

2 Corporate Governance

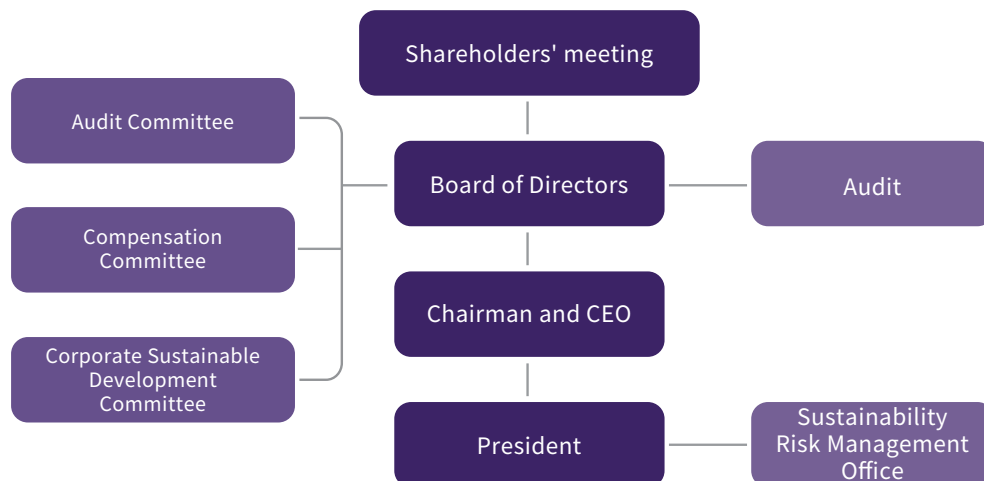
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Organization and Operation of Governance

Qisda is committed to the protection of shareholder rights and advocates for transparency and fairness when disseminating information. Since the shareholders' meeting in 2012, the Company has adopted an electronic voting system and a case-by-case voting method for each meeting's agenda, in order to enhance shareholder attendance at the meeting and make sure the shareholders are able to exercise their rights at the meeting in accordance with the law. At the meeting, we also actively present an overview of our operational and financial performance to the shareholders and receive their inquiries. In addition, any amendment to the Articles of Incorporation must be approved by the shareholders' meeting before it can take effect. The Audit Committee, Compensation Committee, and Corporate Sustainable Development Committee have been established under the Board of Directors to assist the directors in reviewing all proposals and ensure the decision-making quality of the Board. These management teams, consisting of experienced and professional managerial officers, not only supervise the activities of the directors, but also facilitate shareholder rights to the fullest extent.

Organizational Structure of Corporate Governance



Access to annual report: <https://www.qisda.com/tw/investor/shareholder>



► Structure and Operation of the Board of Directors

The Board of Directors serves as the top decision-making unit of Qisda. In accordance with laws and the Articles of Incorporation, all Board members are elected for a term of office for three years by shareholders through voting at the shareholders' meeting as per the "Procedures for Election of Directors". Currently, there are nine members on the Company's Board of Directors (including five independent directors) and the average term of office is 5.78 years⁽⁸⁾. Two members of the Board are 51 to 60 years old, and 6 members are 61 to 70 years old, while the other members are 71 to 80 years old. Member of committees operating under the Board are nominated and selected upon the Board's resolution according to their respective organizational regulations. The independent directors all comply with the professional qualifications, work experience requirement, restrictions, and independence of independent directors with concurrent positions under the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." The Chair is elected by the directors, who all have more than five years of work experience related to business, legal affairs, finance, accounting, or other operations essential to the Company.

The calculation method is based on rounding up each individual director's term of office to the nearest whole number, and then deriving the average term accordingly.

According to paragraph 3 of Article 208 of the Company Act, Peter Chen serves as the Chairman of Qisda's Board of Directors. The positions of Chairman and Chief Executive Officer are held by the same individual, enabling unified representation of the Company externally and effective coordination and management of the executive team. This structure is designed to facilitate the execution of investment and acquisition strategies, lead the transformation of the Company's value, optimize existing business operations, rapidly expand the medical business, accelerate solution development, and actively position the Company in the telecommunications sector to achieve synergistic transformation effects. During the discussion and voting on the proposals at the Board meeting, when a director has a personal interest in the proposal discussed and their involvement may clash with the Company's interests, the director should, according to Paragraph 2, Article 206 of the Company Act, avoid taking part in the discussion and voting of the proposal in compliance with the rules of conflicts of interest avoidance under Article 178 of the Act. When necessary, the Chairman will appoint another director to serve as the chairperson of the meeting. Any conflict of interest at the Board meeting will be disclosed in the corporate governance section of our annual report in compliance with the law.

Qisda's Board meeting is held at least once every quarter to monitor and conduct a thorough supervision of the Company's operations. Guided by a goal to maximize shareholder equity, the Board members abide by their duty of care and loyalty, exercising their authority, evaluating operations, and making significant decisions in a careful and disciplined manner. To increase the directors' participation in business operations, the Company has set standards requiring all directors to take part in 85% of Board meetings in person. In 2024, there were seven Board meetings convened, with an average attendance rate of 98%.

(8) The calculation method is based on rounding up each individual director's term of office to the nearest whole number, and then deriving the average term accordingly.

The introduction of Board members in the Investor Relationship section of the Company's website:
<https://www.qisda.com/tw/investor/governance/director>



Functional Committee

	Description of Duties	2024 Operational Status
Audit Committee	- Established in 2008, the Audit Committee, consisting of all independent directors as required by local laws and regulations, is subject to the “Audit Committee Charter” formulated by the Board of Directors. It mainly takes on a supervisory role, conducting close inspections of the operational implementation status of the Company and the Board of Directors. The committee meets at least once a quarter. - Reports and inquiries regarding the audit status of the latest financial statements, internal audit results, major lawsuits, financial and business overviews, etc., are made to the Audit Committee members by the accountants (every six months), the internal audit unit (quarterly) and the risk management, legal affairs, finance, and accounting units (irregularly). This way, the Audit Committee members can ensure the validity of our corporate governance and maintain information transparency for investors, thereby protecting the shareholders’ equity.	- In 2024, there were six Audit Committee meetings convened, with an average attendance rate of 100%. - The relevant implementation highlights and operational status of the Audit Committee for this reporting year have been disclosed in the “Operational Status of the Audit Committee” section of our 2024 Annual Report. Details regarding the status, topics, and results of its communication have been disclosed in the “Investor Relationship – Committee – Communication Status of Independent Directors and Internal Audit Officer with CPAs” page of our official website.
Compensation Committee	- The Company established the Compensation Committee in 2011 and had the Board of Directors develop the “Compensation Committee Charter” in order to boost corporate governance and enhance the compensation system for our directors and managers. The Compensation Committee members exercise their duty of care and loyalty as per fiduciary laws, and submit the suggestions to the Board of Directors for discussion. It holds meetings at least twice a year; the meeting can be convened at any time when necessary. - The principles of responsibility, reasonable basic compensation, and factors such as industrial risks; the duties of persons in charge, directors, and independent directors; and the operational scale of the Company etc. are taken into consideration to measure the performance of the Company’s top management, deciding how much compensation they should receive. The distribution of compensation is then subject to approval by the Compensation Committee and the Board of Directors, and is reported during the shareholders’ meeting as a proposal independent from the stakeholders’ opinions. Related information about the compensation received by top management such as the Board of Directors and managers has also been appropriately disclosed for all the stakeholders to understand the connection between the compensation to high-level executives and corporate ESG performance.	- In 2024, there were two Compensation Committee meetings convened, with an average attendance rate of 100%. - The Company’s compensation policies and the implementation highlights and operational status of the Compensation Committee this year have been disclosed in the corporate governance section of our 2024 Annual Report and the “Investor Relationship – Committee – Operational Status of the Compensation Committee” page of our official website.
Corporate Sustainable Development Committee	- The Company established the Corporate Sustainable Development Committee in 2023. The Committee is composed of the Chairman and Chief Executive Officer, the representative of the Corporate Director, the President and all independent Directors, and ensures that the Board of Directors develops and abides by the “Sustainable Development Best-Practice Principles.” The Committee is the decision-making and supervisory unit for work related to the sustainable development of the Company, covering three major domains: the environment (E), society, social (S), and corporate governance (G). This enables the Board of Directors to perform its duty to protect the rights and interests of the Company, employees, shareholders, and stakeholders. It holds meetings at least once a year; the meeting can be convened at any time when necessary. - The Corporate Social Development Committee handles information disclosure in accordance with relevant laws, regulations, and the Company’s Corporate Governance Best-Practice Principles. In preparation for corporate sustainable development reports, they adopt internationally recognized standards or guidelines to disclose the promotion and current status of sustainable development, thus ensuring the implementation of corporate governance.	- The Company has convened three Corporate Sustainable Development Committee meetings in 2024 with an average attendance rate of 100%. - Annual work objectives and operations related to the Company’s sustainable development are disclosed in the corporate governance section of our 2024 Annual Report and the “Investor Relationship-Committee-Operational Status of the Corporate Sustainable Development Committee” section of our official website.

The Investor Relationship section of Qisda Corporation’s website:
<https://qisda.com/tw/investor/shareholder>



Election and Diversity of the Board Members

It is specified in our Articles of Incorporation that a candidates nomination system has been adopted for the election of directors, and it is set forth in Article 20 of our “Corporate Governance Best Practice Principles” that diversity will be considered when deciding the composition of Board of Directors. The number of directors concurrently serving as the Company’s managers should not exceed one-third of the overall number of directors, and the Company should, according to the operations, business type and development needs, formulate an appropriate diversity policy basic criteria and values including but not limited to age, gender, nationality, culture, professional expertise and skills (i.e. professional background, professional skills and industry experience).

The Company is in compliance with the law and does not have any independent director concurrently serving as an independent director for more than three other public companies. Furthermore, Article 24 of the Company’s Corporate Governance Best Practice Principles stipulates that independent directors should not concurrently serve as a director (including independent directors) or supervisor of more than five TWSE/TPEX-listed companies.

Currently, there are two directors who are also the employees of the Company (22.22% of the Board) and five independent directors (55.55% of the Board);

The Company’s specific management targets of diversity policy: two female directors, more than half of the Board members as independent directors, and less than one-third of the Board members concurrently serving as managers.

Diversity of the Board Members + Risk Management Background

Title	Concurrently an Employee	Independence of Non-executive Director	Name	Gender	Nationality	Age			Professional Background and Ability							GICS Level 1 Industry Business Experience
						51 to 61	61 to 70	71 to 80	Corporate Management	Academics Research	Industry Knowledge	Information Technology	Entrepreneurship Investments	Finance Accounting	Sustainability Development	
Chairman	●		Peter Chen	Male	Taiwan		●		●		●		●		●	25 Consumer Discretionary
Director		●	Representative of AUO Corporation: Shuang-Lang (Paul) Peng ⁽⁹⁾	Male	Taiwan		●		●		●		●		●	20 Industries
Director		●	Representative of AUO Corporation: James CP Chen	Male	Taiwan	●			●		●					20 Industries
Director	●		Representative of BenQ Foundation: Joe Huang	Male	Taiwan		●		●		●				●	25 Consumer Discretionary
Independent Director		●	Charles Yen	Male	Taiwan		●		●				●	●		40 Finance
Independent Director		●	Chueh-Min Hsu	Male	Taiwan			●		●		●			●	45 Information Technology
Independent Director		●	Liang-Chi Chen	Male	Taiwan		●			●		●			●	45 Information Technology
Independent Director		●	Chiu-Lien Lin	Female	Taiwan		●							●		40 Finance
Independent Director		●	Shu-Chun Huang	Female	Taiwan	●			●		●	●	●		●	45 Information Technology

(9) Mr. Shuang-Lang (Paul) Peng, the representative of corporate director AU Optonics Corporation, resigned on January 3, 2025. As a result, the number of the Company’s Board seats was reduced from nine to eight.

Remark:

- The director did not serve as a senior manager of the Company in 2024.
- The director and his/her family member(s) did not accept more than US\$60 thousand from the Company or any of the subsidiaries thereunder in 2024 unless otherwise permitted by the US SEC 4200 clause.
- None of the director's family members were employed by the Company or any of the subsidiaries thereunder as senior managers in 2024.
- The director is not a consultant of the Company or the management team, and has no conflict of interest with consultants of the Company.
- The director has no conflict of interest with the Company's major customers or suppliers.
- The director has not entered any service contract with other companies or their executives.
- The director has no conflict of interest in non-profit organizations whose main sources of revenue are donations from the Company.
- The director was not employed and did not serve as a partner of the Company's external auditor in 2024.
- The director has no conflict of interest with the independent operations of the Board of Directors.

- The information about the educational background, experience, term, concurrent positions in other companies, Board meeting attendance rate, shareholders with control, etc., of the Company's Board members has all been disclosed in our annual report.

Evaluation of Board Performance

In compliance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies," every director of Qisda engages in continuing education for at least 6 hours per year, thus improving the knowledge our highest governance body possesses in relation to economic, environmental, and social issues. In 2024, the Board members received up to 8.7 hours of continuing education per person on average, with courses covering information security governance, sustainability information disclosure, and sustainability risk management. Details of the continuing education are provided below:

Name & Title	Appointment Date	Training Date	Organizer	Course Title	Training Hour
Chairman/CEO Peter Chen	112/05/29	113/06/13	Independent Director Association Taiwan	Introduction to IFRS Sustainability Disclosure Standards & Global Net-Zero Carbon Emission Trends	3.0
		113/09/30	Taiwan Stock Exchange	Taiwan Capital Market Expansion Summit	3.0
Corporate Director Representative Shuang-Lang (Paul) Peng	112/05/29	113/08/03	Independent Director Association Taiwan	How Foreign Institutional Investors View ESG Governance and Investment Responsibility	3.0
		113/08/03	Independent Director Association Taiwan	Legal Planning and Risk Management for Cross-Border Mergers and Acquisitions	3.0
Corporate Director Representative James CP Chen	112/05/29	113/11/12	Accounting Research and Development Foundation	Three Steps to Proper ESG Reporting Disclosure	3.0
		113/11/13	Taiwan Institute of Directors	Short- and Long-Term Economic Trends Every Business Leader Should Know	3.0
Corporate Director Representative Joe Huang	112/05/29	113/06/13	Independent Director Association Taiwan	Introduction to IFRS Sustainability Disclosure Standards & Global Net-Zero Carbon Emission Trends	3.0
		113/11/13	Taiwan Institute of Directors	Short- and Long-Term Economic Trends Every Business Leader Should Know	3.0

Name & Title	Appointment Date	Training Date	Organizer	Course Title	Training Hour
Independent Director Charles Yen	112/05/29	113/03/13	Greater Chinese Financial Development Association	New Perspectives on Digital Transformation	3.0
		113/06/26	Taiwan Corporate Governance Association	Toward Net Zero: Natural Carbon Sinks and Carbon Trading	3.0
		113/07/03	Taiwan Stock Exchange	2024 Cathay Sustainable Finance and Climate Change Summit	3.0
		113/09/27	Taiwan Corporate Governance Association	Project Management and Practices in Construction	3.0
		113/09/30	Taiwan Stock Exchange	Taiwan Capital Market Expansion Summit	3.0
		113/11/13	Taiwan Institute of Directors	Short- and Long-Term Economic Trends Every Business Leader Should Know	3.0
		113/11/27	Taiwan Corporate Governance Association	Case Studies on Key Factors for Corporate Success and Failure	3.0
Independent Director Chueh-Min Hsu	112/05/29	113/06/12	Taiwan Corporate Governance Association	Challenges and Opportunities of Climate Change	3.0
		113/06/13	Independent Director Association Taiwan	Introduction to IFRS Sustainability Disclosure Standards & Global Net-Zero Carbon Emission Trends	3.0
Independent Director Liang-Chi Chen	112/05/29	113/08/02	Independent Director Association Taiwan	Family Business Succession and Tax Practices	3.0
		113/11/25	Taiwan Corporate Governance Association	High-Tech Cybersecurity Risk Management	3.0
Independent Director Chiu-Lien Lin	112/05/29	113/02/21	Greater Chinese Financial Development Association	Building a Resilient Supply Chain for Enterprises	3.0
		113/08/16	Taiwan Corporate Governance Association	Next-Generation Data Centers: The Development of Silicon Photonics and AI Servers	3.0
Independent Director Shu-Chun Huang	112/05/29	113/06/13	Independent Director Association Taiwan	Introduction to IFRS Sustainability Disclosure Standards & Global Net-Zero Carbon Emission Trends	3.0
		113/07/30	Taiwan Investor Relations Institute	Key Strategies for Improving Corporate ESG Performance	3.0
		113/08/01	Taiwan Investor Relations Institute	Opportunities and Challenges for Taiwanese Businesses in China	3.0
		113/10/01	Independent Director Association Taiwan	2024 Achieving Environmental and Economic Success: Taiwan's ESG Development Path	3.0
		113/10/07	Chinese National Association of Industry and Commerce	2024 Taishin Net Zero Summit Towards a Low Carbon Future	3.0

To ensure corporate governance and enhance the function of the Board of Directors, Qisda passed the “Rules for Performance Evaluation of Board of Directors” in 2018, specifying that a performance evaluation of the overall Board of Directors, individual directors, and functional committees shall be carried out internally at the end of each year and externally at least once every 3 years.

