Corporate Sustainability Report

Qisda

2015

About This Report

Qisda has always placed great emphasis on its corporate social responsibility and strives to contribute to the society with sustainable values. Information in this report covers themes on sustainability, management strategy and goals, current status of the company and its future directions. To enhance our response to material issues concerned by stakeholders, a website featured "Sustainability" has been designated. It allows public access to the latest annual report on Qisda's corporate social responsibility efforts and accomplishments. To download or acquire the previously published reports, please visit the following website: http://www.myqisda.com/csr/en/.

Release Date & Reporting Period	This report is published in June 2016. Qisda first started publishing Corporate Social Responsibility Report in 2007, releasing its sustainability performance in all aspects of corporate responsibility. The report has been renamed "Qisda Corporate Sustainability Report" since 2009 and published every June.
Report Scope & Boundary	The geographic scope of this report* covers Qisda's headquarter in Taiwan and its main manufacturing site in Suzhou, China. In order to provide a holistic view of Qisda's performance, statistical analysis using data from its global manufacturing sites are included in some of the chapters. Notes of explanations are given in the excerpts of certain chapters where the figures from Taiwan and Suzhou, China are not incorporated. The data disclosed in this report are within the timeframe of January 1st, 2015 to December 31st, 2015.
Data Collection & Calculation	The data collection in the year of 2015 has been conducted based on the geographic scope and timeframe defined above. Relevant calculation formula for indexes and figures are noted in corresponding chapters.
Third-Party Verification Policy & Standards	Qisda commissioned an independent third-party certification company – Taiwan Office of Bureau Veritas Certification (BVC) – to ensure and verify the compliance of the content of this report with the guidelines of GRI G4 Comprehensive option and AccountAbility 1000 Assurance Standard (AA 1000 AS) 2008.
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Front cover design concept:
Various colors and irregular color masses represent traditional thinking transforms itself via reintegration. Qisda expects to explore a new chapter under the expectation and changes from internal and external environments.

Contents

Chapter 1

Chapter 2

Chapter 3

Chapter 4

Message from our President & CEO

A year with accelerating transformation

Qisda accelerated its transformation in 2015, continuing to cultivate its three operational focuses, including improving existing business, expanding medical business and speeding up solution development. Meanwhile, the company launched internal organizational adjustments to create a more flexible organizational format while introducing more creative classes and activities. Consequently, with internal and external adjustments of its status, Qisda will be equipped with creativity and power to transform while upgrading economically, socially and environmentally to confront more future challenges.

Sustainable development phase task completed, sustainable governance upgraded to board of directors

Since the sustainable development structure was established systematically in 2010, Qisda entered the late stage of the goal of sustainability of its second stage in 2013-2015. The performances of each aspect dramatically improved comparing to the base year while the company won the twelve spot of the Channel NewsAsia Sustainability Ranking, exemplifying the acknowledgement it continued to receive from external parties for its sustainable development. Starting from 2015, the board of directors of Qisda passed the Corporate Governance Best Practice Principles, the Principle of Corporate Social Responsibility (CSR), Principles for Ethical Management and Code of Ethics for Board of Directors and Managers to complete corporate

governance. Meanwhile, Qisda hosted a sustainable and risk management seminar at year-end, inviting related high-end executives in the group to discuss the issues of sustainability and risks to initiate the developments of corporate sustainable issues. In 2015, Qisda also started stakeholder engagement and the material issues related to Qisda in economic, environmental and social aspects, with the number of issues at 1, 5 and 17, respectively. As a result, the related strategies and methods of management are as follows:

1. Improve existing business, expand medical business, speed up solution development

In 2015, although the overall industry growth slowed, Qisda saw its major products holding their market shares, with the shipment volume of its DLP projectors ranking the world's first and the shipment volume of its LCD monitors breaking quarterly highs each quarter, ranking number two globally. Its product design ability was also acknowledged as the number one by the Red Dot Design Award "2015 Taiwan Design Ranking". Considering the issues of mid-level market decreasing in size and low OEM margin, Qisda maintained its high-end and high-added value product strategy. Combining with win-win merger or strategic partnership models, the company strengthened its partnerships with domestic small-to medium size enterprises, expanding its territories in medical and smart solutions. With related strategical deployment, the medical revenues of Qisda dramatically increased in 2015, with its solution business also gradually rose. In the future, Qisda will continue adjusting its profit percentage, aiming at becoming a well-round system integration software & hardware service provider.

2. Highly integration of software & hardware, aiming at opportunities of six smart solutions

In the development of Internet technologies, the hardware-oriented thinking has gradually lost its competiveness. The only chance to capture market opportunity again is through integration, basing on hardware and adding value with software service. Therefore, Qisda smart solution business continues to expand business in six areas: smart store, smart city, smart enterprise, smart factory, smart hospital and smart campus. With existing technologies such as display, projector, POS, monitor, automatic equipment, medical equipment, mobile communications and software integration while combining the deployment of IoT (Internet of Things) to provide more efficient brand-new experience to the client. Among these, smart factory provides a platform that highly integrates software and hardware to establish a highly-efficient industrie 4.0 factory, integrating systems or equipment such as Manufacturing Executive System (MES), Warehouse Management System (WMS), Automated Guided Vehicle (AGV) and robot arm to drastically improve the operation intelligence of the factory, thereby improving production efficiency. Qisda expects to finish its first demonstrative smart factory at its Gueishan Township headquarter in Taoyuan County, Taiwan in 2016.

3. Qisda continues cultivate sustainable development management with KPI and expands to supply chain

With the passing of the long-delayed Greenhouse Gas Reduction Act and the compilation of Paris Agreement, related issues of carbon management such

as cap and trade and carbon tax are under discussion again. Qisda has actively participated in filling out questionnaire of Carbon Disclosure Project and is elected for the first time by the Hong Kong and South East Asia Climate Disclosure Leadership Index (HK-SE CDLI). In addition, the company continues to launch performance management of the three aspects—Green Product, Green Operation and Green Supply Chain. In the Green Product aspect, the company reached the Green Design 555 goal of energy saving, material reduction and carbon reduction, compared with base year 2012. The eco-efficiency for its products will be included in the indicators next year with two-year base-line investigation, evaluating the overall economic value brought by the improving the environment of its products. In terms of Green Operations, its energy saving, carbon reduction and various safety indicators all reached related goals. In the coming year, the indicators will include economic considerations and evaluate related performance by revenues while green factory recognition is expected to be obtained in 2016. In Green Supply Chain, Qisda will keep launching supply chain social responsibility & environmental, safety and health investigation. To improve related effect, it will launch on-site audit in 2016 to specifically control the performance of its suppliers.

