adhering to the goal of harmonious co-existence with the environment and creation of sustainable values. We promise not to engage in development and operational activities in domestic or foreign legally-protected ecological areas and biodiversity-sensitive areas, and to take protection measures to reduce impacts on biodiversity and forest ecology. In 2023, in addition to continuing the Firefly Restoration Project, VIS also implemented a Plant Restoration Project in its factory campuses. By conducting an inventory of existing species and assessing the restoration environment, considering factors of local suitability and species appropriateness, species for rehabilitation in the factory area were planned. VIS selects species for restoration based on the "The Red List of Vascular Plants of Taiwan, 2017". Under conditions suitable for the surrounding environment of the factory, priority is given to selecting threatened species for conservation and restoration. These include Bamboo Orchid (*Arundina graminifolia*) (rated as Nationally Critically Endangered, NCR), Shower of Gold Climber (*Tristellateia Australasia*) (Nationally Endangered, NEN), and Wulai Azalea (*Rhododendron kanehirai*) (Extinct in the Wild, EW). We are striving to create an ecological ark within the science park.

After thorough investigation, the main causes of biodiversity loss are found to be mostly due to poaching, pesticides, herbicides, or other manmade destruction. The environmental characteristics of VIS factory sites and access control measures have prevented human damage, and thus provide an opportunity for successful plant rehabilitation. Through VIS efforts, the precious nationally endangered plant, the Bamboo Orchid, has successfully returned to Hsinchu and VIS has become Taiwan's first company investing in restoration of Bamboo Orchids.



VIS set up an ecological booth within the Company's Christmas Market to promote the importance of biodiversity



Through VIS efforts, the nationally critically endangered plant Bamboo Orchid has successfully blossomed in the fab area



Appendix



Appendix 1 About This Report

The core of this Report lies in the corporate sustainability strategies adopted by Vanguard International Semiconductor Corporation (VIS for short), which is structured based on dimensions of management and innovation, green manufacturing, responsible supply chain, friendly workplace, and social common good, etc. to disclose VIS' viewpoints and response actions when facing material issues in the process of sustainability development.

Period of Report

The main time frame of this Report's data and content is 2023 (2023/01/01 to 2023/12/31).

Parameters and Scope of this Report

The disclosure scope of this report aligns with the consolidated financial statements, encompassing the operational activities of all subsidiaries included in both the parent company's and consolidated financial statements. Any deviations in scope will be explicitly addressed within the report.

Reporting Principles

This Report was written based on Global Reporting Initiative Standards (GRI Standards) 2021 released by the Global Sustainability Standards Board (GSSB), TPEX's "Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies", and AA1000 Accountability Principles (AA1000AP). Additionally, VIS refers to the frameworks of the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD), the Taskforce on Nature-related Financial Disclosures (TNFD), and the standards of the Sustainability Accounting Standards Board (SASB) as reporting principles.

Note: All financial figures in the report are calculated in New Taiwan Dollars (NT\$). Units conventionally used in international practices have been adopted for the measurement of environmental safety and social engagement.

Management Approach

The relevant information in this report is compiled by departments of Vanguard International Semiconductor Corporation, assigned by the Corporate Sustainability Committee's working group. The accuracy and completeness of the report are reviewed by supervisors, after which the Public Relations Department compiles and edits the data into the report. Finally, the report is approved by the Board of Directors.

Verification

The 2023 Sustainability Report was compiled based on GRI Standards 2021, which has been assured by DNV Business Assurance Co., Ltd., confirming that it complies with "GRI Standards" and AA1000 Assurance Standard: v3 - Type 2 moderate level assurance, and encompasses relevant sustainability guidelines such as "Task Force on Climate-Related Financial Disclosures (TCFD)" framework, "The Taskforce on Nature-related Financial Disclosures (TNFD)" framework, "Sustainability Accounting Standards Board (SASB)" standards, etc. Please refer to Appendix 5 for the assurance report.

Release

VIS published its first Corporate Sustainability Report in 2015, and continues the report publication on a yearly basis.

Current release: Published in August, 2024

Previous release: Published in June, 2023

Next release: Published in August, 2025

Feedback

For continued communication with stakeholders, we sincerely welcome you to contact us and offer your valuable opinions.

Responsible Unit: VIS Corporate Sustainability Committee

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Appendix 2 GRI Content Index Table

Statement of Use: VIS has followed the GRI Standards to report relevant content of the period from January 1, 2023 to December 31, 2023.

Applied GRI 1: GRI 1: Foundation 2021

Applicable GRI Sector Standards: N/A

General Disclosures

GRI Standard	Disclosure Content	Corresponding Report Section	Page No.	Note
Stakeholder Engagement 2-29	The Organization and its Reporting Practices			
2-1	Organizational details	1.1 Company Profile Appendix 1 About This Report	10	
2-2	Entities included in the organization's sustainability reporting	Appendix 1 About This Report	224	
2-3	Reporting period, frequency and contact point	Appendix 1 About This Report	224	
2-4	Restatements of information	-	-	There were no such incidents during the reporting period.
2-5	External assurance	Appendix 1 About This Report Appendix 5 AA1000 Assurance Statement	224 242	
	Activities and Workers			
2-6	Activities, value chain and other business relationships	1.1 Company Profile 5.2 Sustainable Supply Chain Management Strategies	10 139	
2-7	Employees	6.1 Talent Attraction and Retention	157	VIS has no non-guaranteed-hours employees.
2-8	Workers who are not employees	6.1 Talent Attraction and Retention	156	
	Governance			
2-9	Governance structure and composition	2.2 Corporate Sustainability Management 3.1 Corporate Governance	19 64	