At the end of 2024, we completed the internal performance evaluation of the Board and the functional committees. The completion rate of self-evaluation exceeded 98%, reflecting the overall operational efficiency of our Board of Directors. The evaluation results were reported to the Board in Q1 2025. Additionally, it is stipulated in our Rules for Performance Evaluation of Board of Directors that the performance shall be evaluated by an independent external professional institution or an external group of experts and scholars at least once every 3 years, as well as being evaluated internally at the end of each year. In 2024, the Company commissioned the Taiwan Governance Association, an independent external evaluation institution, to evaluate the performance of our Board of Directors, which has no other business dealings with the Company and therefore qualifies as independent. The evaluation was made based on five dimensions: composition and division of labour, guidance and supervision, authorization and risk management, communication and collaboration, and self-discipline and improvement of the Board; the methods of evaluation included an online self-evaluation, a review of relevant written documents, and an on-site visit completed on September 12, 2024. The persons evaluated included the Chairman, the President, two independent directors, the Corporate Governance Officer, the Audit Officer, and the Sustainability and Risk Management Officer. The Board performance evaluation report was issued on September 26, 2024, and the Company has reported the results of the evaluation on November 5, 2024, to the Board. The evaluation report concluded that the Company values the professionalism, independence and diversity of the Board of Directors, and has established three functional committees under the Board, namely the Audit Committee, the Compensation Committee, and the Corporate Sustainable Development Committee; furthermore, the Company has set up a group audit management platform, which is a mechanism for understanding the audit business of the entire group and learning from each other, and assisting the Audit Committee to fulfil its supervisory responsibilities from a macro perspective from the group’s point of view, including the situation of subsidiaries’ audits; in addition, the Company completes the planning of the meeting schedule of the Board of Directors and the functional committees for the following year before the end of each year, and assists the directors in fulfilling their duties through adequate communication prior to the meetings, which lays an important foundation for the good operation of the corporate governance; the Company also follows the recommendations of the Chinese Corporate Governance Association, etc., to plan for the establishment of the Nomination Committee as early as possible, and to study the proper support and anticipate the improvement of the other recommendations, which will serve as a reference to improve the operational performance of the Board of Directors. The Company also follows the recommendations of the Taiwan Governance Association to prepare for the establishment of the Nomination Committee and to make appropriate arrangements and anticipate other proposed improvements, which will serve as a reference for the Company to enhance the performance of the Board. The Company plans to conduct another external performance evaluation in 2027. The relevant external evaluation results have been disclosed in the “Board of Directors Performance Evaluation” on our official website.

In 2024, Qisda continued to be ranked among the top 6% to 20% in the 11th Corporate Governance Evaluation, having already completed an external performance evaluation of the Board of Directors. In 2025, we will continue keeping track of new indicators of corporate governance with an eye to improving both the corporate governance system and evaluation results.

► Remuneration System for the Directors and Managers

Remuneration Structure and Long-term Incentives for Senior Managerial Officers

The “Compensation Policy and Principles for Senior Managerial Officers” of Qisda clearly outlines the compensation indicators, structure, and standards for senior managerial officers. In accordance with this policy and by referencing the compensation levels of external industry peers, the Compensation Committee and the Board of Directors conduct an annual review of the compensation levels for senior managerial officers.

- 1. Fixed Salary:** Established based on professional qualifications and aligned with market compensation levels, encompassing base salary and various allowances.
- 2. Short-term Incentives:** Performance bonuses and employee compensation are disbursed in cash. These incentives are determined by the Company’s performance measurement indicators, which include both financial and non-financial metrics, as well as individual job level and performance, supported by a comprehensive appraisal framework. Each year, based on the company’s operating conditions, a contribution ratio is determined to provide additional incentives, which are used to subscribe to the company’s shares and deposited into a stock ownership trust account, thereby linking executive performance with the company’s stock price.

3. Long-term Incentives

- (1) A portion of the fixed salary of senior executives will be deducted and the company will offer a corresponding percentage in bonus incentives. Following the purchase of shares in the Company, the shares will be placed in the Employee Stock Ownership Trust (ESOT), which is fully linked to the Company’s share price and is not subject to any hedging arrangement. Shares held in the ESOT are deferred and can be withdrawn upon resignation or retirement.
- (2) The long-term incentive (LTI) plan for the executives, including the CEO, is structured with both a vesting schedule and a clawback provision. The LTI is performance-based and delivered in the form of phantom stock, which is allocated to an Employee Stock Ownership Trust (ESOT). This structure fully links compensation to the company’s future stock performance, thereby aligning executive rewards with long-term corporate performance.

The LTI is granted based on annually defined performance targets, with a vesting period of five years. The vested portion of the phantom shares is distributed annually based on the predefined vesting schedule. Approximately 10% of the executives’ total annual compensation, including the fixed and variable compensation under this plan is tied to long-term incentives based on sustainability performance metrics.

4. Measurement Indicators

- (1) Financial and Non-Financial Indicators

	Financial Indicators	Non-Financial Indicators
Description	Return on Assets (ROA), Return on Equity (ROE), operating revenue, operating profit, accounts receivable, cash conversion cycle, etc.	Market and customer development, new business development, talent development, ESG, risk management, quality management and other operational performance metrics.

(2) ESG Indicators

ESG KPI items	Description	Linked with Material Issues	Proportion of KPI	Remark
The reduction percentage of the GHG emission	Based on absolute emissions for Scope 1 and Scope 2, the company has set the following greenhouse gas (GHG) reduction targets relative to the baseline year of 2021: • A 30% reduction in GHG emissions by 2025 • A 60% reduction in GHG emissions by 2030	Climate strategy, energy management	25%	Climate change performance indicators are directly linked to the compensation of executives, including the Chief Executive Officer (CEO), Chief Sustainability Officer (CSO), and the highest-ranking executives of each business unit.
The percentage of revenue generated by sustainable products	The sustainable products' annual revenue contribution	R&D and innovation of green products	25%	
The result of the Employee Engagement Survey	Conduct the Employee Engagement Survey and keep improving the result	Talent policy	20%	
The performance of the Corporate Governance Evaluation and international assessments	Leverage international sustainability rating scores to ensure the operational management aligns with global trends and meets stakeholder expectations	Operational and financial performance	15%	
Customer satisfaction	The result of the customer satisfaction survey	Customer relationship management	15%	

Remark: The sustainability performance indicators linked to senior management compensation and certain incentive mechanisms are scheduled to be implemented following approval by the Board of Directors in May 2025.

5. Clawback Provision

In the event that a senior executive commits a material breach of the employment contract, violates company policies, or demonstrates significantly poor performance, the company reserves the right to forfeit any unvested portion of the long-term incentive compensation.

Management Ownership Policy

To promote the commitment of senior managerial officers to the Company's operations, strengthen the connection between management and shareholder interests, and encourage managers to hold company stock for the long term, the company has established the "Management Ownership Policy." This policy mandates that the value of stock held by managers must be a specific multiple of their annual base salary. Specifically, the Chairman and the President are required to hold Qisda's stock (including shares held by themselves, their spouses, minor children, and ESOT) valued at more than ten times of their annual fixed salary. This stock ownership target must be achieved within five years of their appointment, and the required stock value must be maintained throughout their tenure as managers.



Code of Conduct

In 2020, the Board of Directors reviewed and approved the updated version of the “Ethical Corporate Management Best-Practice Principles”.
The rate of the employee code of conduct training remained 100% in 2024.

► Policies and Commitments

Ethical management is a business’s most basic social responsibility, as it is beneficial to the operations and long-term development of a company. Unethical behaviors not only bring loss to a company but also lead to a low level of morality among employees and distrust in the relationships with customers and business partners. Lobbying, bribery and other illegal behaviors might subsequently occur, which would impair the corporate governance system and cause the overall operational environment to deteriorate. To turn the mission of “dealing with the customers, suppliers, creditors, shareholders, employees and general public with integrity” into the core corporate culture of Qisda, we have passed the “Corporate Governance Best-Practice Principles,” “CSR Best-Practice Principles,” “Code of Ethics for Board of Directors and Managers,” and “Ethical Corporate Management Best-Practice Principles” upon the Board’s resolution in May 2015. The new “Ethical Corporate Management Best-Practice Principles” were supervised and approved by the Board of Directors in November 2020, with some provisions added as per the requirements of the Taiwan Stock Exchange. Meanwhile, the “Code of Conduct,” “Code of Ethics for Board of Directors and Managers” and “Anti-corruption and Anti-bribery Policies” have been formulated. These all act as reference for every employee to keep in line with. The content of the aforementioned policies covers regulations relating to integrity, anti-corruption and bribery, discrimination and harassment, conflicts of interest, anti-trust, management of conflicts of interest, insider trading and money laundering, intellectual property rights, data protection, environmental protection, health and safety, human rights protection, etc. For regulations regarding donations and sponsorships, it is explicitly stated in the Code of Conduct that the Company will not make any direct or indirect political contributions, that the engagement in political events shall be strictly subject to local regulations and careful assessment, and that the donations and sponsorships shall not be a disguised form of bribery. In 2024, Qisda did not provide any political contributions but still maintained the employees’ entitlement to civil rights.

Management Procedures

The Company has formed a dedicated unit for ethical business management to ensure the thorough management of ethical business and organized the Ethical Management Implementation Task Force in compliance with the “Ethical Corporate Management Best-Practice Principles” approved by the Board of Directors. The members of the task force are the professional personnel in the fields of human resources, risk management and auditing; they are responsible for overseeing the development and implementation of the ethical management policies and related preventive programs. Also, upon the Board’s resolution, Qisda authorized the ESG Committee, in which the Chairman, Peter Chen, serves as the committee chair, to supervise and manage the progress of our corporate sustainable business activities (including ethical business), and take charge of the proposal and implementation of corporate sustainability policies, systems or related management guidelines and concrete promotional plans.

Since 2015, the committee has regularly reported the implementation status of CSR and ethical management of the year to the Board (at least once a year) to discuss relevant issues with the directors. The most recent report will be given to the Board in Q1 2025, and the related information has been disclosed in the corporate governance section of the 2024 Annual Report and the Company’s website.

Connection of Code of Conduct to Performance Bonus

Since 2023, compliance with the Code of Conduct has been added to the performance evaluation system (as shown below). From now on, employees’ compensation and performance evaluation are directly associated with the Code of Conduct.

Communication and Training of the Code of Conduct

Qisda’s Code of Conduct is disclosed on the home page of the Company’s internal website. When important festivals such as Lunar New Year are coming or when necessary, the Company also sends newsletters regarding anti-corruption to the employees through email, for example, to remind them that no external presents can be accepted, increasing their awareness of observing the standard.

Every new employee must agree to observe the Company’s Ethical Corporate Management Best-Practice Principles by signing the employment contract when coming on board, with a completion rate of 100%. Existing employees are given online training on the Code of Conduct (including anti-corruption) on an annual basis; the employee training completion rate was 100% in 2024. Corruption risk assessments have been incorporated into the risk evaluation processes for all of Qisda’s global operations. Under the implementation and promotion of training on the Code of Conduct, no violations of integrity principles were reported in 2024.

Performance evaluation system – Evaluations based on the Code of Conduct

Article	Behavioral standards	Content
1	Integrity and self-discipline	Understand and comply with the company's standards of integrity. The business handled by the company has accurate records and is responsible for the correctness of its own business-related records, information and data.
2	Compliance	Comply with the laws and company regulations of your country or region.
3	Personal Information Protection	Respect the privacy and intellectual property rights of employees and customers. Protect the personal information and intellectual property rights of all shareholders, consumers, distributors, suppliers, business partners and colleagues.
4	International Norms	In the process of business execution, fully follow international trade laws and relevant norms of international industry alliances, and pay attention to the human rights impact caused by business development.
5	Risk Identification	Identify relevant risks in daily work. (ex : safety, progress, quality, etc.)
6	Risk Assessment	Assess the likelihood and severity of known internal and external changes that impact the achievement of goals in daily work.(ex : extent of delay or damage.)
7	Risk Response	For potentially significant risks to take contingency and mitigation actions. (ex : sea to air, training, passing on manufacturers, overtime, substitute materials, multiple suppliers, process improvement, etc.)
8	IT Security	Ensure awareness of the importance of IT security, abide by the company's IT regulations during business execution. Protect the confidentiality, integrity, and availability of the company's information assets through computer and network security knowledge.
9	Information Security	Understand and follow the company's information security policy to protect the confidentiality, integrity, and availability of the company's information assets and to avoid internal or external deliberate or accidental threats.
10	Network Security	Understand and follow the company's network security and network resource access security management to protect the security of data transmission and system communication in daily work.

Percentage of Communication and Training on the Code of Conduct

Region	Employee Category	Number of Participants	Completion rate
Taiwan	Direct Labor	274	100%
	Indirect Labor	1,305	100%
Suzhou, China	Direct Labor	5,860	100%
	Indirect Labor	927	100%
Vietnam	Direct Labor	1,203	100%
	Indirect Labor	139	100%
Total		9,708	100%

Remark: Annual training on the Code of Conduct is conducted on a regular basis. In October 2024, a company-wide training session was held to communicate and reinforce the principles of the Code of Conduct to all employees, with a total of 9,708 participants.

Besides the communication with and training of employees with regard to ethical conduct, we have sent letters disseminating anti-corruption messages to all the members of the Board of Directors (currently 9 members) on a regular basis since 2014, and anti-corruption clauses have been added to the contracts entered into with our business partners. In addition, we send a letter of “Qisda Ethics Promotion” to our suppliers on an annual basis. The letter was sent to about 1,049 suppliers in 2024 to achieve our goal of zero incidents of corruption. In 2024, the Company did not receive any whistleblowing reports from the suppliers

Number of Suppliers Provided with Ethics Promotion and Education

Area	Number of suppliers
Asia	1,032
Europe	8
America	9
Total	1,049

► Whistleblowing and Suggestion Communication Mechanism

The Company has established the “**Whistleblowing and Complaint Handling Regulations**” and the President mailbox; corresponding announcements on our website have been made concurrently. For serious inappropriate behaviors that violate internal policies relating to integrity, conflicts of interest and avoidance, fair trade, bribery and illegal payments, or any illegal or improper treatment, we have a complete set of procedures for whistleblowing reports and the communication of suggestions. When anyone or any matter is found to be non-compliant with the spirit of integrity or the regulations under the Ethical Corporate Management Best-Practice Principles, employees may send messages directly to the President through the President mailbox to get such cases handled by the Company’s senior management. Employees and external stakeholders (e.g. suppliers, customers) can also file (anonymous) reports or complaints via the integrity mailbox (Integrity@Qisda.com) in Mandarin, English or other local languages. The Audit Officer is responsible for accepting the whistleblowing reports in relation to integrity, and the dedicated unit will launch investigations and compile investigation reports. Once the facts are confirmed, cases are handed over to the Personnel Evaluation Committee for further processing. Qisda strictly guarantees the confidentiality of the whistleblowers, ensuring their safety and protecting them from revenge attacks.

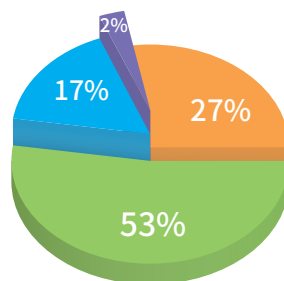
Qisda's Internal and External Communication Channels:

Integrity Mailbox	Integrity@Qisda.com
Investor Mailbox	Investor@Qisda.com
HR Mailbox	2HR@Qisda.com
President Mailbox	Company Internal Portal
Employee Hotline	Corporate Internal Portal 2885 Internal Communication Platform

Through the communication channels established by Qisda, a total of 202 employee feedback responses were collected in 2024 from various communication channels. These responses addressed topics such as facilities and the work environment, engineering inspections, and job content. Each response has been addressed, ensuring that the communication channels remain open.

2024 Employee Feedback Statistics Table

Item	Reflect
Facilities and Work Environment	108
Work Inspection	35
Job Description	5
Others	54
Total	202



► Statistics on Domestic and International Complaints for Qisda

In 2024, Qisda received no complaints related to discrimination or harassment. Additionally, one external complaint involving a Company employee was received. Following an investigation by external legal counsel, the incident was confirmed as a harassment email.

Qisda commits to establishing transparent and effective communication channels to ensure that every employee's voice is heard and valued. We efficiently and fairly handle complaint cases through dedicated units, providing necessary legal assistance or psychological counseling support to employees filing complaints. Furthermore, we actively promote the complaint channels and related resources within the Company to enhance employees' awareness of their rights, while also strengthening training to create a friendly workplace that fosters a respectful, inclusive, and safe working environment.

Item	Total Number of Complaints Received	Number of Cases Filed	Number of Cases Closed
corruption	0	0	0
discrimination	0	0	0
All forms of harassment (including sexual harassment)	0	0	0
Customer Privacy	0	0	0
Conflict of interest	0	0	0
Money laundering or insider trading	0	0	0
Others	1	0	0
Total	1	0	0

Remark: Qisda discloses the complaint cases involving Qisda's domestic and overseas business locations in 2024. Qisda had 0 cases of corruption convictions and 0 fines in 2024.

► Principles of Punishment

Explanation of the Principles of Punishment and the Zero-Tolerance Policy

Explanation of the Principles of Punishment and the Zero-Tolerance Policy According to Qisda's Code of Conduct, we will take on a zero-tolerance policy when dealing with any violations of the code and investigate whistleblowing reports in a timely manner. Depending on the severity of the circumstances, the employee concerned may receive verbal admonitions or warnings in writing. For more severe violations, employees can be dismissed in accordance to local laws and the employment contract. They will also be punished and asked for reparations as dictated by law.

A. Violating the Company's policy

B. Asking others to violate the Company's policy

C. Failing to promptly report the non-compliance found or suspected

D. Failing to cooperate in the investigation conducted for possible non-compliance with a certain policy

E. Taking revenge on the employee who reported the non-compliance

In order to effectively make sure that all the employees adhere to the ethics of the Code of Conduct, Qisda has accepted RBA VAP and SA8000 external audits on a regular basis at our manufacturing sites.

Legal Compliance

Qisda's operating bases are located all over the world and has a wide range of business operations. Therefore, complying with the laws and regulations of Taiwan and other countries is of paramount importance. Accordingly, the Company has established policies and procedures to ensure that the Company remains legal and in compliance with the laws and regulations in each of the regions in which it operates. These policies and procedures cover a wide range of areas, including personal data protection, confidentiality obligations, anti-bribery, anti-discrimination and anti-harassment, environmental protection obligations, health and safety standards, fire safety regulations, intellectual property rights protection measures, anti-insider trading regulations, anti-competitive behavior, and human rights protection. In order to ensure the effectiveness of the internal compliance policy, Qisda has set up a comprehensive control system in which all relevant dedicated units implement business operations in accordance with compliance requirements and regularly review changes in regulations in order to timely adjust or add internal compliance-related communication and training content. It thereby supports each department in performing their business operations in accordance with the laws and regulations, and ensures that the business operations comply with the relevant requirements through internal audits to minimize the risk of non-compliance.