4. Innovative culture changes old thinking, develops creative organization

The existing model of traditional electronic industry has brought confinement of growth while creative thinking allows the opportunity to change and brings new business opportunities. Consequently, the company launched a series of activities internally, with systematic seminars, classes and events to

make everyone feels that innovation is everywhere. The "Midas touch, creativity brings you a million dollar" competition brings innovative ideas relating with company products from employees. With full participation and election of employees, combining core R&D ability of the company, Qisda encourages its employees to find good ideas by offering awards. With the creation of the innovative atmosphere, Qisda aims to create the next niche product.

5. No hesitation to devote, deliver touched experience of truth, goodness and beauty of society

Taken from society/Give back to society. If one has enough resources, he/she has all the more reason to devote to the society. It is through everyone's devoting his/her love that a circle of goodness of society can be formed. Besides continuing to launch "Hsin-Fu Q School", letting children from the local Hsin-Fu Elementary School DIY on learning the operating principles of projector and green product knowledge, BenQ Foundation also launched various "DOC volunteer trip", enabling its employees to experience the labors of farmers after much sweat. The company even launched farmer fairs at its headquarter for the first time, enabling its employees to purchase local vegetable and care for farmers. Besides, Qisda welfare club Love-Love Club led employees and held over 30 caring activities, offering real-time assistance for local elderly people who live alone, the homeless and disadvantaged groups. As a result, employees care about other people and cherish the good experiences of loving and be loved.

Bring about industry upgrade, become model of Taiwan

Transformation is a series of laboring process; however, insisting on the right strategy will be the first step of industry upgrade. Qisda already has a strong foundation in economic, social and environmental aspects. Fair strength and persistence of corporate sustainability are the only way to sustainable operation. In the five-year sustainable goal of 2016 through 2020, the mid-to long-term goal enables us to be more concretely cultivate and continue to improve performance. With initiating, innovating and changing among all its employees and expanding the idea and philosophy of sustainable development to its supply chain, Qisda will bring a new chapter to itself and becomes a model for transformation of the electronic industry.
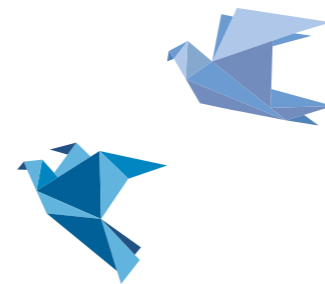
Sustainable Development Key Performance Indicators at a Glance

Economic Performance Indicators							
Category/Item	2012	2013	2014	2015	Note	GRI G4 Index	Corresponding Chapters
Economic Value							
Consolidated Revenues (100 million)	1,166	1,192	1,335	1,331	Unit: New Taiwan dollars	EC1	Financial Performance
After-Tax Revenues/Loss (100 million)	−27.8	7.1	29.7	21.7			
Percentages of Locally-hired Managers							
Taiwan (%)	99.4	99.37	99.17	98.73		EC6	Employee Profile
Suzhou, China (%)	81.9	83.44	78.48	83.68			
Number of Patents							
Accumulated Number of Patents Granted	1,112	1,085	1,080	1,126		N/A	N/A
Industrial Design Awards							
Number of Industrial Design Awards Earned	29	6	10	6	Awards include: iF、Red Dot、iF China、G-Mark、Bio、Golden Pin	N/A	Qisda Corporation

Environmental Performance Indicators							
Category/Item	2012	2013	2014	2015	Note	GRI G4 Index	Corresponding Chapters
Use of Raw Materials							
Solder (paste, bar, wire) (tons)	138.48	122	150.6	231.6		EN1	N/A
Flux (tons)	103	99.8	147.8	128.5			
Iron (10,000 tons)	1.1	0.74	0.73	0.76			
Direct Energy Usage							
Natural Gas (1,000 cubic meter)	286	271	184	303		EN3	Greenhouse Gas Inventory
Petrol (tons)	41	34	34	20			
Diesel (tons)	14	15.7	12.5	10.9			
Indirect Energy Usage							
Externally Purchased Electricity (10,000 MWh)	8.3	8.5	9.2	8.96		EN4	Greenhouse Gas Inventory
Water Usage							
Taiwan (tons)	70,226	73,280	71,251	64,357		EN8	Water Resources Management
Suzhou, China (tons)	383,830	342,683	386,432	487,031			
Global Total (10,000 tons)	45.9	41.8	45.8	55.1			
GHG Emissions							
Direct and Indirect GHG Emissions (10,000 tons CO_2-e)	6.7	7.0	7.4	7.2	The organizational GHG inventory has passed ISO 14064-1 third-party verification.	EN16	Greenhouse Gas Inventory
Other Indirect GHG Emissions (tons CO_2-e)	531.49	613.10	934.08	910	Employee business travel.	EN17	Greenhouse Gas Inventory

Sustainable Development Key Performance Indicators at a Glance

Environmental Performance Indicators

Category/Item	2012	2013	2014	2015	Note	GRI G4 Index	Corresponding Chapters
Environmental Management Performance *							
Total GHG Emissions / Total Revenue (tons/100 million)	91	82	76	72	A decrease of 44.9% compared 2015 to 2009 (130.6).	N/A	Greenhouse Gas Inventory
Hourly GHG Emissions Per Employee Worldwide (kg CO_2-e)	2.01	2.17	2.1	2.02	A decrease of 29.4% compared 2015 to 2009 (2.86).	EN18	Greenhouse Gas Inventory
Hourly Electricity Consumption Per Employee (kWh)	2.41	2.6	2.49	2.07	A decrease of 32.6% compared 2015 to 2009 (2.81).	N/A	Greenhouse Gas Inventory
Monthly Water Consumption Per Employee (tons)	2.72	2.65	2.82	3.52	A decrease of 19.6% compared 2015 to 2009 (4.38).	EN8	Water Resources Management
Recyclable Wastes Ratio (%)	89.4	92.7	92	88.8	An increase of 5.7% compared 2015 to 2009 (84).	EN23	Waste Management
Global Domestic Sewage Generated (10,000 tons)	36.7	33.5	36.6	44.1		EN22	Water Resources Management
Waste Materials							
Total Amount of Recyclable Wastes – Taiwan (tons)	456	357	804	863		EN23	Waste Management
Total Amount of Recyclable Wastes – Suzhou, China (tons)	12,141	18,067	19,037	21,037		EN23	Waste Management
Total Amount of Recyclable Wastes – Global Manufacturing Sites (tons)	13,003	18,981	19,896	21,899		EN23	Waste Management
Total Amount of Unrecyclable Wastes – Taiwan (tons)	74.5	76.7	78	94		EN23	Waste Management
Total Amount of Unrecyclable Wastes – Suzhou, China (tons)	1,449	1,418	1,683	2,667		EN23	Waste Management
Total Amount of Unrecyclable Wastes – Global Manufacturing Sites (tons)	1,547	1,504	1,764	2,761		EN23	Waste Management
Chemical Leaks and Spills							
Total Number and Volume of Chemical Leaks and Spills	0	0	0	0		EN24	Safety & Health Management
Non-compliance with Environmental Laws and Regulations							
Monetary Value of Significant Fines and Total Number of Non-monetary Sanctions for Noncompliance with Environmental Laws and Regulations	0	0	0	0		EN29	Legal Compliance
Environmental Protection Expenditures							
Total Environmental Protection Investment /Expenditures (10 thousand)	13.4	17	60	63	Unit: United States dollars	EN31	GRI/G4 Index