GRI Standard	Disclosure Content	Corresponding Report Section	Page No.	Note
2-10	Nomination and selection of the highest governance body	3.1 Corporate Governance	64	
2-11	Chair of the highest governance body	3.1 Corporate Governance	67	
2-12	Role of the highest governance body in overseeing the management of impacts	3.1 Corporate Governance 3.2 Risk Management	64 74	
2-13	Delegation of responsibility for managing impacts	2.2 Corporate Sustainability Management	19	
2-14	Role of the highest governance body in sustainability reporting	Appendix 1 About This Report	224	
2-15	Conflicts of interest	3.1 Corporate Governance	73	
2-16	Communication of critical concerns	2.2 Corporate Sustainability Management	19	
2-17	Collective knowledge of the highest governance body	3.1 Corporate Governance	69	
2-18	Evaluation of the performance of the highest governance body	3.1 Corporate Governance	70	
2-19	Remuneration policies	3.1 Corporate Governance 6.1 Talent Attraction and Retention	71 161	
2-20	Process to determine remuneration	3.1 Corporate Governance 6.1 Talent Attraction and Retention	71 161	VIS' governance unit did not seek opinions from remuneration consultants and stakeholders, nor did it incorporate these opinions into remuneration-related considerations.
2-21	Annual total compensation ratio	-	-	Sensitive information was not disclosed for the time being as it was subject to specific confidentiality provisions.
Strategy, Policies and Practices				
2-22	Statement on sustainable development strategy	Letter from the Chairman	3	
2-23	Policy commitments	6.3 Human Rights	172	
2-24	Embedding policy commitments	6.3 Human Rights	172	
2-25	Processes to remediate negative impacts	6.3 Human Rights	172	
2-26	Mechanisms for seeking advice and raising concerns	6.3 Human Rights	172	
2-27	Regulatory Compliance	3.3 Ethics and Transparency	87	During the reporting period, VIS were fined a total of NT\$ 150,000 for work hour-related issues. They have reviewed their work hour management and administrative procedures, and strengthened communication and advocacy with supervisors and employees.

GRI Standard	Disclosure Content	Corresponding Report Section	Page No.	Note
Stakeholder Engagement				
2-28	Membership associations	2.3 Materiality Analysis and Stakeholder Communication	57	
2-29	Approach to stakeholder engagement	2.3 Materiality Analysis and Stakeholder Communication	48	
2-30	Collective bargaining agreements	6.3 Human Rights	172	Not applicable, our company does not have a group agreement to disclose the project, so we are unable to disclose it.

Major Topics Disclosure

GRI Standard	Disclosure Content	Corresponding Report Section	Page No.	Note
Major Topics Disclosure				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	2.3 Materiality Analysis and Stakeholder Communication	21	
	3-2 List of material topics	2.3 Materiality Analysis and Stakeholder Communication	28	
Climate Change				
GRI 3: Material Topics 2021	3-3 Management of material topics	2.3 Materiality Analysis and Stakeholder Communication 4.1 Climate Change and Energy Management	45 100	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	4.1 Climate Change and Energy Management	120	
	305-2 Energy indirect (Scope 2) GHG emissions	4.1 Climate Change and Energy Management	120	
	305-3 Other indirect (Scope 3) GHG emissions	4.1 Climate Change and Energy Management	122	
	305-4 GHG emissions intensity	4.1 Climate Change and Energy Management	121	
	305-6 Emissions of ozone-depleting substances (ODS)	-	-	During the reporting period, VIS did not use substances that destroy the ozone layer
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and Volatile Organic Compounds (VOCs) air emissions	4.4 Air Pollution Control	136	

GRI Standard	Disclosure Content		Corresponding Report Section	Page No.	Note
Energy Management					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.3 Materiality Analysis and Stakeholder Communication 4.1 Climate Change and Energy Management	45 100	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	4.1 Climate Change and Energy Management	119	
	302-3	Energy intensity	4.1 Climate Change and Energy Management	119	
	302-4	Reduction of energy consumption	4.1 Climate Change and Energy Management	118	
Waste Management					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.3 Materiality Analysis and Stakeholder Communication 4.3 Waste Management	45 131	
GRI 306: Waste 2020	306-2	Management of significant waste-related impacts	4.3 Waste Management	131	
	306-3	Waste generated	4.3 Waste Management	134	
	306-4	Waste Disposal Transfer	4.3 Waste Management	135	
	306-5	Direct Waste Disposal	4.3 Waste Management	135	
Water Management					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.3 Materiality Analysis and Stakeholder Communication 4.2 Water Management	46 125	
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	4.2 Water Management	125	
	303-2	Management of water discharge-related impacts	4.2 Water Management	125	
	303-3	Water withdrawal	4.2 Water Management	126	
	303-4	Water discharge	4.2 Water Management	129	
	303-5	Water consumption	4.2 Water Management	129	

GRI Standard	Disclosure Content		Corresponding Report Section	Page No.	Note
Human Capital Attraction and Retention					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.3 Materiality Analysis and Stakeholder Communication 6.1 Human Capital Attraction and Retention	46 154	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	6.1 Human Capital Attraction and Retention	158	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.1 Human Capital Attraction and Retention	162	
	401-3	Parental leave	6.1 Human Capital Attraction and Retention	163	
Employee Development					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.3 Materiality Analysis and Stakeholder Communication 6.2 Talent Development	46 164	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	6.2 Talent Development	166	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	3.1 Corporate Governance 6.1 Human Capital Attraction and Retention	62 156	
	405-2	Ratio of basic salary and remuneration of women to men	6.1 Human Capital Attraction and Retention	162	
Occupational Safety and Health					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.3 Materiality Analysis and Stakeholder Communication 6.5 Occupational Safety and Health	46 184	
GRI 403: Occupational Safety and Health 2018	403-1	Occupational health and safety management system	6.5 Occupational Safety and Health	184	
	403-2	Hazard identification, risk assessment, and incident investigation	6.5 Occupational Safety and Health	187	
	403-3	Occupational health services	6.4 Workplace Health Management	179	