All the employees of Qisda must participate in the communication and training on legal compliance, escalating our business performance through interdepartmental collaboration. Internally, Qisda asks our employees to maintain ethical integrity actively, as well as to improve occupational health and safety by providing a safe, healthy, and pollution-free work environment, thereby guaranteeing the well-being of its employees. In terms of the entire product life cycle, we proactively reduce the use of environment-related substances, not only abiding by environmental regulations but also constantly mitigating our impact on the environment, demonstrating the Company's commitment to environmental protection. Meanwhile, we carry out our internal antitrust law compliance plans through a variety of means, including education and training for new hires, regular e-newsletters, online training courses, and relevant dissemination posters. It is worth mentioning that in 2024, the Company faced no lawsuits on antitrust grounds, which shows that the Company has good performance in antitrust compliance. In addition, the Company has taken response measures for the EU General Data Protection Regulation (GDPR), such as education and training, impact analysis of the laws and regulations that the relevant departments are involved in, and so on. The project teams have implemented and set up applicable legal compliance mechanisms like management procedures or templates of forms and documents to ensure that the Company meets the requirements of the GDPR when handling the personal data of EU citizens. Also, we have tracked and paid attention to the legal development trends of personal data protection laws in different countries to stick to responsibilities regarding personal data protection, allowing us to adjust the corresponding measures promptly. Under the strict compliance system, Qisda did not have any significant violations or fines in 2024⁽¹⁰⁾, reflecting the Company's outstanding performance in compliance.

(10) Definition of a significant violation: Any single incident that results in (1) a fine of more than NT\$2 million or (2) restrictions imposed by the government or a regulatory agency or public institution on the activities or operations of the organization.

Operational Performance

► Financial Performance

In 2024, the global economic environment remains fraught with turmoil due to ongoing conflicts and fluctuations in interest rates. Qisda's consolidated revenue was NT\$201.7 billion, which was 1% less than that of the previous year. The consolidated operating profit totaled NT\$4.52 billion, and the consolidated post-tax profit was NT\$2.814 billion; the net profit attributed to the owners of the parent was NT\$2.164 billion, and the EPS after tax was NT\$1.11.

The operating results of Qisda over the past four years, including those for 2024, are presented in the table below and disclosed in the "Financial Overview" section of the Company's Annual Report. In addition, the entities included in the consolidated and individual financial statements are disclosed in Qisda's 2024 financial statements. Qisda maintains its competitive edge through innovation and technological development. In 2024, approximately 3.3% of its revenue was invested in product innovation and R&D.

2024 Economic Value Distribution of Qisda in Taiwan

Unit: NT\$

Item	Amount	Remarks
A. Direct Economic Value Generated		
Consolidated revenue	NT\$201.7 billion	
B. Economic Value Distribution		
Operating cost	NT\$168.5 billion	
Employee compensation and welfare	NT\$27.6 billion	Employment expenses
Payment of interests or allocation of dividends	NT\$3.51 billion	Net amount of interest expense of NT\$1.15 billion; dividends of NT\$2.36 billion allocated to the shareholders
Tax	1.9 billion	Income tax
Investment in communities	N/A	
Economic Value Retained=A-b		
Total economic value retained	190 million	

Qisda's Operational Performances in the Past Four Years ⁽¹¹⁾

Unit: NT\$ million

Item \ Year	2021	2022	2023	2024
Operating revenue	225,961	239,837	203,595	201,666
Gross operating profit	32,557	34,561	33,076	33,181
Operating profit (loss)	7,361	5,852	5,011	4,520

► Tax Governance

The Company implements tax governance in accordance with its Board-approved **tax policy**. At each of its operating locations, the Company complies with the letter and spirit of local tax laws and adheres to the arm's length principle in conducting its intercompany transactions. The Company does not engage in radical tax planning or participate in tax avoidance schemes that lack legitimate business purposes. Additionally, we refrain from utilizing tax havens or secrecy jurisdictions for tax avoidance activities. We improve the transparency of information by disclosing tax information to stakeholders in our financial reports and local tax returns. The tax department is responsible for the tax governance of the Company and the financial department of each major subsidiary is responsible for the tax governance of their respective companies. All the significant transactions and decisions of the Company are planned pursuant to local tax laws and agreements, and whether regular transactions meet local tax laws is verified regularly at each operating base. If the competent taxation authority has questions about any transactions of the Company or significant subsidiary, the tax department of the Company forms a project team to communicate with local taxation authorities about tax related issues. In addition, the Company submits a country-by-country report of the previous year pursuant to laws and regulations at the end of the year and conducts a secondary filing in the Netherlands to be used by taxation authorities outside of Taiwan.

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

Disclosure of Tax Information in Recent Two Years

Unit: NT\$ thousand

Item \ Year	2023	2024	Average tax rate in global electronics industry
Earnings before tax	6,319,740	4,648,397	
Reported taxes	1,803,661	1,834,199	
Effective tax rate (%)	28.54%	39.46%	15.39
Cash taxes paid	5,404,706	1,926,520	
Cash tax rate (%)	85.52%	41.44%	15.09

Remark:

- The average tax rate in global electronics industry is derived from the (CSA Handbook 2024) data published by S&P Global.
- The Group's effective tax rate in both 2023 and 2024 was higher than the global average for the electronics industry. In 2024, both the effective tax rate and cash tax rate exceeded the industry average, primarily due to the Group's business deployment and the respective tax policies in different regions. The Group will continue to adjust its overall tax planning in accordance with local regulations to ensure compliance and support stable business development.



Risk Management

Since 2005, Qisda has formulated risk management policies and established the Risk Management Committee (RMC) in accordance with the ISO 31000 Risk Management–Principles and Guidelines. With importance placed on the systematic operation of risk management, the vision and policies for risk management are established, management goals are set and performance indicators are routinely followed up on. Furthermore, risks that are likely to have negative influence on our operating goals are regularly identified, assessed, handled, reported, and monitored every year. By implementing these measures, we effectively control the risks that exceed the Company's risk tolerance. Meanwhile, management tools are utilized to ensure the optimization of total risk management cost and the risk management mechanism is incorporated into the routine operations.

Vision for Risk Management: The Company is committed to the continuous provision of products and services to create long-term values for the customers, shareholders, employees, and society; In terms of risk management, a systematic organization and risk management procedures are required to effectively identify, assess, handle, report and monitor the significant risks that can impact our business survivability in a timely manner, and raise the employees' awareness of risks; Instead of having "zero" risks, our goal is to optimize risk management costs by achieving the greatest profit under the acceptable risks.

► Corporate Risk Management

Qisda has established risk management policies and procedures that have been approved by the Board of Directors as the highest guiding principle of the Company's risk management. The Board of Directors, serving as the top decision-making unit for the Company's risk management, plays a role in ensuring our operational strategies are consistent with the risk management policies, overseeing the operation of the risk management mechanism and verifying its effectiveness. We have five independent directors specializing in financial and governance risk management, IT risk management and information security risk management. The Audit Committee assists the Board of Directors in risk governance; it reviews the policies, procedures, and implementation of risk management to keep track of the effectiveness of risk management, checks the risk appetite, and ensures that the risk management mechanism and resource allocation can constitute an effective response to the risks we face. The Audit Committee also reports to the Board on the implementation of risk management on a regular basis.

Risk Governance Structure



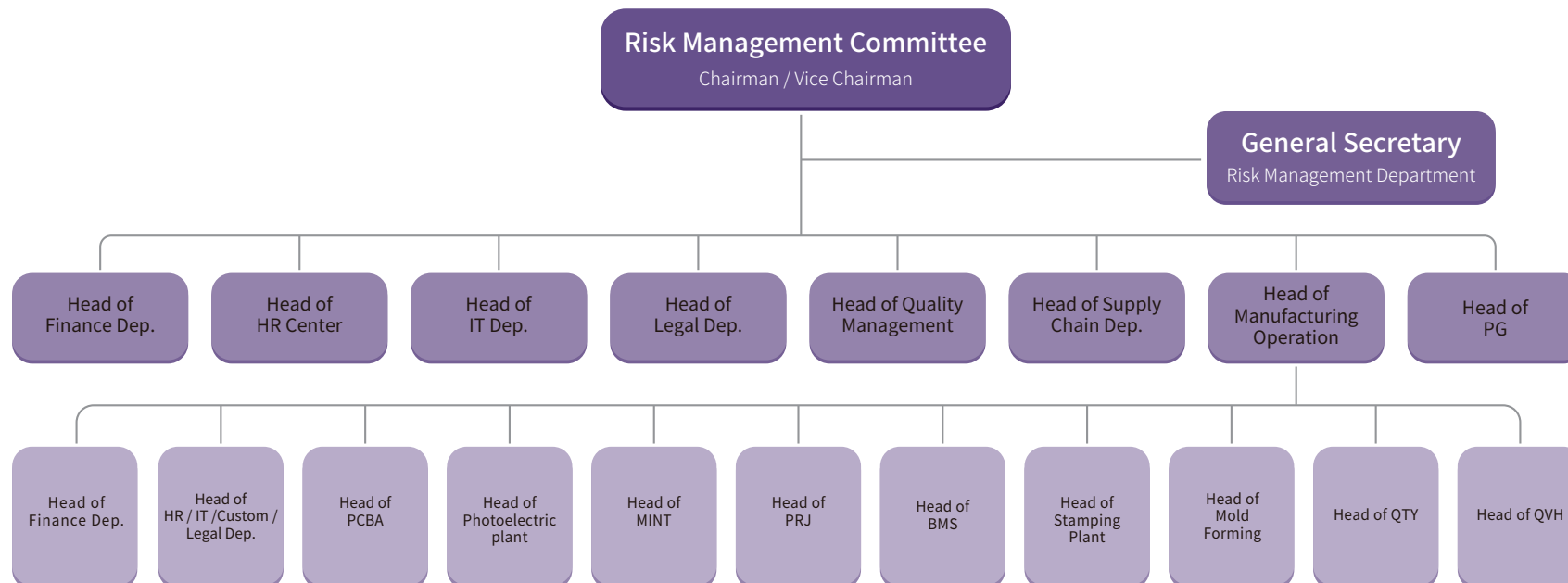
Risk Management Structure and Procedures

In June 2005, Qisda established the inter-departmental Risk Management Committee (RMC) to pursue the Company's goal of sustainable development and operation through consistent risk management based on four categories: strategy, finance, operation, and damage. With the President serving as the committee chair, the Sustainability & Risk Officer serving as the vice chairman, and the top-level executives of different units acting as the committee members, it discusses and determines the risk management strategies, decides on the risk appetite, and sets annual targets and risk performance indicators of Qisda, incorporating the risk management mechanism into the routine operations.

Qisda has established three levels of defense for risk management. First, each operating unit implements risk control in daily work. For example, the procurement, sales, and factory units work together to regularly monitor inventory levels and hold review meetings to reduce excess inventory or avoid the impact of material shortage on production and shipment. In addition, according to the emergency notification management regulations, when the severity of an accident reaches a predetermined standard, a notification and contact procedure shall be implemented to reduce the occurrence of the accident or prevent it from worsening. As the second level of defense, the Risk Management Committee analyzes the annual Top 3 risk items according to the procedure, identifies the factors of each risk item, sets Key Risk Indicators (KRIs) and their contents, and regularly collects and monitors changes in KRI values to achieve the risk warning function. The last level of defense is annual internal audits. The Audit Office draws up an annual audit plan with reference to the annual RMC Top 3 risk items and the material risks identified every year. It performs relevant audits on a regular basis and conducts an overall internal control assessment every year to ensure that the control guidelines are implemented within monitoring coverage of the daily operation. The Audit Committee conducts risk governance, reviews the effectiveness of risk management, and regularly reports the implementation of risk management to the Board of Directors. In addition, annual external audits are conducted to reduce operational risks, such as the quality management unit ISO9001/ISO13485/QC08000 and ISO31000.



Organization of the Risk Management Committee

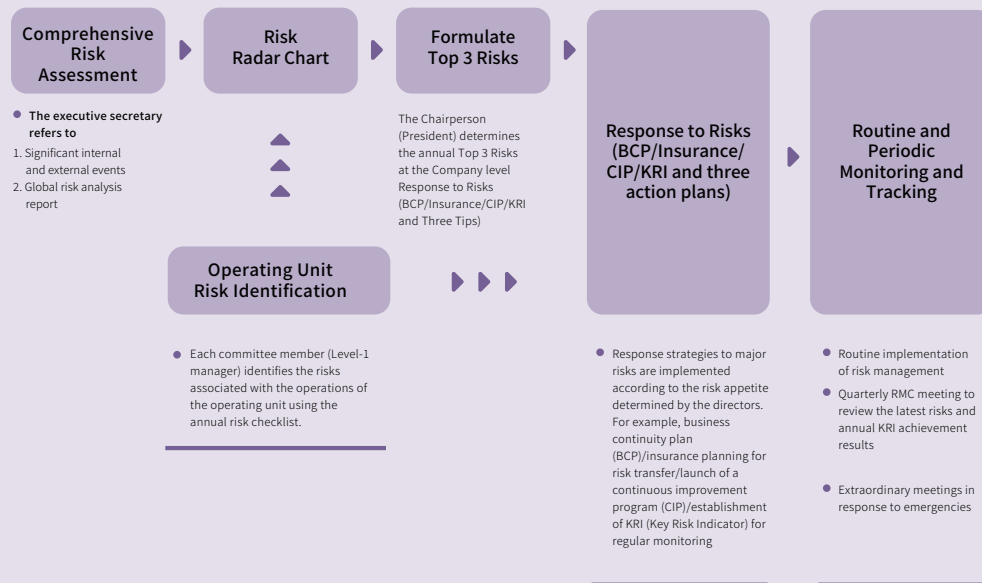


In addition, The Sustainability & Risk Officer is appointed to be the executive secretary of risk management to identify potential risks based on internal and external matters, prepare risk radar charts, arrange risk management meetings, conduct quarterly follow-ups to the risk targets, stay on top of the implementation of improvement plans, and facilitate interdepartmental communication. The operations of the Risk Management Committee are supervised by the Audit Committee/Board of Directors; a report on the implementation of risk management is submitted to the Audit Committee/Board of Directors every year.

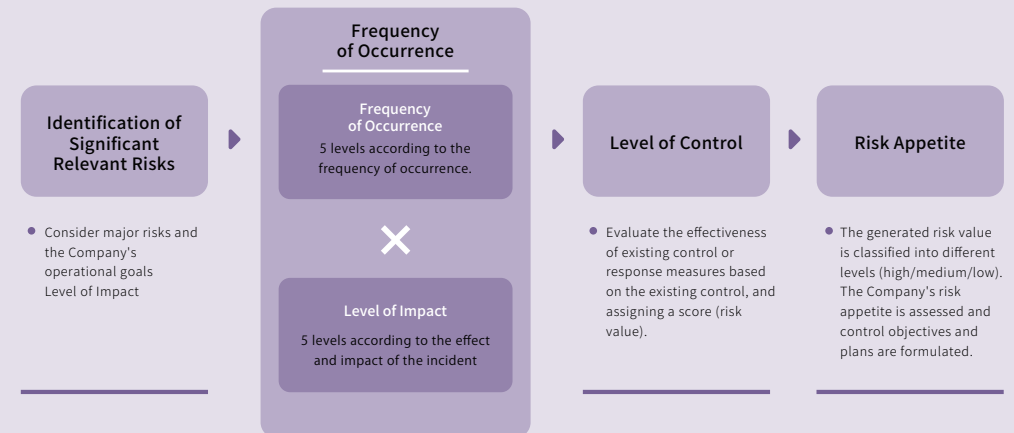
The Risk Management Committee meets quarterly; extraordinary meetings may be held if any matters of concern arise. The Committee conducts a comprehensive assessment and analysis every year. It refers to the global risk reports of domestic and foreign professional institutions, such as the World Economic Forum and KPMG CEO Outlook, to focus on key global risks. Simultaneously, the Committee considers ten major sustainability issues to determine the annual Top 3 risk items at the Company level. Each committee member performs risk identification (frequency of impact, scope of impact) and formulates risk countermeasures (degree of control) for relevant issues within the unit using the annual risk checklist to identify material risks. This process covers multiple factors including regulatory compliance, sustainability issues, business dependency, geographical

location, and geopolitical considerations. It takes comprehensive consideration of risk items that have a greater impact on the Company's operations and conducts risk responses, such as the business continuity plan (BCP)/insurance planning for risk transfer/the launch of a continuous improvement program (CIP). The Committee establishes quantifiable Key Risk Indicators (KRIs), considers significant internal and external events occurring in the past, assesses their impacts on the Company based on risk topics of different natures, and determines the risk appetite. The results are reviewed at the RMC meeting upon approval of the Board of Directors. Also, the Committee reviews significant issues, legal changes, abnormal incidents, etc., occurring both locally and abroad in the meetings to propose effective countermeasures and thus ensure that the organizational goals can be achieved. A total of 4 Risk Management Committee meetings were convened in 2024, during which the annual KRIs were discussed and monitored. For instance, the expansion of the factory in Vietnam faces challenges related to talent and labor shortages. A significant increase in order demand could lead to a manpower shortfall, severely impacting production capacity and resulting in revenue losses from shipments. For this reason, the risk appetite will be set so that the number of labor shortages does not exceed 10%. At the same time, three action plans are formulated as countermeasures and strategies.