Social Performance Indicators

Category/Item	2012	2013	2014	2015	Note	GRI G4 Index	Corresponding Chapters
Total Workforce							
Taiwan	1,686	1,640	1,627	1,589		LA1	Employee Profile
Suzhou, China	6,223	6,040	8,474	9,057		LA1	Employee Profile
Global Workforce	7,976	7,680	10,131	10,682		LA1	Employee Profile
Safety & Health Management Performance Indicators							
Injury Rate (IR or FR)	0.18	0.076	0.046	0.078	The calculation is based on formula provided in GRI/G4.	LA6	Safety & Health Management
Lost Day Rate (LDR or SR)	4.6	2.2	1.4	2.8		LA6	Safety & Health Management
Occupational Disease Occurrence Rate (ODR)	0	0	0	0		LA6	Safety & Health Management
Absence Rate (AR)	48	24.3	9.9	29.9		LA6	Safety & Health Management
Average Training Hours Per Employee							
Direct Labor (All Sites)	131.62	109.66	90.97	57.41		LA9	Learning and Development
Indirect Labor (All Sites)	40.41	20.48	20.72	26.61		LA9	Learning and Development
Human Rights							
Incidents of Discrimination	0	0	0	0		HR3	Human Rights Management
Incidents of Violations in Human Rights	0	0	0	0		HR12	Human Rights Management
Percentage of Employee Ethics Awareness Education Training							
Taiwan (%)	91.7	98.56	DL:100 IDL:96.42	DL:100 IDL:100	1. Starting in 2014, Qisda offers data calculated according to region and employee type for stakeholder demands of various regions. 2. DL: Direct Labor 3. IDL: Indirect Labor	SO4	Integrity and Anti-corruption
Suzhou, China (%)			DL:99.8 IDL:99.71	DL:100 IDL:100		SO4	Integrity and Anti-corruption
Political Contributions							
Monetary Contributions to Political Activities	0	0	0	0		SO6	GRI/G4 Index
Non-compliance with Social Laws and Regulations							
Anti-trust Litigation	0	0	0	0		SO8	Legal Compliance
Customer Satisfaction Survey Scores							
First Half	89.00	96.2	-	-	Starting in 2014, Qisda offers customer satisfaction survey results calculated according to product line for stakeholder demands.	PR5	Customer Commitment
Second Half	93.67	95.1	-	-		PR5	Customer Commitment
Medical	-	-	90	90.5		PR5	Customer Commitment
General Display	-	-	93	100		PR5	Customer Commitment
Mobile	-	-	90.5	90		PR5	Customer Commitment
Projector	-	-	93	93.5		PR5	Customer Commitment
Industrial Automation	-	-	93.5	94		PR5	Customer Commitment
Monitor	-	-	93	95		PR5	Customer Commitment
Automotive Display/Car	-	-	91	88		PR5	Customer Commitment

*2009-2014 statistics included that of its Mexico site; however, the site stopped production officially in August 2014, so that data did not contain Mexico site in 2015.

Sustainable Development Key Performance Indicators at a Glance

Social Performance Indicators

Category/Item	2012	2013	2014	2015	Note	GRI G4 Index	Corresponding Chapters
Non-compliance with Marketing Regulations							
Total Number of Incidents of Violations in Marketing Rules & Regulations	0	0	0	0		PR7	Legal Compliance
Customer Privacy							
Number of Substantiated Complaints Regarding Breaches of Customer Privacy	0	0	0	0		PR8	Customer Commitment
Non-compliance with Laws and Regulations Concerning Product Use							
Monetary Value of Fines for Non-compliance with Laws and Regulations Concerning Product Use	0	0	0	0		PR9	Legal Compliance
Supply Chain Survey							
Response Rate of Conflict Minerals Survey (%)	N/A	75	78.6	87.4	1. All suppliers were asked to complete a survey on conflict minerals since 2011. 2. A Conflict Minerals Survey (CMS) system was established in 2012, so no surveys were conducted.	N/A	Supply Chain Management
Survey on Supplier Social Responsibility & Environmental, Safety and Health (%)	81	75.2	81.3	75.3	The proportion of investigated supplier of that year to that of the total purchasing expense in the year before previous year	N/A	Supply Chain Management

Qisda Corporation

Company Introduction

Established in 1984, Qisda (formerly BenQ Corporation) is headquartered in Taoyuan, Taiwan. A global ODM/OEM leader in electronics, Qisda not only strives to provide innovative, high-quality products and services to meet the market demands in a timely manner but also aspires to improve the quality of living, creating new values to people's lives through its product technology.