GRI Standard	Disclosure Content		Corresponding Report Section	Page No.	Note
403-4	403-4	Worker participation, consultation, and communication on occupational health and safety	6.5 Occupational Safety and Health	192	
403-5	403-5	Worker training on occupational health and safety	6.5 Occupational Safety and Health	195	
403-6	403-6	Promotion of worker health	6.4 Workplace Health Management	179	
403-7	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6.5 Occupational Safety and Health	187	
403-8	403-8	Workers Covered by the Occupational Safety and Health Management System	6.5 Occupational Safety and Health	193	
403-9	403-9	Work-related injuries	6.5 Occupational Safety and Health	194	
403-10	403-10	Occupational Disease	-	-	There were no work-related ill health cases as defined by regulations occurring in VIS in 2023.
Economic Performance					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.3 Materiality Analysis and Stakeholder Communication 1.2 Financial Performance	43 12	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	1.2 Financial Performance	13	
	201-2	Financial implications and other risks and opportunities due to climate change	4.1 Climate Change and Energy Management	100	
	201-3	Defined benefit plan obligations and other retirement plans	6.1 Human Capital Attraction and Retention	162	
	201-4	Financial assistance received from government	1.3 Tax Policy	16	
Risk Control					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.3 Materiality Analysis and Stakeholder Communication 3.2 Risk Management	43 74	
Supplier Sustainability Management					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.3 Materiality Analysis and Stakeholder Communication 5. Responsible Supply Chain	44 139	

GRI Standard	Disclosure Content		Corresponding Report Section	Page No.	Note
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers		5.2 Sustainable Supply Chain Management Strategies	140	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria		5.3 Promotion of Sustainable Supply Chain Cycle	142	
	308-2 Negative environmental impacts in the supply chain and actions taken		5.3 Promotion of Sustainable Supply Chain Cycle	141	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria		5.3 Promotion of Sustainable Supply Chain Cycle	142	
	414-2 Negative social impacts in the supply chain and actions taken		5.3 Promotion of Sustainable Supply Chain Cycle	141	
Regulatory Compliance					
GRI 3: Material Topics 2021	3-3 Management of material topics		2.3 Materiality Analysis and Stakeholder Communication 3.3 Ethics and Transparency	43 86	
Corporate Governance					
GRI 3: Material Topics 2021	3-3 Management of material topics		2.3 Materiality Analysis and Stakeholder Communication 3.1 Corporate Governance	44 64	
Integrity Management					
GRI 3: Material Topics 2021	3-3 Management of material topics		2.3 Materiality Analysis and Stakeholder Communication 3.3 Ethics and Transparency	44 85	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		3.3 Ethics and Transparency	87	
Product Quality and Safety					
GRI 3: Material Topics 2021	3-3 Management of material topics		2.3 Materiality Analysis and Stakeholder Communication 3.5 Quality and Customer Service	47 95	
Innovation and R&D					
GRI 3: Material Topics 2021	3-3 Management of material topics		2.3 Materiality Analysis and Stakeholder Communication 3.4 Innovation Management	47 88	

GRI Standard	Disclosure Content		Corresponding Report Section	Page No.	Note
Information Security and Privacy Protection					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.3 Materiality Analysis and Stakeholder Communication 3.2 Risk Management 3.3 Ethics and Transparency	47 82 87	
Customer Relations Management					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.3 Materiality Analysis and Stakeholder Communication 3.5 Quality and Customer Service	47 95	

General Topics Disclosure

GRI Standard	Disclosure Content		Corresponding Report Section	Page No.	Note
General Topics Disclosure					
GRI 407: Freedom of Association and Group Negotiation 2016	407-1	Operating sites and suppliers that may be faced with the risks of freedom of association and group negotiation	6.3 Human Rights	171	During the reporting period, VIS did not have any suppliers that had the risk of violating freedom of association.
GRI 408: Child Labor 2016					
GRI 409: Forced or Compulsory Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	5.3 Promotion of Sustainable Supply Chain Cycle 6.3 Human Rights	143 173	
GRI 409: Forced or Compulsory Labor 2016					
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	5.3 Promotion of Sustainable Supply Chain Cycle 6.3 Human Rights	142 171	

Appendix 3 SASB (Sustainability Accounting Standards Board) Index Table

According to the industry classifications found on SASB official website, VIS has selected its applicable metrics from the 11 sectors and 77 industries contained in the SASB Materiality Map for disclosures:

Sector: Technology & Communications

Industry: Semiconductors

Topic	Code	Metric for Disclosure	Category	Description and Explanation
Greenhouse Gas Emissions	TC-SC-110a.1	Scope 1 GHG emissions	Quantitative	VIS' 2023 Scope 1 GHG emissions were 203,200.2741 metric tons CO ₂ e.
		Total PFCs emissions	Quantitative	VIS' 2023 total perfluorocarbon emissions were 177,464.509 metric tons CO ₂ e.
	TC-SC-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Qualitative	VIS' GHG reduction target in 2025 is 25%, lower than the 2015 level of GHG emissions per unit wafer area. VIS' Scope 1 GHG emission sources include: direct emissions from diesel fuel for power generators, natural gas, etc. used in fabs; mobile emissions from fuel used for company vehicles, etc.; and F-gases from fugitive emissions. In 2005, VIS signed the "Memorandum of Cooperation for the Reduction of PFCs Emissions" with TSIA and the EPA of Executive Yuan.
Energy Management in Manufacturing	TC-SC-130a.1	Total energy consumed	Quantitative	The total energy consumed by VIS in 2023 was 3,513,269 GJ.
		Percentage: Grid electricity	Quantitative	VIS' total grid electricity consumption in 2023 was 3,407,829 GJ, accounting for 97% of the total energy consumed.
		Percentage: Renewable energy	Quantitative	VIS' renewable energy consumption in 2023 was 43,631 GJ, accounting for 1.24% of the total energy consumed.
Water Management	TC-SC-140a.1	Total water withdrawn	Quantitative	VIS' total water withdrawal in 2023 was 7,743.66 m ³ .
		Percentage of water withdrawal in regions with high or extremely high baseline water stress	Quantitative	Since locations of VIS' operations are not within regions with high or extremely high baseline water stress, the percentage of water withdrawal in regions with high or extremely high baseline water stress in 2023 was 0%.
	TC-SC-140a.2	Total water consumed	Quantitative	VIS' total water consumption in 2023 was 3,040.54 m ³ .
		Percentage of water consumption in regions with high or extremely high baseline water stress	Quantitative	Since locations of VIS' wafer fabs are not within regions with high or extremely high baseline water stress, the percentage of water consumption in regions with high or extremely high baseline water stress in 2023 was 0%.