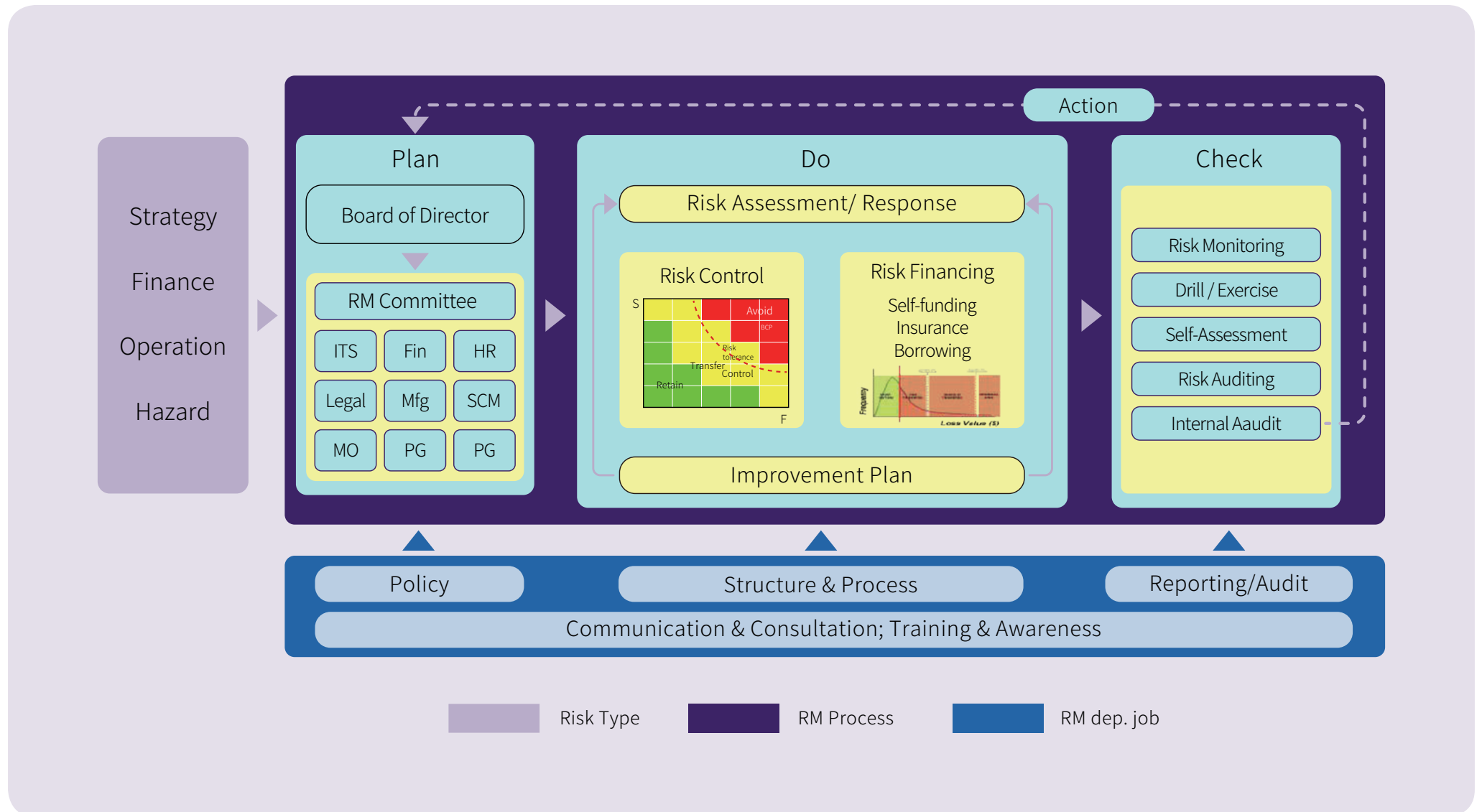
Risk Control Process



Risk Appetite Determination Process



Risk Management Structure and Procedures



Sensitivity Analysis and Stress Testing

Risk Category		Focus	Sensitivity Analysis	Stress Testing	Countermeasures
Non-financial Aspect	The sudden increase in orders has led to a labor shortage at the factory in Vietnam	Labor Shortage Ratio	To meet customer demands and enhance the production capacity of the Vietnam factory, it is essential to satisfy labor requirements; otherwise, the company's shipping capabilities may be compromised, leading to a decline in revenue. Consequently, the factory unit has established Key Result Indicators (KRI) at the RMC to monitor the labor shortage ratio.	If the shortfall in the number of workers exceeds 10% of the budgeted ratio, it will adversely affect production and delivery.	The Risk Management Committee (RMC) establishes annual Key Risk Indicators (KRIs) and develops scenarios and contingency plans for response. 1. Arrange for office personnel to access online support, implement automation to continuously improve production line efficiency, and increase rewards for internal employee referrals. 2. Enhance communication with regional employment centers, expand direct recruitment efforts, increase the leasing of guesthouses, and broaden recruitment initiatives from other provinces. 3. Develop and recruit resources, define the scope, and request external support from suppliers and group companies.
Financial Aspect	Bad debt/credit risks	Quick collection of accounts receivables to reduce the risk of bad debt	Inability to obtain sufficient credit insurance limit from customers, which affects shipments, or unable to receive payment on time, which has a negative impact on sales.	If the bad debt ratio is higher than 0.06%, the Company's irrecoverable accounts receivables will increase, which will directly reduce the Company's net profit and affect the financial health, credit rating, borrowing cost, and financing ability. In addition, the bad debt ratio higher than what is expected may cause investors to worry about the Company's future profitability.	1. Arrange credit insurance to diversify risks. 2. To monitor and reduce risks, annual KRIs and three tips are determined at the RMC meeting, and follow-ups and reviews are conducted at the quarterly RMC meeting: 2.1 New customers cannot obtain the insurance limit and need to provide other guarantees or advance receipts before shipment. 2.2 The insurance limit is insufficient due to an increase in the transaction volume of the existing customer. It is necessary to obtain the insurance limit, and the shipments are carefully assessed based on the type of customer and the payment status. 2.3 The existing customer does not have sufficient insurance limit because the insurance company adjusts down the limit, and it is required to control the shipment within the insurance limit, or the customer shall be requested to pay the receivables that have insufficient insurance coverage earlier.

Qisda establishes tiered risk management mechanisms based on the severity of both non-financial and financial impacts, incorporating relevant sensitivity analyses. Non-financial impacts cover employee health and safety, environmental safety and health regulations, and the Company's reputation; Non-financial impacts cover the risks of significant accidents and disasters, labor disputes, information security, and equipment abnormalities. Once risks of different levels occur, in addition to the established contingency plans, emergencies are reported through the RMC organizational structure. The senior executives make top-down decisions and relevant execution units carry out damage and disaster reduction actions to minimize negative impacts. For example, in 2024, in response to the emergencies such as the Red Sea crisis, power shortages in Vietnam, and the Hualien earthquake in Taiwan, the sales and procurement units investigated the impact these events had on upstream and downstream supply chains and responded immediately to ensure that the shipment, incoming material, and production were safe. In the face of the ever-changing environment and world situation, global emergent and unexpected challenges are frequent. After sensitivity assessment, we adjust risk management measures and improve response capabilities for possible material risks to the organization to ensure the sustainable operation of the Company.

Risk Identification Results

In 2024, Qisda's Risk Management Committee identified 37 key risks with the risk radar chart and the risk checklist, and set key risk indicators that could be quantified. Categories include:

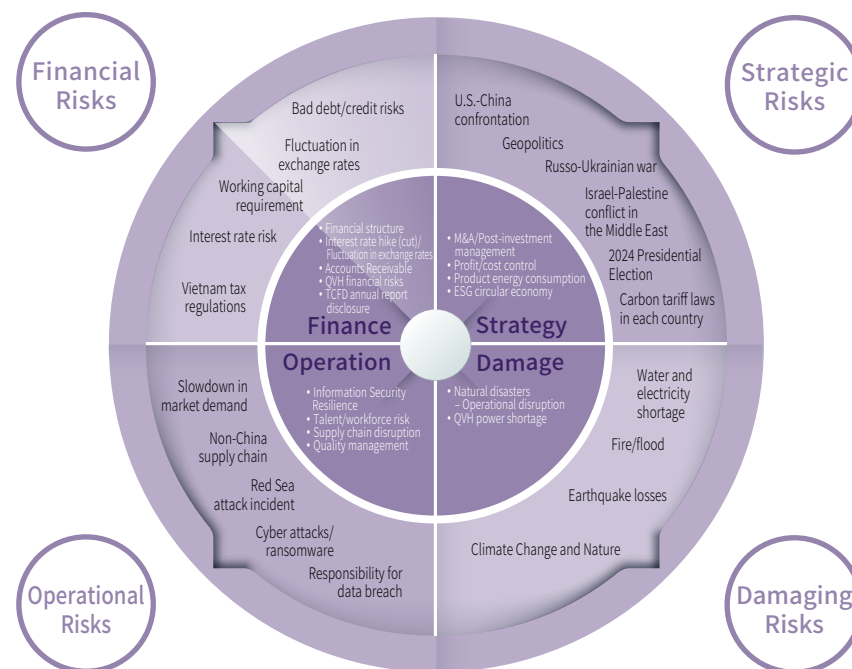
- 1. Finance:** The risk of increase in the financial debt ratio (syndicated loans) must be < 110%.
- 2. Management:** Compliance with climate change regulations in various countries and the requirements of new green product regulations, control of costs, and prevention of significant impacts to the shipment of products.

In addition to the major global risk of climate change, there are also risks such as geopolitics, the Red Sea crisis, inflation, and regulatory changes. These indirectly cause supply chain disruption, demand decline, and inventory increase, bringing significant impacts on corporate operations. Each unit has set control objectives and contingency guidelines in an effort to minimize the impact on the Company's operations.

Due to the slowdown in global demand for electronic products and the impact of international inflation, the KRI Accuracy Rate in 2024 decreased to ⁽¹²⁾ 78%. KRI items that do not meet the standards continue to be controlled by the Risk Management Committee in 2025 to strengthen contingency plans and reduce the impact on the Company's operations.

(12) The formula for calculating the KRI accuracy rate is the number of KRI items that meet the target in the current year divided by the total number of items in the current year x 100%. In 2024, there were a total of 37 KRIs, of which 29 reached the goals. As such, the accuracy rate was calculated to be 78%.

Qisda's 2024 Risk Radar Chart for Risk Identification



2024 Qisda Top 3 Risk

1	Strategic risks For example	• M&A/Post-investment management • Profit/cost control
2	Operational risks For example	• Cybersecurity resilience (protection and recovery) • Talent/Labor force • Supply chain disruption (due to natural disasters)
3	Financial risks For example	• Vietnam tariff/Minimum tax burden system • Interest rate hike(cut)/Fluctuation in exchange rates

► Business Continuity Management System (BCMS)

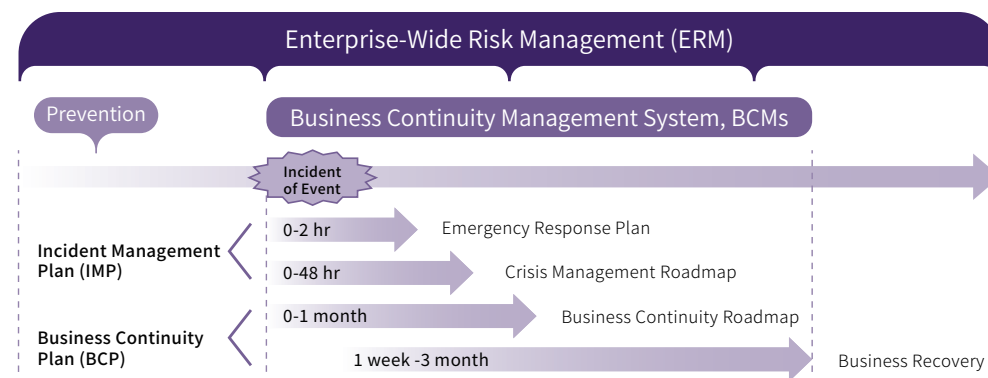
In accordance with the framework of ISO 31000 risk management principles and guidelines, Qisda assesses the potential impact of various risks on corporate operations to implement corporate governance, achieve sustainability goals, and protect stakeholder rights. The Company's risk management framework and business continuity management system are based on three major approaches, namely: identification and prevention before an accident, loss control and mitigation during the accident, and recovery and transfer after the accident. The Risk Management Committee defines the significant risks, simulates risk scenarios, and assesses the impacts of these risks on the organization's operations. Business continuity plans (BCP) are developed based on the risk scenarios, and updates of risk scenarios and drills are continually carried out to ensure that the organization can keep working through disruptions that may impact the Company's operations. This ensures the impact of risks can be mitigated when risks occur and operations can return to normal as soon as possible.

In addition, the Company's Business Continuity Management System (BCM) takes reference from the ISO 22301 guidelines to formulate BCPs in response to material risk scenarios. We identify and control risks before an accident occurs, limit losses when an accident occurs, and quickly resume the provision of products and services after an incident occurs. The scope covers information, procurement, factory, and human resources. Regular external audits are conducted to obtain ISO certifications such as ISO 27000, ISO 28000, ISO 45001, ISO 14001, and SA 8000. Furthermore, we have set up a joint defense mechanism centered around Qisda and covering more than 170 companies thereunder, integrating the loss prevention resources of the Group and enhancing their emergency response capabilities through discussions on projects at regular meetings, information integration, and sharing of practical experience, in order to reach the target of risk control. In 2024, the Qisda Group convened 4 regular meetings in total, making emergency responses, business continuity plans, CSR/ESG, and education on risk management culture accessible to employees of companies under the Group through a platform. Via educational training and practical drills, the Group has developed rapid crisis response and handling capabilities. The mechanism of sharing resources, information, and experience has enabled the Group and the companies to have robust prevention and management measures in place before the risk events happen as well, reducing the occurrence of accidents from the very beginning.

Implementation Results of Business Continuity Management Plan —

Since 2004, Qisda has successively updated and developed business continuity plans (BCPs) for different scenarios based on international trends, legal requirements, internal changes in and adjustments to the Company's product lines, and topics that the customers are concerned over, with a view to cope with urgent and material risk events. To boost the employees' familiarity with how to carry out the plans, BCP drills are performed on a periodic basis. The scenario planning and repeated practice of countermeasures under a variety of simulated scenarios help enhance

Structure of Qisda corporate risk management and BCMS



the employees' risk awareness and response capabilities. This way, the Company can rapidly implement the plans when any risk event occurs, achieving the target of bringing the operations back to normal as quickly as possible. All the BCPs are described in "Crisis Management Manual" and act as guidelines for the Company when incidents of significant impact occur.

To enhance the Group's ability to respond to emergencies and allocate resources promptly, thereby preventing the escalation of losses, an emergency incident notification drill will be conducted in 2024. This exercise will involve over 20 participating companies and will simulate various emergency scenarios. Each notification point will follow the emergency notification guidelines to ensure the successful completion of the exercise.

In 2024, considering the impact of climate change, Qisda implemented a composite disaster scenario for the first time to enhance its Business Continuity Plan (BCP) drills. This initiative aims to strengthen emergency response capabilities, operational resilience, and crisis management effectiveness while optimizing collaboration and resource allocation to ensure stable operations during extreme climate events. The drill simulated a scenario in which continuous heavy rainfall caused severe flooding in the Suzhou plant area. During water pumping operations, an electrical fire broke out due to a short circuit, creating a dual-disaster situation. Through coordinated efforts in disaster response and resource deployment within the plant, the exercise improved overall disaster management capabilities, minimizing operational disruptions.

The Business Continuity Plan (BCP) was implemented in 2023 in response to the ongoing expansion of production operations at the Vietnam plant. This process involved identifying organizational risks, establishing the BCP team, providing relevant training to team members, allocating appropriate resources, and conducting fire scenario simulation exercises. In 2024, we will intensify these exercises to improve the team's ability to manage emergencies and increase the effectiveness of their collaboration.

► Risk Culture

To secure Qisda's corporate culture of risk management, the Company has incorporated various risk management indicators into the daily management performance, and included Qisda Top 3 risks in KPIs for measurement. For example:

1. Revenue and profit are one of the important strategies for risk control. Therefore, each department sets revenue and profit as a KPI target accounting for 60% of the overall performance to ensure that the Company's overall operating performance meets the target.
2. To control the Company's information security, the IT department has set operational disaster recovery as a KPI to avoid operational risks. The frequency of the business continuity plan drills is determined by the classification level of the systems, ensuring that the operating system can be restored within 6 hours after a system attack.

As for general employees, the ability to identify and respond to risks is also included in the behavioral standards section of their performance evaluation. All employees are subject to the performance evaluation once every six months, and the performance bonus is paid with reference to the achievement of their KPIs.

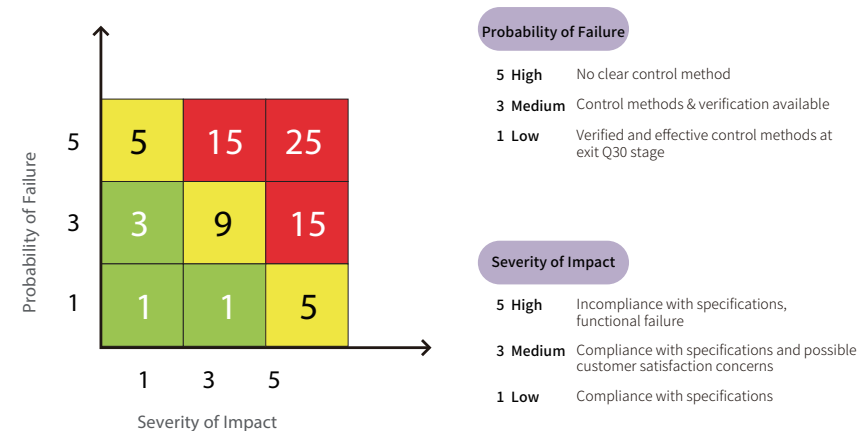
Further, we provide risk-related education and training on a regular basis. In 2024, online and on-site education and training on the culture of risk management were delivered to all employees. The vision and procedures of the Company's risk management were disseminated, and the content focused on the three main phases – "prevention and detection before the matter," "impact reduction during the matter," and "claim and recovery after the matter" – to improve the employees' understanding of risk management. There were 9,708 employees in the Company, and their online training hours totaled 9,708 hours; 100% of employees attended this training.

Whenever the employees find any identifiable, existing, or potential risks during the life in the Company, they may make immediate or early reports through the President mailbox, 2885 platform, secretary of their unit, employee representatives, HR contact person, gate guard, risk management unit, etc., to avoid and prevent any accidents and disasters. If they have any problems with their work, they can also check the contact information of all responsible units announced by the Company, report and handle the problems right away via multiple channels such as phone calls/MVPN, email and communication software (Skype/Teams/Line/WeChat/Messenger), and follow up the matter until the case is closed. With such procedures, the problems can be solved and the risks can be minimized. Meanwhile, labor-management meetings in which the Company engages in face-to-face conversation with the employee representatives are held periodically to understand and respond to the needs of the employees.