Qisda researches and manufactures of a wide range of electronic products that covering diverse applications in the fields of consumer electronics, commerce and industry-specific applications. In recent years, Qisda has made a strong presence in offering medical electronic devices and lifestyle products, such as ultrasound diagnostic sonography, dialyzer, dialysis machine and digital oral scan. Qisda's product lines and technologies include LCD monitors, professional displays and e-signage, projectors, All-in-One PC, precise scanners, multifunctional printers, home medical gateway, 3G/4G/smart phones, wireless modules, automobile infotainment devices, industrial automation, a variety of portable consumer electronic devices as well as LED lamp designs.
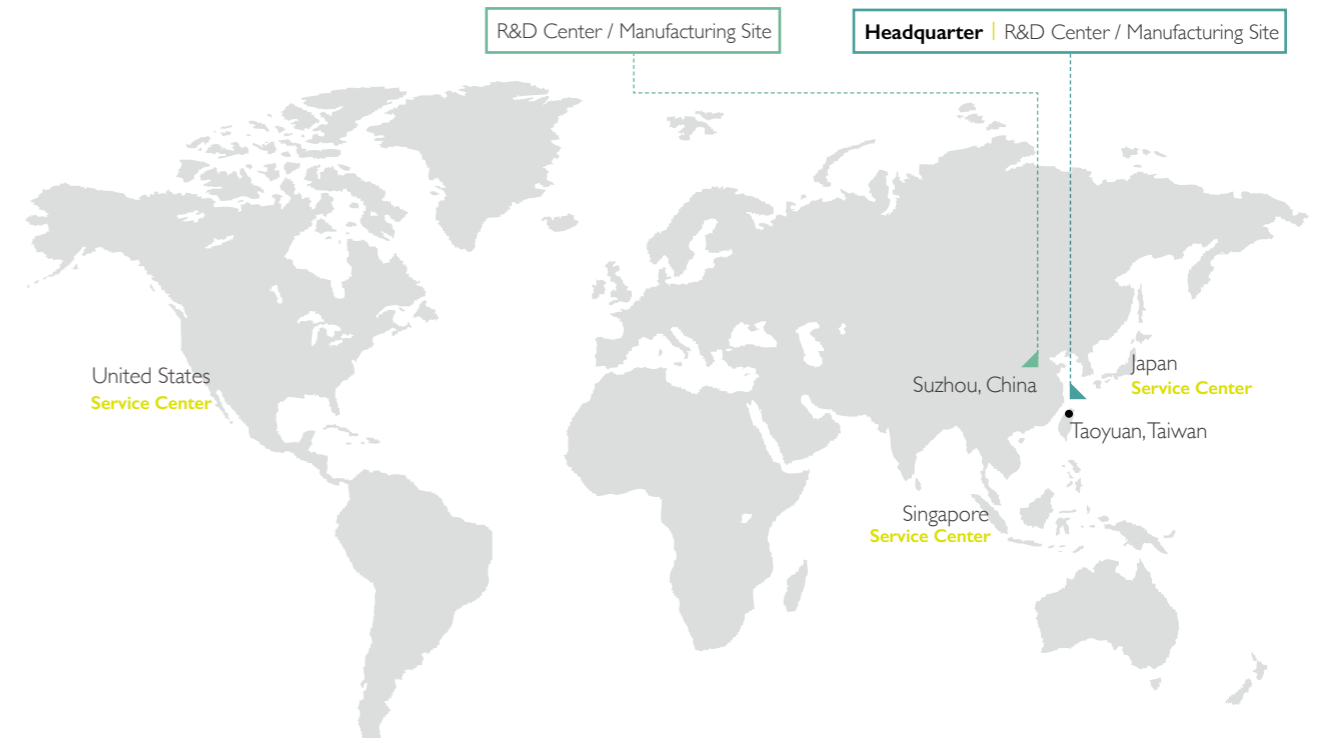
Qisda is proud to be ranked as both the second largest LCD monitor and projector manufacturer in the global industry. It is also the first company in Taiwan to devote itself to the research and development of mobile communications. Qisda established global operational sites for R&D, manufacturing and services in Taiwan (Taipei, Taoyuan, Hsinchu), China (Suzhou), United States and Japan. Currently, Qisda has 10,682[*] employees around the world.

Qisda Core Value

"Bring Enjoyment and Quality to Life" is Qisda's shared vision, and is realized via four values: "Integrity & Introspection", "Passion & Professionalism", "Execution & Excellence", and "Caring & Contribution."

Qisda Today

Founded	1984	
2015 Core Consolidated Revenues	NTD$133.1B	Number of Employees Approx. **10,682**
Paid-in Capital	NTD$19.7 B	

R&D Center / Manufacturing Site

Headquarter | R&D Center / Manufacturing Site

United States
Service Center

Suzhou, China

Japan
Service Center

Taoyuan, Taiwan

Singapore
Service Center

[*] The employee number in the chapter was based on the actually-hired employees of Qisda. Since the contract of contract workers was at a third-party company while the real employer was not Qisda, the above-mentioned workforce did not include that of contract workers (Taiwan contract worker number: 133. Suzhou, China contract worker number: 2,258).

1. With "Integrity & Introspection" ethic promise, no opportunistic fake, set oneself as an example to follow the disciplines of the company while keeping one's words.

2. "Passion & Professionalism", use active and aggressive attitudes to finish one's tasks, devoting to one's job and partners while sticking to one's promises.

3. "Execution & Excellence", opens one's mind, not afraid to innovate and change, continue to learn and grow while non-stop pursuing better spirit.

4. "Caring & Contribution" for the overall society, realizing environmental protection and sustainable development promises, making contribution to customer, society and environmental benefits.
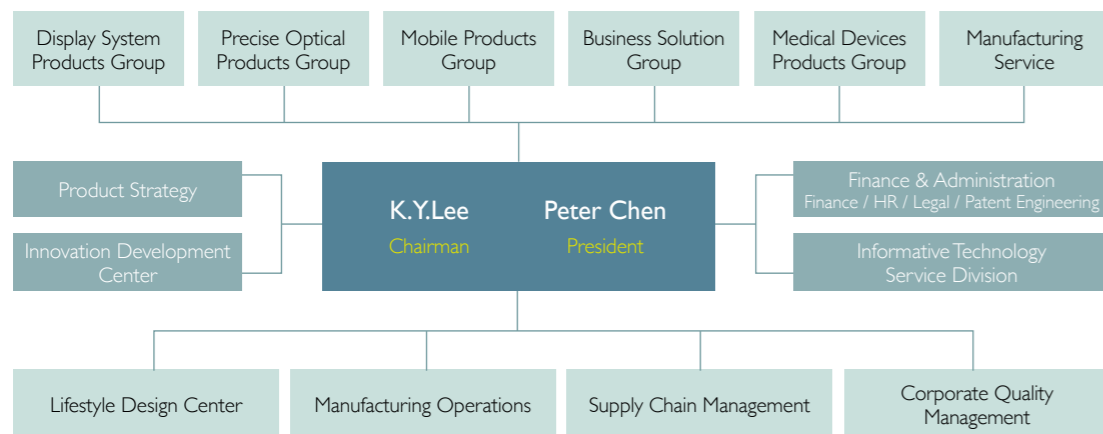
Qisda Core Value

Integrity & Introspection	**Execution & Excellence**
Bring Enjoyment and Quality to Life	
Caring & Contribution	**Passion & Professionalism**

Operation Profile and Organization Structure

Based in Taiwan, Qisda established an international network of manufacturing and marketing. Its worldwide operation sites include the R&D center in Taiwan, and the manufacturing sites in Suzhou, China. In order to expand its market marketing channels in Europe, America and Asia and provide better services with prompt response to client inquiries, Qisda also sets up maintenance and marketing centers in the United States and Japan. For the share capital source, shareholder structure and related information of subsidiaries included in the consolidated report of Qisda, please refer to corporate annual report.

