

# Qisda



ESG Report  
Highlights  
2022

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# Message from the Chairman

## Leading Alliance Toward the Blue Ocean of Sustainability



陳其宏

Thanks to the effort of all employees, Qisda's revenue of 2022 reached NT\$239.829 billion and showed an annual increase of 6.1%, which was a record high over the years. Also, due to our early deployment in highly value-added new businesses, the revenue of both network communication and smart solutions businesses exceeded NT\$30 billion, and the revenue of the medical business impressively surpassed NT\$20 billion; the operation scale continued to expand. We have officially achieved the phased goal of "getting more than 50% revenue from highly value-added businesses (medical business, solutions and others) in 2022," and subsequently made an official start on working toward the vision for the next five years of "having more than 50% profitability of highly value-added business in 2027."

Starting from last year, Qisda has implemented the lean organization project to integrate the Group's resources, improve the operating efficiency, and promote the significant growth of new businesses, establishing the developing momentum in the future. In addition, BenQ Qisda has spared no effort to participate in ESG-related events: we have been recognized and received the Best Companies to Work for in Asia for four consecutive years, and also been selected as one of the Taiwan Top-100 Best Sustainability Enterprise. These mainly result from the collaboration of all employees and the upstream and downstream partners. Meanwhile, the Group's alliance has led small companies in the aspect of carbon reduction that draws international attention. In 2022, we officially announced our participation in RE100 and made a commitment to achieving the goals of "reducing carbon by 20% in the supply chain before 2030," "using renewable energy comprehensively by 2040," and "reaching net zero emissions by 2050." Suppliers were also invited to join us in creating common good together and exerting power 100 times bigger than the status quo.

The 5-year plan and the new vision display a clear direction of future for the whole Group. Qisda, as one of the leading companies of the world in LCD displays and projectors, has invested resources in the medical business, AIoT and the network communication industry. We will shift our focus from improving performance onto increasing profitability, in order to achieve value transformation and constantly increase our influence in the industry. In the face of future challenges, I would like to invite all employees to jointly "build resilience and make agile responses" while further leading the partners in the alliance to be innovative, make breakthroughs, and sail toward the blue ocean of sustainability together!

# Message from the Chairman

## Joint Creation of Common Good for Sustainability in Qisda

黃漢州



Corporate sustainable development is one of Qisda's core value. We are aware that only through SDGs can we protect the Earth's environment, continuously improve employee welfare, and create economic value for the Company.

Our goal is to realize zero pollution, zero waste and zero emission. Many measures have currently been adopted. For example, the Company has used eco-friendly raw materials and green energy during the production process, and conducted training plans to improve employees' behaviors and awareness. These measures not only benefit the Company, but also facilitates the healthy development of our customers, communities, suppliers and the global environment. When making the inventory of product carbon footprint, we discovered that our

manufacturing stage only constituted 1% of the carbon footprint. As this highlighted the importance of reducing carbon with upstream and downstream partners, we not only set the target year of RE100 to a time (2040) earlier than that set by the industry, but also explicitly established carbon reduction targets for suppliers to achieve by 2030. What Qisda really wants is to take actions with everyone, which is the only way for the performance of sustainability to improve. Corporate operation is like a relay race. Currently, Qisda's new businesses have reached a certain size, and the revenue of the highly value-added business has reached NT\$100 billion. Next, we will march toward the goals "value expansion" and "efficiency improvement" to increase the overall profitability. Qisda will expand high profit products and dedicate itself to products and services with a gross margin of more than 20%. New businesses with market potential and in which Qisda has competitive advantages will be deployed, and "value expansion" will be accelerated through strategic investments. For "efficiency improvement," we will continue the strategies used last year, such as lean and focused operations and operational optimization, to improve the overall business performance. In addition, we will speed up the deployment of a supply chain in mainland China, charging forward on Qisda's road of value transformation.

"Facilitating common good together" is an important concept. We hope that everyone can collaborate with and support one another, and represent greater achievements as well as creating a better future all together with the common sustainability goal.

# Qisda Corporation

## Organizational Profile

Qisda Corporation (formerly named BenQ Corp.) was founded in 1984, with the headquarters established in Taoyuan, Taiwan and with the capital being NT\$19.7 billion. As a global technology group that has an operational scope covering ICT industry, medical business, smart solutions, and 5G network communication business, Qisda is engaged in the R&D of electronic products (e.g. consumer electronics and products applicable for commercial and industrial use in professional fields), and adopts internationalized division of production and marketing while based in Taiwan.

Building on the four core values of “integrity and self-discipline,” “passion and focus on fundamentals,” “pursuit of excellence,” and “care and contribution,” we achieve the vision of “Bringing Enjoyment ‘N Quality to Life,” satisfy the customer requirements at the foremost end, and assist the customers with their digital transformation, empowerment and growth.



## Qisda Technology Co., Ltd.

www.qisda.com/tw



Time of Establishment

1984



Capital

NTD \$  
19.7 billion



2022 Consolidated Revenues of the Main Business

NTD \$  
239.829 billion



Number of Employees

Around  
6,950 employees



## BenQ Dialysis Technology Corp.

www.benqdialysistech.com



明基透析  
BenQ Dialysis

| Basic Information             | Sustainability Related Information                             |
|-------------------------------|--|
| Name of the organization      | BenQ Dialysis Technology Corp.                                 |
| Time of establishment         | 2014   |
| Chairman                      | Spark Huang  |
| Headquarters                  | Taoyuan, Taiwan  |
| Number of employees           | 45 employees   |
| Revenue in 2022               | 120M   |
| Global locations of operation | R&D, manufacturing and service center: Taiwan                  |
| Main products or services     | Medical devices, electrical appliances and electronic products |

## BenQ Medical Technology Corp.

www.benqmedicaltech.com



Medical

| Basic Information             | Sustainability Related Information  |
|-------------------------------|---|
| Name of the organization      | BenQ Medical Technology Corp.   |
| Time of establishment         | 1989  |
| Chairman                      | Peter Chen  |
| Headquarters                  | Taipei, Taiwan  |
| Number of employees           | 186 employees   |
| Revenue in 2022               | 2,951,441 (NT\$ thousand)   |
| Global locations of operation | Headquarters: Taiwan R&D/manufacturing center: Taiwan<br>Service centers: Taiwan  |
| Main products or services     | Obstetrics and gynecology operating tables and accessories, electric surgical operating tables and accessories, manual surgical operating tables and accessories, surgical lights, fiber optic dental light sources (inspection lamps), dental planning software, the iQOR operating room integration solution series, and medical/surgical mask products |

**LILY Medical Corp.**[www.lily-medical.com/cht/](http://www.lily-medical.com/cht/)

| Basic Information             | Sustainability Related Information   |
|-------------------------------|--|
| Name of the organization      | LILY Medical Corp.   |
| Time of establishment         | 1984   |
| Chairman                      | Michael Guan   |
| Headquarters                  | Miaoli, Taiwan   |
| Number of employees           | 113 employees  |
| Revenue in 2022               | NT\$320 million  |
| Global locations of operation | R&D center: Taiwan    Manufacturing center: Taiwan<br>Service centers: Taiwan  |
| Main products or services     | LILY Medical provides medical supplies, OEM and designs. The main products are: infusion devices (such as precision infusion set and extension tubes that help control volume and concentration of medications injected into human bodies), needle-free devices (for health professionals to lower the risk of being pricked by needles), surgical drainage devices, bags, semi-finished goods and components. |

**Partner Tech Corp.**[www.partnertechcorp.com/tw/](http://www.partnertechcorp.com/tw/)

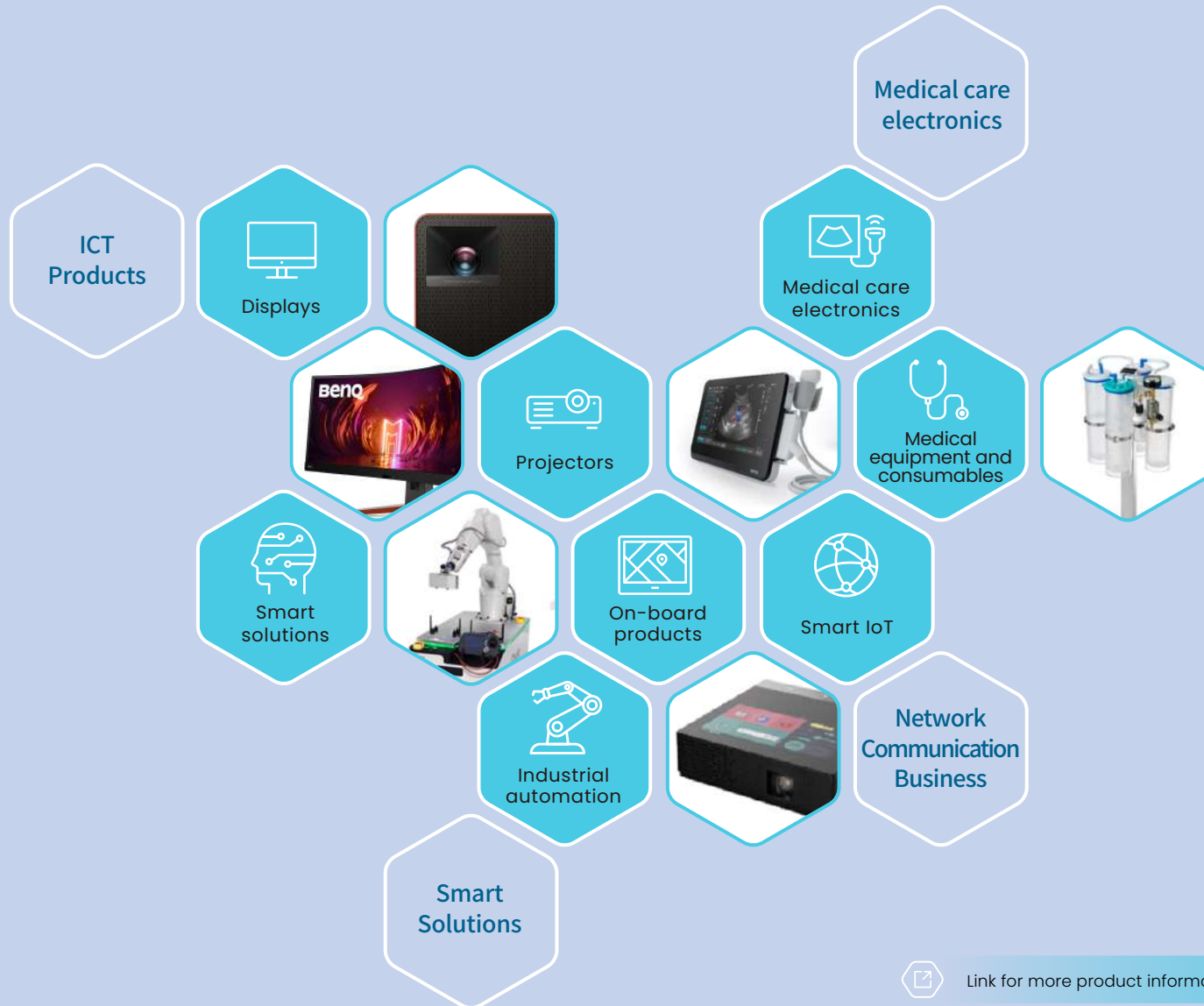
| Basic Information             | Sustainability Related Information   |
|-------------------------------|--|
| Name of the organization      | Partner Tech Corp.   |
| Time of establishment         | 1990   |
| Chairman                      | Peter Chen   |
| Headquarters                  | New Taipei City, Taiwan  |
| Number of employees           | 85 employees   |
| Revenue in 2022               | 2,735,892 (NT\$ thousand)  |
| Global locations of operation | R&D center: Taiwan and Beijing, China<br>Service centers: China, Singapore, Dubai, the U.S., Germany, the UK, South Africa |
| Main products or services     | POS, IOT display and cloud service   |

**DFI Inc.**[www.dfi.com/tw/](http://www.dfi.com/tw/)

| Basic Information             | Sustainability Related Information  |
|-------------------------------|---|
| Name of the organization      | DFI Inc.  |
| Time of establishment         | 1981  |
| Chairman                      | Peter Chen  |
| Headquarters                  | New Taipei City, Taiwan   |
| Number of employees           | 598 employees   |
| Revenue in 2022               | 16,183,418 (NT\$ thousand)  |
| Global locations of operation | R&D center: Taiwan<br>Manufacturing center: Taiwan; Suzhou, China<br>Service centers: Taiwan        |
| Main products or services     | Industrial motherboards, system-on-modules, industrial computers, industrial panel PCs and displays |



### Qisda's products



Digital light processing (DLP) projector shipment volume

Ranking **NO.2** in the world

LCD display shipment volume

Ranking **NO.2** in the world

Link for more product information: <https://www.qisda.com/tw/products>.





# Sustainability Value Creation

## > Qisda' s Sustainability Vision



Being an innovator for the design and manufacturing of ICT and medical products



Boosting the quality of human life

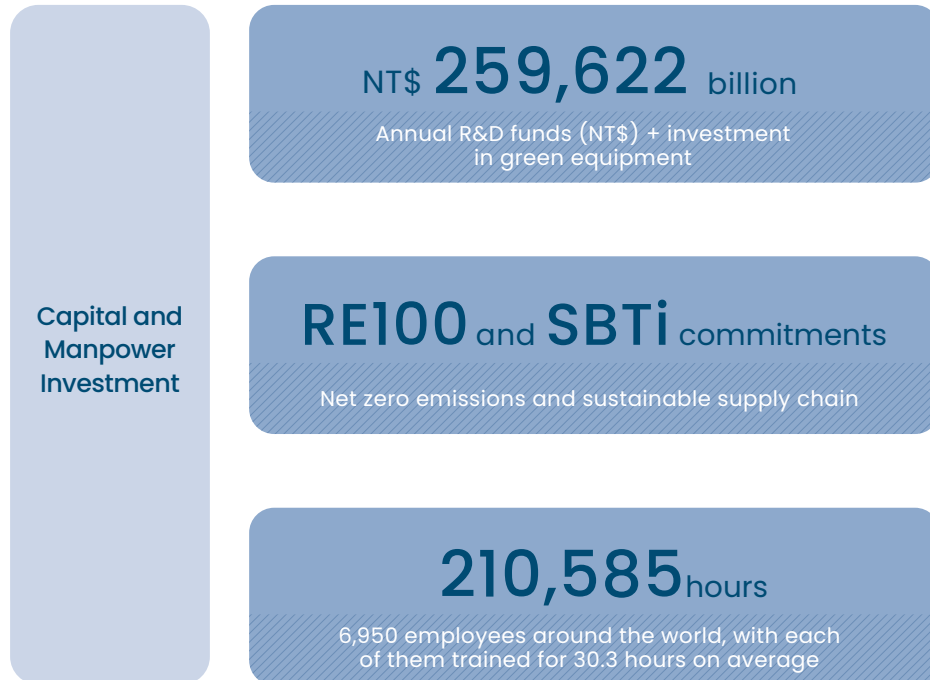


Being friendly to the Earth









## > Our Sustainability Strategy



1. Moving from corporate survival to corporate sustainability, and further pursuing sustainability of the Earth
2. Incorporating sustainability performance with operating strategies
3. Enhancing the value of the Company' s investment in sustainability
4. Meeting the international regulations and the expectations about sustainability of the customers, employees, etc.
5. Leading the affiliates to grow and make breakthroughs together