Qisda's products undergo a risk management assessment during the design process and this is recorded in the design documentation. Engineers are also required to measure the risk impact associated with each request for design change, if any. Going forward, we will continue

to improve our employees' risk awareness and the company's risk culture through a variety of innovative methods. In addition, with regard to the GDPR, we regularly invite consultants to give quarterly courses on the latest developments in international data protection laws and regulations. We also invite each unit to present for discussion the incidents that have occurred in the workplace, in order to reinforce and clarify the concepts for employees, thereby reducing the risk of non-compliance. Qisda must follow the seven major stages of the internal "New Product Development Procedure" during the product development process (concept, planning, design, prototype, engineering trial, trial production and mass production) to control the design change factors in the product development process and ensure product quality. Risk is built into the development process and the NUDD (New, Unique, Difference, Difficult) checklist is used to identify high, medium and low risks in product design to effectively control and reduce risks. For some specific products, risk management assessment reports and risk management files are prepared during the design phase. The risk management reports and records cover the content of the risk management plan, intended use, hazard identification, risk analysis, risk control, residual risk assessment and post-production information. (Note: Qisda Internal Regulation QTY0-0B-007 "New Product Development Procedure"; Qisda Internal Regulation QTY0-0B-008 "Q System Technical Data Management Procedure", Document Nos. Q10-108 Risk Management File & Q20-208 Risk Management File & Q20-208 Management Report).

Risk Criteria in Product Development – NUDD Risk Identification



Remark: The risk score is calculated by multiplying the Probability of Failure by the Severity of Impact to determine the level of risk: scores of 1 or 3 indicate low risk; 5 or 9 indicate medium risk; and 15 or 25 indicate high risk.

► Long-term Emerging Risks

Qisda's Risk Management Committee has identified the long-term material risk issues in Q4 2024, among which emerging risks regarding information security and extreme weather events were analyzed and countermeasures were taken as followed:

Risk Category	Risk Item	Description of Risk	Impact on the Operations	Countermeasures
Strategic risk	Challenges of Resource Competition and Globalization	Resource competition will have a profound impact on the process of globalization. As competition intensifies, global trade, supply chains and international cooperation will face increasing challenges. The competition for resources not only changes the geopolitical structure, but also influences the patterns of control and distribution of resources.	1. Price volatility and cost challenges: Resource competition often leads to significant volatility in commodity and energy prices. This not only increases production costs but also makes it more difficult for companies to predict cost changes, ultimately impacting profitability. 2. Risk of dependence on specific resources: If the Company relies on resources from specific countries or regions, any disruption in the supply of these critical resources may lead to supply chain disruptions or significant price increases, resulting in an inability to manufacture and deliver products, which in turn affects revenues. 3. Geopolitical and trade risks: In the context of a globalized trading environment, resource competition can trigger political instability between nations, leading to heightened geopolitical risks. Measures such as trade barriers, increased tariffs and international sanctions can exacerbate the challenges companies face in sourcing critical resources. In addition, fluctuations in trade policy can affect multinational operations, resulting in market entry difficulties and increased operational costs and risks. 4. Changing competitive landscape: In the resource competition, control over resources has emerged as a key factor in a company's competitiveness. Industry competitors can use resource advantages to rapidly increase market share and dominate industry development. Consequently, if the Company does not respond effectively to resource competition, it risks losing market competitiveness due to resource scarcity or rising costs, potentially leading to marginalization.	1. Resource competition has led to significant fluctuations in the price of resources on the world market. In the face of this price instability, the company must adapt quickly to market changes and adjust its production and marketing strategies. To mitigate risks, it is essential to diversify supply sources and build a more stable supply chain. 2. In the future, it will be essential to step up efforts to develop alternative resources and technological innovation. This includes increased investment in research and development in areas such as new energy and recycling technologies, as well as the use of innovative technologies to reduce dependence on certain critical resources.
Social risk	The rapid development of AI technology, coupled with the absence of clear legal regulations for its control, poses a risk of misuse and loss of control.	The rapid development of AI technology is accompanied by a lack of clear global regulations and standards. This can lead to misleading decisions, legal risks, ethical controversies, data security issues, and technological malfunctions due to incorrect AI judgments or improper data handling. As a result, this can damage a company's reputation and affect its long-term development.	1. Misleading decisions: If AI systems are not properly regulated or are poorly designed, they may make decisions based on incorrect data or biases. An internal AI system within a company that is compromised could lead to data breaches or the manipulation of prompts, indirectly leading to incorrect decisions. For example, if AI is used to assess candidates during recruitment and is based on incomplete or biased data, it could lead to unfair or incorrect decisions. In addition, the operation of smart factories may also suffer from erroneous judgements made by AI systems when they lack sufficient data or encounter abnormal situations, resulting in production defects or downtime. 2. Data abuse and information leakage: AI systems typically require significant amounts of data to train and operate. If sensitive information is not adequately protected, it can lead to data misuse, information leakage or copyright and patent disputes, which can result in fines, lawsuits or loss of customer confidence. 3. Differences in technical standards and ethical requirements: Countries have different ethical standards, transparency of algorithms, and safety requirements for AI technology. For example, in areas such as autonomous driving and AI medical applications, failure to fully understand and comply with regulations can lead to legal challenges, reputational damage, and potential impact on business revenues. 4. Regional restrictions and challenges in entering new markets: The misuse of AI technology may lead certain countries to perceive risks associated with it and impose restrictions. This, in turn, will affect the company's ability to enter these regional markets, thereby hindering business development.	1. Ensure the security and compliance of the Company's internal AI systems, enhance employee training on AI technology, ethical standards and legal regulations, and improve risk awareness. In addition, all AI projects must go through a rigorous evaluation process before they are launched to prevent misleading decisions. 2. The Company has developed its own large-scale language model platform, and all data is stored in the Company's data center to prevent information leakage to the outside world. This also prevents employees from directly using commercial models such as ChatGPT, thereby reducing the risk of confidential information being leaked. In addition, enhanced firewalls and other cybersecurity mechanisms are implemented to prevent external intrusion or tampering. 3. Comply with international data protection regulations, conduct regular studies on AI regulation, and conduct internal data protection reviews to ensure that data use does not violate privacy. While promoting technological innovation, emphasize ethical responsibility to ensure that AI applications promote social justice and sustainable development.

Information and Privacy Security

► Information Security Policy and Organization

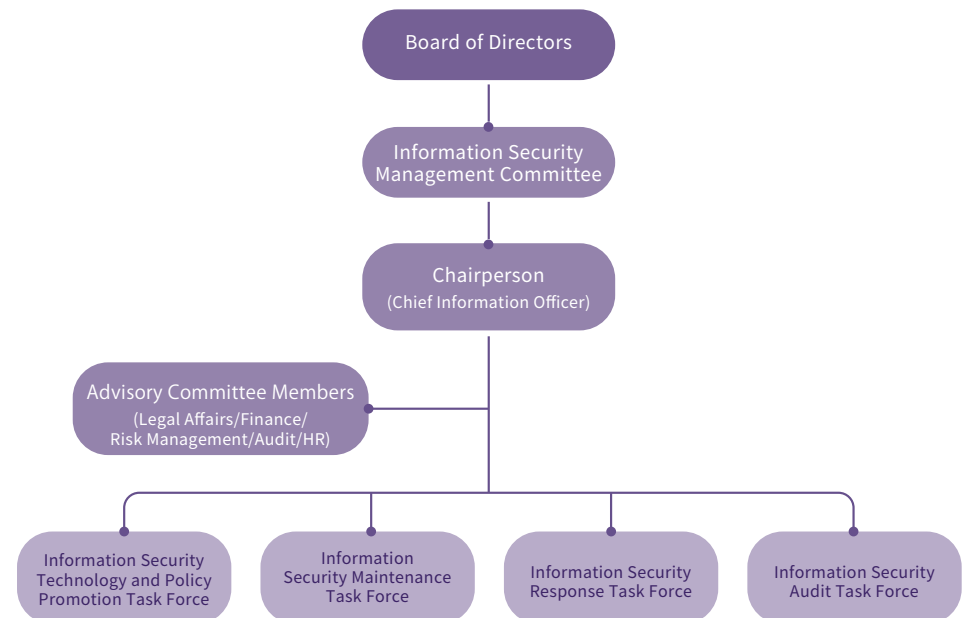
To protect the confidentiality, integrity, availability, and legality of IT assets from intentional or accidental threats posed internally or externally, and to ensure the business continuity of the Company, we have developed the corporate information security policy in accordance with ISO 27001, the international information security standard, and passed and obtained the ISO 27001 certification in August 2020; the certificate was renewed upon expiration after passing the reexamination in July 2023. The transition to the new version was completed by July 2024, at which point the Company obtained ISO 27001:2022 certification from BSI.



To achieve better implementation of information security management, Qisda has formed the Information Security Management Committee. The committee consists of the President, top-level executives of different units, and the Chief Information Officer. With the President acting as the convener and the Chief Information Officer as the chair (Chief Information Officer: Li-Wen Huang), it is responsible for the regular discussion and review of the Company's information security plans and response measures, etc. The Information Security Management Committee meets every six months, reports the management performance to the Chairman or the President every quarter, and reports management performance, information security issues, and directions to the Board/Audit Committee at least once a year. Reporting for 2024 was completed in May and November.

The Company's independent director, Allen Fan, graduated from National Taiwan University with a bachelor's degree in electrical engineering and was formerly an executive in an industry related to information security, such as the President of Microsoft Taiwan and the Vice President of HP. Another independent director, Jyuo-Min Shyu, graduated from UC Berkeley with a doctoral degree in electrical engineering and computer sciences and has formerly played a role in deciding the national information security regulations and development as the Minister of Science and Technology of ROC. These two independent directors provide guidance and suggestions with regard to the Company's information security policy based on their relevant experience.

Organizational Structure of Information Security Governance



Information Security Risk Management

To reduce information security risks, Qisda acts in accordance with the information security policy, ensuring a good information security management mechanism through multiple approaches such as implementing operations management and other key measures for data protection, as well as raising awareness of data protection. In terms of the prevention of information security incidents, the vulnerability scanning system has been introduced for regular vulnerability scanning of each system at least once every two weeks, so that our system safety is guaranteed and no sensitive information will be leaked due to system vulnerabilities. Also, we arrange a system recovery drill every year and make remote backups of ERP data every day.

For the management of corporate and information security risks, the cyber security risk management system, Security Scorecard, has been adopted to analyze ten major risk categories, including cyber security, robustness of the network naming scheme, vulnerability repair, endpoint security, IP credit rating, and app security. The information security system risks are thus monitored and continuously analyzed. We have set a target of maintaining an overall SecurityScorecard score at least 5 points higher than the industry average; the target score for 2024 is 88, which has been achieved.

Average Score for 2023	Average Score for 2024	Target Average Score for 2024
87	90	88

In 2024, Qisda collaborated with third parties to implement or execute key information security projects, including the establishment of a Security Operations Center (SOC), red team exercises, and the adoption of the NIST Cybersecurity Framework (CSF).

In the same year, Qisda independently implemented or executed key information security projects, such as Privileged Access Management (PAM). Additionally, we will introduce various security measures, such as multi-factor authentication, control of mobile storage devices, network segmentation, firewalls, threat detection and response mechanisms, vulnerability scanning, source code analysis, penetration testing, and Software Bill of Materials (SBOM) assessments, among others. Regarding management and awareness education, we will establish a cybersecurity intelligence platform to monitor risks, regularly conduct Business Continuity Management (BCP) drills, cybersecurity incident response drills, social engineering exercises, and internal cybersecurity audits, and sign non-disclosure agreements with suppliers.

2024 Taiwan Plant Area Cybersecurity Training	Total Training Hours
Information Security Officer	221
Information Technology Officer	79
General Staff	4553

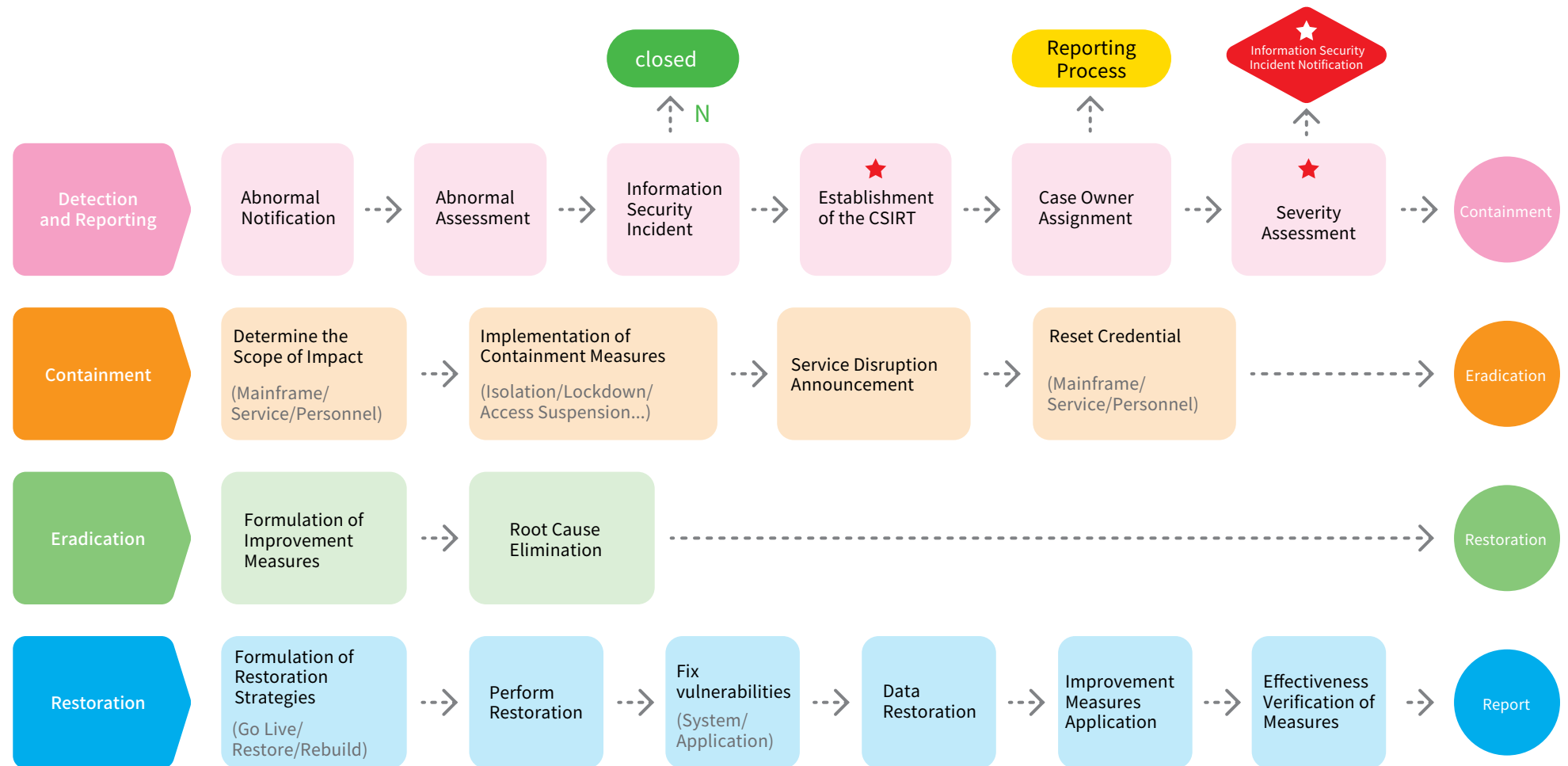
With the establishment of the information security management system (ISMS), Qisda has developed and periodically reviewed relevant indicators based on the information security policy, and continues to enhance the Company's information security control mechanism, reducing information security risks through the PDCA system.

Raising Awareness of Information Security Protection

As part of Qisda's information security management system, we conduct annual reviews of each regulation, evaluating and making relevant adjustments to our internal information security regulations to ensure compliance with local laws. The relevant information is then disseminated to the employees. We also request that our suppliers observe regulations regarding non-disclosure and cyber security when entering into agreements with third-party service providers. Aside from the basic information security-related training received by newcomers, we also aim to lower the risk of employees accidentally clicking on malicious emails by regularly holding social engineering drills over email, and providing educational training for related information security knowledge regarding the sending and receiving of emails, opening attachments, clicking links, etc. In 2024, all the employees passed the email social engineering drill. Additionally, an online information security training program was held for all employees at Qisda's Taiwan Plant Area, with a total of 2,022 participants and a 100% completion rate. With such arrangements, we improve the employees' awareness of information security, and ensure that the concept of information security is integrated in daily operations. The relevant statistics for information security promotion and education training are as follows:

Cyber Security		
勒索軟體威脅防護	遠距辦公資安	軟體漏洞洞警訊
威脅分析報告	資安小知識	資訊安全宣導
26	2024/12/30	【ITS資安宣導】資安專家警告「中國木馬病毒全球」偽裝成常用APP竊取銀行帳號、存款
27	2024/12/24	【ITS資安宣導】全球網路攻擊暴增75% 台灣網路攻擊次數亞太第一！
28	2024/12/24	【ITS資安宣導】買第三方 iPhone 充電線請小心，現在駭客可以輕易記錄和竊取你的手機數據
29	2024/12/24	【ITS資安宣導】快更新iPhone！專家揭「漏洞」大量個資恐外洩
30	2024/11/11	【ITS資安宣導】免密碼時代來臨，FIDO是什麼？應用在哪裡？
31	2024/11/11	【ITS資安宣導】不是官方發送，賽門鐵克發現新 iPhone 簡訊釣魚活動
32	2024/11/11	【ITS資安宣導】安裝第三方應用程式前，8 個關鍵問題想一下
33	2024/11/11	【ITS資安宣導】機場駭客坐等肥羊上門 謹防3大「詐騙破財」資安險境
34	2024/11/11	【ITS資安宣導】慎防有詐！簡訊認證碼一輸入 LINE帳號可能就回不來了
35	2024/11/08	【ITS資安宣導】二維碼詐騙手法多 掃描前辨明真偽

Information Security Reporting and Handling Process



Cybersecurity Insurance

Since July 2017, Qisda has applied for the insurance for enterprise information security risk management to ensure the insurance claim for related expenses incurred by information security incidents (such as business suspension and forensics). This covers the subsidiaries holding a majority of shares to reduce the losses of the Company.

► Measures for Significant Information Security Incidents

During the establishment of the ISMS, Qisda has enhanced the SOP and organized a series of drills to improve the emergency response process. We will continue to conduct simulations for different information security attack incidents with related personnel participating in the drills, in order to ensure that we can kick off the emergency process when the incident happens and effectively lower the response time and losses on the Company. No information security incident took place in 2024.