In addition to working with global branded customers of consumer electronics, Qisda aggressively develops products for commercial and industrial markets in recent years. To meet the needs for operational growth, Qisda structured six major product groups: Display System Products Group, Precise Optical Products Group, Mobile Products Group, Smart Solution Group, Medical Devices Products Group and Manufacturing Service.

In 2014, Mr. Peter Chen assumed the role of CEO and President of Qisda for his extraordinary experiences in diversified realms of product development, global operation and marketing, and customer cooperation, which have led Qisda continuously strive for growth in excellence in the past 24 years.

Company Organization Structure

Display System Products Group	Precise Optical Products Group	Mobile Products Group	Business Solution Group	Medical Devices Products Group	Manufacturing Service

Product Strategy
Innovation Development Center

K.Y.Lee Chairman   **Peter Chen** President

Finance & Administration
Finance / HR / Legal / Patent Engineering

Informative Technology Service Division

Lifestyle Design Center | Manufacturing Operations | Supply Chain Management | Corporate Quality Management

Qisda's products

Display	
Image Device	
Projector	
Automobile Solution	
Mobile Communication Device	
Healthcare Solution	
Industrial Automation	

DLP projector shipments ranked the world's first.

LCD monitor shipments ranked number two globally.

Ranked 1 in Red Dot Design Ranking Taiwan 2015

Qisda Core Competencies and Achievements

Qisda's capability encompasses the research and development as well as manufacturing of a broad range of products in the display, optical, wireless communications, imaging, medical, infotainment, automation, and LED illumination applications, and so on. This versatility makes Qisda stand out from the rest ODM/OEM companies. In addition to leveraging affiliated upstream and downstream companies' techniques, such as LCD, LED, e-paper, touch module and IC design, Qisda's in-house vertical integration capabilities include SMT-surface-mount technology, metal stamping, plastic injection, and LCD module assembling. We offer our clients with seven major product types—display, image device, projector, automobile solution, mobile communication device, healthcare solution and industrial automation. In 2015, Qisda saw its major products had strong performances, with the shipment volume of its monitors breaking quarterly highs each quarter, high-end monitor shipments breaking 1.6 million units annually, rising 60% compared to that of 2014. Its overall monitor shipments ranked second globally. The company launched WUXGA, smart and high-end education-use super short-throw projectors in 2015. The shipment volume of its high-end models doubled from that in 2014, contributing to 25% of its overall revenues and topped the world's DLP market.

Although positioned as an ODM/OEM company, Qisda possesses internationally acclaimed design capabilities. Since 2008, Qisda has created winning records among major design awards. For 2014, Qisda won 4 German iF, 3 Red Dot, 1 Japanese G-Mark. In 2015, the company has won six awards, accumulating a total of 131 international design awards. Qisda was also acknowledged as the number one by the "Red Dot Design Ranking Taiwan 2015". Not only does Qisda have R&D and manufacturing advantages, it has unique product design ability, which is competitive in highly economic and high value-added product designs.

Value-Up Solutions that Exceeds Expectations

Qisda continues to extend the enterprise vision: "Bringing Enjoyment and Quality to Life" business deployment to life and expand to important areas of human life such as new business-medical service, medical material, software service, integration service platform and enterprise solution. In addition, our operational strategy is to ceaselessly launch organization renovation engineering including global manufacturing and supply chain management integration, improving factory vertical integration ability, establishing customized production model with small-quality and various products, improving

the capability of serving customers and combining software integration and application to keep creating company value and high customer satisfaction as well as strengthening the solution provider operational strategy.

and horizontal supply chain developments to improve its industry competitiveness.

In addition, with cross combination of associations in various industries, Qisda can integrate automation technology, precision mechanics, mold, communications, image display, material, information, electronic & electrical, medical care, education, service, etc, and speed up industry upgrade and innovative development.

Associations

Qisda aggressively participates in various types of high tech industry associations. The company strengthens industry association as well as vertical

List of Affiliated Associations and Organizations

No.	Affiliated Associations and Organizations	General Members	Council Members
1	Taiwan Society of Ultrasound in Medicine	O	
2	Taiwan Medical and Biotech Industry Association	O	
3	National Cheng Kung University Medical Device Innovation Center and Cheng Kung Medical Device Alliance	O	
4	Institute of Antenna Engineers of Taiwan	O	
5	In-Location Alliance	O	
6	Taiwan Electrical and Electronic Manufacturers' Association	O	
7	Taipei Computer Association	O	
8	Taiwan Automation Intelligence and Robotics Association	O	O
9	The Institute of Internal Auditors-Chinese Taiwan	O	
10	Taiwan Public Limited Company Share Affair Association	O	
11	AirFuel Alliance	O	
12	Wireless Power Consortium	O	
13	GSMA	O	
14	VCCI	O	

Qisda Corporate Sustainable Development

Qisda Chairman K.Y. Lee believes that the goal of a company's existence is to create value – a type of sustainable value that makes both tangible and intangible contributions as a positive influence in society. A sustainable operation reflects the very essence of a company's long-term value creation strategy. For an enterprise to withstand the test of time, history and culture must be incorporated into its business operation models, and integrity must be set as its highest ethical principle.