Topic	Code	Metric for Disclosure	Category	Description and Explanation										
Waste Management	TC-SC-150a.1	Amount of hazardous waste from manufacturing	Quantitative	The total amount of hazardous waste from VIS' manufacturing in 2023 was 4,850.20 metric tons (t).										
		Percentage of hazardous waste recycled	Quantitative	The total amount of hazardous waste recycled by VIS in 2023 was 4,815.678 metric tons (t), accounting for 99.29% of the total amount of hazardous waste.										
Employee Health & Safety	TC-SC-320a.1	Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards.	Qualitative	In addition to designating senior personnel to conduct safety & health risk and environmental aspect assessments, VIS also demands that relevant EHS implementation programs focusing on high-risk and significant environmental aspects should be proposed for improvement. The risk and environmental safety management departments of fabs in Taiwan also entrust external agencies to perform work environment testing on a biannual basis, and announce the testing results and demand improvement from the units where anomalies are indicated in testing results. For detailed policy and management system information, please refer to 6.5.1 Environmental Safety and Health Policies and Management Systems.										
		Total amount of monetary losses as a result of legal proceedings associated with employee health and safety violations (Unit: NT\$)	Quantitative	VIS was not involved in any monetary losses as a result of legal proceedings associated with employee health and safety violations in 2023.										
Recruiting & Managing a Global & Skilled Workforce	TC-SC-330a.1	Percentage of employees that are required a work visa	Quantitative	The statistics of VIS' 2023 employees who need a work visa to work in the country are shown in the table below:										
				<table border="1"> <thead> <tr> <th>Location of operations</th> <th>Total foreign national employees</th> <th>Total employees in the location of operations</th> <th>Percentage of employees that are located offshore</th> </tr> </thead> <tbody> <tr> <td>Taiwan</td> <td>444</td> <td>5,557</td> <td>7.99%</td> </tr> <tr> <td>Non-Taiwan</td> <td>645</td> <td>838</td> <td>76.97%</td> </tr> </tbody> </table> <p>Note: According to the regulations of the country where the operational site is located, non-nationals of that country must obtain a work visa to be legally employed.</p>	Location of operations	Total foreign national employees	Total employees in the location of operations	Percentage of employees that are located offshore	Taiwan	444	5,557	7.99%	Non-Taiwan	645
Location of operations	Total foreign national employees	Total employees in the location of operations	Percentage of employees that are located offshore											
Taiwan	444	5,557	7.99%											
Non-Taiwan	645	838	76.97%											
Product Lifecycle Management	TC-SC-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances (Unit: %)	Quantitative	In 2023, the percentage of VIS products by revenue that contain IEC 62474 declarable substances was 0%. All VIS products are compliant with requirements of relevant international laws and regulations listed in the IEC 62474 Declarable Substance List.										
	TC-SC-410a.2	Processor energy efficiency at a system-level for: (1) servers, (2) desktops, and (3) laptops	Quantitative	VIS is a foundry service provider that does not produce end applications or products. Therefore, no specific content related to end applications or products can be disclosed.										

Topic	Code	Metric for Disclosure	Category	Description and Explanation
Material Sourcing	TC-SC-440a.1	Description of the management of risks associated with the use of critical materials	Qualitative	In addition to declaring Conflict Minerals Management Policy to suppliers, VIS also demands that the final sources of the minerals used by suppliers must be certified by Responsible Minerals Initiative (RMI) through Responsible Minerals Assurance Process (RMAP). Suppliers' refineries are also required to be certified by RMI or third-party verification/audit agencies to ensure that the minerals used in the Company and the supply chain conform to the requirements of responsible minerals management. For detailed Conflict Minerals Declaration and due diligence information, please refer to 5.4 Responsible Procurement.
Intellectual Property Protection & Competitive Behavior	TC-SC-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations (Unit: NT\$)	Quantitative	VIS was not involved in any monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations in 2023.
Type of production	TC-SC-000.A	Total production	Quantitative	The total production of VIS 8-inch wafers in 2023 was 1.95 million pieces.
	TC-SC-000.B	Percentage of production from owned facilities (Unit: %)	Quantitative	100% of the 1.95 million 8-inch wafers were produced from VIS-owned facilities in 2023.

SASB Materiality Map: <https://materiality.sasb.org/>

SASB official website: <https://www.sasb.org>

Appendix 4

Article 4 of TPEx's "Rules Governing the Preparation and Filing of Sustainability Reports by TPEx Listed Companies"