Information Security Incident	No. of Cases in 2023	Goal for 2024	Goal for 2025
No. of violation cases related to information or cyber security	0	0	0
No. of data leaks	0	0	0
No. of customers and employees impacted by data leaks	0	0	0
Amount of fines imposed for cases related to information or cyber security (NT\$)	0	0	0

IT Operation Continuity Plan

The purpose of disaster recovery is to restore the system to a normal or acceptable operating level quickly using the disaster recovery mechanism when a natural disaster, human negligence, or malicious damage brings about damage to the information system. This will ensure the sustainable operation and operation continuity of the organization.

Qisda developed a unified operation continuity plan in 2021 so that all systems use a standardized plan format. We also began to implement the operational continuity plan twice a year for critical systems and once a year for non-critical systems, and recorded the process to verify the feasibility of the plan and procedure, with feedback utilized to revise and enhance the plans. Internal information security audit items and regular progress tracking have been incorporated into the plan.

► Privacy Protection

Qisda values and strives to protect privacy and personal data. Referencing to local laws and regulations related to privacy protection at each operating location along with the EU “General Data Protection Regulation (GDPR),” we have established privacy policies to protect all personal data. We also required the subsidiaries, joint ventures, suppliers, contractors, external consultancies and subcontractors to comply with the policies in the hopes of protecting the rights of the personal data owner.

For private information collected and used for business needs, Qisda has set specific criteria relating to data collection/management of collected data/reasons for use and scope of personal data, as well as restrictions for sharing, cross-border transfer, a data protection system and the data retention period to make sure that personal data and the right to privacy is protected. At the same time, we include the right to privacy in the scope of risk management. The Risk Management Committee implements monitoring and management based on the policy of risk management, and controls risks by including the overall system in the scope of internal control. If there are any questions about the privacy policy, please direct it to the specified responsible unit. To protect the rights of a personal data owner, or if there are any opinions or questions related to the right to privacy, please file the complaint or whistleblowing by calling (03) 359- 8800, faxing to (03) 359- 9000, or emailing to 2HR@qisda.com. In 2024, Qisda provided courses about the right to privacy that every worker had to participate in, which were also an essential part of training for new employees.

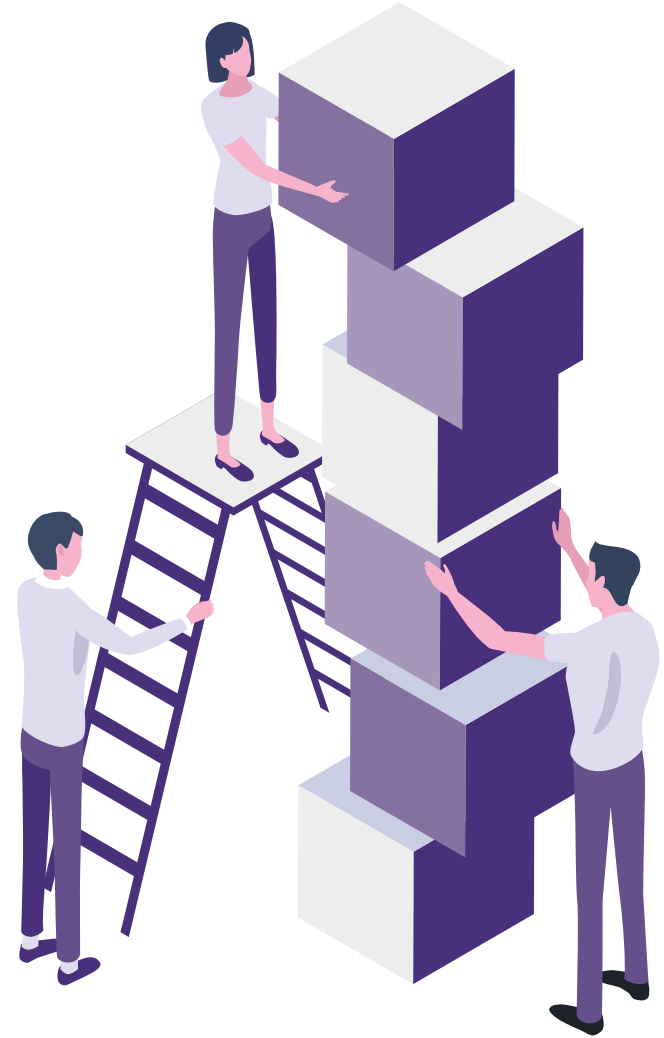
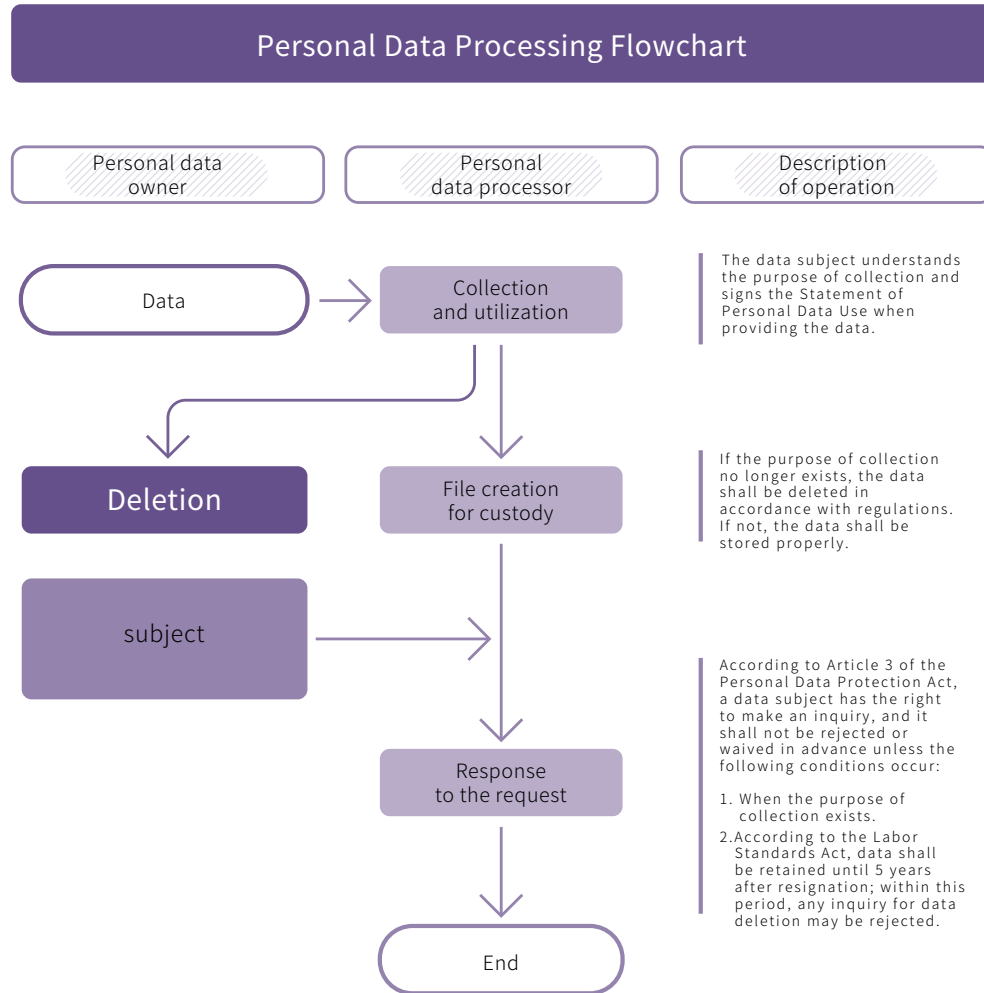
To ensure the effectiveness of current management methods, we regularly verify whether there are any incidents of data loss occurring each year. Should there be any, we will launch a full-range review. In 2024, no complaints were received due to the occurrence of incidents related to data loss or leak. We only utilize the collected data within the scope where it is necessary and have not engaged in any secondary use of personal data.

Number of complaints about personal data leaks	2021	2022	2023	2024
External agency	0	0	0	0
Customer reflection	0	0	0	0

Remark:

Qisda conducts internal audits of the privacy policy compliance each year, external audits once every three years.

Process of Personal Data Processing and Reporting

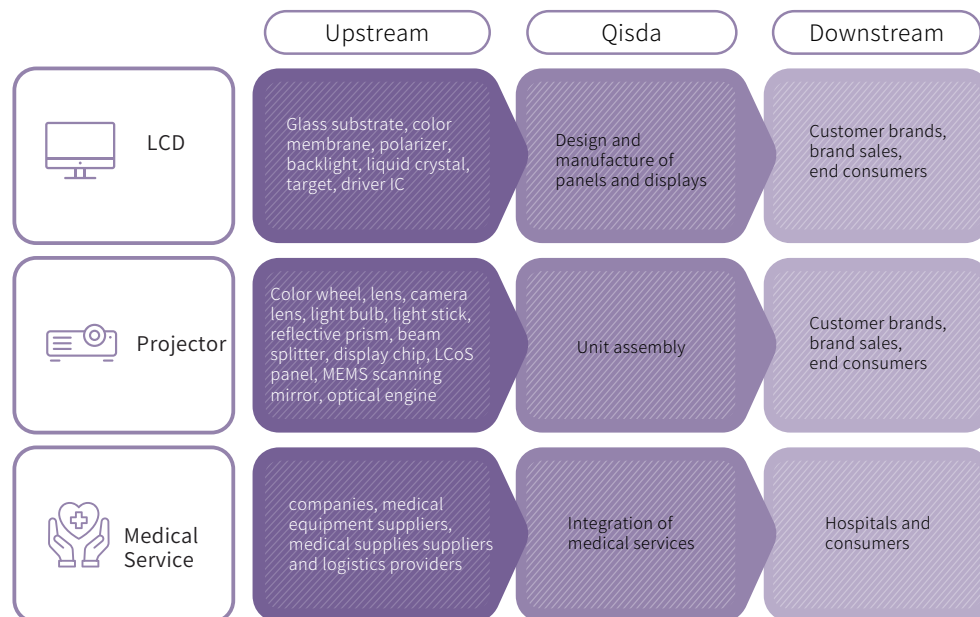


Sustainable Supply Chain Management

Based on the premise of closely interconnected global industries and the desire to meet customer demands, suppliers have become Qisda's most crucial partners. As the head of the Grand Fleet, Qisda bears the responsibility for leading the supply chain toward a sustainable future. Therefore, 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 to create mutual benefits and co-prosperity in the industrial chain together. We are committed to moving alongside the suppliers towards the vision of "Bringing Enjoyment' N Quality to Life."

As an ODM/OEM, Qisda provides services for electronic products, such as consumer electronics, commercial electronics, industrial and medical electronics, and those related to daily application. We focus on three aspects as our main business: LCDs, projectors, and medical services. Upstream mainly refers to the suppliers of different types of parts, components and equipment, while downstream mainly refers to customer brands and end consumers.

Qisda Industry Chain



► Overview of Supply Chain

The headquarters of Qisda is located in Taiwan. Our suppliers are located all around the world, including Taiwan, Japan, China/Hong Kong, Singapore, South Korea, Malaysia and Vietnam. Overall, we had 1,049 suppliers in 2024. With a selection mechanism (removing the customers and spot dealers with a transaction amount of less than NT\$1 million), there are finally 686 Tier 1 suppliers. We categorize our suppliers based on the different products they provide: panels, electronics components, mechanical parts, packaging materials, and consumables. We selected a total of 326 significant Tier 1 suppliers of 2023 with conditions related to significant suppliers. Also, investigating the general situation of non-Tier 1 suppliers to properly manage sustainability risk in the supply chain. In 2024, we controlled the conditions of a total of 140 non-Tier 1 suppliers.

Supplier: Referring to product-selling suppliers.

Definition of a significant suppliers: A significant suppliers is a single supplier that provides key materials, is ranked top 95% in terms of procurement amount, and leads in technologies. Customers, spot dealers and suppliers with a transaction amount of less than NT\$1 million are not included.

Definition of high-risk suppliers: We conduct a risk assessment of Tier 1 suppliers based on the four major aspects of supplier risk assessment, including "sustainable practices," "labor," "health and safety," and "environment," and define the Tier 1 suppliers with the lowest percentage of risk assessment ratings as high-risk suppliers for the year.

Overview of Tier 1 Suppliers in 2024 (Region)

Asian countries	China	Taiwan	Japan	Others	Subtotal
Number of suppliers	506	129	18	20	673
American countries	USA	Canada		Others	Subtotal
Number of suppliers	6	1		0	7
European countries	Germany	UK	Switzerland	Slovenia	Subtotal
Number of suppliers	3	1	1	1	6
Total					686

Overview of Significant Non-Tier 1 Suppliers in 2024 (Region)

Asian countries	China	Taiwan	Singapore	Japan	Korea	Subtotal
Number of suppliers	118	17	2	1	1	139
European countries	Germany					Subtotal
Number of suppliers	1					1
					Total	140

Number of Tier 1 Suppliers and Proportion of Proportion of Procurement in 2024

Product	Asia	Europe	America	Subtotal
Panel				
Number of Tier 1 suppliers	23	0	2	25
Number of Significant Tier 1 suppliers	17	0	2	19
Percentage of Significant Tier 1 suppliers (%)	2.48%	0.00%	0.29%	2.77%
Percentage of Significant Tier 1 suppliers in procurement amount (%)	9.92%	0.00%	0.01%	9.93%
Electronics				
Number of Tier 1 suppliers	200	4	4	208
Number of Significant Tier 1 suppliers	102	1	3	106
Percentage of Significant Tier 1 suppliers (%)	14.87%	0.15%	0.44%	15.45%
Percentage of Significant Tier 1 suppliers in procurement amount (%)	32.98%	0.07%	3.59%	36.64%
Parts and components				
Number of Tier 1 suppliers	373	1	1	375
Number of Significant Tier 1 suppliers	170	1	0	171
Percentage of Significant Tier 1 suppliers (%)	24.78%	0.15%	0.00%	24.93%
Percentage of Significant Tier 1 suppliers in procurement amount (%)	39.47%	0.04%	0.00%	39.51%

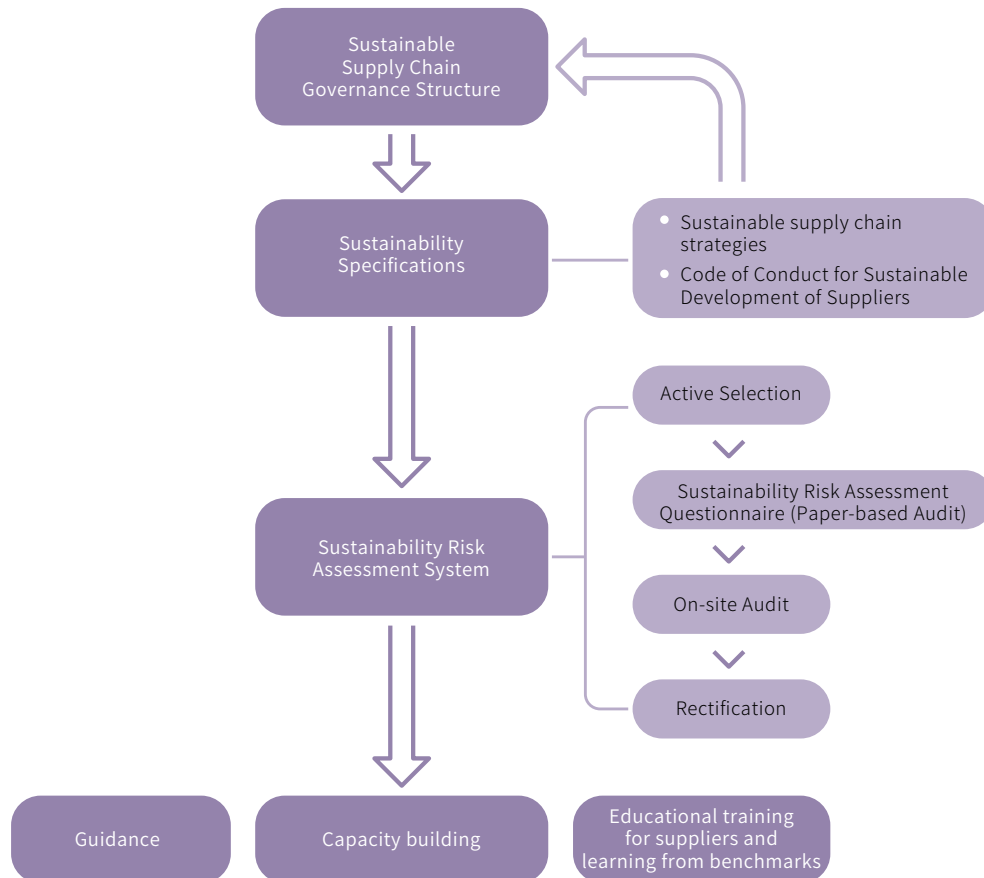
Type and Number of Critical Non-Tier 1 Suppliers in 2023 (Product)

Type of Procurement	Electronics	Parts and components	Packaging materials	Total
Number of Significant non-Tier 1 suppliers	32	78	30	140

Product	Asia	Europe	America	Subtotal
Packaging materials				
Number of Tier 1 suppliers	50	0	0	50
Number of Significant Tier 1 suppliers	22	0	0	22
Percentage of Significant Tier 1 suppliers (%)	3.21%	0.00%	0.00%	3.21%
Percentage of Significant Tier 1 suppliers in procurement amount (%)	6.23%	0.00%	0.00%	6.23%
Consumables				
Number of Tier 1 suppliers	27	1	0	28
Number of Significant Tier 1 suppliers	8	0	0	8
Percentage of Significant Tier 1 suppliers (%)	1.17%	0.00%	0.00%	1.17%
Percentage of Significant Tier 1 suppliers in procurement amount (%)	0.53%	0.00%	0.00%	0.53%
Total				
Number of Tier 1 suppliers	673	6	7	686
Number of Significant Tier 1 suppliers	319	2	5	326
Percentage of Significant Tier 1 suppliers (%)	46.50%	0.29%	0.73%	47.52%
Percentage of Significant Tier 1 suppliers in procurement amount (%)	89.12%	0.11%	3.60%	92.83%

► Framework for Sustainable Supply Chain Management

Qisda has a framework for sustainable supply chain management. First, we explicitly notify the suppliers about the sustainability specifications and require them to ensure compliance with relevant requirements. Second, we assess sustainability risks in different aspects through the sustainability risk assessment system for suppliers, and review the risks that the supply chain faces. Finally, we address and rectify the identified issues. In addition to enhancing important strategies for the future development of Qisda and the industry, we give guidance to supply chain to build capacity with relevant information, hoping that we can progress alongside the suppliers and move forward towards a sustainable future.



