

VSO ELECTRONICS CO., LTD.

Compensation and Nomination Committee Organizational Rules

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

1. Purpose

To establish a sound compensation system for the Company's directors and managerial officers, as well as to strengthen the functions of the Board of Directors and enhance the management mechanism, this Compensation and Nomination Committee Organizational Rules (hereinafter referred to as the "Organizational Rules") is formulated in accordance with Article 3 of the Regulations Governing the Establishment and Exercise of Powers of Compensation Committees of Companies Whose Stock is Listed on the Stock Exchange or Traded Over the Counter (hereinafter referred to as the "Compensation Committee Regulations") and Paragraph 3, Article 27 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, for compliance.

2. Scope

All matters related to the powers and duties of the Company's Compensation and Nomination Committee (hereinafter referred to as the "Committee") shall be governed by these Organizational Rules, except where otherwise provided by laws, regulations, or the Articles of Incorporation.

3. Reference Documents

- 3.1. Regulations Governing the Establishment and Exercise of Powers of Compensation Committees of Companies Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.
- 3.2. Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
- 3.3. Regulations Governing Information to be Published in Annual Reports of Public Companies (hereinafter referred to as the "Annual Report Disclosure Regulations").

4. Definition

Compensation: Refers to cash remuneration, stock options, profit-sharing bonuses, retirement benefits or severance pay, various allowances, and other substantive incentive measures. The scope of compensation shall be consistent with that defined for directors and managerial officers under the Regulations Governing Information to be Published in Annual Reports of Public Companies.

5. Duties and Responsibilities

The Committee shall concurrently perform the functions of both the Compensation Committee and the Nomination Committee. Acting in a professional and objective capacity, the Committee shall evaluate the Company's compensation policies and systems for directors and managerial officers; identify, review, and nominate candidates for directors and senior managerial positions based on the qualifications and standards required by the Board of Directors and senior management; establish and develop the structure of the Board and its functional committees; conduct performance

evaluations; and assess the independence of independent directors. The Committee shall provide recommendations to the Board of Directors for its reference in decision-making.

5.1. Powers and Duties of the Compensation Committee

- 5.1.1. The Committee shall exercise the duty of care of a good administrator and faithfully perform the following functions, submitting its proposals to the Board of Directors for discussion:
 - A. Regularly review these Organizational Rules and propose amendments as necessary.
 - B. Establish and periodically review the performance evaluation standards and annual and long-term performance goals for directors and managerial officers, as well as the Company's compensation policies, systems, standards, and structure.
 - C. Regularly assess the achievement of performance goals by directors and managerial officers, and determine the specific content and amounts of their individual compensation based on the results of the performance evaluation.
- 5.1.2. When performing the duties under the preceding paragraph, the Committee shall adhere to the following principles:
 - A. Ensure that the Company's compensation arrangements comply with relevant laws and are sufficient to attract outstanding talent.
 - B. The performance evaluation and compensation of directors and managerial officers shall take into account the typical levels of compensation paid in the industry, the results of individual performance evaluations, the time devoted, duties and responsibilities assumed, the extent of goal achievement, performance in other positions, compensation granted to persons of equivalent positions in recent years, and the reasonableness of the correlation between individual performance, the Company's business performance, and future risks, in light of the achievement of short- and long-term business objectives and the Company's financial condition.
 - C. Compensation shall not induce directors or managerial officers to engage in behavior exceeding the Company's risk tolerance in pursuit of personal gain.
 - D. The proportion of short-term performance-based compensation and the timing of variable compensation payments to directors and senior managerial officers shall be determined with consideration of industry characteristics and the nature of the Company's business.
 - E. The content and amount of compensation for directors and managerial officers shall be reasonable and should not deviate significantly from the Company's financial performance.
 - F. Members of the Committee shall not participate in the discussion or voting on decisions regarding their own compensation.
- 5.1.3. If the compensation matters of the directors and managerial officers of a subsidiary require approval by the Company's Board of Directors pursuant to the subsidiary's delegation of authority, such matters shall first be reviewed and recommended by the Committee before being submitted to the Board for discussion.