Appendix 1-8 Sustainability Disclosure Standards - Semiconductor Industry

No.	Metric for Disclosure	Category	2023 Disclosure
I	Total energy consumption, percentage of grid electricity, and renewable energy usage rate	Quantitative	Please refer to TC-SC-130a.1 of SASB Index Table in Appendix 3.
II	Total water withdrawal and total water consumption	Quantitative	Please refer to TC-SC-140a.1 of SASB Index Table in Appendix 3.
III	The weight of hazardous waste from manufacturing, and the recycling percentage	Quantitative	Please refer to TC-SC-150a.1 of SASB Index Table in Appendix 3.
IV	Explain the occupational accident categories, number of people being affected, and relevant percentages	Quantitative	In 2023, there were ten VIS employees encountering minor injuries such as Sprains, Twists, etc. in Taiwan Sites, accounting for 0.015% of total number of employees 67,840 in Taiwan. In Singapore Sites, there were no employees encountering a minor injury.
V	Disclosure of product life cycle management: Including weight of scrap products and e-waste, and percentage of recycling	Quantitative	With the aim of achieving sustainable use of resources, VIS makes efforts in converting waste into valuable resources through recycling and reuse. All waste is properly cleared, disposed of, or reused with the assistance provided by qualified waste clearance, disposal or reuse service providers. Since VIS is not an end product manufacturer, relevant scrap products are recycled by customers; thus, no scrap product statistics can be disclosed.
VI	Description of the risk management associated with the use of critical materials	Qualitative Description	Please refer to TC-SC-440a.1 of SASB Index Table in Appendix 3.
VII	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Quantitative	Please refer to TC-SC-520a.1 of SASB Index Table in Appendix 3.
VIII	Production volume of the main product under the company's product category	Quantitative	Please refer to TC-SC-000.A of SASB Index Table in Appendix 3.

Appendix 2 TPEx-listed companies climate-related information**1. Implementation of climate-related information**

Item	Implementation Performance
I. Describe the supervision and governance of climate-related risks and opportunities by the board of directors and management.	<p>1. The VIS climate change governance and management framework is established on a 3-tier top-down management structure, consisting of the Board of Directors, the management team, and the Executive Committee.</p> <p style="text-align: center;">Board of Directors and Audit Committee</p> <ul style="list-style-type: none">• Oversee VIS' overall climate change management practices• Review the linkage between the management team's compensation and ESG performance <p style="text-align: center;"> </p> <p style="text-align: center;">Management Team</p> <p>(Chairperson: Chairman and Chief Strategy Officer, President) VIS highest-level decision-making unit for climate change management</p> <ul style="list-style-type: none">• Monitor climate risk and opportunity: Illustrating the organization's business/strategy/ research and development direction and financial planning• Formulate mid- to long-term goals and development strategies for climate change and renewable energy.• Review corporate ESG-related strategies and goals on a quarterly basis. <p style="text-align: center;"> </p> <div style="display: flex; justify-content: space-around;"><div style="width: 30%;"><p style="text-align: center;">Energy and Carbon Reduction Committee</p><p>Chairperson: Operation Assistant Vice President</p><ul style="list-style-type: none">• Manage actions for risks and opportunities in regard to physical climate change transition</div><div style="width: 30%;"><p style="text-align: center;">Corporate Sustainability Committee</p><p>Chairperson: Chairman Deputy chair: Vice President & CFO</p><ul style="list-style-type: none">• Interdepartmental communication platform for climate and natural governance, and management strategies issues. Participated by representatives from functional committees for economic, environmental, social and governance performance.• Cover topics such as carbon asset management, supply chain management, energy saving and carbon reduction</div><div style="width: 30%;"><p style="text-align: center;">Enterprise Risk Management Committee</p><p>Chairperson: President</p><ul style="list-style-type: none">• Identify and execute climate change and natural-related risks• Manage and execute risk control plans</div></div>

2. The board of directors supervision and governance includes:

- (1) Oversee VIS' overall climate change management practices
- (2) Review the linkage between the management team's compensation and ESG performance

3. Management team's supervision and governance includes: VIS highest-level decision-making unit for climate change management

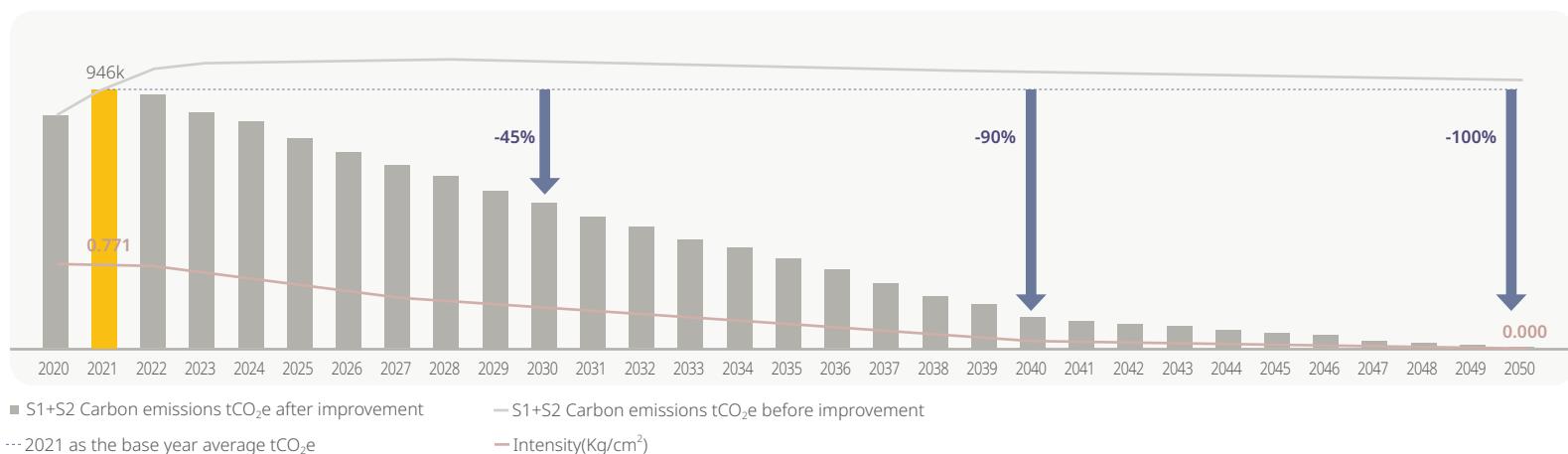
- (1) Monitor climate change risks and opportunities; explain organization tasks/strategies/R&D direction and financial planning
- (2) Formulate mid- to long-term goals and development strategies for climate change and renewable energy.
- (3) Quarterly audit of the Company's ESG strategy and goals.