# Accomplishment of Phased Tasks in 2022

| Material Topic  | Meaning and Commitment  | Target and Performance in 2022  |
|---|---|---|
|  <b>Customer Privacy Protection</b>              | <p>If a customer privacy breach occurs, customer loyalty and satisfaction may decrease, the business and reputation may be impacted negatively, and the Company may even face legal proceedings. Thus, it is Qisda’s promise to the customers that their privacy is surely respected and protected.</p>   | <ul style="list-style-type: none"> <li>✓ No data loss occurred and the number of complaints of customer privacy was <b>0</b>.</li> </ul>  |
|  <b>Human Rights</b>                             | <p>To fulfill the corporate social responsibility and protect the human rights of the employees, Qisda declares that the Company will protect the employees’ rights and comply with the local labor regulations and the international standards for the human rights management.</p>  | <ul style="list-style-type: none"> <li>✓ We continuously passed the <b>SA 8000</b> Social Accountability Management Systems certification, and had no human rights violation cases.</li> <li>✓ <b>97%</b> of Tier 1 suppliers completed the inspection and audit of social responsibility, environmental health and safety of key suppliers.</li> </ul> |
|  <b>Labor-management Relations</b>               | <p>To maintain great labor-management relations between the Company and the employees, smooth communication channels have been set up internally to allow the employees to receive messages from the Company in a timely manner. The employees are also encouraged to provide suggestions regarding the overall business and development of the Company so that the decision makers can have some references.</p> | <ul style="list-style-type: none"> <li>✓ <b>4</b> labor-management meetings were held, and the meeting details covering the labor and business statuses were disclosed for the employees’ reference and joint scrutiny.</li> </ul>  |
|  <b>Talent Development</b>                       | <p>The employees are one of the capitals for sustainable development as well as the foundation for innovation to the Company. Qisda appropriately manages and trains the employees and has good communication channels with them, in order to retain outstanding talents for the enhancement of our competitiveness.</p>  | <ul style="list-style-type: none"> <li>✓ The ratio of digital courses were increased to <b>70%</b>.</li> <li>✓ The rotation rate in 2022 was <b>100%</b>.</li> </ul>  |
|  <b>Legal Compliance</b>                         | <p>Qisda has its operating bases all over the world. To make sure that the Company and the employees comply with the laws and regulations of different countries during the business operation, Qisda pays close attention to policies and laws that might impact our business, establishing relevant compliance regulations and promoting awareness.</p>   | <ul style="list-style-type: none"> <li>✓ The anti-trust promotion plan went on, and <b>100%</b> of the personnel related to anti-trust were trained for legal compliance.</li> <li>✓ We implemented the GDPR compliance plan, and had no cases of violation against anti-trust laws nor cases of personal data leakage.</li> </ul>                      |
|  <b>Code of Conduct</b>                        | <p>In order to avoid the distrust by the business partners resulting from unethical conduct, the poor ethics of the employees, and loss to the Company, Qisda has established related bylaws to make sure that all the employees follow the highest standards of conduct during business activities.</p>  | <ul style="list-style-type: none"> <li>✓ The training rate of the employee code of conduct training ( “2022 Ethical Training” ) reached <b>100%</b>.</li> </ul>   |
|  <b>Quality/Hazardous substance management</b> | <p>Considering the improvement of customer and business partner satisfaction the priority, Qisda guarantees the satisfaction for the quality to continuously design and produce products that meet the regulations and the customers’ requirements.</p>   | <ul style="list-style-type: none"> <li>✓ The certifications related to quality/hazardous substance management such as ISO 9001, ISO 13485 and IATF 16949 remained valid.</li> </ul>   |
|  <b>Waste Management</b>                       | <p>Qisda manages the waste by adopting the source management strategy, and, with constant energy saving and waste reduction activities, implements waste recycling and sorting in the source management to significantly reduce the waste produced, increase the amount of recycling, and further achieve the goal of waste reduction.</p>  | <ul style="list-style-type: none"> <li>✓ The proportion of recyclable waste reached <b>90%</b>.</li> </ul>  |

# Re-identification of Material Topics in 2022

Qisda has reviewed and ensured that all the phased tasks have been accomplished and incorporated in the Company's operation, and re-defined the directions of sustainability for the next decade based on the stakeholders. After we deleted 3 material topics from the past, incorporated some of the topics

and added 5 more topics, a new list of 9 material topics were compiled and regarded as a new indicator for Qisda to follow on the pathway to sustainability and make another remarkable achievement!

● Completed 
 ○ In Progress

| No | Material Topic                       | Responsible Unit                     | Previous Indicator Linked               | Meaning and Commitment  | Performance in 2022   | Short-Term (2025) Goals  |
|----|--------------------------------------|--------------------------------------|---|---|---|--|
| 1  | R&D and innovation of green products | PG (Products Groups)/ sustainability | Quality/ hazardous substance management | Introduce the concept of green design, and review the carbon emissions of the products and the opportunity of reduction from the viewpoint of the life cycle.   | <ul style="list-style-type: none"> <li>● Introduction of the ISO 14006 and IEC 62430 management systems</li> <li>● <b>57%</b> of success patent applications</li> </ul>   | <ul style="list-style-type: none"> <li>○ Up to <b>100</b> patent applications per year</li> </ul>  |
| 2  | Customer relations management        | Customer service                     | -New                                    | Learn about the customers' requirements and expectations of the Company, and then make improvements and provide better services based on the results of customer feedback and satisfaction surveys.   | <ul style="list-style-type: none"> <li>● Customer satisfaction score of <b>96</b></li> <li>● Establishment of improvement countermeasures through customer feedback and satisfaction to improve the quality of products and services</li> </ul>             | <ul style="list-style-type: none"> <li>● Customer satisfaction score of <b>93</b></li> </ul>   |
| 3  | Waste management                     | Environmental safety                 | Waste management                        | Increase the percentage of products and packaging materials used in the 3R practice, starting from source design; reduce the amount of operating waste and increase the reuse and recovery rate.  | <ul style="list-style-type: none"> <li>● Green product-related courses</li> <li>● Waste reclamation – making plastic waste into regenerative fuels to convert waste into energy</li> <li>● Operating waste reuse and recovery rate of <b>90%</b></li> </ul> | <ul style="list-style-type: none"> <li>○ Increase in the operating waste reuse and recovery rate to <b>92%</b></li> </ul>  |
| 4  | Energy management                    | Environmental safety                 | -New                                    | Increase the profits through "the purchase of renewable energy and power generation equipment," and bring down the costs through the efficiency enhancement project targeting "the use of highly efficient equipment, and the transformation of the employees and suppliers' concept in relation to carbon reduction," thereby improving the overall energy efficiency. | <ul style="list-style-type: none"> <li>● Energy saving of <b>1%</b> compared to that of 2021</li> <li>● Renewable energy consumption rate of <b>32%</b></li> </ul>  | <ul style="list-style-type: none"> <li>○ Decrease in electricity consumption by <b>1%</b> every year compared to that of the previous year</li> <li>○ Setting of internal carbon price and implementation of carbon offset projects</li> </ul> |

● Completed 
 ○ In Progress

| No | Material Topic                      | Responsible Unit              | Previous Indicator Linked  | Meaning and Commitment   | Performance in 2022  | Short-Term (2025) Goals   |
|----|-------------------------------------|-------------------------------|--|--|--|---|
| 5  | Climate mitigation and adaptation   | Risk                          | -New   | In the face of risks and challenges brought by climate change, set up goals of carbon reduction and net zero and realize them year by year, and enhance the response to climate risks.   | <ul style="list-style-type: none"> <li>● Introduction of TCFD to enhance climate risk management</li> <li>● Submission of an SBT for review, with the target being “the absolute reduction in Scope 1 + 2 GHG emissions by 16.8% in 2025 compared to those in 2021”</li> </ul>   | <ul style="list-style-type: none"> <li>○ Passing the SBT review</li> </ul>  |
| 6  | Sustainable supply chain management | SCM (supply chain management) | Human rights   | Request the suppliers to adhere to the national laws and regulations of where they are located, social standards and environmental protection plans, and to carry out the inspection and audit on a regular basis, so that they work hand in hand with the Company to make environmental and social commitments as well as adding value to the products. | <ul style="list-style-type: none"> <li>● Audit completion rate of <b>97%</b> for high-risk suppliers</li> <li>● Written inspection completion rate of <b>100%</b> for key suppliers, which is better than the preset target (80%)</li> </ul>   | <ul style="list-style-type: none"> <li>○ Audit completion rate of <b>100%</b> for high-risk suppliers</li> </ul>  |
| 7  | Employment of talents               | HR (human resources)          | -New   | Build quality work environments and diverse channels for career development.   | <ul style="list-style-type: none"> <li>● Employee participation rate of at least <b>80%</b></li> <li>● Implementation of employee engagement survey, with an engagement score of <b>4.6</b></li> </ul>   | <ul style="list-style-type: none"> <li>○ Implementation of employee engagement surveys, with the engagement score increased to <b>4.7</b></li> </ul>  |
| 8  | Educational training for employees  | HR (human resources)          | Code of conduct, talent development, and labor-management relations 52 | Establish a complete educational training system in accordance with the Company’s strategic development and business goals, in order to improve the overall competitiveness of the organization and create more advantages.  | <ul style="list-style-type: none"> <li>● Completion rate of <b>100%</b> for compulsory policy courses</li> <li>● Establishment of learning blueprints for the four schools, with each IDL (indirect labor) employee trained for <b>26</b> hours on average for annual learning and growth</li> <li>● Training for all employees</li> </ul> | <ul style="list-style-type: none"> <li>● An average of <b>26</b> hours of training per IDL employee every year</li> <li>● Completion rate of <b>100%</b> for compulsory policy courses</li> </ul> |
| 9  | Employee welfare and wages          | HR (human resources)          | -New   | Provide the employees with wages and welfare that are better than those of the other industry peers and competitive in the market to attract and retain outstanding talents, with the applicable scope expanded to cover the subsidiaries.   | <ul style="list-style-type: none"> <li>● Continuous promotion of the Employee Stock Ownership Trust (ESOT) system</li> <li>● Participation rate of the Group’s employees in the ESOT system up to <b>85%</b></li> </ul>  | <ul style="list-style-type: none"> <li>● Participation rate of the Group’s employees in the ESOT system up to <b>85%</b></li> </ul>   |

For more information, please refer to Qisda’ s Corporate Sustainability Report for “Qisda and the Stakeholders” on p. 22.

# Creativity

## Innovation and R&D of Products

R&D and Innovation of Green Products

Sustainable Supplier Management

Trust Relationship with Customers:  
Customer Satisfaction



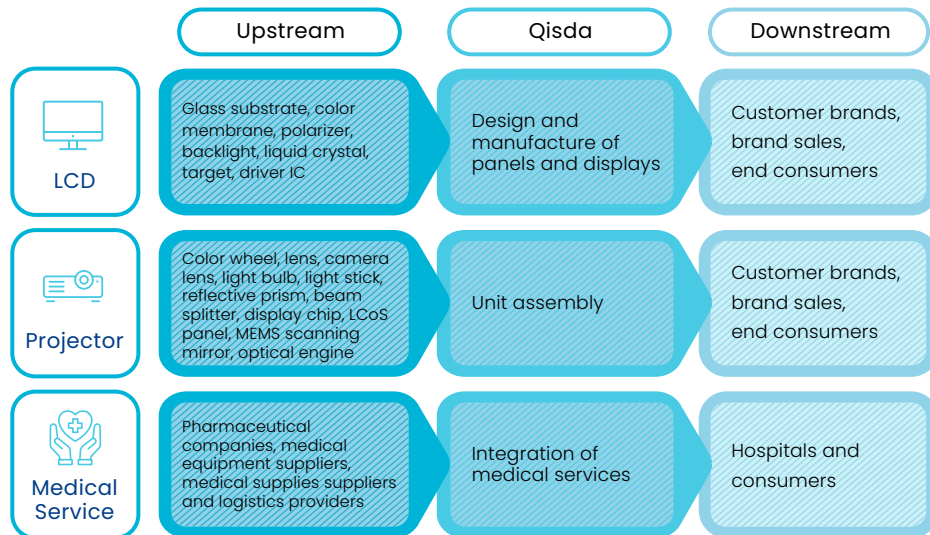
# R&D and Innovation of Green Products

The investment in the innovation and R&D of products in these four years has constituted more than **2%** of the revenue on average.

A total of **57** essential patents were obtained in 2022; we had accumulated a total of **1,199** valid patents worldwide.

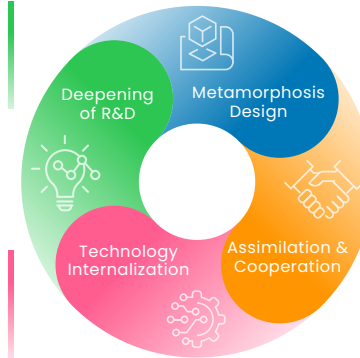
Qisda provides ODM/OEM services for electronic products, such as consumer electronics and products applicable for commercial, industrial and medical use as well as daily applications. For our major business, we focus on three main aspects: LCDs, projectors and medical services. The upstream mainly refers to the suppliers of different types of parts, components and equipment, while the downstream mainly refers to customer brands and end consumers.

## Main Industrial Chains of Qisda's Products/Services



## Qisda's R&D Strategies

Account for the front-end R&D of products to ensure their quality and safety.



Continue to introduce the idea of innovative design for products in order to meet the ever-changing requirements in the market.

Keep on exploring and establishing new product technologies, and then applying them to product design and manufacturing.

Continue the implementation of industry-university cooperation for the joint R&D of new technologies and products

Qisda is a comprehensive cross-domain electronic design OEM in the fields of high-end and professional displays, precision optics electronic products and industrial/commercial computers, machines and peripheral equipment. We have been in a leading position in the field of LCD displays and projectors in the world based on the advantages such as innovative and diverse capabilities of product design, profound R&D technical strength, high-quality and flexible manufacturing capabilities around the globe, capability of vertical integration for Group resources, and exceptional industrial design. Also, we have been devoted to the deployment in the medical industry for several years in terms of six major domains: medical equipment, medical consumables, hemodialysis, medical imaging, healthy life and medical services. Leveraging the greatest advantage of resource sharing, the Group has launched a variety of medical products in the aforementioned six domains.

## Qisda Group' s Annual R&amp;D Results

| R&D Input                                    |         |         |         | R&D Output                                |           |           |           |
|--|---------|---------|---------|---|-----------|-----------|-----------|
| Item / Year                                  | 2020    | 2021    | 2022    | Item / Year                               | 2020      | 2021      | 2022      |
| R&D funds (NT\$10 thousand)                  | 216,174 | 227,559 | 257,286 | Number of patents with continued validity | 1140      | 1192      | 1199      |
| Percentage of R&D funds in revenue           | 2.34%   | 2.18%   | 2.52%   | Number of submitted patent applications   | 289       | 206       | 238       |
| R&D personnel (persons)                      | 588     | 599     | 591     | Employee reward for R&D (NT\$)            | 1,942,630 | 2,279,041 | 1,808,242 |
| Percentage of R&D personnel in all employees | 40.30%  | 39.70%  | 40.50%  |   |           |           |           |

## Successfully Developed Technologies/Products

| Product Line                          | LCD Display Product   | Projector Product   | Medical Service  |
|---------------------------------------|---|---|--|
| <b>Innovation and R&amp;D ideas</b>   | To promote the vertical integration of panel module assembly, in-house mechanical part production, etc., continue the in-depth R&D of new functions in the technology field, and actively develop display products featuring differentiation or for special application   | To maintain close collaborative partnerships with manufacturers of key parts and components for a stable supply of these items  | To focus on the R&D of high-quality, reliable and innovative medical and care products as well as solutions to provide complete medical equipment, advanced medical services and personalized care for the creation of better life |
| <b>Innovation results of the year</b> | Curved QD-OLED displays, Ultra-fast (360Hz) IPS gaming monitors, cost-effective local dimming with 96 zones, the DisplayHDR 1400 certification, 4K/144Hz/Mini-LED backlit displays, 1,000R curved displays, OLED 4K/HDR, Thunderbolt 3 displays, borderless displays, displays for special purposes with eye-care technologies and Privacy, Portable and Eyesafe certifications, G-Sync R4/high refresh rate and night vision monitors for gaming, professional color management display (for photography and photo-editing), and the Display Arrangement Manager application | Projector products including high-brightness interchangeable-lens laser projectors for large venues, high-brightness 4K UHD laser projectors for business, 4K UHD laser projectors for small theaters, and 4K UHD ultra-short throw laser TV projectors | BenQ Medical Center in Nanjing officially becoming a Tier 3, Grade A general hospital (the first Tier 3, Grade A private hospital in Nanjing) in 2022  |

For more information, please refer to Qisda' s Corporate Sustainability Report for "Product Innovation and Responsibility" on p. 39, "Green Product" on p. 39, and "Life Cycle Assessment" on p. 49.

# Sustainable Supplier Management

The coverage rate of training for internal procurement personnel reached **100%**.

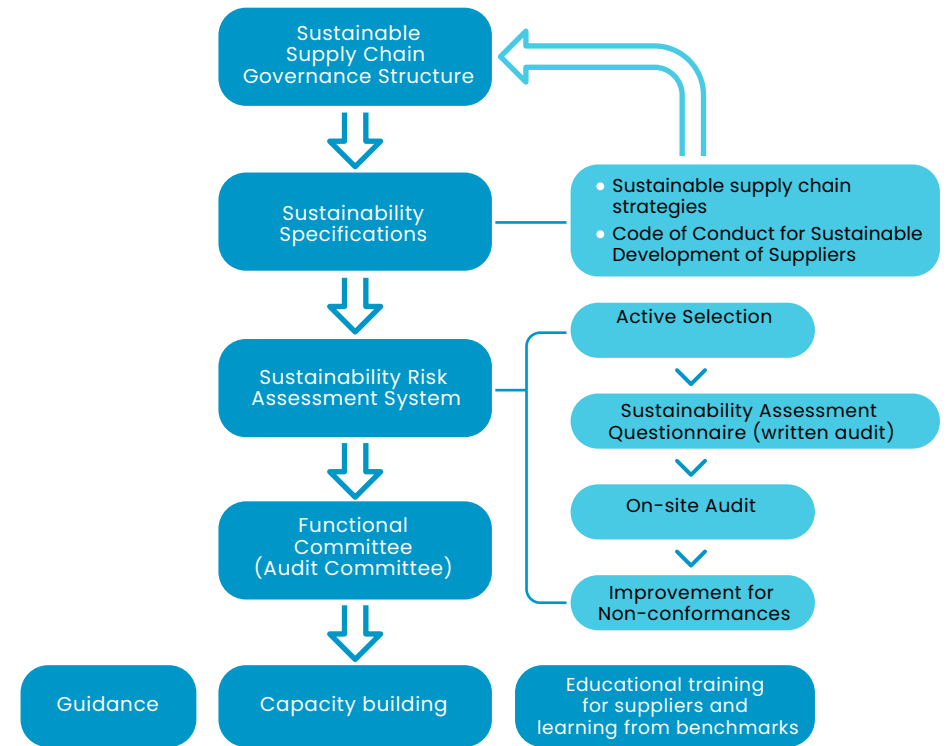
The completion rate of written inspection and on-site audit of key Tier 1 suppliers reached **97%**.