► Governance Structure

Qisda continues to focus on the development and management of the supply chain. Not only do we report the daily management performance in the quarterly ESG Committee meeting, but the ESG Committee conducts internal reviews and reports to the Board of Directors. The Chief Sustainability Officer also reports the implementation results and performance of the sustainable supply chain to the Board of Directors annually. Simultaneously, the Board of Directors guide and make decisions for the development of the sustainable supply chain to make sure that the management of the sustainable supply chain complies with the Company's sustainability strategies.



► Supplier Sustainability Management Process

Qisda has initiated a four-stage supply chain sustainability management process to implement the sustainable supply chain strategy. We conduct supplier guidance and capacity-building programs to ensure that suppliers meet our standards and requirements. Additionally, we have established a reward and elimination mechanism directly linked to suppliers' sustainability performance to enhance their overall compliance and improvement. By incorporating ESG-related indicators into regular evaluations, we have been creating a virtuous cycle in supplier chain management.

Compliance with Sustainability Standards

Suppliers must understand and follow the “Corporation Code of Conduct for Sustainable Development of Suppliers” and complete signing of the “Code of Conduct for Sustainable Development of Suppliers”

ESG Risk Investigation

- (1) Proactive screening: Qisda has established evaluation criteria for new suppliers and proactively screens suppliers to reduce potential risks. Our assessment factors include ESG, operational-related factors, country of location, industry-related, and product-related risk factors to ensure the stability and sustainability of the supply chain.
- (2) Self-assessment of risk: Suppliers conduct self-assessments using the Supplier Sustainability Risk Questionnaire (SAQ) to further identify high-risk suppliers.

Sustainability Audit Assessment and Validation

- (1) Document-Based Audit: Qisda distributes the Supplier Sustainability Risk Questionnaire (SAQ) to suppliers, requiring them to complete the questionnaire and submit supporting documentation to complete a written risk assessment. The SAQ covers four major aspects: sustainability practices, labor, health and safety, and environment.
- (2) On-Site Audit: To verify suppliers' risk profiles, Qisda has established four methods of risk verification: document-based audit, on-site audit, on-site third-party audit, and industry standards-based assessments. These approaches help Qisda gain deeper insight into suppliers' sustainability risks.
- (3) Sustainable Supply Chain Strategy: This serves as the overarching principle guiding Qisda's sustainability initiatives. The strategy encompasses not only Quality, Speed, Innovation/Technical Capability, Delivery, and Cost, but also integrates Environmental, Social, and Governance (ESG) considerations. Qisda continues to promote this strategy to enhance the overall sustainability value of the supply chain.

Guidance and Rectification

- (1) Corrective Action: Following audits, Qisda requires suppliers to submit corrective action plans within a specified timeframe for any identified deficiencies. Qisda also provides recommendations and guidance to assist suppliers in completing improvements as quickly as possible.
- (2) Supplier Capability Building: To support continuous improvement in suppliers' sustainability capabilities, Qisda implements supplier capability enhancement projects. Each project involves more than six months of collaboration and resource investment, with the goal of improving suppliers' sustainability performance and outcomes.
- (3) Incentive and Elimination Mechanism: Through a structured evaluation mechanism, Qisda identifies suppliers with outstanding sustainability performance and grants them a higher share of procurement and priority in new product engagement. Underperforming suppliers may be phased out to drive overall progress and development across the supply chain.

► Qisda's Training for Internal Personnel

Qisda requires all procurement staff to undergo sustainability-related education and training each year, including courses on understanding the RBA Code of Conduct and SA8000 Social Accountability Standards, ethics training, educational training for intellectual property management and specifications, information security, health and safety, and risk management. These courses enable the procurement staff continue improving the professional capabilities that sustainability information requires, and further apply these to sustainable supply chain management. Our purpose is to ensure that the procurement staff are able to put their skills to good use in the process of supplier selection, regular evaluation, sustainability risk assessments, high-risk supplier identification, audits, guidance and improvement.

With respect to the aforementioned sustainability-related education and training courses, there were a total of 3,430 procurement staff who should participate in the training in 2024, all of whom had completed the courses, meaning that 100% of the procurement staff were covered in the training. The total training hours reached 4,935 hours.

► Sustainability Specifications

Sustainable Supply Chain Strategies

In order to achieve the net-zero emissions goal by 2050, Qisda emphasizes the importance of sustainable supply chain management and has formulated a set of strategies to serve as a guideline for suppliers in terms of sustainability, aiming to enhance the sustainable value of the entire supply chain. The strategy not only serves as

the highest guideline for suppliers' actions but also reflects Qisda's commitment to environmental responsibility. Our strategies cover quality, speed, innovation/technical, delivery, and cost, as well as corporate sustainability (ESG). We continue striving for the overall sustainable value of the supply chain.

Code of Conduct for Sustainable Development of Suppliers

With reference to relevant international specifications and initiatives including the RBA Code of Conduct, SA8000 social accountability standards, the UN Guiding Principles on Business and Human Rights, the UN Universal Declaration of Human Rights, and the Ten Principles of the UN Global Compact, Qisda has established the "Code of Conduct for Sustainable Development of Suppliers" that includes labor, health and safety, environment, ethics and management systems. In terms of environmental management, we have also established and published Commitment to No-Deforestation and Biodiversity to lessen impact on the environment. We require that all suppliers understand and obey the content of the "Code of Conduct for Sustainable Development of Suppliers". Also, we take the suppliers' implementation status into consideration of procurement decisions. In 2024, the signing rate of the Code of Conduct for Sustainable Development of Suppliers was 100%. Simultaneously, Qisda requires the suppliers to develop their own specifications/Code of Conduct regarding sustainability and communicates our requirements to the upstream supply chain for ensuring sustainability across our value chain.

Aspects of Qisda's "Corporation Code of Conduct for Sustainable Development of Suppliers"

Labor

- Human rights risk
- Freedom to choose an occupation
- Child labor and Young workers
- Working hours
- Wages and Benefits
- Humane Treatment
- Non-discrimination/Non-harassment
- Freedom of Association and Collective Bargaining
- Layoff

Health and Safety

- Occupational safety and industrial hygiene
- Emergency Preparedness
- Occupational Injury and Illness
- Physically Demanding Work and Machine Safeguarding
- Sanitation, Food and Housing
- Communication and Grievance

Environment

- Permits and Reporting
- Pollution Prevention and Resource Reduction
- Hazardous Substance
- Solid Waste and Air Emissions
- Water Management
- Material Restrictions
- Energy Consumption and Greenhouse Gas Emissions
- Biodiversity

Ethics

- Business Integrity
- No Improper Advantage
- Disclosure of Information
- Intellectual Property
- Fair Business, Advertising and Competition
- Whistleblower protection
- Responsible Sourcing of Minerals
- Information Security and Privacy

Management System

- Commitment, Accountability and Responsibility
- Risk Management and Improvement Objectives
- Training, Communication and Grievance
- Assessments, Corrective Action, Documentation and Records
- Supplier Responsibility

► Sustainable Risk Assessment System

Proactive Screening

We appreciate that supplier sustainability performances may indirectly affect Qisda's reputation and even bring potential risks. Therefore, we have established evaluation criteria for new suppliers and proactively screens suppliers to reduce potential risks. Our assessment factors include ESG, operations-related factors, country of location, industry-related, and product-related risk factors. When significant international events occur, we also conduct investigation and assessment on affected regions, industries and supply sources to secure the stability and sustainability of the supply chain.

Item	Content
Environment	Carbon footprint investigation, investigation of five persistent, bio-accumulative and toxic (PBT) chemicals under the US Toxic Substances Control Act (TSCA), ISO 14001 or relevant environmental management procedures
Social	Human rights and ethics, labor rights
Governance	Education and training on financial status, operational competitive edge, and occupational safety and health
Operation related	Basic data, product information, major customers, production and equipment status, investment, and product planning
Country of location	Status of the supply (whether affected or not) in the located region, conflicts between countries (military coup related problems), local policy constraints, natural disasters and epidemic
Industry related	RBA Code of Conduct assessment, sustainability risk assessment, parts and components suppliers, human resources agency, on-site service providers
Product related	Procurement fee, supply category, no legal documents related to restriction of hazardous substances, conflict mineral investigation

Furthermore, we use environmental and social standards to screen new suppliers. In 2024, we recognized a total of 38 new suppliers and all of them were screened according to environmental and social standards.

Year	Number of new suppliers	Number of new suppliers screened according to environmental and ethical standards	Proportion %
2024	38	38	100%

Sustainability Risk Assessment Questionnaire (Paper-based Audit)

In order to continuously control the conditions of sustainability risks in the supply chain, we continue to distribute the Supplier Sustainability Risk Assessment Questionnaire (SAQ) to Tier 1 and non-Tier 1 suppliers and require them to fill out the questionnaire with submitting relevant evidence to complete an independent risk assessment in 2024. We hope to identify and manage high-risk suppliers by collecting the SAQ and relevant written information. The SAQ covers four main aspects: "sustainability action", "labor", "health and safety," and "environment," with a total of 128 questions. For non-Tier 1 suppliers, Qisda requires and assists Tier 1 suppliers in conducting their own investigations and audits of non-Tier 1 suppliers. The Tier 1 suppliers are then responsible for submitting the investigation and audit results, along with any corrective action documentation regarding non-Tier 1 suppliers, to Qisda for review, enabling Qisda to understand the sustainability risk status of non-Tier 1 suppliers.

In 2024, a total of 466 questionnaires were distributed to significant suppliers (including Tier 1 and non-Tier 1 suppliers), and 466 questionnaires were responded to with a 100% response rate.

Qisda identifies suppliers with risks based on the survey results of the "Qisda Supplier Sustainability Risk Questionnaire (SAQ)", and then performs supplier sustainability audit. The "Qisda Supplier Sustainability Risk Questionnaire" covers the issue of living wages. According to the 2024 survey results, 33% of tier-1 suppliers had not yet formulated a living wage policy. When Qisda performs supplier sustainability audit on suppliers with risks, if the supplier does not formulate a living wage policy, it is defined as a minor non-conformance and the supplier needs to make improvements. If the supplier does not pay employees a living wage, it is defined as an observation item, and Qisda will continue to communicate with suppliers.

2024 "Supplier Sustainability Risk Questionnaire" Survey Overview

Significant Tier 1 Supplier	Number of suppliers investigated	326
	Number of suppliers completed	326
	Completion rate (%)	100%
Number of significant non-Tier 1 suppliers	Number of suppliers investigated	140
	Number of suppliers completed	140
	Completion rate (%)	100%

On-site Audit

To confirm the status of supplier risks, we created four ways of risk identification, including paper-based audit, on-site second-party audit, on-site third-party audit and assessment based on industry relevant standards to further control the suppliers' sustainability risks. In 2024, we primarily conducted paper-based audit, on-site second-party audit, and industry standards (such as the RBA VAP) to evaluate supplier sustainability.

Audit method	Description
Paper-based audit	Assessing the risk status of suppliers based on the response data of the "Supplier Sustainability Risk Assessment Questionnaire". When suppliers receive the "Supplier Sustainability Risk Assessment Questionnaire" survey notice from Qisda, they must fill in the questionnaire and submit relevant evidence to conduct a self-assessment. Qisda will review whether the supplier's filled-in content and submitted evidence are sufficient to support the supplier's compliance with the question requirements, and may require the supplier to supplement or update the filled-in content and submitted evidence as appropriate to perform a paper-based audit.
On-site second-party audit	On-site supplier audits conducted by Qisda or other appointed consultants. When a supplier is listed as a high-risk supplier by Qisda for the current year, Qisda or a consultant appointed by Qisda will personally conduct an on-site audit at the supplier's operating location, or inspect the supplier's operating site via video to confirm the supplier's compliance status.
On-site third-party audit	On-site audits conducted by an independent third-party verification institution. When a supplier is listed as a high-risk supplier by Qisda for the current year, and Qisda considers the actual situation and believes it is necessary to entrust an independent third-party verification agency to conduct an on-site audit at the supplier's operating location or to inspect the supplier's operating site via video, the independent third-party verification agency will perform an on-site three-party audit.
Industry standards	Conducting paper-based audits or on-site audits according to industry standards or regulations. When paper-based audits, on-site second-party audits and on-site third-party audits are performed, Qisda will take industry standards or specifications into consideration as part of the survey questions for paper-based audits and the audit clauses for on-site second-party audits and on-site third-party audits, so that Qisda's surveys and audits are synchronized with the requirements of industry standards. The industry standards taken into consideration by Qisda include but are not limited to the requirements of RBA VAP.

Statistics of Non-conformance in Audits for High Risk Tier 1 Suppliers in 2024

In 2024, we completed the "Supplier Sustainability Risk Assessment Questionnaire" survey of 686 suppliers, including 326 significant Tier 1 suppliers and 42 high-risk suppliers. Qisda completed the first-tier high-risk supplier sustainability audit of 42 high-risk suppliers. Based on the sustainability audit results of High-risk Tier 1 suppliers, the statistics on deficiencies in four main aspects (sustainability action, labor, health and safety, and environment) are divided into Major Non-Conformance and Minor Non-Conformance. During the audit, only one High-risk Tier 1 supplier was found to have a Major Non-Conformance related to environmental aspects. However, upon further investigation, it was determined that this was due to the supplier's failure to provide the legal registration certificate from the relevant authority for waste disposal at the time of the audit. Subsequently, the supplier rectified this issue by providing the necessary supporting documentation, thus closing the deficiency. Most of the minor non-conformances were related to the labor, accounting for 33.1% of the total non-conformances, followed by the non-conformance of 31.1% of health and safety, 25.2% of sustainability, and 10.6% of the environment.

Non-conformance Improvement Actions for Supplier Audits in 2024

	Sustainability action	Labor	Health and safety	Environment
Percentage of major non-conformance	0%	0%	0%	100%
Percentage of minor non-conformance	25.2%	33.1%	31.1%	10.6%

Non-conformance Improvement

Regarding deficiencies identified during audits, suppliers are required to create corrective action plans within a specified timeframe. Additionally, we offer improvement suggestions and guidance for prompt resolution. In 2024, Qisda gave guidance to 42 first-tier high-risk suppliers for rectifying non-conformances.

Aspect	Topic	Corrective Action
Sustainability action	Anti-corruption related policies/code of conduct	Establish a reporting window and channels, and inform stakeholders
	Information security	Establish information security management policies and procedures; conduct regular information security training
	Operational risk management	Establish an operational risk identification system and implement assessment procedures for risk identification
	Sustainable supply chain management	Establish a procedure for managing supply chain audits and execute the audit in accordance with the plan
	Responsible procurement	Establish a supply chain assessment system for conflict minerals and execute the assessment in accordance with the plan
Labor	Human rights risk assessment	Establish a human rights risk assessment/due diligence system and conduct investigations in accordance with the plan
	Human rights policy	Enhance the content of human rights policies; regularly implement education and training related to these policies
	Living wage	Establish the Living Wage Policy
	Working hours management and communication channels	Promote regulations related to working hours and leave attendance; announce communication and complaint channels for employees; and compile statistics on the number of employee communications and complaints
Health and safety	Occupational health and safety management system	Establish policies for occupational safety and health management and create a system for assessing the impacts and risks associated with occupational safety and health
	System management	Regularly conduct education and training on occupational safety and health; compile statistics on communication/complaint cases related to these matters
	On-site operations management	Announce the publicity of the handling of occupational injuries/occupational diseases; convey the necessity and regulation of wearing personal protective equipment to employees
Environment	Environmental management system	Regularly conduct environmental impact/risk assessments
	Hazardous substances	Regularly conduct hazardous substance impact/risk assessments
	Water resources	Establish wastewater discharge control procedures
	Waste	Establish waste management regulations

Guiding Our Suppliers Toward Sustainability

Educational Training for Suppliers

GHG Inventory

In line with our commitments along with the goal of collaborating with the alliance and reducing carbon with the supply chain partners, the BenQ Qisda Group has specially established the “Workshop for ESG Sustainability Action” Through the BenQ Foundation’s platform, we hire professional lecturers to open educational training and courses which start with GHG inventory. We have arranged 1 session of online educational training courses on ISO 14064-1 in English with 6 hours for each session in 2024 for all suppliers to participate. By the end of 2024, the training on GHG inventory has attracted 19 suppliers, thereby enhancing their capabilities of inventorying GHG emissions. We help the suppliers set up carbon reduction targets, manage energy effectively and implement actions for carbon reduction in the hope of facilitating our movement towards the goals of energy saving and carbon reduction, working together to make the world better.

Product Carbon Footprint Intensive Course

For two consecutive years (2023~2024), we have conducted awareness training on this tool. In addition to introducing it to the R&D department, we have also implemented it to our product carbon footprint partners in the supply chain by commissioning the team from the Industrial Technology Research Institute of Taiwan (ITRI), an expert in Taiwan’s product carbon footprint, to conduct two rounds of online courses with a total of 113 suppliers trained.

Benchmark Learning of Suppliers

During the Meeting for reducing carbon emissions together, Qisda invited chairpersons of benchmark suppliers, which were “major panel manufacturers”, to share their extensive practical experiences in energy saving and carbon reduction, including:

1. Green design:

Adding green elements in the stages of raw material sourcing, manufacturing, design and recycling.

2. Organization promoting:

Processes and ideas of long-term deployment such as the establishment of the CSR committee in 2013 and the Sustainability Headquarters and appointment of the Chief Sustainability Officer in 2018.

3. Green business opportunities:

Subsidiaries' actual performance in transforming crises into opportunities. For example, the subsidiary that specializes in wastewater recovery begins to conduct carbon inventory and management for other companies while AI relevant digital technologies are used to help companies improve manufacturing processes and efficiency, further achieving energy saving and carbon reduction.

By inviting benchmark suppliers to share their excellent performance and experiences, Qisda enable all suppliers continue learning and growing together.

Suppliers' Capacity Building

To facilitate continuous growth of suppliers in sustainability, Qisda has implemented supplier capability improvement projects. Each project lasts for more than half a year and involves the investment of relevant resources, in the hope of improving the sustainability performance of our suppliers through these efforts.