II. Describe how the identified climate risks and opportunities impact the organization's businesses, strategies, and financial plan (short-term, medium-term, long-term).	<ol style="list-style-type: none">1. Substantial Risk: Risks caused by extreme climates, including floods and droughts. Response Strategy: Simulation exercises, education and training are conducted responding to physical risks posed by climate change to company assets, establishing broad and rigorous preventive measures and emergency response plans; when a crisis or disaster occurs, the most appropriate response and recovery plans are immediately considered to minimize to the largest extent possible both uncertainty and possible disaster impacts .2. Transitioning Risks: Climate Change - Low-carbon Transitioning Risks Response Strategy: As for transitioning risks, following the energy savings technology and energy diversification trends, each Department has started planning for GHG reduction/GHG emissions eliminating/Energy savings technology and low-energy consuming equipment adoption/Carbon capture technologies (Carbon Capture Usage and Storage) assessment/Supply chain low-carbon and environmental sustainability transitioning, gradually reducing carbon emissions.
III. Describe the financial impact by extreme weather events and transition.	<ol style="list-style-type: none">1. Extreme weather event: Long-term physical risks, such as drought and sea level rise, may lead to factory shutdowns; Short-term physical risks, such as heavy rainfall, floods, may affect fab equipment and operations A flooding event caused by heavy rainfall may result in production disruptions and further reduce revenue.2. Transition: Stakeholders demand disclosure of environmental data such as emissions and pollution during production processes, and demand that companies declare reductions in these aspects. Increased costs due to the development of low-carbon products and services and production of innovative technologies.
IV. Describe how to integrate the process for identifying, assessing, and managing climate risks into the overall risk management system.	<ol style="list-style-type: none">1. Risk identification (including climate risks) and implementing corresponding risk control measures are conducted by the Enterprise Risk Management Committee which is established by senior management and reported to the Board of Directors on a yearly basis. The Board of Directors reviews and supervises the effectiveness of risk control execution, based on which they make decisions and provide guidance.2. The Management Team then formulates policies and improvement goals based on the results of the Board's discussions, and tasks them to each Executive Committee for operational adjustments.3. As per the TCFD framework, climate risk issues are selected through reporting from international organizations, industry analysis data, and researching relevant regulations.4. Determine the risk value based on the total value of financial or strategic impact level and frequency of occurrence, and rank the importance of risk issues.5. Incorporate climate change risk into the operational risk management systems, the Enterprise Risk Management Committee regularly conducts risk identification, measurement, and management.
V. Analysis and evaluate resilience to climate change risk on a scenario basis. Describe should include the scenario, parameters, assumptions, analysis factors, and key financial impacts used.	VIS uses 1.5 °C pathway scenario in target of net zero emissions is expected to be achieved by 2050. The parameters and analysis factors applied on the financial impact analysis include the electricity emission coefficient of each wafer fabrication location, electricity rates (non-renewable and renewable energy), and carbon pricing. Assumed conditions encompass the changes of aforementioned parameters.
VI. If there is a transition strategy in place to address climate-related risks, please describe the content, the indicators and targets utilized to identify and manage physical and transition risks.	<ol style="list-style-type: none">1. Transition Strategy Content: Enhance process efficiency and the GHG emission processing equipment installation rate continually, replace energy type, and implement energy saving improvement.2. Indicators and Targets: VIS joined RE100 in December 2022 and is committed to 100% renewable energy by 2040. Under the current condition of five 8-inch wafer fabs, VIS set a carbon reduction target of a 70% reduction in carbon emissions by 2040 (Scope 1 + Scope 2 + Scope 3) as compared to 2021, in order to achieve the goal of net zero emissions by 2050.3. Scope 1 and Scope 2 Net Zero and carbon reduction pathways and strategies are planned by the current five 8-inch wafer fabs. (1) Net Zero and Carbon Reduction Pathway A) Carbon Emissions Reduction Targets: Carbon emissions will be reduced by 45% as a short-term target in 2023 and by 90% in the long-term in 2040 compared to the base year 2021, where carbon emissions in scope one and scope two were 946,000 tons of CO₂e. The aim is to achieve the goal of net zero emissions by 2050. B) Carbon Emissions Intensity Reduction Targets: Use the carbon intensity (0.771kg-CO₂/cm²) in the base year 2021 as standard, the plan is to reduce carbon intensity by 50% in the short-term by 2030 and by 90% in the long-term by 2040, with the ultimate target of reaching carbon intensity 0kg-CO₂/cm² by 2050.

(2) Carbon Reduction Strategy

A) Self-Carbon Reduction: Plan to reduce carbon emissions by approximately 90% (2021 as the base year) with autonomous energy efficiency and carbon reduction improvements, supply chain carbon reduction and green power procurement.

B) Carbon credit/negative carbon and natural carbon sequestration technology: Offset the remaining 10% of carbon emissions, evaluated between 2041-2050, offsetting through external carbon credit, carbon negative, and natural carbon sequestration technologies.



VII. If internal carbon pricing is used as a planning tool, the basis for price determination should be explained.

As a wafer fabrication manufacturing company, VIS prioritizes climate change and energy saving and carbon reduction alongside its pursuit of operational performance. Therefore, the company considers recognizing carbon taxes while planning the capital expenditures.

VIII. If climate-related targets are established, details should be outline regarding the covered activities, the scope of GHG emissions, the projected timeline, and the progress achieved annually, etc. If carbon offsets or Renewable Energy Certificates (RECs) are used to meet these targets, the source and quantity of carbon offset credits or Renewable Energy Certificates (RECs) should be disclosed.

The climate-related targets set by VIS encompass activities across its five wafer fabrication manufacturing sites. GHG emissions scope include Scope 1, 2 and 3. Please refer to the table below, and 4.1 climate change and energy management for the climate-related targets timeline and progress.