We have supported local economic development through procurement. The local procurement percentage in Taiwan was **57%**, showing a significant increase by **24%** compared with that in the previous year.

We made a commitment to the suppliers in relation to the goal of “using renewable energy comprehensively by 2040 and achieving net zero emissions by 2050.”

Under the premise that industries around the world are closely connected and the customers’ requirements must be satisfied, the suppliers have become the most important partner of Qisda. Playing the leading role of the alliance, Qisda bears the responsibility of leading the supply chain in marching toward sustainable development. Hence, we have established a systematic sustainability management mechanism for the supply chain. Internally, we raise the level of supply chain management and improve the management process; externally, we stimulate the suppliers’ sustainability actions and performance step by step to create mutual benefits and co-prosperity in the industrial chain together. Alongside the suppliers, we move towards the vision of “Bringing Enjoyment ‘N Quality to Life.”

## Framework for Sustainable Supply Chain Management





## Qisda Group's Sustainable Supplier Management Mechanism

| Supplier Classification/<br>Management<br>Mechanism | Selection  |   | Risk Management   |  | Rewarding  |
|---|--|---|---|--|--|
|   | Active Selection   | Written Audit   | On-site Audit   | Guidance for Non-conformance Improvement   | Rewarding and Elimination  |
| <b>Description of Mechanism</b>                     | <ul style="list-style-type: none"> <li>Code of Conduct for Sustainable Development of Suppliers</li> <li>Assessment Criteria for Selection of New Suppliers: Including ESG, operation, located country, industry, product, etc.</li> </ul> <div style="border: 1px solid #00a6d1; padding: 5px; margin-top: 10px;"> <p><b>Environment</b><br/>No hazardous substances control document, carbon footprint investigation, VOCs, substance conformity investigation of the five PBTs of TSCA</p> <p><b>Society</b><br/>Human and labor rights</p> <p><b>Governance</b><br/>Financial statement, operational competitiveness, conflict minerals investigation</p> <p><b>Operation-related</b><br/>Basic information, product information, main clients, production and facilities information, investment and product sustainability plans</p> <p><b>Country-related</b><br/>The region's affect on supply, conflicts between countries (including coups), restrictions of local polices, natural disasters and epidemic diseases</p> <p><b>Industry-related</b><br/>RBA, sustainability risk investigation</p> <p><b>Product-related</b><br/>Procurement amount, categories of products supplied</p> </div> | <ul style="list-style-type: none"> <li>Sustainability assessment questionnaire (SAQ): Covering a total of 58 questions regarding the four major aspects— "sustainability action," "labor," health and safety" and "environment" and collecting relevant written data</li> </ul> | <ul style="list-style-type: none"> <li>Second-party audit: With the supplier or consultant conducting audits on its upstream suppliers</li> <li>Independent third-party audit: Performed by an independent third-party verification agency</li> <li>Industry relevant standard: Such as RBA VAP (written and on-site audits)</li> </ul> | <ul style="list-style-type: none"> <li>With respect to non-conformances after audits, Qisda requires the suppliers to propose action plans within the time limit, and provides suggestions for improvement so that the suppliers complete the improvement as soon as possible under our guidance.</li> </ul> | <ul style="list-style-type: none"> <li>Quality, innovation/technology, speed/response, delivery, cost leadership, and ESG (including sustainability, health, labor, environment and green products, occupying <b>21.6%</b> in grading).</li> <li>5 levels of evaluation results ranging from A (over <b>90</b> points) to E (lower than 60 points).</li> </ul> |
| <b>Focused Tier 1 Suppliers</b>                     |  | ★   | ★ Evaluation completion rate: <b>97%</b>  | ★ Improvement rate: <b>100%</b>  | ★  |
| <b>Focused Non-Tier 1 Suppliers</b>                 |  |   | ★ Evaluation completion rate: <b>96%</b>  |  | ★  |
| <b>New Suppliers</b>                                | ★  |   |   |  |  |

## ➤ Assessment System of Supply Chain Risks

Qisda selects the suppliers based on not only the Company's future product demand trend and procurement strategies, but also the assessment factors of ESG, operation, located country, industry, product, etc. Where a major international event happens, we investigate and understand the status of the regions, industries and supply sources that are involved in the major event. Regarding supplier management, suppliers are classified as focused Tier 1 suppliers, focused non-Tier 1 suppliers and new suppliers according to four factors: "a single supplier that provides key materials," "ranking top 95% in terms procurement amount," "having leading technologies," and "exclusion of customers, spot dealers and suppliers with a transaction amount of less than NT\$1 million." In 2022, we selected 261 focused Tier 1 suppliers, and investigated 139 focused non-Tier 1 suppliers as well to properly control the risks to supply chain sustainability.

For the purpose of reducing the potential risks to the supply chain and preventing supply chain disruption, Qisda has four management mechanisms for the suppliers of different levels, including "active selection," "written audit," "on-site audit" and "guidance for non-conformance improvement."

To encourage the suppliers to march towards sustainable development at a faster speed, Qisda has established the mechanisms of selection, risk management and rewarding in relation to suppliers through relevant evaluation systems. Excellent suppliers ranked Level A may have a higher proportion in procurement and priority in the adoption of new products. In December 2022, such suppliers were given the "Qisda Outstanding Supplier in Sustainability Award" in the "Joint Carbon Reduction Meeting and Workshop for ESG Sustainability Action," an event held by the BenQ Qisda Group to not only recognize their efforts and achievements in the field of sustainability, but also encourage all the other suppliers to learn from them. For the

suppliers ranked Level D or below, however, we reduce their proportion in procurement depending on the situation, and require them to devise improvement plans and perform stricter incoming inspections. One with serious deficiencies will be directly disqualified from being selected as a supplier in the future.

## ➤ Sustainability Related Education and Training for Suppliers: Supplier Meeting and Sustainability Project

Qisda hopes to develop stable partnerships with the suppliers to constantly improve the resilience of the overall supply chain, and works with the suppliers on the continuous enhancement of overall sustainable value by promoting carbon reduction in the supply chain and implementing responsible procurement practices. In December 2022, the BenQ Qisda Group held the "Joint Carbon Reduction Meeting and Workshop for ESG Sustainability Action" in which a commitment to reach the goal of "using renewable energy comprehensively by 2040 and achieving net zero emissions by 2050" was made. We actively collaborated with the alliance as well as our 400 suppliers to reduce carbon and support the carbon reduction advocacy, thereby showing our sustainability actions in line with international standards.

## Annual Sustainability Project of Qisda Group and Suppliers

| Project   | Goal  | Benefit  |
|---|---|--|
| Carbon Inventory of Suppliers                                   | Planning of the GHG inventory and third-party verification schedules for 2023, to accompany the suppliers during relevant processes and establish their capabilities in inventorying themselves in the future   | Assistance for three suppliers in capacity building in terms of GHG inventory  |
| Continuous Improvement Program (CIP)                            | Optimization of our existing approaches and training of suppliers for better capabilities of problem analysis and solving, based on the cooperative actions on various themes with suppliers such as problem analysis, development and implementation of improvement measures, and benefit evaluation | Participation of a total of <b>24</b> suppliers in the year  |
| Introduction of Water-based Eco-friendly Paint                  | Prohibition of all suppliers from using volatile organic raw materials, enhancement of product competitiveness and compliance with global sustainability strategies, in response to the rising awareness of environmental sustainability  | Introduction of <b>100%</b> water-based paint to all product lines and replacement of disqualified suppliers, to ensure that the Company's products are in line with laws and regulations and that the shipment will not be affected |
| AOI/VRS Defect Rate Improvement                                 | Decrease in scrapped PCBs and reduction in PCB defect rate to 0.65%, as the PCB manufacturing process is a key source of pollution in the technology industry   | Decrease in scrapped PCBs, process and broken/short circuit issues, and reduction in product defect rate from <b>1.3%</b> to <b>0.62%</b>  |
| Small Panel Yield Rate Improvement                              | Reduction in defect rate from 6.08% to 0.1% based on the reduction in panel scrap rate and material waste   | Reduction in product defect rate from 6.08% to 0.58% via process improvement   |
| Introduction of Materials Recovered From Plastic and Iron Parts | Application of eco-friendly materials (recovered parts that contains different percentage of plastic/iron) to product designs   | Recovery benefits totaling up to NT\$556.3 million ( <b>NT\$553.88</b> million from plastic parts and <b>NT\$2.42</b> million from iron parts)   |



For more information, please refer to Qisda's 2022 Corporate Sustainability Report for "Sustainable Supply Chain Management" on p. 54.

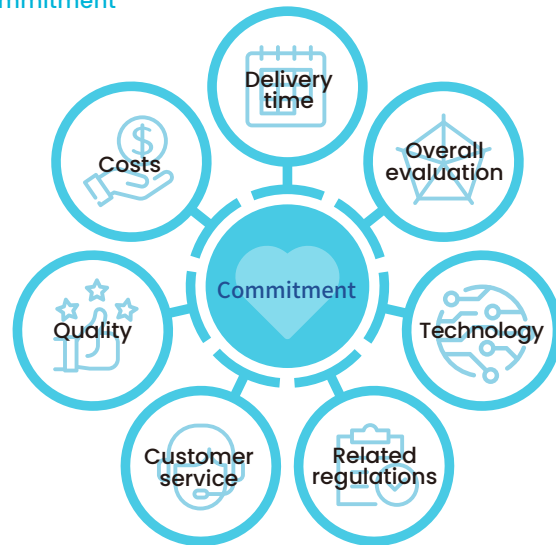
# Trust Relationship with Customers: Customer Satisfaction

The average customer satisfaction score was **96**.

There were no information security incident.

We received a feedback message in which the customer recommended that we add contents of communications in the ESG Report, and we had responded within 24 hours.

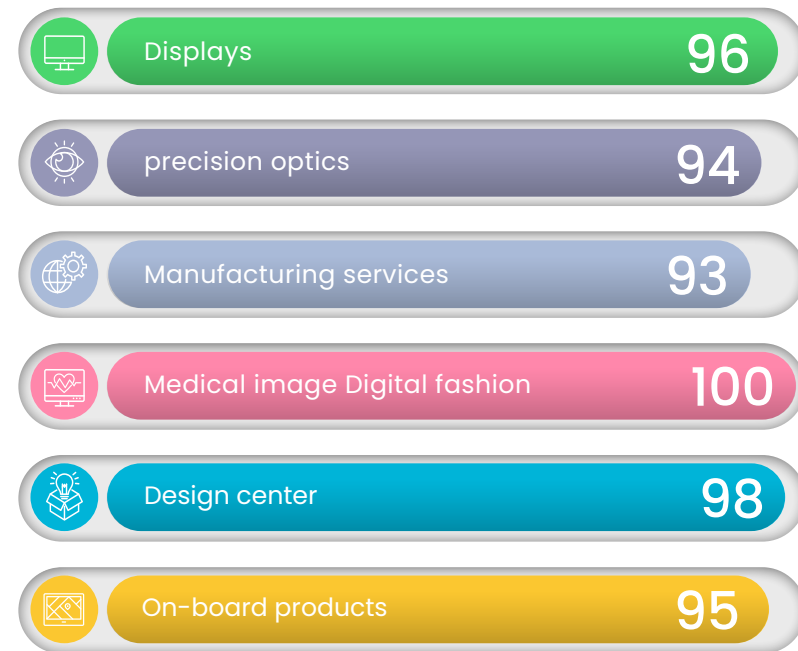
## Customer Commitment



With the enhancement of satisfaction of our customers and business partners as the top priority, Qisda is committed to the satisfaction of delivery time, costs, technology, quality, customer service, related regulations, and overall

evaluation, to constantly ensure that the customer demands are met. We carry out a full-scale customer service satisfaction survey every year, and promptly respond to and satisfy the various demands from the customers. To protect the confidentiality, integrity, availability and legality of IT assets from intentional or accidental threats posed internally or externally, and to ensure the business continuity of the Company, we have developed the information security policy in accordance with ISO 27001 and obtained the ISO 27001 certification. The certified scope includes all the operating systems and key systems.

## 2022 Customer Satisfaction Survey Results (Points)



For more information, please refer to Qisda' s 2022 Corporate Sustainability Report for "Trust Relationship with Customers" on p. 53 and "Information Security" on p. 142.

# Transformation

## Development toward Sustainable Environment

Climate Strategy and Carbon Management

Effective Resource Management: Water Resources and Waste

Emerging Issue: Biodiversity



# Climate Strategy and Carbon Management

The internal ESG performance of the organization was linked to the KPIs for senior executives' remuneration.

The GHG emissions totaled **74,000** tCO<sub>2</sub>e, which was **30%** less than the amount in the previous year.

The GHG emissions for each million USD value totaled **16.50** tCO<sub>2</sub>e, which was **25%** less than the amount in the previous year.

We actively responded to the international CDP questionnaire, and committed ourselves to **RE100** and **SBTi**. Also, we established carbon reduction goals in 2023.

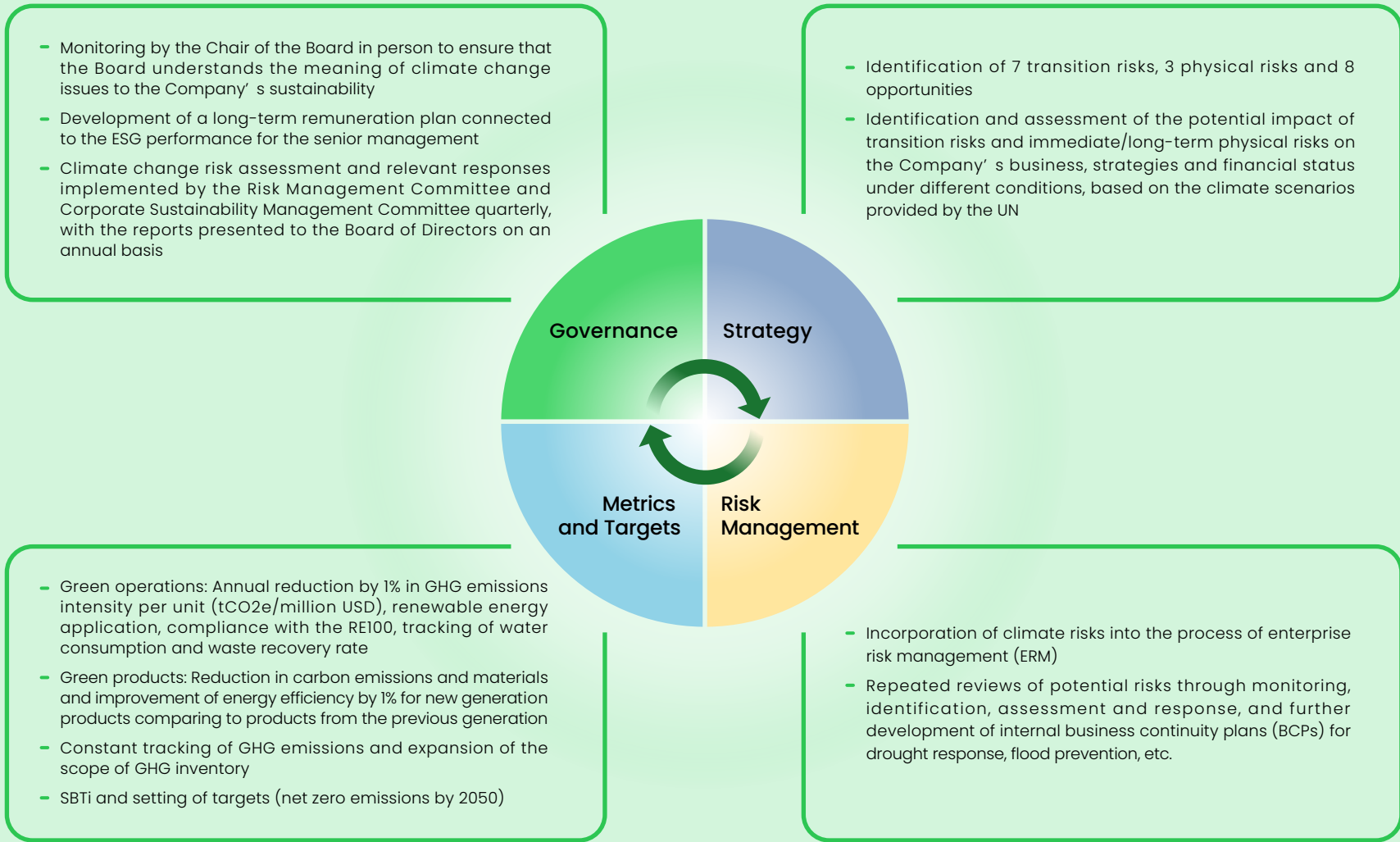
The electricity consumption for each million USD value dropped by **7%** compared to that in the previous year. **NT\$23.66** million was invested in green equipment at a global level, with **6,445**MWh electricity reduced in the year.