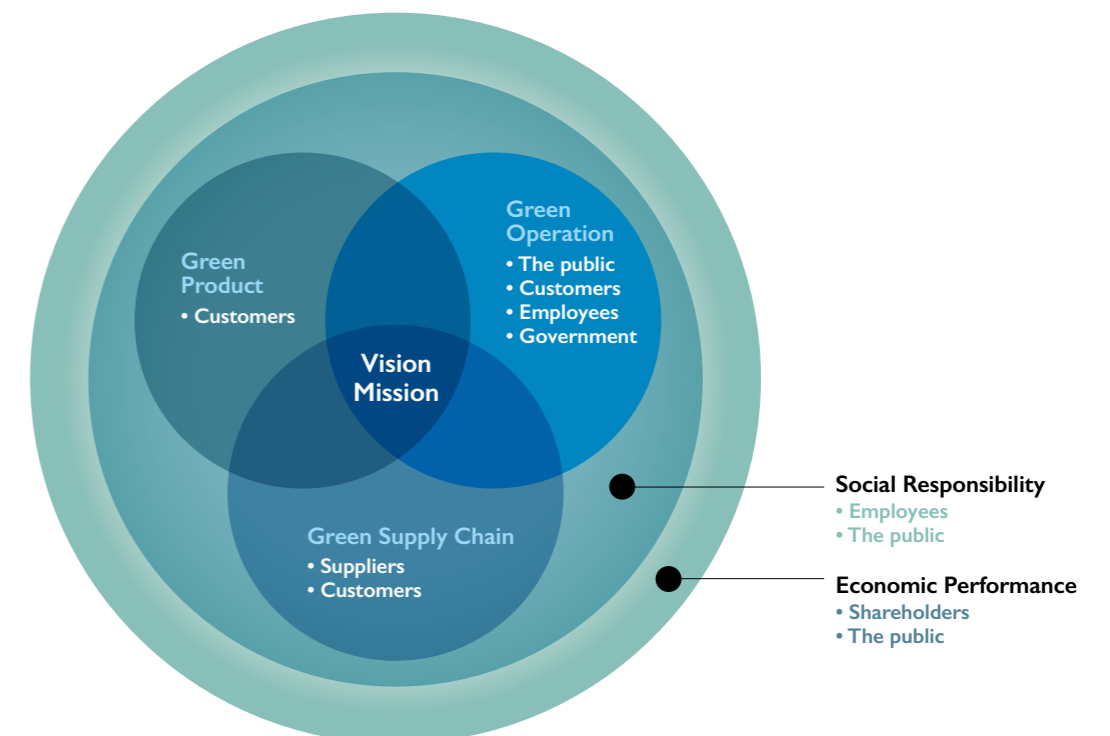electronic products, elevate the life quality of our fellow humans, and be friendly to Mother Earth.

Our Mission:

• Integrity is the fundamental principle that governs our relationship with Qisda's stakeholders (customers, suppliers, creditors, shareholders, employees) and the public.

• Create innovate green products that can elevate the life quality of our human fellows.

• Collaborate with our suppliers and customers to establish a "carbon-balanced" product lifecycle.

• Provide our employees a healthy and delightful work environment.

• Generate a healthy corporate profit, as well as provide returns and benefits to our shareholders, employees, and the public.

The Core of Qisda Corporate Sustainable Development – Our Vision and Mission

Qisda has taken our corporate vision and mission as the core foundation to systematize and structuralize our corporate sustainable development in 2010. With various business promotions, we strive to realize the enterprise vision of Qisda: Bringing Enjoyment and Quality to Life.

Our Vision:

Be an innovator in designing and manufacturing of

Qisda Corporate Sustainable Development Structure

Internally named as "Corporate Sustainability Development (CSD)", Qisda's sustainability

Qisda Corporate Sustainability Development Structure

Green Product
• Customers

Green Operation
• The public
• Customers
• Employees
• Government

Vision Mission

Green Supply Chain
• Suppliers
• Customers

Social Responsibility
• Employees
• The public

Economic Performance
• Shareholders
• The public

development involves the integration of the triple bottom line – economic, social, and environmental – as the groundwork for structural expansion into a five-dimensional architecture designed to implement Qisda corporate sustainability objectives, strategies, and plans. "Green Products", "Green Operation", and "Green Supply Chain" uphold Qisda's value for environmental protection; "Social Responsibility" for social well being; and "Financial Performance" for economic prosperity.

This five-dimensional architecture supports Qisda's implementation of corporate sustainability development. We have set long-terms goals in every aspect to guide the implementation of each dimension and every task:

1. **Economic:** Strive to improve corporate governance, continually improve manageability and profitability to meet the best interest of our shareholders.

2. **Social:** Internalize corporate citizenship DNA and has a positive influence on the society.

3. **Environmental:**

a. **Green Products:** Improve product sustainable value.

b. **Green Operation:** Continually improve, cultivate green operational culture.

c. **Green Supply Chain:** Improve the independent management ability of corporate responsibility of suppliers.

Qisda Corporate Sustainability Development Committee

In order to ensure smooth and seamless implementation of all corporate sustainability development operations and to build effective

communication to address the opinions of our stakeholders, Qisda has integrated related departments to form the Corporate Sustainability Development Committee (CSD Committee). It is also equipped with an IT-supported Management System function to supervise the development of the management e-platform. Each function of the committee submits monthly reports to update work status; the committee convens quarterly meetings to perform the status reports of the aforementioned executional performance and corporate social responsibility report.

The committee organization chart can be seen in the figure below.

2015 Corporate Sustainability Development — Key Performance Indicators (KPIs) and Management Results

Since the systematic implementation of Corporate Sustainability Development in 2009, Qisda has consistently strived to fulfill its sustainable development tasks in economic, social and environmental aspects. The following chart provides a glimpse at our key performance indicators and the management results in the five dimensions.

In addition, In our performance of overall corporate sustainable development, Qisda ranked 12 in the Channel NewsAsia Sustainability Ranking, being one of the ten Taiwan-based enterprises listed in the Hong Kong and South East Asia Climate Disclosure Leadership Index, HK-SE CDLI, won the top award of the Environmental Friendly Group of the Corporate Sustainability Award held by the Global
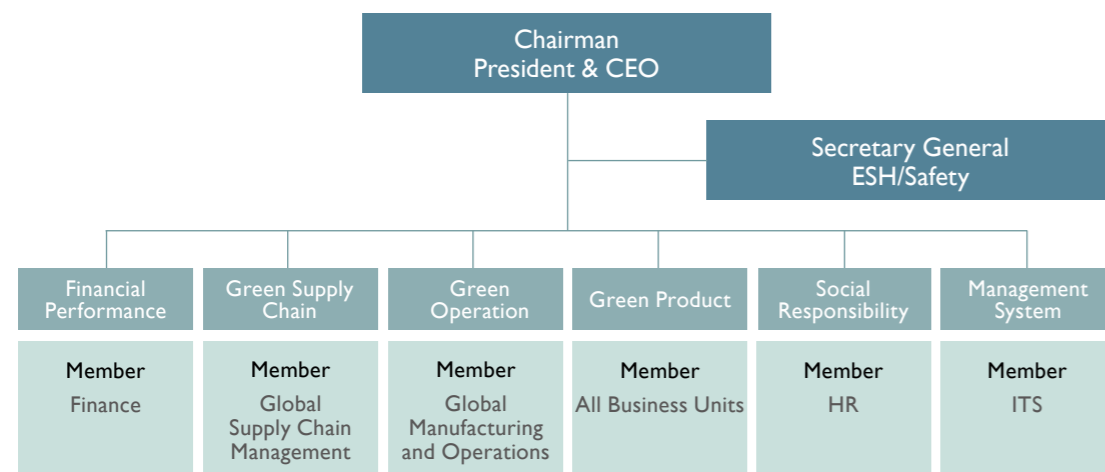
Views Monthly Magazine and won the third spot of the Green Architecture Award of the Ministry of the Interior. The performance in sustainability has greatly won international recognition.

