

Dynamic Governance Mechanism for CEO and Executive Variable Compensation

CEO and Executive Compensation - Long-Term Performance Alignment

To align the long-term interests of top management with those of shareholders and to mitigate short-term operational risks, the Company, under the oversight of the Remuneration Committee, has implemented a robust deferred compensation and Long-Term Incentive (LTI) framework. The performance-based variable compensation system for the CEO (President) operates under the following mandatory structures:

1. **Staggered Distribution & Trust Deferral Mechanism for Bonuses:** Annual performance-based bonuses are distributed on a rolling basis across four quarters of the subsequent year. Crucially, any bonus components distributed in the form of stock must be legally placed under a trust custody structure and deferred over a three-year period, ensuring that executive rewards are fundamentally tied to the company's sustained, multi-year performance.
2. **Long-Term Incentives & Staggered Vesting Schedule for Stock Options:** The employee stock options issued by the Company carry a five-year duration. To drive retention and continuous value creation, a mandatory two-year lock-up period is applied. Option holders are only eligible to exercise their subscription rights in phases based on a pre-defined staggered vesting schedule and percentage thresholds after the conclusion of the second anniversary of the grant date.

CEO-to-Employee Pay Ratio

In 2025, the General Manager's total compensation was approximately NT\$3,363,116.

- The ratio of the General Manager's compensation to the median annual salary of all employees (excluding the General Manager), which was NT\$1,022,899, was approximately 3.29:1.
- The ratio to the average annual salary of all employees, which was NT\$1,137,820, was approximately 2.96:1.

Management Ownership Requirements

Starting in 2023, Dynamic established regulations on shareholding requirements for managers. The required shareholding value is set as a multiple of the annual base salary: 10 times for the General Manager and 3 times for other managers combined. Managers are required to meet the shareholding target within 5 years of their appointment.

Calculation Formula: $(\text{Year-end stock price} \times \text{Manager's shareholding}) \div \text{Manager's base salary}$
Achievement in 2025:

- General Manager: 48.29 times
- All other managers: 4.93 times