Climate change has significantly affected the living environment of all the organisms. More people are concerned about the carbon management issues as the domestic regulations on the reduction of greenhouse gases and the international Paris Agreement have become effective. We have referred to the recommendation framework of the Task Force on Climate-Related Financial Disclosures (TCFD) to assess the risks and opportunities and formulate countermeasures under the risk of climate change in a progressive manner. Every year, we regularly illustrate the results of sustainability development and the performance of reduction to the stakeholders through sustainability reports, showing our attention to and management of the issue of climate change.

In response to the significant international initiatives and the impact of climate change, Qisda has actively invested resources to cooperate with climate action organizations in Taiwan and abroad, such as participating in the survey under the international Carbon Disclosure Project (CDP). Also, we joined the RE100, the Science Based Targets initiative (SBTi), the Taiwan Climate Partnership, and the Commonwealth Magazine Sustainability Council in 2022. We commit ourselves to

the comprehensive use of renewable energy by 2040, and intend to reach the goal of net zero by 2050, in the hope of keeping up with international trends and realizing the goal of sustainable operation.

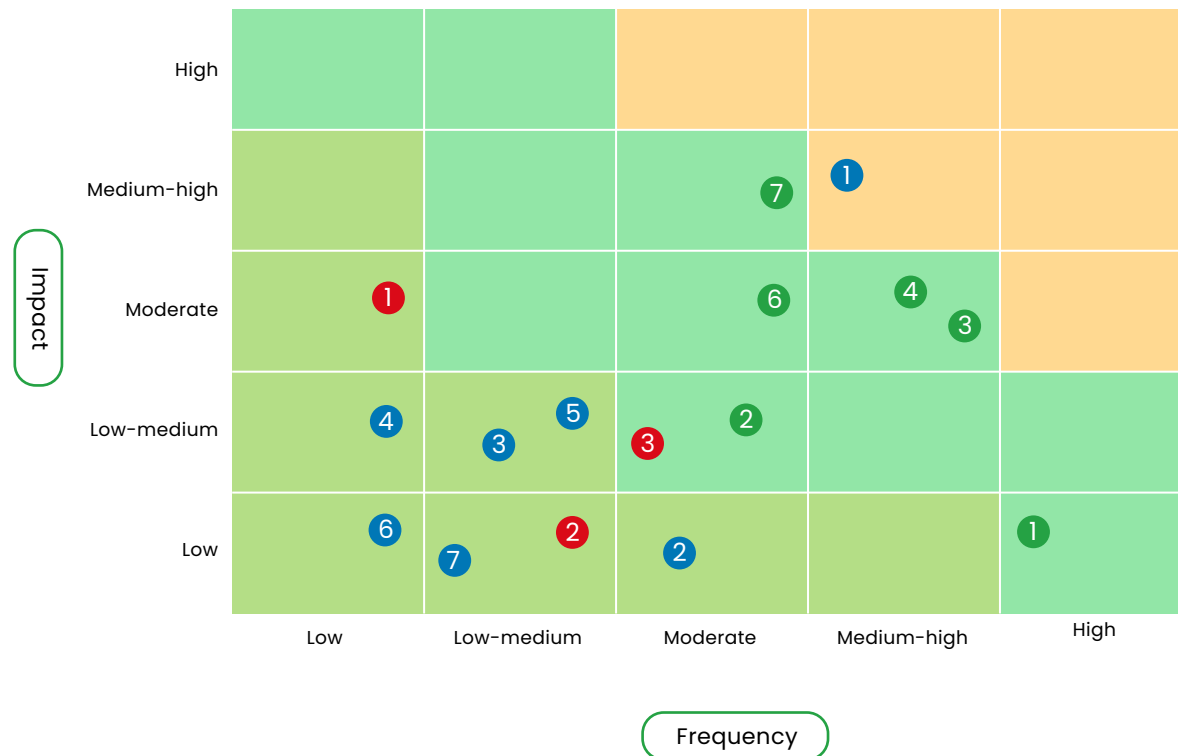
Considering that the impacted scope covers every aspect of implementation as well as the Company's future development, the Chair of the Board monitors these impacts in person to ensure that the Board understands the meaning of climate change issues to the Company's sustainability. With the effective, internal top-down management, we have also combined the ESG performance and level of achievement with the CSO along with the remuneration to and KPIs of senior managers. The Company has decided to establish a long-term remuneration plan for the Chairman, CEO, President and other senior managerial officers starting from 2023. This plan is connected to the ESG performance (corporate governance, social engagement and environmental sustainability performance indicators) and grants long-term reward and compensations based on the achievement status of ESG performance targets every year.



## TCFD Disclosure of Climate-related Risks and Opportunities

Qisda has identified 7 transition risks, 3 physical risks and 8 opportunities based on the adopted climate scenarios of the RCPs, and completed the management of climate risks and the establishment of countermeasures by creating a climate risk matrix.

### 2022 Qisda Matrix of Climate Change Risks and Opportunities



#### Transition Risks

- 1 Domestic and international regulations and laws (medium- to long-term)
- 2 Carbon trading and carbon tax (medium-term)
- 3 Green product and technology (long-term)
- 4 Purchase of green power (medium- to long-term)
- 5 Customer and regulatory requirements (long-term)
- 6 Consumer's awareness of sustainability (long-term)
- 7 Reputation (long-term)

#### Physical Risks

- 1 Typhoon and flood (long-term)
- 2 Water and power shortage (medium-term)
- 3 Increase of annual temperatures (medium-term)

#### Opportunities

- 1 Benefits of energy saving (short-term)
- 2 Benefits of water saving (short-term)
- 3 High-efficiency green building (medium- to long-term)
- 4 Solar power installation (medium- to long-term)
- 5 Products and services with low carbon emissions (long-term)
- 6 Energy-saving commodities and market demand (medium- to long-term)
- 7 Energy-saving commodities and market demand (medium- to long-term)



We hereby provides more information on the top three major risks and potential opportunities, together with the response strategies thereof:

| Type            | Climate Change Related Risk                          | Impact Period       | Description of Risk  | Potential Impact on Business, Strategies & Finance   | Qisda' s Adaptation & Response Actions  |
|-----------------|--|---------------------|--|--|---|
| Transition risk | 1<br>Domestic and international regulations and laws | Medium-to long-term | <ul style="list-style-type: none"> <li>- The Bureau of Energy' s requirement that the Company should reduce the electricity consumption by 1% every year</li> <li>- The Administrative Yuan' s summer energy-saving measures</li> <li>- The promulgation of the Environmental Protection Administration' s Climate Change Response Act</li> <li>- Law-related risks that product labels (e.g. carbon labels and green labels) may have in the sales regions</li> <li>- Possibility of prohibition and control by domestic and international laws and regulations on high power-consuming products</li> </ul> | <ul style="list-style-type: none"> <li>- Rise of electricity bills</li> <li>- Subsequent increase in operating costs</li> <li>- Impact on production in factories</li> </ul>   | <ul style="list-style-type: none"> <li>- Qisda annually reviews and continuously pays attention to the domestic and international laws and regulations relevant to climate change, and internally disseminates the latest regulatory requirements, such as the ban of selling 8K TVs in the EU, to let the employees understand the transition risks of climate change better.</li> <li>- The Risk Management Committee and the ESG Committee have established relevant KPIs for control. Confirmed potential risks will be set as the quarterly key performance indicators for management.</li> <li>- We have implemented measures such as smart lighting and inspection on turning off lights to save electricity.</li> <li>- Currently, there is no risk regarding domestic and international laws and regulations for Qisda.</li> </ul> |
| Transition risk | 5<br>Customer and regulatory requirements            | Long-term           | <ul style="list-style-type: none"> <li>- Income and profitability damaged due to the continually increasing costs of additional manual labor and working hours related to the research of product life cycle assessments (LCA) (e.g. PAS 2050 or ISO 14067)</li> </ul>   | <ul style="list-style-type: none"> <li>- Expense of US\$590 thousand per year for keeping the products in line with the EPEAT (Electronic Product Environmental Assessment Tool) as required by customers</li> <li>- Financial impact of around US\$341,000 in total since 2011</li> </ul> | <ul style="list-style-type: none"> <li>- Qisda established the Carbon Management Platform system by which a report on product carbon footprint could be given to the customers right after the mass production of a product.</li> <li>- We have also spent over US\$342,700 on the ESG Committee' s quarterly review, establishment and maintenance of product GHG inventory system as well as the verification of subcontractors.</li> <li>- The total amount under the potential financial impact is around US\$931,000.</li> </ul>   |
| Physical risk   | 3<br>Increase of annual temperatures                 | Short-term          | <ul style="list-style-type: none"> <li>- More electricity consumption to satisfy the needs for air conditioning and heating due to the rise of the average temperature</li> </ul>  | <ul style="list-style-type: none"> <li>- Higher costs due to the expenses for purchasing air conditioners</li> </ul>   | <ul style="list-style-type: none"> <li>- We have finished updating air conditioning and water-cooled water chillers, which costs us NT\$22.2 million after deducting the subsidies from the government.</li> </ul>  |

For more information, please refer to Qisda' s 2022 Corporate Sustainability Report for "Climate Adaptation and Mitigation" on p. 67.

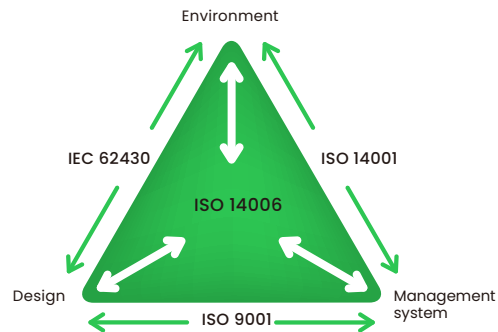
| Type                | Climate Change Related Risk         | Impact Period       | Description of Opportunity   | Potential Impact on Business, Strategies & Finance  | Qisda' s Adaptation & Response Actions   |
|---------------------|-------------------------------------|---------------------|--|---|--|
| Resilience          | 7<br>Energy-saving commodities      | Medium-to long-term | <ul style="list-style-type: none"> <li>- Development of the Green Energy BU (ACE Energy) to reach energy saving targets by making use of its energy services and improved equipment</li> <li>- Enhancement of green products for continuous energy saving and carbon reduction through low-carbon products</li> </ul>                  | <ul style="list-style-type: none"> <li>- <b>BenQ:</b> 55% of LCD products and PDPs with energy labels, and 100% of PDPs with energy labels</li> <li>- <b>Qisda:</b> LCD: 76% of our products compliant with the requirements of laws and regulations on energy saving in 2022<br/>Not affected by climate risks thanks to the business of ACE Energy</li> </ul> | <ul style="list-style-type: none"> <li>- Upholding the idea of smart energy saving and sustainability through green power, ACE Energy focuses on energy services including air conditioning, air compression, heat recovery, lighting, management of electricity use, energy storage as well as electrical equipment monitoring and internet-based management of relevant data. It also establishes long-term partnerships with the customers by sharing the benefit of energy saving and installing green energy systems.</li> <li>- The transformation of carbon reduction technologies and low-carbon materials will continue to be required in the future.</li> <li>- <b>BenQ:</b> For now, we use recovered materials for 35% of the plastic coats, and use EPS for buffer packaging materials. In the future, we will use recovered materials for 65% of the plastic coats, or use folded paper or molded pulp materials for 85% of the buffer packaging materials.</li> <li>- <b>Qisda:</b> We recycle and reuse plastics, hardware and paper packaging materials to achieve a circular economy.</li> </ul> |
| Energy sources      | 4<br>Solar power installation       | Medium-to long-term | <ul style="list-style-type: none"> <li>- Reduction in the electricity consumption of production machines in the Taoyuan Plant and the Suzhou Plant with the electrical energy generated through solar power</li> <li>- Planning of installing solar panels and energy storage equipment on the rooftop of the Vietnam Plant</li> </ul> | <ul style="list-style-type: none"> <li>- Around NT\$23.1 million of cost to install solar power generation and electricity storage facilities at the Taoyuan Plant in 2021<br/>NT\$19.5 million of electricity bills (4.2 million kWh electricity) saved every year</li> </ul>  | <ul style="list-style-type: none"> <li>- At the end of 2021, we completed the solar power installation, including the Phase-I solar power installation in Suzhou and the Taoyuan Twin-Star Plant' s connected grid for solar power generation.</li> <li>- As of 2022, Qisda has generated a total of 5.2 million kWh solar power; such generated power has been fully used internally.</li> <li>- The Phase-II solar power installation at the Suzhou Plant will be implemented in 2023.</li> <li>- The Suzhou Plant collaborated with an energy company; Qisda provided areas for installation while the energy company provided power generation equipment. After the operation started, Qisda purchased green power for use and paid the energy company usage fees that were lower than the price of supply mains.</li> </ul>   |
| Resource Efficiency | 3<br>High-efficiency green building | Medium-to long-term | <ul style="list-style-type: none"> <li>- Green building certifications for the production plants of Taoyuan Plant, Suzhou Plant and Vietnam Plant</li> <li>- Acquisition of green factory labels (covering green building, process, and efficiency improvement related to energy saving and carbon reduction)</li> </ul>               | <ul style="list-style-type: none"> <li>- Lower indirect (operating) cost</li> </ul>   | <ul style="list-style-type: none"> <li>- The increase of energy efficiency in factories can bring about energy conservation and cost reduction. Qisda has set up relevant engineering improvement plans to better march towards more effective buildings.</li> <li>- In 2022, the Twin-Star Plant in Taiwan received a three-year extension for its Green Factory Label.</li> <li>- The Twin-Star Plant in Taiwan currently has a bronze-level Green Building Label for in-use buildings. In 2023, we will carry out an upgrading plan in the expectation of raising the Label to silver level for in-use buildings in 2024. We expect to apply for China' s Green Factory Certificate of Jiangsu Province for the Suzhou Plant in 2023. For this, we will inventory our existing green products, green design and energy-saving measures as well as expanding the scope for the ISO 50001 certification.</li> </ul>   |

For more information, please refer to Qisda' s 2022 Corporate Sustainability Report for "Climate Adaptation and Mitigation" on p. 67.

## Begin with the End in Mind: Green Operations and ISO 140046-1 Greenhouse Gas Inventories

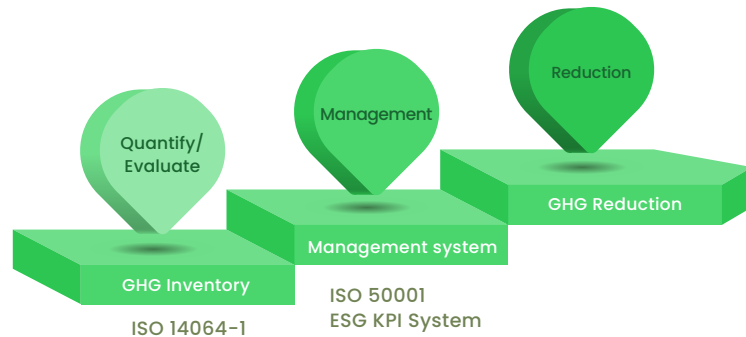
### Green Product

Qisda reviews the carbon emissions of the products and the opportunity of reduction from the viewpoint of the life cycle. The Company places importance on the green design, uses the eco-design approach, and takes the environmental impact and carbon reduction into account at the design stage. A carbon footprint report is produced via the management platform and the Company takes follow-up and management measures for the performance of the carbon reduction.



### Green Operation

With the quantification/assessment, management and carbon reduction as the core, Qisda takes actions starting from the inventory of the organization's greenhouse gas emissions (ISO 14064-1) and sets up the energy management system (ISO 50001) and the corporate sustainable development (ESG) KPI management system to understand the accomplishment status and reduction performance of each energy saving measure.



### Green Supply Chain

This is implemented in three phases as planned: Awareness, Implementation and Sustainability. Education and training of key suppliers on GHG inventories is an element in the awareness phase. The suppliers of key components are encouraged to conduct GHG inventory and reduction in the implementation phase. In the last sustainability phase, it is expected to improve the independent management capability of the suppliers and disclose their climate change strategies and reduction performance in the Corporate Social Responsibility (CSR) Report.