5.2. Powers and Duties of the Nomination Committee

- 5.2.1. Under the authorization of the Board of Directors, the Committee shall exercise the duty of care of a good administrator and faithfully perform the following functions, submitting its proposals to the Board of Directors for discussion:
- A. Establish standards for the professional knowledge, skills, experience, gender diversity, and independence required of the members of the Board of Directors and senior managerial officers, and identify, review, and nominate suitable candidates for such positions.
 - B. Establish and develop the organizational structure of the Board of Directors and its functional committees; conduct performance evaluations of the Board, its committees, directors, and senior managerial officers; and assess the independence of independent directors.
 - C. Formulate and periodically review the training programs for directors and the succession plans for directors and senior managerial officers.
 - D. Establish the Company's Corporate Governance Best-Practice Principles.
- 5.2.2. If the Board of Directors does not adopt the recommendations of the Committee, such decision shall require the attendance of at least two-thirds of all directors and the approval of a majority of those present. The Company shall specify the differences and reasons in the minutes of the Board meeting and handle public disclosure and filing in accordance with Article 6.10.1 herein.
- 5.2.3. In accordance with Subparagraph A of Article 5.2.1, the Committee shall perform the following duties:
- A. Based on the Company's scale and business nature, establish and periodically review the number and qualifications of directors and senior managerial officers required, taking into consideration their professional knowledge, skills, experience, gender diversity, and independence.
 - B. In accordance with the qualifications and number established in the preceding item, identify suitable candidates for directors, submit the list of director nominees to the Board of Directors, and carefully evaluate the qualifications of the nominees and whether they are subject to any of the disqualifying conditions set forth in Article 30 of the Company Act. The nomination process shall be handled in accordance with Article 192-1 of the Company Act.
 - C. When nominating independent director candidates, the Committee shall consider the nominees' experience, expertise, integrity, concurrent positions as directors, committee members, or chairs in other companies, and ensure they meet the requirements of the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and the criteria prescribed by the Taiwan Stock Exchange or Taipei Exchange. The primary consideration shall be alignment with the long-term interests of shareholders.
 - D. Based on the qualifications and number established under Subparagraph A, identify suitable senior managerial officer candidates, conduct preliminary reviews, and submit the review results and recommended candidate list to the Board of Directors for resolution.
- 5.2.4. In accordance with Subparagraph B of Article 5.2.1, the Committee shall perform the following duties:

- A. Establish the formation standards and qualification requirements for members of each functional committee under the Board of Directors, and propose their organizational rules. Such standards shall be reviewed at least once a year, and amendments shall be proposed to the Board in a timely manner.
- B. Review the qualifications and potential conflicts of interest of candidates for committee membership, and recommend new members and conveners of each committee to the Board of Directors.
- C. Conduct annual performance evaluations of each director, each committee convener and its members, and senior managerial officers, and recommend to the Board whether replacements are necessary. The term of office for committee conveners and members shall, in principle, correspond to that of the directors and be three years per term.

6. Operations

6.1. Composition of the Committee

- 6.1.1. The Committee shall consist of at least three directors appointed by the Board of Directors, with a majority of the members being independent directors.
- 6.1.2. The professional qualifications and independence of the Committee members shall comply with Articles 5 and 6 of the Regulations Governing the Establishment and Exercise of Powers of Compensation Committees of Companies Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

6.2. Term of Office and Dismissal

Unless otherwise provided by laws, the Company's Articles of Incorporation, or other internal rules, the term of office for each Committee member shall begin from the date of appointment by the Board of Directors and end upon the expiration of the director's term, resignation from the Committee or as a director, or the date on which the Board appoints another director to replace the member.

6.3. Meetings and Convocation

- 6.3.1. The Committee shall convene at least twice a year and may hold additional meetings as necessary.
- 6.3.2. A meeting notice stating the agenda shall be provided to all Committee members at least seven days prior to the meeting; this requirement may be waived in case of emergencies.
- 6.3.3. The Committee shall elect an independent director as the convener and chairperson of its meetings. If the convener is unable to convene or chair the meeting due to leave, other causes, or recusal under Article 6.6, another independent director designated by the convener shall act in place. If there are no other independent directors, another member shall be designated by the convener, or, if not designated, elected by the other members of the Committee.

6.4. Agenda Setting

- 6.4.1. Meeting agendas shall be set by the convener, and other members may propose items for discussion. The agenda shall be provided to the members in advance.
- 6.4.2. The Company shall prepare a sign-in sheet for attending members.
- 6.4.3. Members shall attend the meetings in person. If a member cannot attend in person, they may appoint another member as a proxy. Participation via video conference shall be deemed attendance in person.
- 6.4.4. Each proxy authorization shall be issued in writing for each meeting, specifying the scope of authorization for each agenda item.
- 6.4.5. Each attending member may act as a proxy for only one other member.