IX. GHG Inventory and Assurance status and the Reduction Target, Strategy, and Concrete Action Plans.

Please refer to the tables 1-1 and 1-2 below.

1-1 Greenhouse Gas Inventory and Assurance status in the past two years

Greenhouse Gas Inventory and Assurance Data Coverage: All subsidiaries included in both VIS and consolidated financial statements

Please refer to VIS website for the Assurance Statements - Certificates section: https://www.vis.com.tw/en/press_document

1-1-1 Greenhouse Gas Inventory Information

Greenhouse Gas Inventory Information		2022		2023	
		Total Emissions (Metric tons CO ₂ e)	Intensity (Metric tons CO ₂ e/ million dollar)	Total Emissions (Metric tons CO ₂ e)	Intensity (Metric tons CO ₂ e/ million dollar)
Scope 1	Parent company	234,917	5.1	181,341	5.2
	Subsidiary	106,102	17.1	21,859	5.9
	Total	341,019	6.6	203,200	5.3
Scope 2	Parent company	495,955	10.9	474,982	13.7
	Subsidiary	74,814	12.0	70,409	18.9
	Total	570,769	11.0	545,391	14.2
Scope 3		287,264	-	271,587	-

1-1-2 Greenhouse Gas Assurance Information

Greenhouse Gas Assurance Information		2022	2023
Assurance Agency	SGS Taiwan Ltd.	SGS Taiwan Ltd.	
Assurance Standards	ISO 14064-3	ISO 14064-3	
Assurance Opinion	Parent company Scope 1 and Scope 2: Reasonable Assurance Subsidiaries company Scope 1 and Scope 2: Limited Assurance Scope 3: Limited Assurance	Parent company Scope 1 and Scope 2: Reasonable Assurance Subsidiaries company Scope 1 and Scope 2: Limited Assurance Scope 3: Limited Assurance	

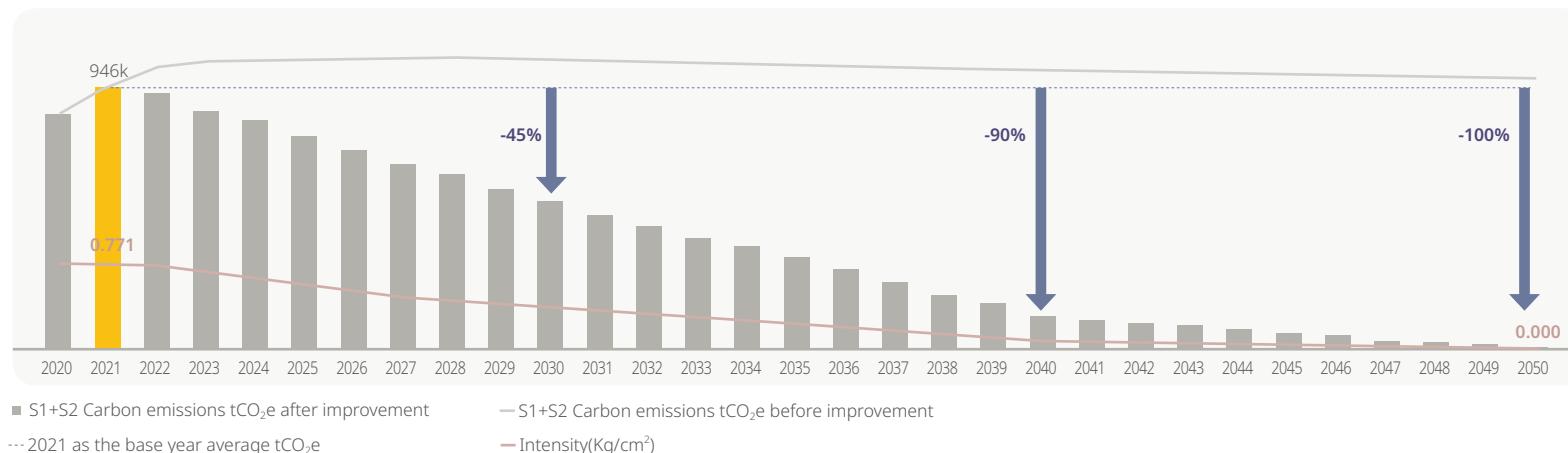
1-2 GHG Reduction Target, Strategy, and Concrete Action Plans

1. GHG Reduction Target:

VIS total GHG emissions from Scope 1 and 2 in 2021 was 946,000 tons (CO₂-equivalent).

With 2021 as the base year, the implementation performance and future reduction targets for 2023 are as follows:

- The targeted reduction in carbon emissions in 2023 was 56,700 tons (CO₂-equivalent), whereas the actual reduction was 59,600 tons (CO₂-equivalent), surpassing the target by 2,900 tons (CO₂-equivalent).
- Carbon Reduction Targets in 2024: Reduce carbon emissions by 39,700 tons (CO₂-equivalent).
- Carbon Reduction Targets in 2030: 45% reduction in cumulative carbon emission from 2022 to 2030 compared to the base year.
- Carbon Reduction Targets in 2040: Reduce 90% compared to the base year. Gradually achieve net zero carbon emissions by 2050.



2. Carbon Reduction Strategy and Concrete Action Plans:

Regarding direct GHG emissions (e.g., production processes), we will increase the utilization of gases with lower emission coefficients, implement emission reduction measures at the production source, and increase the installation of GHG emission processing equipment to minimize emissions. For indirect GHG emissions (e.g., electricity use), we will introduce electricity saving technologies and energy-efficient equipment to enhance power efficiency. We commit to transitioning to 100% renewable energy by 2040 to eliminate indirect carbon emissions from electricity consumption. Meanwhile, actively promoting a low-carbon supply chain and environmental sustainability transition to reduce other indirect GHG emissions. For GHG emissions that cannot be removed (Carbon emissions less than 10% compared to the baseline year), in 2041-2050, we plan to use external carbon credit, Negative carbon, and natural carbon sequestration technologies, gradually achieving net-zero carbon emissions by 2050.