#### Awareness

- Inspection of the supplier's social responsibility, environment, safety and health
- Self-assessment on the Responsible Business Alliance Code of Conduct (RBA Code)

#### Implementation

- On-site audit of the supplier's social responsibility, environment, safety and health
- Implementation of the Responsible Business Alliance Code of Conduct (RBA Code)

#### Sustainability

- Supplier's independent management
- Preparation of the Corporate Social Responsibility Report
- Extension to the Tier 2 supplier

For now, operational control is adopted for the ISO 14064-1:2018 GHG inventory at the organization level, with a coverage rate of 100%. Also, the 2022 GHG inventory data of our factories around the globe has all been verified by a third party. According to the assessment with the project significance guide, our major energy consumption is the electricity used in offices and factories (Scope 2 – indirect GHG emissions from energy consumption). In 2022, the energy intensity was 29,436 kWh per million USD production value. Thus, Qisda put the solar power generation and electricity storage equipment in the facilities in Taiwan and Suzhou into operation in 2022. Both facilities generate and use renewable energy internally to reduce the use of purchased electricity. To achieve the goal of becoming a green enterprise, Qisda committed to joining the SBTi in 2022 and set carbon reduction goals in 2023. In the future, we will march toward RE100 and net zero emissions to engage with the value chain.

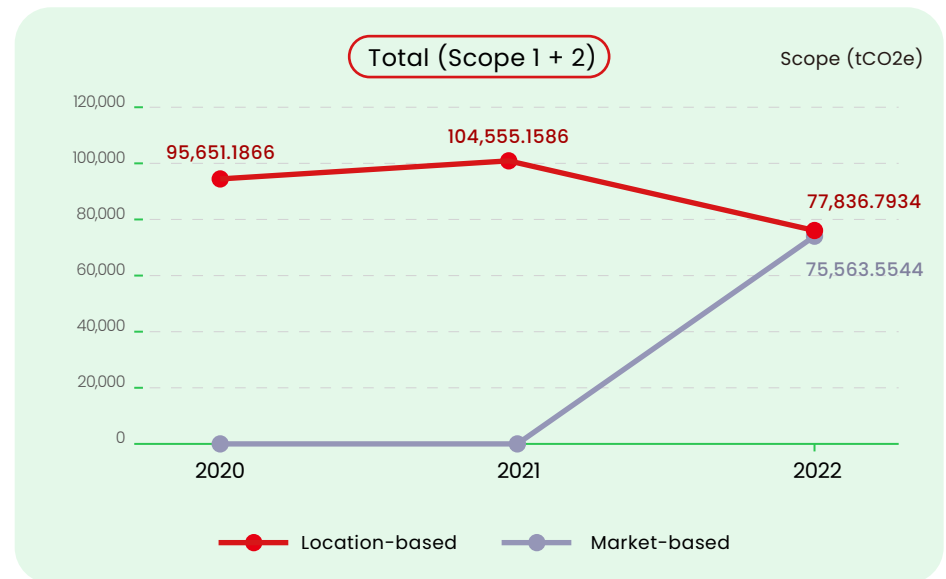
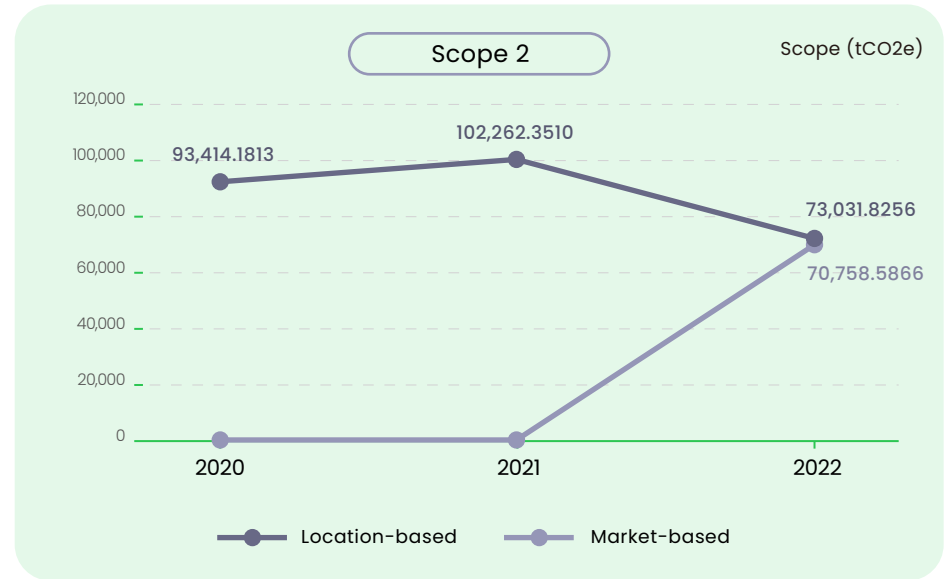
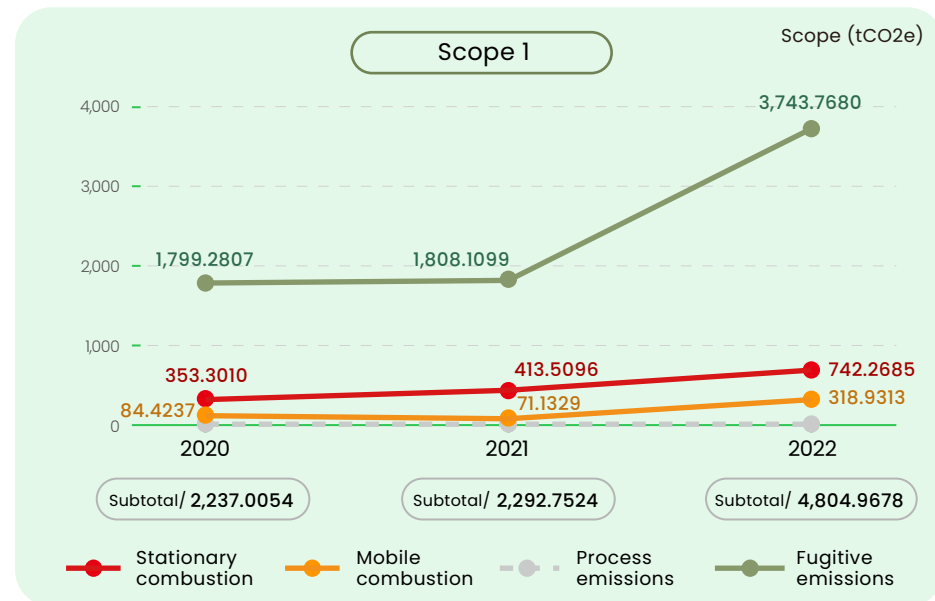
Statistics on Energy Consumption of Qisda and the Subsidiaries in the Past three Years

Unit (MJ, GJ)



In 2022, the total GHG emission of Qisda and its global sites was around 74,000 tCO<sub>2</sub>e. The emission was mostly the carbon dioxide resulting from the generation of the electricity we purchased for operational needs, accounting for more than 90%. In addition to the energy-saving measures (such as replacement of energy-consuming lighting, smart lighting in facilities, and engineering improvements) implemented in the past based on administrative management, we continue to increase the proportion of renewable energy use through self-installed solar power generation systems to reach the goal of reducing GHG emissions. Qisda complied with the principles of the National Renewable Energy Certification Center and applied for the Renewable Energy Certificate (T-REC) for the Taiwan Plant with its volume of solar power generation in 2022. We also purchased international renewable energy certificates (I-RECs) for the Suzhou Plant. We will follow the GHG Protocol Scope 2 Guidance and make disclosures in the CDP survey, describing the plan for offset to conform to the Scope 2 GHG inventory.

Statistics on GHG Emissions of Qisda and the Subsidiaries in the Past three Years



\* Green power (solar power) is included in the calculation of market-based emissions.

For more information, please refer to Qisda’s 2022 Corporate Sustainability Report for “Energy Consumption and Saving” on p. 80.

# Effective Resource Management: Water Resources and Waste

There have been **0** cases of environmental law violations for four consecutive years.

The proportion of Qisda's recyclable and reusable waste has reached **90%** in recent four years.

The water consumption per million USD production value was **106** metric tons, which was approximately **0.72%** less than that in the previous year.

More than **80%** of the efficiency has been saved through the upgrading and reform of the end exhaust treatment equipment, which has been praised by the Department of Ecology and Environment of Jiangsu Province and Suzhou Municipal People's Government, and been reported by multiple media outlets.

Qisda Highlight Column –

## Exhaust Treatment

The Qisda Suzhou Plant continues to strive for environmental improvement, steadily reducing exhaust emissions year by year. The main countermeasures taken include:

1. Replacing oil-based paint with water-based paint for the coating production lines that emit relatively more exhaust, making material alteration at the source during the manufacturing process;
2. Further upgrading and reforming the end exhaust treatment equipment accordingly by replacing the previous activated carbon adsorption technology with the activated carbon adsorption-desorption technology, achieving a treatment efficiency of over 80%. This project has been praised by the Department of Ecology and Environment of Jiangsu Province and Suzhou Municipal People's Government, and been reported by multiple media outlets. At the same time, the project was selected as a model example of environmental protection for the Suzhou Extraordinary Decade program, which was broadcast during prime time on Suzhou Broadcasting System;
3. Introducing water spray and activated carbon adsorption facilities for the exhaust treatment during the soldering process, adopting strict control over the quality of the iodine value of the activated carbon, and increasing the frequency of renewing activated carbon from annual to biannual and even to quarterly;
4. In terms of the use of cleaning solvents, sparing no effort in substituting eco-friendly aqueous solvents for traditional highly volatile solvents.

### 2022 Results



With coating VOC improvement, Suzhou Qisda Precision Industry Co. Ltd. was included in the Celebration of 20th National Congress of the CCP – Suzhou Extraordinary Decade program as a model enterprise of Suzhou City in terms of air control; the program was broadcast during the first and second prime time on Suzhou Broadcasting System on September 12, 2022.




For water resources, as the main manufacturing process of Qisda is simple assembly work that does not consume any water, the major risk related to water resources is that when water shortage occurs, there will be no water for drinking and household needs. Nevertheless, with the consistently adopted philosophy of “green operations,” the Company takes cleaner production and environmental protection into account at the beginning of the product design process, and ensures that we do not own, rent or manage any factory in ecological reserves or water reserves nor extract groundwater. Also, we make sure that no regulated wastewater is generated during the production process of any product in any factory; there is only domestic sewage.


What’s different is that according to the water resource risk map of the World Resources Institute’s “Aqueduct Water Risk Atlas,” Suzhou (China) and Hà Nam (Vietnam) are regions facing high levels of water stress. Though the 106 metric tons of global water consumption per million USD production value in 2022 was a number around 0.72% less than that in 2021, up to 81.88% of the consumption was from the regions with water stress. Therefore, Qisda held meetings with all companies within the Qisda Group and the ESG Committee to set water saving KPIs, check the water consumption status of all companies and factories, and regularly control and assess the regional water supporting mechanism of the Group, with an eye to improving our response capabilities when water shortage or limitation occurs.




### Qisda’s Global Water Saving Measures




**Improving air conditioners and cooling towers**



**Recovering and providing rainwater to facilities for plant watering**



**Adopting sense water-saving water taps**

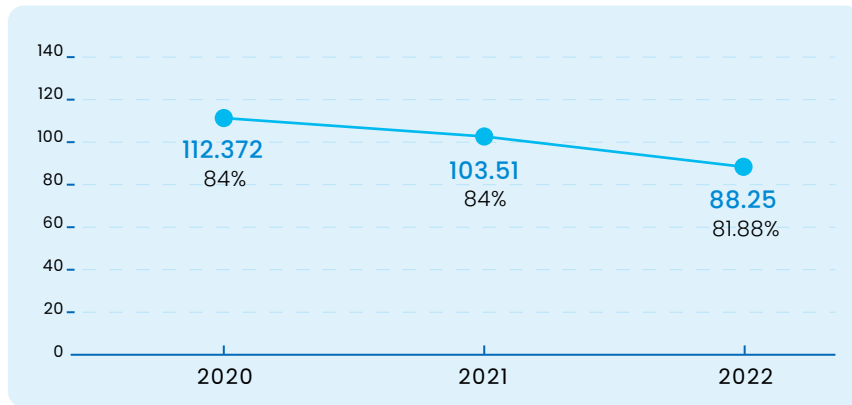
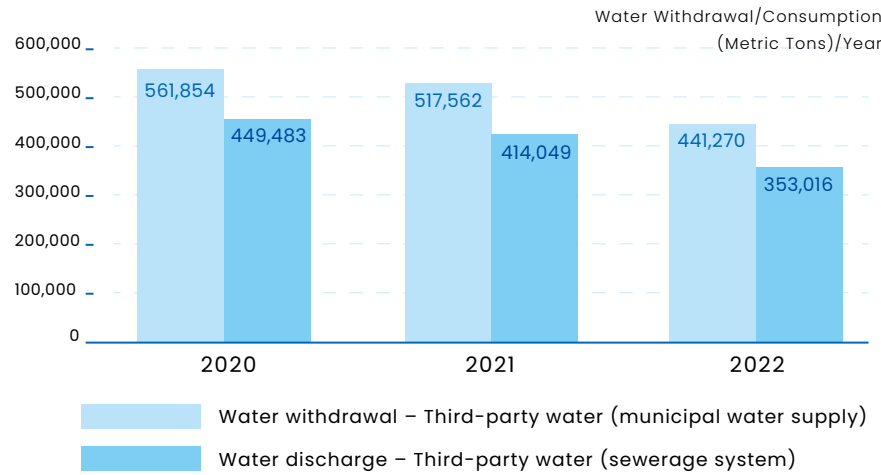


**Producing simple save water slogans**

| Water withdrawal (cubic meter)/year    | 2019           | 2020           | 2021           | 2022           |
|--|----------------|----------------|----------------|----------------|
| Tap water                              | 496,080        | 561,854        | 517,562        | 441,270        |
| Surface water                          | 0              | 0              | 0              | 0              |
| Groundwater                            | 0              | 0              | 0              | 0              |
| Others                                 | 0              | 0              | 0              | 0              |
| <b>Total</b>                           | <b>496,080</b> | <b>561,854</b> | <b>517,562</b> | <b>441,270</b> |
| <b>Water discharge (cubic meter)</b>   | <b>396,864</b> | <b>449,483</b> | <b>414,049</b> | <b>353,016</b> |
| <b>Water consumption (cubic meter)</b> |                |                |                |                |

- The total water discharge is the tap water consumption of global manufacturing sites \* 0.8 (0.2 is the calculated proportion of evaporated water due to the use of air conditioners).
- The organization collects water consumption data based on water bills (which include the tenants’ water usage) as a standard for water consumption.
- According to World Resources Institute “Aqueduct Water Risk Atlas,” Suzhou (China) and Hà Nam (Vietnam) are regions facing high levels of water stress.

Statistics on Water Withdrawal/Consumption of Qisda in the Past three Years



Water consumption / percentage of water from regions with water stress

\* The total water discharge is the tap water consumption of global manufacturing sites \* 0.8 (0.2 is the estimated proportion of evaporated water due to the use of air conditioners).  
 \*\* The organization collects water consumption data based on water bills (which include the tenants' water usage) as a standard for water consumption.  
 \*\*\* According to the World Resources Institute' s "Aqueduct Water Risk Atlas," Suzhou (China) and Hà Nam (Vietnam) are regions facing high levels of water stress.

For more information, please refer to Qisda' s 2022 Corporate Sustainability Report for "Making Good Use of Water Resources" on p. 83.

Upholding the idea of "responsible producer," Qisda complies with laws and regulations by appointing dedicated environmental personnel to effectively manage the flow of discharge, generation, removal and disposal of waste and exhaust. Meanwhile, the Waste Management Procedures and recycling goals have been established, and the Company adopts the strategy of source management to control waste in addition to promoting continuous energy-saving and waste reduction activities. We review our course of action and goals during the corporate sustainable development (ESG) meeting every quarter, implementing improvement plans such as internal policy compliance, raw material substitution and optimization as well as reform of process and equipment; these plans not only significantly help reduce Qisda's emissions and related output, but also allow the employees to work in more friendly and comfortable environments.