Name of Capacity Building Project	Project Timeline and Operation	Capacity Building
Supplier's GHG Inventory	In 2023, professional instructors were engaged to conduct the "online educational training courses on ISO 14064-1." A total of 18 online sessions were held, and by the end of 2023, 696 suppliers had participated, with the aim of enhancing their capacity to inventory greenhouse gas emissions. In 2024, in accordance with the Greenhouse Gas Inventory Protocol (GHG Protocol), the GHG inventory for Tier 1 suppliers was completed, with a total of 686 suppliers participating. Qisda will continue to support suppliers in setting carbon reduction targets, improving energy management and implementing carbon reduction measures to achieve the target of a 30% reduction in supplier emissions by 2030.	In 2024, we assisted 686 Tier 1 suppliers in building their own GHG inventory capabilities.
Continuous Improvement Program	In the first half and second half of the year 2024, we assisted suppliers in the 6-month Continuous Improvement Program (CIP program). Qisda and suppliers worked together to analyze the causes of problems, formulate improvement strategies, implement improvement measures, and evaluate the benefits of projects. These actions not only optimize Qisda's existing practices, but also enhance the problem-solving capabilities of suppliers.	In 2024, a total of 27 "continuous improvement programs" will be implemented. These include initiatives such as "Drying System Energy Conservation Improvement", "Single LGP Total Energy Consumption Reduction", "Blower Energy Consumption Reduction" and "Carbon for a Better Future, Paper for a New Life-Reducing Energy Consumption in the Production Process", all of which are directly related to ESG-focused continuous improvement programs.

Supplier Reward and Elimination Mechanism

Qisda has built a supplier rewarding and elimination system to encourage suppliers to move towards sustainable development. Through related evaluation mechanisms, Qisda identifies suppliers with exceptional sustainability performance and increases the procurement proportion from these suppliers. Moreover, we give them a priority for adopting new products. We eliminate suppliers with disappointing performance to promote overall progress and growth of the entire industry chain.

In 2024, no suppliers were eliminated. During the supplier meeting, 31 suppliers who excelled in quality, technology, service, delivery time, cost, and ESG aspects were recognized and awarded. The aim of this initiative is to reward suppliers and encourage collaboration to create a resilient and sustainable value chain.

Evaluation mechanism:

- **Dimensions of evaluation:** quality, innovation/technology, speed/response, delivery, cost leadership, and ESG. Serving to select and manage the suppliers, this mechanism has 5 levels ranging from A (over 90 points) to E (lower than 60 points). ESG relevant factors include sustainability, health, labor, environment and green products, which occupy 11.4% in grading.
- **Frequency:** Twice a Year

Reward Mechanism

Reward measures: According to the evaluation results, excellent suppliers ranked Level A may have a higher proportion in procurement and priority in the adoption of new products after being confirmed by the review team.

Elimination Mechanism

For the suppliers rated Level D or below, we not only reduce their proportion in procurement depending on the situation, but also require them to devise improvement plans and perform stricter incoming inspections. The elimination mechanism is as follows:

- The suppliers rated Level D (or below) twice in a row will be required to undergo the supplier selection and management operation again at the discussion meeting of the evaluation. Based on the results, discussions over whether the suppliers shall be disqualified for future collaborations with Qisda will be made.
- The suppliers rated Level E twice in a row will be disqualified for future collaborations at the discussion meeting of the evaluation.

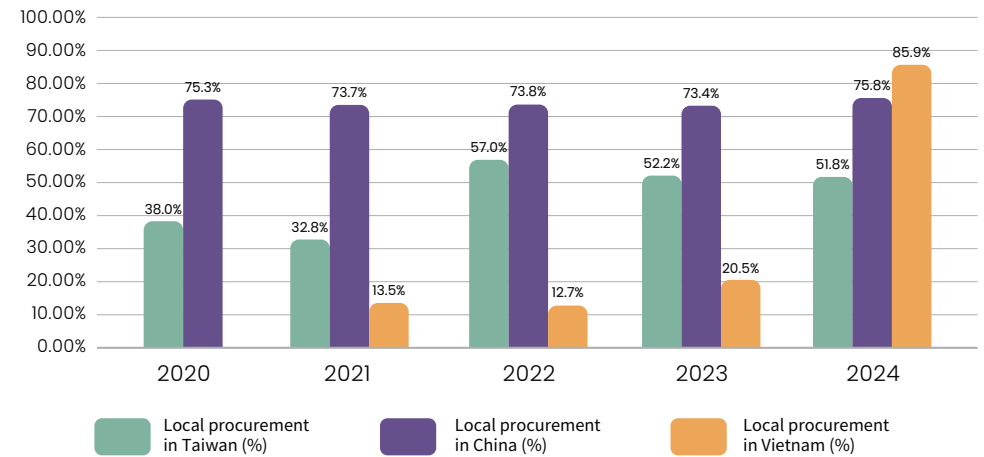
KPI Goals for Sustainable Supply Chain and the Performance Achievement

Sustainable Supply Chain KPIs	2024	
	Performance	Goal
Proportion of suppliers surveyed with Supplier Sustainability Risk Questionnaire (%)	100%	95%
Number of suppliers surveyed with the Supplier Sustainability Risk Questionnaire	686 suppliers	652 suppliers
Audit ratio of significant high-risk suppliers (%)	100%	90%
Significant high-risk supplier audit	42 suppliers	38 suppliers
Guidance on the improvement for audited supplier deficiency	42 suppliers	38 suppliers
Suppliers' capacity building	27 suppliers	27 suppliers
Percentage of paper survey of new suppliers' behavior in terms of human rights, environment, and labor (%)	100%	100%
Percentage of new suppliers engaged in conflict minerals paper survey (%)	100%	100%

Local procurement

Qisda is committed to the corporate philosophy that “The purpose of business is to create value and contribute to society in a sustainable manner to make a positive impact”. As a leader of the conglomerate, we are pledged to improving the resilience of the supply chain and striving for sustainable development together with the entire supply chain to realize the vision of “Bringing Enjoyment N Quality to Life”. It is our responsibility to work with suppliers to build a supply chain that respects the environment, human rights, safety, health, and sustainable development. Qisda strives to implement local procurement to establish a closer cooperative relationship with suppliers and improve supply efficiency and support local economic development. Based on the procurement ratio of Qisda in 2024, the local procurement ratio of Qisda in China was 75.8%, the local procurement ratio in Vietnam was 85.9%, and the local procurement ratio in Taiwan was 51.8%.

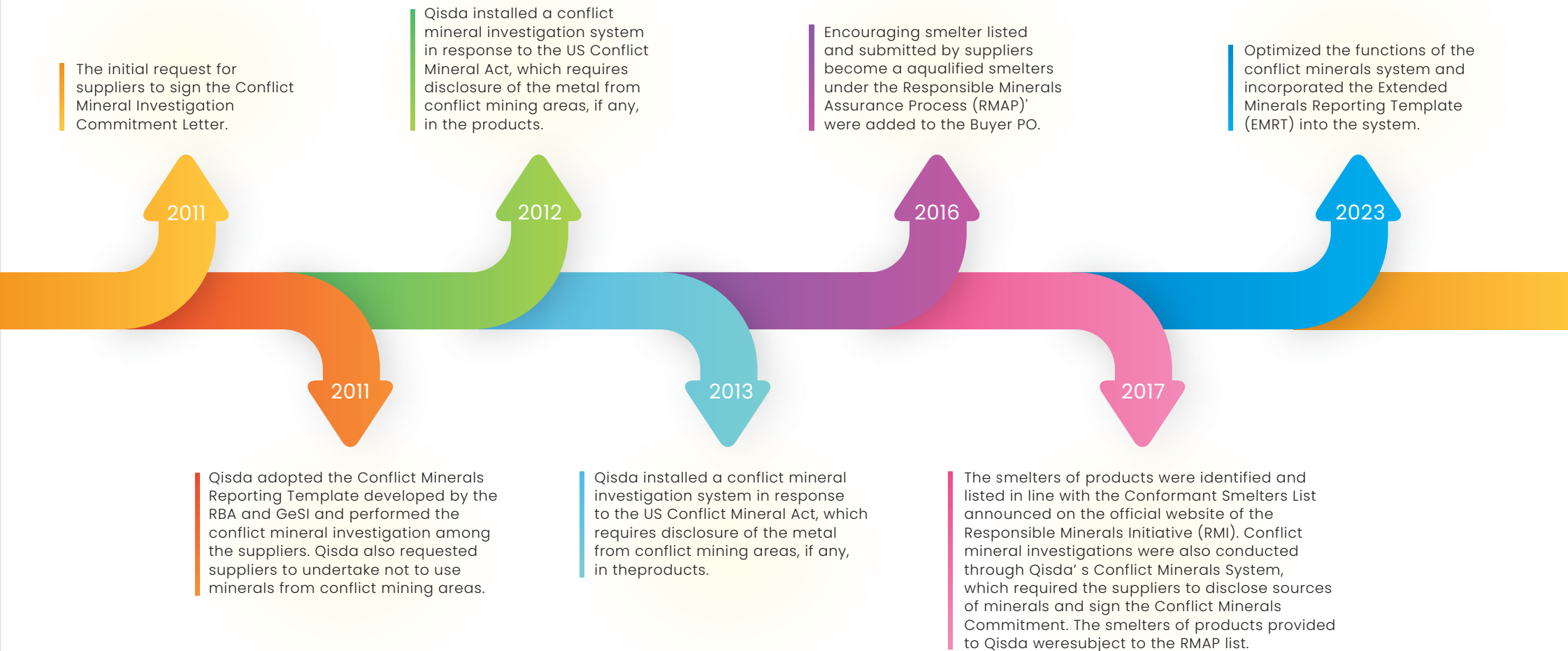
Percentage of Local Procurement



Region	Type of Procurement	2020	2021	2022	2023	2024
Taiwan	Local procurement (%)	38.0%	32.8%	57.0%	52.2%	51.8%
	Non-local procurement (%)	62.0%	67.2%	43.0%	47.8%	48.2%
China	Local procurement (%)	75.3%	73.7%	73.8%	73.4%	75.8%
	Non-local procurement (%)	24.7%	26.3%	26.2%	26.6%	24.2%
Vietnam	Local procurement (%)	N/A	13.5%	12.7%	20.5%	85.9%
	Non-local procurement (%)	N/A	86.5%	87.3%	79.5%	14.1%

► Conflict Minerals Management

Qisda's Management Progress of Conflict Minerals



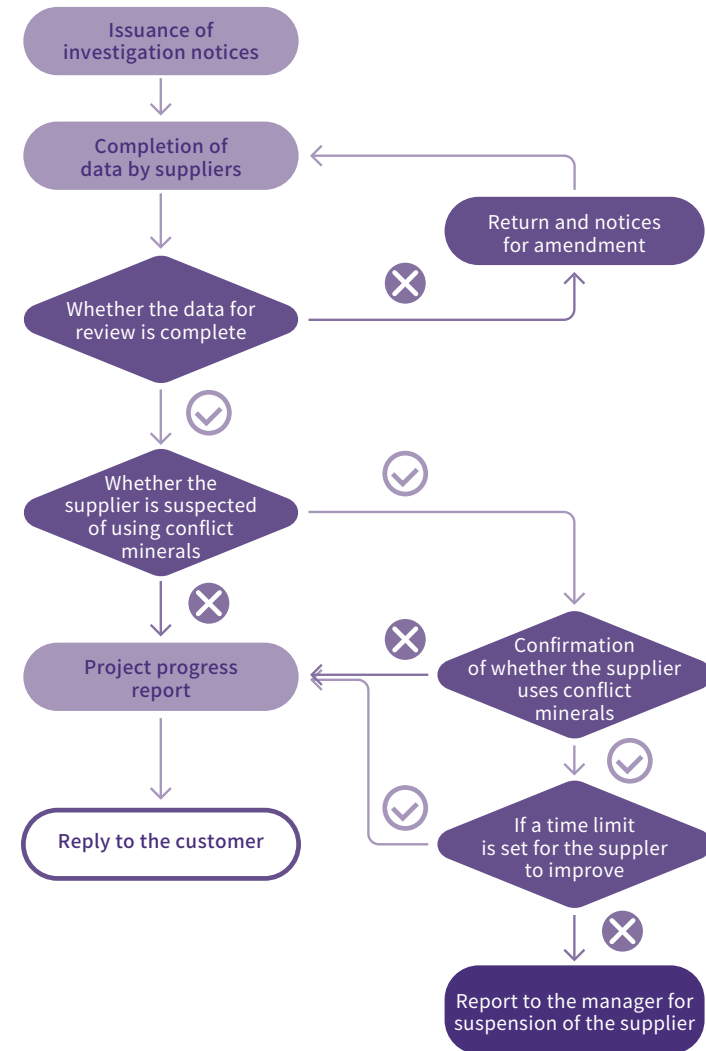
The armed forces of the Congolese and surrounding countries often use the mining of 3T1G (tantalum, tungsten, tin, and gold) as a source of income, which becomes the capital of the armed forces and causes major bloody conflicts in the region. Since conflict minerals can lead to human rights abuses and environmental damage, if a company producing electronic these conflicts. Therefore, the Responsible Business Alliance (RBA) and the Responsible Minerals Initiative (RMI) have required their members to implement the responsible procurement procedures to ensure that their metal procurement procedures are in line with social and environmental responsibilities. The “Conflict-free Smelter Program”, “Conflict Minerals Reporting Template” and Extended Minerals Reporting Template (EMRT) are developed accordingly. They request their members and suppliers to investigate and disclose the sources of the conflict minerals such as gold (Au), tantalum (Ta), tungsten (W), tin (Sn), cobalt (Co), and mica commonly used in electronic products for the supply chain and avoid using the minerals from conflict regions.

Being a global citizen, Qisda supports the boycott activities of the international society for conflict minerals and establishes the Qisda Conflict Mineral Commitment. In addition, we refer to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas of the Organization for Economic Cooperation and Development and work with the suppliers to perform conflict mineral investigations in order to prevent direct or indirect purchase of the conflict minerals by the suppliers.

We have developed an internal management procedure. After reviewing, we will return the documents to the suspected suppliers for confirmation. If a supplier confirms the use of smelters not listed under the Responsible Minerals Assurance Process(RMAP), they are required to submit an implementation plan and will be informed of relevant risks. In 2024, a total of 215 suppliers were investigated. By signing the Code of Conduct for Sustainable Development of Suppliers, we ensure compliance with the OECD’s relevant requirements for conflict minerals. In 2024, the proportion of suppliers signing the Code of Conduct for Sustainable Development of Suppliers was approximately 100%.



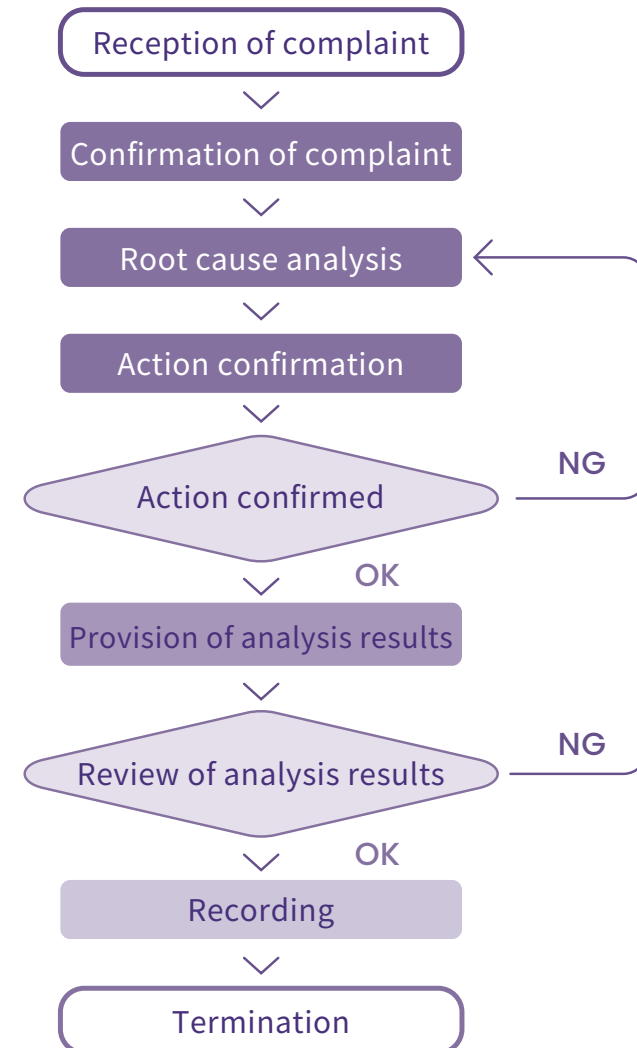
Implementation Process of Conflict Mineral Investigations



Customer Satisfaction

With the enhancement of the satisfaction of our customers and business partners as a top priority, Qisda has conducted surveys through questionnaires to learn about the customers' and our business partners' scores for our commitment to delivery time, costs, technology, quality, customer service, related regulations, and overall evaluation. This allows us to constantly ensure that the customer's demands are met. To promptly respond to and meet the various demands from the customers, Qisda has set up a Customer Service Division (CSD) to listen to the voice of customers and solve their problems. The customers can provide feedback through the communication mailbox on the Company's website. In 2024, no customer inquiries were received.

Customer Commitment



Customer Satisfaction Survey

To ensure that customer demands are understood and satisfied, Qisda carries out a full-scale customer service satisfaction survey in January and July every year. The CSD sends notification emails to the contact persons of each customer, inviting them to give ratings on Qisda’s questionnaire survey system. The rating results are collected by the CSD and then delivered to the responsible departments, which then work with high-level executives to review the customer feedback according to the survey results, and thereby work out improvement measures for the enhancement of product and service quality. Qisda scored 94 points on average according to the customer satisfaction survey results for each product line in 2024, showing that Qisda’s performance on customer service and satisfaction had won great recognition from customers.

2024 Customer Satisfaction Survey Results (Score)



Customer Satisfaction Scores in the Most Recent 4 Years

	2021	2022	2023	2024
Target Score for the Year	92	92	93	93
Actual customer satisfaction score (points)	95	96	94	94
Percentage of satisfied customers (%)	100	100	98	98
Customer coverage rate (%)	100	100	100	100