At the end of 2015, we also adjusted and compiled the sustainability goals of the new phase from 2016 to 2020. We collected customer requirements, overseas and domestics compulsory regulations and international trends on top of Green Product, Green Operation, Green Supply Chain and Social Responsibility sustainability aspects. With such. We extended and compiled performance indicators such as Environmental Protection Resource Value, Healthy Enterprise, Innovative Value and Sustainable Governance. We expect to continue improve and instill our development in corporate sustainability under the developments of mid-to-long-term goals (the 2030 sustainability goals are also shown in the figure as below).
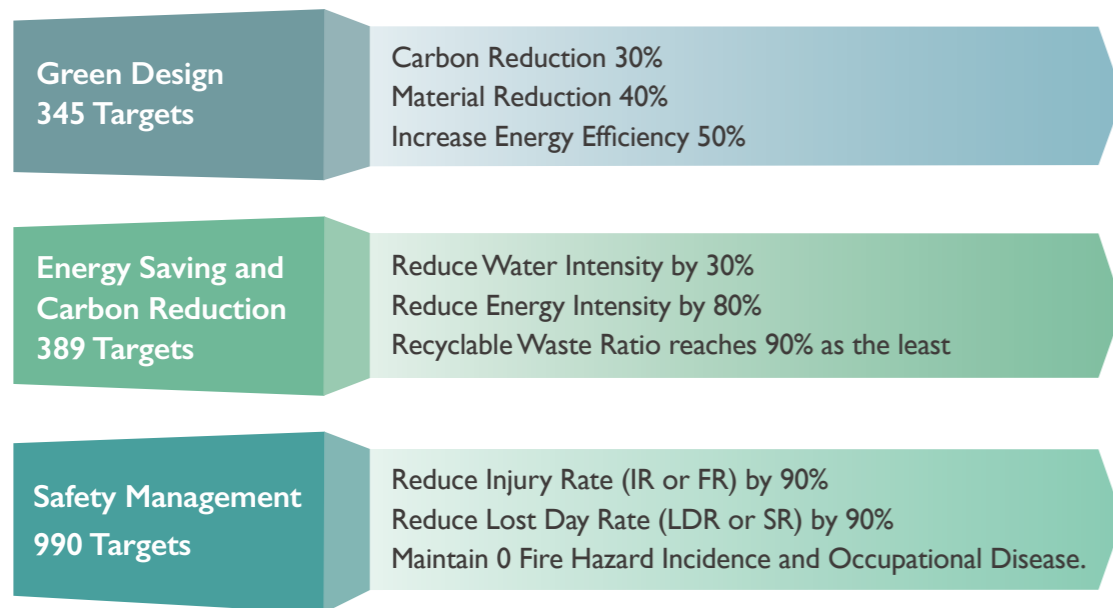

- Qisda ranked 12 in the Channel NewsAsia Sustainability Ranking.
- One of the ten Taiwan-based enterprises listed in the Hong Kong and South East Asia Climate Disclosure Leadership Index, HK-SE CDLI.
- Won the top award of the Environmental Friendly Group of the Corporate Sustainability Award held by the Global Views Monthly Magazine
- Won the third spot of the Green Architecture Award of the Ministry of the Interior

Corporate Sustainability Development Committee (CSD Committee)

CSD Key Performance Indicators (KPIs) and Results

Dimension of Sustainability Development	KPIs	2015 Results	2020 Targets	Note
Green Product	Energy Saving (%)	A 45.42% decrease	A 1% decrease each year	1. The results of 2015 are compared to that of 2009. 2. 2020 Targets are set based on the achievement of 2015.
	Material Reduction (%)	A 22.96% decrease	A 1% decrease each year	
	Carbon Reduction (%)	A 32.03% decrease	A 1% decrease each year	
	Eco-Efficiency (%) (new)	-	A 1% decrease each year	
Green Operation	Lost Day Rate (LDR or SR)	A 68.9% decrease	A 6% decrease each year	1. The results of 2015 are compared to that of 2009. 2. 2020 Targets are set based on the achievement of 2015. 3. 2009-2014 statistics included that of its Mexico site; however, the site stopped production officially in August 2014, so that data did not contain Mexico site since 2015.
	Injury Rate (IR or FR)	A 80.7% decrease	A 2% decrease each year	
	Hourly Electricity Consumption Per Person (MWh/ 100 million) (kWh)	A 12.95% decrease	1. The indicator is adjusted to the total electricity consumption / total revenue (MWh/ 100 million) 2. A 5% decrease each year	
	Monthly Water Consumption Per Person (tons)	A 25% decrease	1. The indicator is adjusted to the total water consumption / total revenue (tons/ 100 million) 2. A 5% decrease each year	
	Recyclable Waste Ratio (%)	Nearly 90%	Reach 90%	

Dimension of Sustainability Development	KPIs		2015 Results		2020 Targets	Note
Green Supply Chain	Supplier Social Responsibility Investigation (number of suppliers)		265		On-site audit will be added since 2016.	1. The result of 2015 has been accumulated from 2013. 2. Accumulatively, a total of 614 suppliers from 2009 to 2015 completed the audit.
Social Responsibility	Incidence of Child Labor		0		0	
	Percentage of Employee Ethics Awareness Education Training (%)	Taiwan	Direct Labor:100% Indirect Labor:100%	100%		
		Suzhou, China	Direct Labor:100% Indirect Labor:100%			
	Creative Culture Participation (number of participants) (new)		-		3,500	
Economic Performance	Corporate Governance Evaluation (%) (new)		-		Maintain the score of top 20%	
	Risk Control Implementation rate (%) (new)		-		95%	
	Percentage of Increase in the Number of Essential Patents (%)(new)		-		10%	Essential patent: patents in the US or in at least two countries.

CSD 2030 Goals (2009 is the base year)

Green Design 345 Targets
Carbon Reduction 30%
Material Reduction 40%
Increase Energy Efficiency 50%

Energy Saving and Carbon Reduction 389 Targets
Reduce Water Intensity by 30%
Reduce Energy Intensity by 80%
Recyclable Waste Ratio reaches 90% as the least

Safety Management 990 Targets
Reduce Injury Rate (IR or FR) by 90%
Reduce Lost Day Rate (LDR or SR) by 90%
Maintain 0 Fire Hazard Incidence and Occupational Disease.