Statistics on Generated and Discharged Waste of Qisda in the Past three Years

| Waste/Exhaust (Metric Tons) |   | 2020          | 2021          | 2022          |
|-----------------------------|---|---------------|---------------|---------------|
| General waste               | Reused                                      | 16.01         | 11.75         | 5.95          |
|                             | Recycled                                    | 32,520        | 38,067        | 32,206        |
|                             | Incinerated (with energy recovered)         | 2,873         | 3,003         | 2,649         |
| Hazardous waste             | Transported to external disposal facilities | 479           | 627           | 877           |
| <b>Total Waste</b>          |   | <b>35,888</b> | <b>41,709</b> | <b>35,738</b> |
| Volatile organic gas        | VOCs  | 15.33         | 11.62         | 7.33          |



Qisda' s Waste (Incl. Exhaust) Management Strategies



Design Stage

- Incorporating non-toxic raw materials, renewable materials, recyclable and reusable materials, and structures with easy-to-disassemble design

Reduced environmental impact of product waste disposal



Manufacturing Stage

Waste

- Reducing the amount of generated waste through process design and actively implementing resource classification (reusable and recyclable)
- Producing no hazardous waste defined in the Basel Convention

Reduced waste in manufacturing facilities

Exhaust

- **Material alteration:**  
Replacing oil-based paint with water-based paint
- **Upgrading, reform and increased frequency of replacement of the end exhaust treatment equipment:**  
Replacing the previous activated carbon adsorption technology with the activated carbon adsorption-desorption technology
- **Replacement of cleaning solvents:**  
Substituting eco-friendly aqueous solvents for traditional highly volatile solvents

Lower impact on environment and employee occupational safety and health



Distribution Stage

- Using wooden pallets in standard sizes to reduce the number of pallets with special specifications

Increased rate of reuse



Waste Disposal

- Commissioning outsourced companies to classify and recycle the waste in internal resource recovery areas
- Commissioning qualified removal/disposal service providers to dispose of the general and hazardous waste through incineration or recycling, and performing regular audits on such providers

Greater proportion of recyclable waste



For more information, please refer to Qisda' s 2022 Corporate Sustainability Report for "Waste Cycle" on p. 85 and "Pollutants" on p. 86.

# Emerging Issue: Biodiversity

We expect to start the discussion on relevant details related to the introduction of **TNFD** (Taskforce on Nature-related Financial Disclosures) in H2 2023.

Following “climate change,” “biodiversity” has become the next global sustainability issue. In response to the UN SDG 15 “life on land,” Qisda is committed to protecting the sustainability of forest ecosystems and preventing biodiversity loss. Besides the contribution to biodiversity conservation and the development of biodiversity and no deforestation policies, we have also made a commitment

to use deforestation-free products for all purchased items such as tissues and photocopy paper.

In order to address the risks of biodiversity loss, Qisda is planning to introduce the Taskforce on Nature-related Financial Disclosures (TNFD), with relevant details expected to be discussed starting from H2 2023. The TNFD adopts the same framework with the Task Force on Climate-related Financial Disclosures (TCFD), in which risks are categorized into transition, physical and systemic risks with the focus on governance, strategy, risk management, and metrics and targets. By arranging risk management in advance, Qisda is able to prevent or mitigate the potential impact of biodiversity loss.





## Qisda' s Biodiversity Project

Presenter: Ya-Chi Chan  
Group member: Kuang-Yu Lin, Yung-Chun Chang, Kuan-Hao Huang, Wan-Yu Weng, Chia-Peng Chou, Wei-Ling Huang

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Qisda Highlight Column –

### Species Removal Project of “Spot-legged Tree Frogs”

The spot-legged tree frog is an invasive species mainly found in regions around Taipei, New Taipei and Taoyuan. Tadpoles of spot-legged tree frogs prey on tadpoles of Taiwan' s native frog species, making the native species unable to successfully reproduce and posing a threat to local biodiversity. Relevant associations, commissioned by the Department of Agriculture under the Taoyuan City Government, are on a mission to remove the species. Combining all advantages of Qisda' s business, we will assist the associations in monitoring the species to enhance the efficiency of the mission.

## Roadmap of the Biodiversity Project

2023
2024
2025
2026
2027
2028
2029
📍 2030

Removal experience activities

Parent-child DIY workshop

Qisda Parent-Child Biodiversity Day

Qisda' s club: Ecological Survey Club

Qisda SDGs & Environment Hackathon

# Productivity

## Creation of Shared Value

Diverse and Happy Workplace

Discovery and Training of Talents

Environmental Protection and Social Care



## Diverse and Happy Workplace

The Company received the HR Asia “Best Companies to Work For in Asia” for **4** consecutive years.

The promotion rates of the two genders were both **11%** in Taiwan, reflecting a balance in this regard.

The Employee Stock Ownership Trust system has been promoted.

The employee engagement score was **4.57** (out of 6); **80%** of the employees showed high engagement.

All of our employees were fully trained on the “Qisda Employee Code of Conduct” which they must follow, and the “compliance with the Code” was included in the scope of personal performance management.

### > Diversity and Inclusion

Employees are the long-term capital and the supporting capacity for innovation of a company. For this, we are committed to providing the employees with a complete work environment, including enhancing the employee solidarity with the Company by maintaining good work conditions and atmosphere. To ensure a diversified, fair and open-minded work environment, Qisda has developed multiple channels to recruit talents based on the principles of “the right person in the right place,” “no discriminatory treatment on the grounds of race, religion, skin color, nationality, gender, or other factors” and “prohibition of child labor,” etc. It is our belief that an open-minded work environment that respects cultural diversity helps stimulate the innovation of employees, motivate employees, and create a broader business perspective as well as more varied experience in the industry. Qisda had 6,950 employees in the world up to the end of 2022. 1,651 of

them were in Taiwan and the rest 5,299 employees were distributed in Suzhou, China (4,761), Vietnam (512) and other locations (26).

### Happy Workplace in Qisda



#### Human Rights Risk Assessment

- Holding “human-oriented” values, Qisda believes that a good work environment can provide support for the employees to grow without concern.
- We support and comply with the internationally recognized human rights regulations and principles, including the “Universal Declaration of Human Rights,” “Global Compact” and “Guiding Principles on Business and Human Rights” of the UN, and the “Declaration on Fundamental Principles and Rights at Work” of the ILO. Meanwhile, we shape our human rights policy in accordance with the laws and regulations of the places our companies are located in, and ensure human rights based on the human rights principles of “protect, respect and remedy.”

#### Policy and Commitment

- Since the issues of labor and human rights are critical to the customers, 100% of our employees were trained on human rights issues in 2022.
- Each year, Qisda provides education and training on the Responsible Business Alliance Code of Conduct (RBA Code) and social accountability management systems (SA8000), and formulates strategies to reduce the employees’ exposure to the risks related to “working hours,” “emergency preparedness” and “safety at work” through RBA VAP, SA8000 external audits, hazard identification and risk assessment.

#### Action and Goal

- **Complaint Mechanism**  
The employees may, in accordance with the “Communication Management Procedure” and the “Whistleblowing and Complaint Handling Regulations,” report to the HR unit directly when being sexually harassed or improperly treated. As for external stakeholders, they may file a complaint through the CSR mailbox on the Company’ s official website when having any doubt about the same issue; the ESG responsible unit will give a reply.



### Work Environment Free of Discrimination and Harassment

#### Policy and Commitment

- Strict prohibition of any forms of discrimination and harassment: The internal parties such as senior managers, employees or job seekers and external parties like customers and business partners of the Company are all required to comply with this rule, and are meanwhile protected by this rule.
- All our employees adhered to the "Qisda Employee Code of Conduct," which covered the issues such as "avoidance of conflict of interest," "legal compliance," "pursuit of a fair work environment," and "anti-discrimination and zero tolerance."

#### Action and Goal

- Regular training for the employees around the world in Q4 every year: The global training rate in 2022 was 100%.
- Incorporation of "compliance with the Code" into the biannual performance target setting and evaluation: The result thereof may be used in the employment, training, performance evaluation, promotion, transfer, wage and other internal activities of the employees.



### Power of Women in Technology

#### Policy and Commitment

- We ensure diversity and inclusion, and advocate gender equality in the workplace.
- Female managers: We aim to have more than 30% female entry-level managers by 2040.

#### Action and Goal

- Establishment of an internal section for issues of business travel for female employees: The purpose is to remind female employees of the culture they need to adapt to and the matters to be noticed during their trips to other places.
- Exclusive welfare for career women: For pregnant female employees, we have demarcated parking spaces, installed baby care hardware equipment, and provided flexible daily breastfeeding time.
- Qisda had two more female directors in the Board in 2023 Q2.
- The promotion rates of the two genders were both 11% in Taiwan, reflecting a balance in this regard.



For more information, please refer to Qisda' s 2022 Corporate Sustainability Report for "Talent Recruitment" on p. 88, "Diversity and Inclusion" on p. 89, " Qisda Human Rights Policy" on p. 104, and "Human Rights Management Measures" on p. 106.

## > Happy Workplace

Qisda has developed the concept of creating a workplace of health and well-being, hoping to attract and retain outstanding talents in the Company. We observe the labor laws and regulations at the places where our significant operational sites are located. The pay to the employees is not less than the base wage required by law and is not different on the grounds of gender, religion, race, nationality or political affiliation. Meanwhile, we perform regular review for timely adjustment to the employee management rules and devise a diversity of employee welfare items. By doing so, we enable all our employees to experience a work environment of high quality and a corporate culture that ensures health and happiness, thereby enhancing the talent retention rate. 84.0% of the employees who applied for parental leave without pay in 2021 returned to work in 2022, and 87.5% of such employees continued to stay in the Company. This reflects Qisda' s continuous efforts to build a parent-friendly workplace by taking care of not only the employees but also their families.

### Happy Workplace in Qisda



### Remuneration and Welfare

- New long-term incentive plans: Retention bonus and ESOT

#### Retention Bonus

- Applicable to Talents in key positions critical to the organizational development

**Implementation Method**

- To ensure that the talents in key positions keep staying in the Company and creating steady long-term operating performance for the organization, we enter into a retention bonus contract with the outstanding talents in key positions to reach an agreement that they can receive full retention bonus after staying in the Company for the specified retention years (i.e. 2 years as specified by the retention bonus program in 2022).

By distributing the retention bonus, we motivate the talents in key positions to have better future performance as well as bringing more permanent operating benefits to the Company, which reflects a win-win situation.

**Amount**

- In 2022, around NT\$20 million was distributed as retention bonus.

**Employee Stock Ownership Trust**

**Applicable to**

- Full-time employees in Taiwan who have passed the probation (i.e. employed for three months) and thus allowed to apply for the ESOT

- The employees participating in the ESOT can buy the Company' s shares according to their respective ranks and the corresponding incentives appropriated by the Company; the higher the rank, the more the amount of jointly appropriated incentive. By this way, we motivate the employees to strive for the opportunities of rank promotion, meet the performance targets, and thereby contribute to a synergistic effect for the overall operating performance of the Company.

**Implementation Method**

- Employee voluntary contribution: Based on the personal rank, a participant contributes a certain amount from the monthly pay as the trust fund to purchase the Company' s shares.
- Company incentive: The Company also appropriates an incentive of the amount up to 100% of the employee voluntary contribution (50% for those working with the Group for five years and 100% for those working for ten years).

**Amount**

- In 2022, the incentives appropriated by the Company totaled more than NT\$167 million.



For more information, please refer to Qisda' s 2022 Corporate Sustainability Report for "Talent Retention" on p. 88, "Employee Health Management" on p. 108, and "Occupational Safety and Health" on p. 112.



**Health and Safety at Work**

- NT\$2.4 million has been invested in the organization of 20 health promotion sessions for all the employees. There were more than 100 participants in each in-person or online activity.
- Work stress has become an emerging issue when it comes to the protection of workers. Undoubtedly, unhealthy physical and mental health of employees will lead to considerable operating costs for a company. Thus, we formulated plans for the following:
  - With medical staff: Face-to-face guidance and consultation service (benefiting 122 persons), and telephone consultation service (benefiting 48 persons);
  - Upgraded implementation of the "online appointment for counseling" and "on-site psychological counselor services provided twice per month" since August 2022 (used by 51 persons so far);
  - The lecture "Smooth Communication with Your Partner – Read between the Lines" attended by 380 participants;
  - 1 session of the "Workshop for Managers' Identification of Emotion-related Issues" ;
  - Free core training and activities of sport clubs every week (around 6000 participants/year)





- For the annual statistics, Qisda included the cases of occupational injuries requiring leave for more than a day in the calculation of injury rate and lost day rate. There were four cases of injuries in the year, which were all due to physical hazards; no deaths were recorded.

| Hazard Type     | Cause   | Percentage | Improvement Measure  |
|-----------------|---|------------|--|
| Physical hazard | Being drawn into machine/<br>smashing<br>Crushing | 100%       | <ol style="list-style-type: none"> <li>1. Amendment to the procedures and SOP related to machine adjustment</li> <li>2. Increase in protective devices to the machinery</li> <li>3. Education, training and information dissemination for the personnel</li> <li>4. Horizontal investigation into and improvement to the machines of the same model</li> </ol> |

- **Physical hazard factors:** Abnormal temperature, abnormal barometric pressure, noises, hand-arm vibrations and radiation.
- **Chemical hazard factors:** Dust, organic solvents, strong acids/bases, toxic gases and heavy metals.
- **Biological hazard factors:** Microorganisms (bacteria, virus, mold, etc.), parasites (roundworm, pinworm, hookworm, liver fluke, etc.), insects (louse, flea, mosquito, bee, etc.), animals and plants and their products (e.g. fur, secretion or excrement of animals, and pollen).
- **Ergonomic hazard factors:** Problems resulting from the inappropriate arrangement of interface between the human and equipment, such as spinal injuries due to long-term weight-bearing activities, and carpal tunnel syndrome caused by highly repetitive wrist motions.
- **Psychosocial hazard factors:** Cerebrovascular and heart diseases due to the work (overwork), and mental illnesses recognized to be caused by work-related psychological stress.

## Employee Engagement Survey

It is Qisda's firm belief that employees are fundamental to the corporate sustainable operation. Since 2020, the Company has tried to get the opinions and feedback of the employees through the employee engagement survey. The survey is conducted once a year, with the scope covering the employees of all our plants and units in the world. Through the indicator tracking in the process, we improve the Company's operation and management. The questionnaire includes four survey dimensions: basic requirements, manager support, teamwork, and learning and growth. The questionnaire helps understand an employee's work experience in the Company, awareness of the work targets, trust in the team/manager, etc. In 2022, a total of 6,110 employees were involved in the global employee engagement survey, and 5,177 of them responded to it; the response rate was 85%. The overall global employee engagement score was 4.57 (out of 6 points).



For more information, please refer to Qisda's 2022 Corporate Sustainability Report for "Employee Engagement" on p. 95.

# Discovery and Training of Talents

The completion rate of performance evaluation for all our employee was **100%**.

Each employee was trained for **30.3** hours on average, showing an increase by **28%** compared to the previous year.

Digital courses made up **75%** of our training in Qisda Academy; **31** talents for "marketing data analysis" were trained for projects.

We have established a comprehensive employee training system that, together with the robust performance evaluation and incentive systems, helps strengthen the competitiveness of each employee and the Company in the industry. We take Qisda Academy as the basis of the training. It is comprised of four schools, namely the School of Professional Competence, the School of Learning and Growth, the School of Innovation and Continuous Improvement, and the School of Leadership and Management, planned with reference to the properties of the courses and the participants. Comprehensive training plans are provided to meet different learning requirements, including offline physical courses, an online e-learning platform, and a knowledge sharing platform. The Company has advocated mobile learning by increasing the proportion of digital courses to 75% and developing the learning APP, enabling the employees to make use of fragmented time to learn with their mobile phones. Regarding the employee learning blueprint in 2022, the overall plan focused

on the enhancement of processes, product quality and sustainability benefits, and brought an increase by NT\$2.8 billion in the said aspects.



In order to reinforce the mechanism of communicating the Company' s strategy goals downward to each level, a KPI system is applied to all the employees. With the organizational strategy goals as the basis, we drive the members to take corresponding actions to achieve the goals by setting quantitative targets, clear scoring principles, and weight of each goal. Qisda carries out diversified performance evaluation once every six months; the scope includes the "setting of performance targets" (looking back at the performance in the current period and setting targets for the next period), "multi-faceted feedback," and "performance rating" to review personal working status. For the one with the lowest performance rating, an individual performance improvement plan will be devised for timely assistance and intervention so as to boost his/her performance. In 2022, the completion rate of performance evaluation for all our employee was 100%, and the target achievement rate was 100% for DL and 99.3% for IDL.