Appendix 5 AA1000 Assurance Statement

Independent Assurance Statement

Scope and Approach

Vanguard International Semiconductor Corporation ("VIS" or "the Company") commissioned DNV Business Assurance Co., Ltd. ("DNV" or "we") to undertake independent assurance over the Company's 2023 Sustainability Report for the year ended 31 December 2023 ("the Report"). The Report is prepared in accordance with the reporting principles and requirements of the Global Reporting Initiative (GRI) Standards, which also serve as the basis of our verification.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We are providing the evaluation of reporting principles with a Type 2, moderate level of assurance, according to the AA1000 Assurance Standard v3.

We understand that the reported financial data and information are based on the data from the Company's financial statements on the parent-company-only and consolidated basis as specified in the Report, which are subject to a separate independent audit process. The economic data and information have been obtained from the certified financial statements of the Company and were not in the scope of our assurance, as DNV has relied on relevant information as accurate for the purposes of our scope of work. In addition, the Company's data on greenhouse gas emissions is not within the current scope of work as the results had been verified by other assurance engagements.

The Report also incorporated disclosures with reference to relevant sustainability reporting guidelines, such as the Sustainability Accounting Standards Board's (SASB) Sustainability Accounting Standard for the Semiconductors industry, the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Recommendations of the Task Force on Nature-related Financial Disclosures (TNFD).

Responsibilities of Vanguard International Semiconductor Corporation and the Assurance Provider

The management of VIS has sole responsibility for the preparation of the Report in accordance with the stated criteria and for the design, implementation, and maintenance of necessary internal controls. In performing our assurance work, our responsibility is to the management of VIS. Our statement, however, represents our independent opinion and is intended to inform all of VIS' stakeholders.

DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. We have no particular contractual or other affiliations that could lead to conflicts of interest against the current assurance engagement under the established policies and procedures to ensure unwavering adherence to the independence principle.

Our assurance engagement is based on the assumption that the data and information provided by the Company are complete, sufficient, and authentic. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Basis of Our Opinion

A multi-disciplinary team of sustainability and assurance specialists performed work at the Company's headquarters and site level. We undertook the following activities:

- Review of the current sustainability issues that could affect VIS and are of interest to stakeholders.
- Review of VIS' stakeholder engagement approach and recent outputs.
- Review of information provided to us by VIS on its reporting processes and management relating to the Principles.
- Conducted interview with the selected managers responsible for the management of sustainability issues and stakeholder relationship to understand the level of commitment and recent stakeholders' feedback.
- Conducted on-site visits to VIS' Headquarters in Hsinchu, Taiwan and data checks on the Company's five main manufacturing sites in Taiwan (Hsinchu and Taoyuan) and Singapore to assess the systems and processes for implementing sustainability initiatives and preparing site-level data.
- Review of supporting evidence for key claims and 2023 data in the Report, as reported information beyond 2023 is not within the scope of the current engagement. Our checking processes were prioritised according to the materiality of issues at the consolidated corporate level. In addition, we were able to conduct interviews with the corporate functions involved, considering the nature and management of the sustainability issues concerned.
- Review of the processes for gathering and consolidating the specified performance data and, for a sample, checking the data consolidation. Where data on financial performance and greenhouse gas emissions had been checked by other assurance providers or engagements, we tested the transcription from these sources to the Report.
- An independent assessment of VIS' reporting in accordance with the Global Reporting Initiative (GRI) Standards.
- The verification was conducted based only on the Chinese version Report.

Opinion

On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe VIS' adherence to the Principles.

In terms of the reliability of the performance data, in accordance with moderate level assurance requirements, nothing came to our attention to suggest that these data have not been properly collated from the information reported at the operational level nor that the assumptions used were inappropriate.

Observations

Without affecting our assurance opinion, we also provide the following observations.

- Enhancing of the internal data collection and consolidation protocols will support the Company's sustainability initiatives and further strengthen monitoring and reporting systems.
- Considering the geographical distribution of VIS' operations and the extensive material topics identified, integrating local operating contexts would be beneficial for the development and execution of longer-term sustainability strategies and targets at the consolidated corporate level.
- With the concept of impact reaffirmed, advancing impact management methodologies across the Company's material topics in response to its stakeholders will further enhance the positive outcomes.

Stakeholder Inclusiveness and Responsiveness

The Company has identified the expectations of stakeholders through internally devised mechanisms in dialogue with different groups of stakeholders. The stakeholder concerns are well identified and documented, and the significant sustainability issues identified through this process are reflected in the Report.

Sustainability Context

The Report provides an accurate and fair representation of the level of implementation of related corporate sustainability policies and meets the requirements of the GRI Standards.

Materiality

The process developed internally has not missed out any significant, known material issues, and these issues are fairly covered in the Report. A methodology has been developed to evaluate the priority of these issues.

Completeness

The Report covers performance data against the GRI Standards disclosures that are identified as material within the Company's reporting boundary. The information in the Report includes the Company's most significant initiatives or events that occurred in the reporting period.

Accuracy and Reliability

The Company has developed the data flow for capturing and reporting its sustainability performance. In accordance with moderate level assurance requirements, we conclude that no systematic errors were detected which causes us to believe that the specified sustainability data and information presented in the Report are not reliable.

Impact

The Company presents the impacts related to its identified material topics by measuring and monitoring impacts through appropriate performance metrics demonstrating outcomes and outputs of its value creation processes. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Impact.

For and on behalf of DNV Business Assurance Co., Ltd.
Date: 25 June, 2024


Yu Chung Chen
Lead Verifier
Business Assurance
DNV Taiwan


David Hsieh
District Manager
Business Assurance
DNV Taiwan

Statement Number: C686072-2023-AG-TWN-DNV

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Vanguard International Semiconductor Corporation 2023 Sustainability Report