6.5. Resolution Methods

- 6.5.1. Unless otherwise provided by law or the Company's Articles of Incorporation, a resolution of the Committee requires the attendance of at least two-thirds of all members and approval by a majority of the attending members. If the chairperson inquires and no objection is raised, the resolution shall be deemed approved with the same effect as a vote.
- 6.5.2. The results of voting shall be announced immediately and recorded in the minutes.

6.6. Recusal for Conflicts of Interest

- 6.6.1. Any member who has a conflict of interest in matters under discussion shall fully disclose the material details at the meeting. If such conflict may harm the Company's interest, the member shall not participate in the discussion or voting and shall recuse themselves from the proceedings. They may not act as proxy for another member in such cases.
- 6.6.2. A member shall be deemed to have a conflict of interest if their spouse, relatives within the second degree of kinship, or a company they control or are controlled by has a conflict of interest in the matter under discussion.

6.7. Meeting Minutes

- 6.7.1. Minutes shall be prepared for all Committee meetings and shall include the following:
 - A. Meeting term, date, time, and place.
 - B. Name of the chairperson.
 - C. Attendance status, including the names and numbers of members present, on leave, and absent.
 - D. Names and titles of attendees.
 - E. Name of the minute taker.
 - F. Reports.
 - G. Discussion items: the method and outcome of each resolution; names of members involved in conflicts of interest and the nature of such conflicts; recusal situations; and dissenting or reserved opinions.

H. Motions: names of proposers; resolution methods and results; key discussion points from members, experts, or other attendees; names of members with conflicts of interest, the nature of such conflicts, recusal situations, and dissenting or reserved opinions.

I. Other matters required to be recorded.

6.7.2. The attendance sheet shall form part of the meeting minutes; for video conferences, the audio and video recordings shall also form part of the official record.

6.7.3. The minutes shall be signed or sealed by the chairperson and the recorder, distributed to all Committee members within 20 days after the meeting, reported to the Board of Directors, retained as important company records, and kept for at least five years. The minutes may be prepared and distributed electronically.

6.7.4. If any litigation involving matters discussed by the Committee arises before the end of the retention period, the relevant minutes shall be retained until the conclusion of the litigation.

6.8. Implementation of Resolutions

Matters resolved by the Committee may be executed by the convener or other designated members, who shall report the progress to the Committee in writing or verbally. If necessary, such matters shall be presented for ratification or reporting at the next meeting.

6.9. Resources for the Exercise of Powers

6.9.1. The Committee may invite the Company's directors, relevant department heads, internal auditors, accountants, legal counsel, or other personnel to attend meetings and provide necessary information, provided that they leave during discussions and voting.

6.9.2. The Committee may, upon resolution, engage attorneys, professional recruitment firms, investment banks, accountants, or other professionals to provide consultation and assistance related to the powers described in Article 5. All related expenses shall be borne by the Company.

6.10. Information Disclosure

6.10.1. In cases as described in Article 5.2.2., disclosure shall be made on the Market Observation Post System (MOPS) within two days from the date of Board approval.

6.10.2. The following information shall be disclosed in the annual report:

- A. The performance evaluation criteria under Article 5.1.1.(B), individual performance evaluation results for directors and managerial officers under Article 5.1.1.(C), and the correlation and reasonableness between performance results and compensation amounts.
- B. If, as described in Article 5.1.2.(E), the Company's profitability has significantly declined or if it has incurred long-term losses, compensation for directors and managerial officers shall not exceed that of the previous year; if it does, a reasonableness explanation shall be disclosed in the annual report.
- C. Engagement of external professionals or institutions under Article 6.9.2., their relationship with the Company, and the fees paid shall be disclosed in the corporate governance section of the annual report.

D. Information on the Nomination Committee shall be disclosed in the annual report, including the nomination process and criteria, the Board diversity policy, achievement of such criteria and policies, and details of the Committee's operations, including composition, number of meetings, and attendance by members.

6.10.3. Items (A) and (B) of Article 6.10.2. shall also be reported at the shareholders' meeting.

6.10.4. Disclosures on the MOPS and the Company's website shall include:

A. The content of these Organizational Rules shall be posted on both the Company's website and the Market Observation Post System for public reference.

B. Information on the Committee's operations under Article 6.10.2.(D) shall also be disclosed on the Market Observation Post System.

7. Attachments (Forms / Flowcharts / Others)

None.

8. Implementation and Amendment

These Organizational Rules shall take effect upon approval by the Board of Directors. The same shall apply to any amendments hereto.