## Qisda' s Key Employee Training Programs in 2022

| Program Title               | Course Blueprint for Employee Learning  | Manager Leadership Development Program   | Potential Talent Development Program   | Talent Development Program for Marketing Data Analysis   | CIP (Continuous Improvement Program)   |
|-----------------------------|---|--|--|--|--|
| <b>Details of Training</b>  | <ul style="list-style-type: none"> <li>- Cognitive thinking</li> <li>- Influence in communication</li> <li>- Digital application</li> <li>- Self-competition</li> </ul> | <ul style="list-style-type: none"> <li>- Potential talents/new managers: Fresh Leader Program</li> <li>- Entry-level managers: Action Leader Program</li> <li>- Medium managers: Strategic Leader Program</li> <li>- Senior managers/heads of business units: Visionary Leader Program</li> </ul>  | <ul style="list-style-type: none"> <li>- Establishment of the core management function system to assess the suitable positions based on personal capacities</li> <li>- The Individual Development Plan (IDP) formulated together with the person concerned and his/her manager</li> <li>- Implementation of the 3E (Learning/Exchange &amp; Assistance/Training) model and job rotation</li> </ul> | <ul style="list-style-type: none"> <li>- Completion of <b>116</b> hours of training</li> <li>- Participation in a <b>6-month</b> project assistance program</li> </ul> | <ul style="list-style-type: none"> <li>- Training</li> <li>- Running of a project</li> <li>- Provision of guidance</li> <li>- Competition-based presentation</li> <li>- Continuous implementation</li> </ul>   |
| <b>Feedback and Results</b> | <ul style="list-style-type: none"> <li>- Around <b>2,300</b> participants</li> <li>- Average satisfaction score: <b>4.80</b></li> </ul>                                 | <ul style="list-style-type: none"> <li>- Job rotation rate of managers: <b>95%</b></li> <li>- <b>335</b> managers trained (making up <b>58%</b> of the management)</li> <li>- <b>172</b> managers trained through the courses on "employee performance problem handling and communication skills" and "cross-generation leadership and management" aimed at all the entry-level, with the overall satisfaction score reaching <b>4.74</b> points on average</li> </ul> | <ul style="list-style-type: none"> <li>- Setup of potential talent database</li> <li>- Global IDL manager retention rate: <b>96.6%</b>; global IDL retention rate: <b>89.2%</b></li> </ul>   | <ul style="list-style-type: none"> <li>- <b>3,596</b> training hours in total</li> <li>- <b>31</b> talents for marketing data analysis trained</li> </ul>              | <ul style="list-style-type: none"> <li>- More than <b>5,684</b> CIP projects implemented globally, with a cumulative benefit of nearly <b>NT\$11</b> billion</li> <li>- <b>569</b> CIP projects implemented by the Group in the year</li> <li>- <b>24</b> CIP projects implemented for the suppliers in Suzhou in the year, creating a benefit of about <b>NT\$20</b> million</li> </ul> |



For more information, please refer to Qisda' s 2022 Corporate Sustainability Report for "Performance Evaluation" on p. 94.

## Environmental Protection and Social Care

The time that our employees around the world spent on charitable events totaled **1,142** hours.

**150** sessions of events were organized, including information courses, healthcare lectures, volunteer events, and campus lectures.

The Company supported friendly farmed food, friendly contract farming and the introduction to products from small farms in remote areas, stimulating the economic activities and generating a profit of more than NT\$ **6** million.

Up to **33,256** people benefited from the relevant digital and educational training projects and volunteer services, and 908 senior people aged above **65** received hearing care and online lectures and services from pharmacists.

To realize Qisda' s vision of "Bringing Enjoyment ' N Quality to Life" and extend it to local communities, we, based on the core values of "care and contribution," gather the employees to show love with the Company' s core competitiveness incorporated, and take part in different local care programs and employee voluntary activities to make a contribution to the society through specific actions. The BenQ Foundation established in 2002 based on the input of funds is dedicated to the happy life of human beings as well. It is committed to demonstrating the beauty of Taiwan and communicating the touching genuineness, kindness and beauty of the island.

The Foundation takes mankind and land as the origins with the "Environmental Protection" and "Social Care" as the vertical and horizontal axes which intersect with four core elements of "Implementation of Environmental Protection," "Reduction of the Digital Gap," "Cultivation of Honest and Smart Employees," and "Improvement

of the Value in the Original Culture." It combines the core competencies of the companies, keeps in line with the UN Sustainable Development Goals (SDGs), invests resources, and focuses on and combines the creation of sustainable cultures of the Group and civil groups. It is our hope to, through the Foundation, input positive stimulants in the societies externally, enhance the corporate culture internally, and thereby train outstanding talents and cultivate kind social citizens.

Qisda Highlight Column –

### Global Responses to ESG Events as One

#### Taiwan: ESG Life

- The Employee Welfare Committee held the employees' favorite activity – the Family Day, in the hopes of consolidating the strength of the Group' s employees while demonstrating the Group' s vision of ESG.
- In 2022, social welfare organizations including the Man Fair Sheltered Workshop, Children Are Us Foundation, Genesis Social Welfare Foundation and BenQ Foundation were invited for exchange and promotion. Charitable commodities were sold in the process to provide the employees and their family members with more opportunities to care about issues with respect to vulnerable groups in society.
- Breaking away from the mode in the past, the employees managed to reduce 84 thousand sheets of paper used in activities based on innovative technologies and the concept of ESG. 672 kilograms of carbon were reduced as an overall result, which was a remarkable achievement in terms of carbon reduction.
  - The organizing unit encouraged the employees to bring their own chopsticks and water bottles instead of providing single-use tableware;
  - The "Electronic QR Code System" was introduced for employees to use in the park. All activities including check-ins, purchases, challenge-defeating activities and food provision were conducted through the electronic system, which helped significantly reduce material consumption and directly benefited society and the Earth.



### Suzhou, China: Trip of Hope Project








- Trip of Hope, a project incorporating CSR, has been implemented since 2013 to take constant care of those who need help. In 2022, the employees in Suzhou, China paid attention to every detail related to environment protection around them based on the concept of being green and environmentally friendly.
- Through a variety of eco-friendly public welfare activities and advocacy of healthy and environmentally friendly lifestyles, Qisda Suzhou (China) attracted more people to actually participate in environmental actions within their power, making contributions to the business of environmental protection.
  - o Planting more trees for the Earth (exchanging books for plants)
  - o Refusing to be phubbers
  - o Clean your plate" actions
  - o Healthy eating
  - o Low-carbon travel












### Vietnam: Discovery of and Responses to Needs



- The labor union for the Vietnam Plant fulfilled the internal and external corporate social responsibilities.
- For external responsibilities, it donated Lunar New Year gifts and VN\$500 thousand to each of the 50 local poor families in 2022.
- For internal responsibilities, the union raised more than VN\$37 million to take care of the employee who got into a car crash during the holiday, facilitating the subsequent treatment for and recovery of the employee.



| Vision of "Being Dedicated to the Happy Life of Human Beings"  |   | Digital Opportunities   | Kindness Education  | Cultural Value  | Environmental Sustainability                     |
|--|---|---|---|---|--|
| Corresponding SDG  | Main Action   | Implementation of Environmental Protection  | Reduction of the Digital Gap  | Cultivation of Honest and Smart Employees   | Improvement of the Value in the Original Culture |
|  <p><b>SDG 1</b><br/><b>No poverty:</b><br/>Eliminate all forms of poverty everywhere.</p>  | <ul style="list-style-type: none"> <li>- The Foundation collaborates with education bureaus and sections of county and city governments to send notifications to junior high and elementary schools, requesting such schools to provide lists of students from low-income families in order to reward vulnerable children with scholarships and encourage learning by distributing certificates.</li> <li>- The Foundation provides financial aid for the children from Taiwan Fund for Children and Families to get glasses and thereby enjoy normal learning and life quality.</li> </ul>   |   |   |    |  |
|  <p><b>SDG 2</b><br/><b>Zero hunger:</b><br/>Ensure food safety, eliminate hunger and promote sustainable agriculture.</p>            | <ul style="list-style-type: none"> <li>- Referring to the regulations and principles for "organic agriculture and friendly farming" of the Agriculture and Food Agency, Council of Agriculture, Executive Yuan, the Foundation implements contract farming to make sure that the land, environment and ecosystem are maintained. We maintain a total of 10 hectares of land under contract farming in a year to actually create effects on the local place for the expansion of friendly farmed areas.</li> <li>- The Foundation encourages purchasing local friendly farmed agricultural products and inputs the Company' s resources to jointly plan the adoption of rice fields, purchase of agricultural products and farming experience activities for the employees, driving them to get close to green production locations and facilitating the cycle of sustainable agricultural economies.</li> <li>- We donate friendly farmed rice in food service locations for vulnerable groups and senior people to make sure that they are able to enjoy safe, nutrition-rich and healthy rice.</li> </ul> |  |   |   |  |
|  <p><b>SDG 3</b><br/><b>Good health and well-being:</b><br/>Ensure and promote healthy life and well-being for all at all ages.</p> | <ul style="list-style-type: none"> <li>- In cooperation with BenQ Healthcare Corporation and New Best Hearing International, we connect the Group' s medical specialists with potential demanders in remote areas and communities, and organize "Online Pharmacists" for remote consultation on drug use as well as the "BenQ Academy – Intelligent Hearing Aid" interactive courses of hearing care and screening, so that people can improve their preventive healthcare competencies.</li> <li>- The Foundation provides financial aid for children from Taiwan Fund for Children and Families to get glasses in order to protect their eyes.</li> </ul>   |   |  |  |  |

| Vision of "Being Dedicated to the Happy Life of Human Beings"   |  | Digital Opportunities                      | Kindness Education  | Cultural Value  | Environmental Sustainability  |
|---|--|--|---|---|---|
| Corresponding SDG   | Main Action  | Implementation of Environmental Protection | Reduction of the Digital Gap  | Cultivation of Honest and Smart Employees   | Improvement of the Value in the Original Culture                                    |
|  <p><b>SDG 4</b><br/>Quality education:<br/>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.</p>                              | <ul style="list-style-type: none"> <li>- Education on information and communication for all: In line with the government' s policy of digital development, the Foundation utilizes the Group' s professional capability of information, communication and branding to provide all requiring people in the Hsinchu-Miaoli region, including new immigrants, indigenous individuals and the elderly, with multi-dimensional education of digital intelligence such as technological life, healthcare applications and design and marketing, in order to eliminate digital gaps between urban and rural areas.</li> <li>- Information and communication accessibility in elementary schools: The Foundation invites educators, scholars and R&amp;D teams to develop lesson plans with the Group' s new carrier products according to the trends in educational settings, aiming to enhance elementary students' ability to use hardware and software.</li> <li>- Positive career empowerment for high school students: The Foundation invites teenage models from different fields to share their process of practices as lecturers and show their persistence and resilience, in order to encourage more high school teenagers to dream.</li> <li>- Promotion of art and culture: The Foundation has built an exchange platform for art to encourage and support domestic and international artists in their creation by calling for submissions. Moreover, we facilitate the employees and citizens' access to and appreciation of art by methods such as the provision of locations for site-specific creation, and establishment of permanent static artwork exhibitions.</li> </ul> |  |    |  |  |
|  <p><b>SDG 5</b><br/>Gender equality:<br/>Realize gender equality and empower women. The Foundation establishes dedicated courses for women to ensure their learning rights.</p> | <ul style="list-style-type: none"> <li>- We encourage female craftspersons to enhance their information and communication capabilities in order to increase their income through Internet marketing.</li> </ul>  |  |  |   |   |

| Vision of "Being Dedicated to the Happy Life of Human Beings"  |  | Digital Opportunities                      | Kindness Education           | Cultural Value                            | Environmental Sustainability                     |
|--|--|--|------------------------------|---|--|
| Corresponding SDG  | Main Action  | Implementation of Environmental Protection | Reduction of the Digital Gap | Cultivation of Honest and Smart Employees | Improvement of the Value in the Original Culture |
|  <p><b>SDG 8</b><br/><b>Decent work and economic growth:</b><br/>Promote inclusive and sustainable economic growth to provide everyone with an ideal job.</p>   | <ul style="list-style-type: none"> <li>- We have a network platform that provides relevant data and footage to introduce farmers of friendly farming and cultural craftsmen as our first recommendation.</li> <li>- The Foundation brings an average of more than NT\$6 million to remote areas every year to facilitate agricultural economies through contract farming, exhibition and sales in bazaars, employees' purchase of agricultural products, volunteer travel and procurement of the Group' s public relations products. In addition, we ensure that around 5.5 dedicated personnel from the contract farming unit are devoted to the friendly agriculture.</li> </ul>                     | ♥  | ♥                            |   |  |
|  <p><b>SDG 11</b><br/><b>Sustainable cities and communities:</b><br/>Make cities and rural areas inclusive, safe, resilient and sustainable.</p>                | <ul style="list-style-type: none"> <li>- Based on the principle of sustainable tourism, the Foundation makes discussions on schedule plans that meet the requirements of local economic benefits, cultural translation and environmental sustainability with the stakeholders such as community groups.</li> <li>- Combining volunteer services and touring experiences, the Foundation not only serves as the bridge between the Company and external communities, but also pays field visits to local communities based on volunteer services in the hope of enhancing the positive connection between both parties and promoting the PDCA cycle for communities to improve the momentum.</li> </ul> | ♥  | ♥                            |   |  |
|  <p><b>SDG 12</b><br/><b>Responsible consumption and production:</b><br/>Promote green economies and ensure sustainable consumption and production modes.</p> | <ul style="list-style-type: none"> <li>- Our employees participate in labor services and assist in beach cleaning as well as harvesting work during volunteer leaves or holidays.</li> <li>- The Foundation supports the purchase of local friendly farmed agricultural products and plans the purchase of agricultural products and farming experience activities for employees, facilitating the cycle of sustainable economies.</li> </ul>  | ♥  | ♥                            |   |  |

| Vision of "Being Dedicated to the Happy Life of Human Beings"   |  | Digital Opportunities                      | Kindness Education           | Cultural Value                            | Environmental Sustainability                     |
|---|--|--|------------------------------|---|--|
| Corresponding SDG   | Main Action  | Implementation of Environmental Protection | Reduction of the Digital Gap | Cultivation of Honest and Smart Employees | Improvement of the Value in the Original Culture |
|  <p><b>SDG 14</b><br/>Life below water:<br/>Protect and utilize marine ecosystems in a sustainable way to ensure biodiversity and prevent the marine environment from worsening.</p> | <ul style="list-style-type: none"> <li>- We collaborate with townships on the coast of Miaoli, including Houlong, Tongxiao and Yuanli, to help local partners clean the beach and upload the record of waste classification on the ICC for statistics, which represents our participation in citizen science-based movements.</li> <li>- The Foundation lists the issues that social groups and partners of the coast care about, and then introduces digital recording to assist in disseminating the urgent issue of marine protection.</li> </ul>   | ♥  | ♥                            |   |  |
|  <p><b>SDG 17</b><br/>Partnerships for the goals:<br/>Establish diverse partnerships and promote the vision of sustainability together.</p>  | <ul style="list-style-type: none"> <li>- The Foundation devises annual ESG general courses to empower our multiple partners to learn sustainability-related common languages for communication.</li> <li>- The Foundation encourages the partners of Hsinchu and Miaoli DOCs to, based on the sustainability goals, recheck, view and make plans for resources and corresponding goals in three aspects of ESG: the development of local economies, cultural preservation, and sustainable natural environments.</li> <li>- We comply with the Company' s goals of net zero and carbon reduction by introducing courses regarding the ISO 14064 certification for companies of the Group and in the supply chain, assisting in cultivating sustainability talents for the Group, and implementing legal compliance and the strategy of net zero/carbon reduction.</li> </ul> | ♥  | ♥                            |   |  |

For more information, please refer to Qisda' s 2022 Corporate Sustainability Report for "Public Welfare Blueprint" on p. 117, "BenQ Foundation" on p. 118, "Clubs for Public Welfare" on p. 133, "Support of the World Earth Day" on p. 133, and "Overseas Locations" on p. 134.

# Leadership

## Corporate Governance

Governance and  
Legal Compliance

Economic Performance





# Governance and Legal Compliance

Qisda was ranked among the top **6%–20%** in the 9th Corporate Governance Evaluation.

The completion rate of the employee code of conduct training in 2022 reached **100%**.

The Company continued to have no violation cases or whistleblowing reports regarding non-compliance with integrity, corruption, and legal actions related to anti-trust.

Corporate governance is fundamental to the operation of a company. Qisda has a management team consisting of experienced professional executives, and a Board with members possessing the knowledge, skills and core competencies required to perform their duties; with such a robust organizational structure, Qisda properly discloses information about the corporate governance and enhances the transparency of management performance. Since 2015, our ESG Committee has been responsible for the supervision and management of the sustainable operation strategy. The Committee annually reports to the Board of Directors on the implementation status in the year, and discusses relevant issues with the directors accordingly.

This year, we further decided to update the management performance indicators for the Chairman and CEO, President and other senior managerial officers starting from 2023. In addition to the financial indicators, a long-term senior management compensation plan connected to the ESG performance (performance indicators in relation to corporate governance, social engagement and environmental sustainability) will be established. The plan grants long-term reward and compensations based on the achievement status of the said ESG performance

indicators every year. The compensation of the President, for example, is expected to constitute 0%–10% of his overall annual remuneration according to his target achievement status.

| Compensation System for the Directors and Managers | Environment (E)  | Society (S)   | Corporate Governance (G)  |
|--|--|---|---|
| Goal   | Implementation of the pathway to carbon net zero   | Enhancement of social engagement and influence in sustainability  | Improvement of the ESG rating results in Taiwan and abroad  |
| Description  | With 2021 as the base year<br>Scope 1 and Scope 2 GHG emissions: <b>106,672</b> tCO <sub>2</sub> e | Internally: Improvement of the employees' participation Engagement survey in 2021: Average score: 4.55 points (out of 6 points) | Being selected in international sustainability rating events or continuous improvement in DJSI Improvement of one of the indicators and effort for bonus points with relevant questions in the domestic Corporate Governance Evaluation |
| 2023   | GHG emission reduction by <b>10%</b>   | Average employee engagement score: <b>4.6</b>   | Being selected by AREA or improvement by 5 points or a place higher in DJSI Improvement of one of the indicators and effort for bonus points with relevant questions in the domestic Corporate Governance Evaluation                    |
| 2024   | GHG emission reduction by <b>20%</b>   | Average employee engagement score: <b>4.65</b>  | Being selected by AREA or improvement by 5 points or a place higher in DJSI Improvement of one of the indicators and effort for bonus points with relevant questions in the domestic Corporate Governance Evaluation                    |
| 2025   | GHG emission reduction by <b>30%</b>   | Average employee engagement score: <b>4.7</b>   | Being selected by DJSI or MSCI or improvement by 5 points or a place higher in DJSI Improvement of one of the indicators and effort for bonus points with relevant questions in the domestic Corporate Governance Evaluation            |
| 2030   | GHG emission reduction by <b>60%</b>   | Average employee engagement score: <b>5.0</b>   | Being selected by DJSI Improvement of one of the indicators and effort for bonus points with relevant questions in the domestic Corporate Governance Evaluation   |

For more information, please refer to Qisda' s 2022 Annual Report, official website, and 2022 Corporate Sustainability Report for "Corporate Governance" on p. 135 and "Risk Management" on p. 148.

# Economic Performance

The Company's consolidated revenue has set new records for **5** consecutive years.

Highlight Column –

## Qisda's Consolidated Income Statement in These Three Years

| Item (NT\$ million) / Year | 2020    | 2021    | 2022    |
|----------------------------|---------|---------|---------|
| Operating revenue          | 191,702 | 225,961 | 239,837 |
| Gross operating profit     | 26,827  | 32,557  | 34,561  |
| Operating profit (loss)    | 6,613   | 7,361   | 5,852   |

\* This is the consolidated income statement with IFRS adopted; this table includes all consolidated entities of our consolidated financial statements.

\*\* Our financial statements and operation presentation files are quarterly disclosed, and business-related information is irregularly provided in a timely manner through announcement or press release. These are all available on the Company's official website and the Market Observation Post System.

Qisda has voluntarily participated in cross-industry and cross-sectoral associations, groups or organizations. By building good collaborative relationships or becoming a member, we drive the communication between and development of industries, and continue to focus on corporate mergers and acquisitions, industrial development, technological innovation, corporate governance, environmental sustainability, and other important issues. Based on the operation guidelines of "optimization of existing businesses," "expansion of medical business," "acceleration of smart solution development," and "deployment of network communication business," Qisda will



### Management focuses in 2022 and management plans in 2023

Qisda formed an alliance with hidden champions around the resource platform of the Group.

keep on developing the alliance with hidden champions around the resource platform of the Group, and make efforts to improve the revenue and actively achieve value transformation in the future. Regarding the risks of operations, the Company has managed to reduce the risks and bolster the risk response capabilities through risk control. Meanwhile, the organizational activities have been promoted and supervised in accordance with domestic and international regulations to ensure the development as a robust organization and further protect the rights of stakeholders.

### Qisda Group's Four Operation Guidelines and Status



#### Optimization of Existing Businesses

#### Status of Achievement This Year

- Our two major product lines, namely display and projector, continued to produce steady results and stay in the leading positions.
- The display segment outperformed the other companies in the overall industry and ranked second in the world. We kept moving towards professional display and medical display of high-end quality and high-ASP.
- Our DLP projector also ranked top 2 in the world, continuing to play a leading role.

#### Next Strategy

- We will keep on strengthening our global leading positions for displays and projectors.
- Our product deployment will be aimed at the high-end quality, high-resolution and high-value applications.



### Rapid Expansion of Medical Business

#### Status of Achievement This Year

- **Medical field:** The revenue in this aspect exceeded NT\$20 billion, the Nanjing BenQ Medical Center was rated as a general hospital of the highest level (i.e. Tier 3, Grade A), and the two medical centers in Suzhou and Nanjing operated well, with constant improvement made in the quality and management of medical care services for smart health operations.
- **Medical equipment and channels:** We obtained the medical device permit license of Malaysia for the BenQ Qflux Dialyzer produced by BenQ Dialysis Technology Corp, which made our deployment in the five countries in Southeast Asia complete. At the same time, we continued to expand our market in China, developing the one-stop services in the manufacturing and sales channels of dialyzers, dialysis solution, and disinfectant.
- **Investment in TCI GENE:** We worked with TCI GENE to explore the future business opportunities of precision medicine in tandem.

#### Next Strategy

- We will focus on product and service development in four major domains: smart health, medical services, medical equipment and consumables, and hemodialysis.
- **Medical field:** The BenQ Medical Centers will keep pursuing the goal of becoming the top China-based private-owned hospitals.
- **Medical equipment:** The channel deployment, especially in Asia and emerging countries, will be the priority in this regard. With an eye to wider deployment in the professional medical management field, we will also be devoted to the development of in-house products and technologies such as ultrasound, hemodialyzer and intraoral scanner.
- We will carry on the expansion of medical industry alliances via win-win merger or strategic partnership collaboration models.



### Acceleration of Solution Development

#### Status of Achievement This Year

- To provide more complete information technology (IT) and operational technology (OT) deployment, we marched towards the goal of becoming a total software and hardware service system integration provider. The consolidated revenue from smart solutions in 2022 was maintained to be more than NT\$30 billion.
- Qisda continued to provide services in the six intelligent vertical markets that meet the requirements of non-contact and cloud transformation under the pandemic. We aggressively explored the business opportunities of cloud market and cloud and local integration, assisted the manufacturing industry in the enhancement of automation, and even created a solution that incorporated all the online and offline channel platforms for smart catering industry, satisfying the customer requirements



### Acceleration of Solution Development

#### Next Strategy

- We will continue to horizontally integrate the internal technologies and channels for our smart business to meet various vertical market demands. Further, we will more keenly integrate the resources of the invested companies such as DFI and Partner Tech to deliver a business synergy, connect with MetaAge in the IT field, and connect with Ace Pillar for its top international agent brands in the OT field, offering customers the best smart solutions.
- We will assist customers in digital transformation, and satisfy the requirements for cloud and information security protection.



### Deployment of 5G Network Communication Business

#### Status of Achievement This Year

- The revenue of our network communication business reached NT\$30 billion in 2022, which made us confident about the growing importance of network communication in the future technology life.
- We provided total broadband services integrated with wired and wireless networks through our subsidiaries Alpha Networks, Hitron Technologies, and IDT.

#### Next Strategy

- With networking as the core, we will offer the products and services needed by the customers, and expand private 5G enterprise networks actively.
- We will develop the business opportunities of LEO satellites and space industry by providing seamless and rapid total broadband services.

## > Risk management

To meet the commitment of creating long-term values for the customers, shareholders, employees and society through the continuous provision of products and services, Qisda established the Risk Management Policies and Procedures in 2020 as the Company' s highest guidelines for risk management. The risks that are likely to have negative influence on our operating goals are regularly addressed every year. In Q4 2022, Qisda' s Risk Management Committee identified the long-term material risks. Active responses were made to such risks through analysis and countermeasures. In the future, we will keep on effectively controlling the risks that exceed the Company' s risk tolerance through relevant identification, assessment, handling, reporting and monitoring. Meanwhile, management tools will be utilized to ensure the optimization of total risk management cost.



For more information, please refer to Qisda' s 2022 Annual Report, official website, and 2022 Corporate Sustainability Report for "Economic Performance" on p. 145 and "Risk Management" on p. 148.

# Sustainability

## Key Data

External Links



| Item   | 2018     | 2019   | 2020   | 2021  | 2022  |
|--|----------|--------|--------|-------|-------|
| <b>Economic Aspect</b>                                     |          |        |        |       |       |
| <b>Economical Value</b>                                    |          |        |        |       |       |
| Consolidated revenue (NT\$100 million)                     | 1,557.80 | 1,698  | 1,917  | 2,260 | 2,398 |
| Total received patents                                     | 1,144    | 1,121  | 1,140  | 1,192 | 1,199 |
| Number of received awards                                  | 3        | 2      | 1      | 1     | 3     |
| <b>Number of Employees</b>                                 |          |        |        |       |       |
| Global manpower  | 9,638    | 9,724  | 10,298 | 7,544 | 6,950 |
| <b>Social Aspect</b>                                       |          |        |        |       |       |
| <b>Safety and Health Management Performance*</b>           |          |        |        |       |       |
| <b>Economic Aspect</b>                                     |          |        |        |       |       |
| Injury rate (IR)   | 0.088    | 0.034  | 0.046  | 0.06  | 0.111 |
| Lost day rate (LDR)  | 3.5      | 1.2    | 0.6    | 1.6   | 1.4   |
| Occupational diseases rate (ODR)                           | 0        | 0      | 0      | 0     | 0     |
| Absence rate (AR)  | 37.2     | 13.79  | 6.9    | 17.6  | 6.27  |
| <b>Average Employee Training Hours (Hours per Person)*</b> |          |        |        |       |       |
| Direct labor (DL, Global)                                  | 114.92   | 113.52 | 102    | 28.4  | 26.6  |
| Indirect labor (IDL, Global)                               | 27.39    | 28.28  | 20.89  | 20.2  | 44.1  |
| <b>Human Rights Management</b>                             |          |        |        |       |       |
| Incidents of discrimination                                | 0        | 0      | 0      | 0     | 0     |
| Human rights complaints                                    | 0        | 0      | 0      | 0     | 0     |

\* The Vietnam Plant (QVH) was included in the scope of statistical data in 2021.

| Item  | 2018 | 2019 | 2020   | 2021 | 2022 |
|---|------|------|--------|------|------|
| <b>Social Aspect</b>  |      |      |        |      |      |
| <b>Employee Code of Conduct Training Percentage (DL + IDL)</b>  |      |      |        |      |      |
| Taiwan (%)  | 100% | 100% | 100%   | 100% | 100% |
| Suzhou, China (%)   | 100% | 100% | 100%   | 100% | 100% |
| <b>Political Contributions</b>  |      |      |        |      |      |
| Sum of political contribution   | 0    | 0    | 0      | 0    | 0    |
| Violations of Social Relevant Regulations   | 0    | 0    | 0      | 0    | 0    |
| <b>Incidents of non-compliance with regulations concerning marketing communications</b>                                   |      |      |        |      |      |
| Customer privacy violation complaints   | 0    | 0    | 0      | 0    | 0    |
| Number of social relevant regulation violations and fines   | 0    | 0    | 0      | 0    | 0    |
| <b>Customer Satisfaction Survey Results (Points)</b>  |      |      |        |      |      |
| Medical imaging   | 94   | 94.2 | 92.1   | 94   | 98   |
| Precision optics  | 94.5 | 92.8 | 95.3   | 93   | 94   |
| Display   | 93   | 96.8 | 96.8   | 97   | 96   |
| Manufacturing services  | 95   | 93.7 | 93.5   | 95   | 93   |
| Digital fashion design center   | -    | -    | 95     | 95   | 95   |
| <b>Supply Chain Inspection</b>  |      |      |        |      |      |
| Inspection and audit of social responsibility, environmental health and safety of key suppliers (number of key suppliers) | 45   | 27   | 21     | 24   | 37   |
| Written inspection and audit completion rate of key suppliers (%)   | 88%  | 73%  | 73.60% | 96%  | 97%  |

| Item  | 2018   | 2019   | 2020   | 2021   | 2022     |
|---|--------|--------|--------|--------|----------|
| <b>Environmental Aspect</b>                         |        |        |        |        |          |
| <b>Total Raw Material Consumption*</b>              |        |        |        |        |          |
| Tin (solder paste, bars, wire) (metric tons)        | 215.9  | 220    | 223    | 237    | 192      |
| Flux (metric tons)                                  | 178    | 182    | 181    | 273    | 127      |
| Hardware (10,000 metric tons)                       | 1.13   | 1.2    | 1.08   | 1.2    | 1.01     |
| <b>Primary Energy Consumption*</b>                  |        |        |        |        |          |
| Natural gas (1,000 cubic meters)                    | 655.2  | 599.3  | 623.7  | 637.2  | 339.2    |
| Gasoline (metric tons)                              | 22.4   | 19.7   | 22     | 13.9   | 99.9**   |
| Diesel fuel (metric tons)                           | 14     | 12.8   | 9.5    | 10.8   | 14.7     |
| <b>Secondary Energy Consumption*</b>                |        |        |        |        |          |
| Purchased electricity (10,000 MWh)                  | 11.49  | 12.17  | 12.19  | 12.79  | 11.78    |
| <b>Total Water Consumption*</b>                     |        |        |        |        |          |
| Taiwan (million liters)                             | 69.52  | 72.85  | 87.13  | 82.99  | 79.94    |
| Suzhou, China (million liters)                      | 360.35 | 423.22 | 542.95 | 411.23 | 337.27   |
| Vietnam Plant (million liters)                      |        | -      | -      | 23.34  | 24.06    |
| Global water consumption (million liters)           | 430    | 496    | 630    | 517    | 441      |
| <b>GHG Emissions</b>                                |        |        |        |        |          |
| Scope 1 (10,000 tCO <sub>2</sub> e)                 | 0.31   | 0.24   | 0.22   | 0.22   | 0.48     |
| Scope 2 (10,000 tCO <sub>2</sub> e)                 | 9.05   | 9.51   | 9.34   | 10.4   | 6.89     |
| Other indirect GHG emissions (tCO <sub>2</sub> e)** | 241    | 145    | 46     | 76     | 1,802.86 |

| Item   | 2018   | 2019   | 2020   | 2021   | 2022   |
|--|--------|--------|--------|--------|--------|
| <b>Environmental Aspect</b>  |        |        |        |        |        |
| <b>Environmental Protection Management Performance</b>   |        |        |        |        |        |
| GHG emissions for each million USD value (tCO <sub>2</sub> e)                                      | 20.5   | 22.61  | 23.06  | 21.91  | 16.50  |
| Electricity consumption for each million USD value (kWh)   | 23,283 | 26,530 | 29,338 | 26,284 | 29,436 |
| Global GHG emissions per personal hourly electricity consumption (kilogram of CO <sub>2</sub> e)   | 2.1    | 2.4    | 2.3    | 2.5    | 1.92   |
| Water consumption for each million USD value (metric tons)   | 93.5   | 113    | 135    | 106    | 105.6  |
| Recyclable waste proportion (%)  | 93     | 93     | 91     | 91     | 91     |
| Global sewage emission (million liters)*   | 344    | 396    | 449    | 414    | 353    |
| <b>Amount of Waste</b>   |        |        |        |        |        |
| Total recyclable waste (metric tons)   | 31,778 | 28,874 | 32,520 | 38,067 | 32,206 |
| Total burned non-recyclable waste (metric tons)  | 2,283  | 2,277  | 2,873  | 3,003  | 2,649  |
| Total hazardous waste (metric tons)  | N/A    | N/A    | 479    | 627    | 877    |
| <b>Violations of Regulations Related to the Environmental Aspect</b>                               |        |        |        |        |        |
| Total number of released chemicals and other substances  | 0      | 0      | 0      | 0      | 0      |
| Number of non-compliance with environmental laws and regulations and total monetary value of fines | 0      | 0      | 0      | 0      | 0      |
| <b>Environmental Investment</b>  |        |        |        |        |        |
| Total amount of investment/expense in environmental protection (US\$10,000)                        | 175    | 123    | 191    | 698    | 314    |

\* The Vietnam Plant (QVH) was included in the scope of statistical data in 2021.

\*\* The scope of "other indirect GHG emissions": 2019/2020: Business travels were counted. 2021: Business travels and employee commutes were counted. 2022: Business travels, employee commutes, energy related upstream activities, and waste disposal at the manufacturing stage were counted.

# External Links

## Information on Qisda' s Sustainability

2022 Sustainability Report: [https://esg.qisda.com/files/2022\\_ESG\\_FULL\\_REPORT\\_CH.pdf](https://esg.qisda.com/files/2022_ESG_FULL_REPORT_CH.pdf)

Sustainability Reports in the Past Years: <https://esg.qisda.com/interactive/download>

Sustainability Section: <https://csr.qisda.com/ch/home.asp>

## Information on the Company

Company' s website <https://www.qisda.com/tw>

Access to Information of Shareholders' Meetings and Annual Reports: <https://www.qisda.com/tw/investor/shareholder>

## Contact Qisda

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## Questionnaire for Stakeholders

Qisda looks forward to your opinions on sustainability. Please fill out the Questionnaire for Stakeholders through the following link /QR code to facilitate our progress. Thank you!

Questionnaire for Stakeholders: <https://esg.qisda.com/interactive/questionnaire>





# 共創共好 永續抵佳