Stakeholder Engagement

To ensure timely communication with stakeholders in the planning and decision-making processes of all corporate sustainability development operations, as well as to address the significant issues identified by stakeholders in this scope, Qisda has resorted to a transparent and unimpeded response mechanism: AA 1000 Accountability Principle Standard (AA 1000APS). It is our commitment to recognize and respond to information concerning sustainability development with the highest credibility and quality. The following figure shows Qisda's adherence to AA 1000APS standards, following three major principles: inclusivity, materiality, and responsiveness.

I. Inclusivity

Inclusivity refers to the engagement and involvement of all stakeholders in creating accountable and strategic corporate sustainable development plans. Qisda has taken the following measures to abide by and meet the spirit of inclusivity:

1. **Define stakeholders:** Those who have an impact on our business operation, or on whom we have an impact.

2. **Identifying stakeholders:** Based on the definition of stakeholders, Qisda has identified the key stakeholders and made our commitments while defining our corporate mission (also the corporate sustainability development mission). The six key stakeholder groups identified are: employees, shareholders, suppliers, customers, the public and the government.

3. **Establishing the mechanism to incorporate stakeholder views into our corporate sustainability development:** The six groups of key stakeholders listed above have substantial influence over our corporate sustainable development with regard to the issues and topics they may hold interests in. Qisda has assigned each group with its own exclusive communication channel, and appointed corresponding departments to collect and respond to any views that they may wish to share (shown in the table on the next page).

II. Materiality

Materiality refers to the thorough evaluation and assessment of the relative importance of the issues raised. It guides an organization to determine the relevancy and significance of an identified issue over its management operations, and thus to decide whether or not to incorporate it into the sustainability development report. Qisda follows the identification process of GRI/G4 material aspect for the four steps—identification, prioritization, validation and review, with determination for the concerned significant issues of stakeholders launched each year regularly. Qisda mainly invites stakeholders to rate 46 GRI/G4 issues based on two principles via questionnaires for three stakeholder types:

Qisda AA 1000APS Compliance Approach

Inclusivity	Materiality	Responsiveness
Defining Stakeholders	◎ Issues of impact on current or future business operation	◎ Major issues, in addition to be responded in assigned communication channels, are to be reported and addressed in annual CSR.
Identifying Stakeholders	◎ Issues greatly concerned by stakeholders	
	◎ Issues Qisda holds control over under reasonable circumstances	◎ Secondary issues are responded through assigned communication channels.
Establishing the mechanism to incorporate stakeholder views into our corporate sustainability development	Identification > Prioritization > Validation > Review	

Corporate Sustainability Development: Material Issues and Responses

Stakeholders		Medium	Major Issues	Corresponding Chapters	Note
Employees	Current Staff	Educational Training (Including maneuvers and exercises) New Employee Orientation Electronic Newspaper, Emails, and Phone Calls CEO Mailbox 2HR Mailbox 2885 online system Business seminar Performance Communication System Benefits Committee, Labor Welfare Committee Individual Consultation, Health Examination	Learning & Development Corporate Benefit Activities Health Management & Care	Learning and Development Creating a Happy and Healthy Working Environment	
Customers	Consumers	Customer Service Line Product Repair Line Taiwan Customer Service Manager Mailbox	Customer Commitment & Service Customer Privacy Protection	Customer Commitment	
	Branded Customers	Quarterly Business Review (QBR) and Audit Questionnaires Assigned Communication Channels Phone Calls Emails Regular and Impromptu Reports Customer CSR Forum	Environment, Safety and Health Trainings in Social Responsibility Customer Commitment & Service Customer Privacy Protection Product Lifecycle Analysis Environmental Labels Product Carbon Footprint Green Product Design Human Rights and Labor Rights	Customer Commitment Human Rights Management Green Products Green Operation	
Shareholders	Shareholders	Investors Conference Presentation Materials Spokesperson and Interim Spokesperson System Department of Investor Relations Investor Mailbox (Investor@Qisda.com) Designated Area for Investors in Corporate Website (Qisda.com) Reports from Board of Directors and Audit Committee	Corporate Financial Information Business Operation Status Corporate Governance	Corporate Governance Financial Performance	Besides our financial and business information that will be disclosed in announcement or press release, presentation slides will be disclosed on our official website each quarter.
The Government	Government Agencies	Audits On-site Visits Official Documents Labor Compliance Investigations	Legal Compliance Environmental Protection Labor Rights Corporate Governance	Corporate Governance Legal Compliance Human Rights Green Operation	
Suppliers	Suppliers	Supplier Social Responsibility & Environmental, Safety and Health Survey Internal Training Courses Phone Calls Emails Green Product Management & Sample Approval System (GPM-SA System)	Supplier Corporate Social Responsibility Conflict Minerals 14064-1 GHG Emission Inventory	Supply Chain Management	

| Stakeholders		Medium	Major Issues	Corresponding Chapters	Note
The public	Environmental Protection Groups	Phone Calls Emails Volunteering	Care for the Society & Public Welfare Activities	Goodwill for the Earth, Love for the Society	
	Agencies/ Organizations	Corporate Website Volunteering	Care for the Society & Public Welfare Activities	Goodwill for the Earth, Love for the Society	
	Media	Corporate Website Corporate Briefing Investors Conference Presentation Materials Scheduled Press Release Impromptu News Conference Impromptu Media Question and Answers Impromptu Press Release	Corporate Financial Information Business Operation Status Care for the Society & Public Welfare Activities	Financial Performance Goodwill for the Earth, Love for the Society	Besides our financial and business information that will be disclosed in announcement or press release, presentation slides will be disclosed on our official website each quarter.
	other	Corporate Website News Media External/Internal Communications	Care for the Society & Public Welfare Activities Issues of Environmental Protection	Goodwill for the Earth, Love for the Society Green Operation	

1. Significance Rating
2. Impact Rating

A total of 40 response to the survey were received from the three groups—employees, suppliers, and customers. 36 responses were deemed effective and were included for materiality analysis. Two ratings were given from 1~10 to indicate level of low to high degree of significance/impact. Ratings were averaged respectively for the three groups and then the average ratings were ranked. 7-score items for both principles are considered material aspects. As a result, there are 23 material aspects as indicated in Table 4. Lastly, Qisda will inspect whether the report already completely discloses related messages for the reference of next year.

III. Responsiveness

Responsiveness refers to the involvement of many functions in business operations as a measure to manage and respond to material issues, challenges and concerns. Two classifications are established in the process: major issues are to be reported and addressed in the annual corporate sustainability development report, in addition to the utilization of assigned communication channels; while secondary issues are to be responded mostly through the assigned communication channels. Aside from the assigned communication channels and the annual sustainability reports, to provide information in an open and transparent manner, Qisda has designated a "Sustainability" website, which provides additional public access to important announcements and information regarding corporate sustainability development.
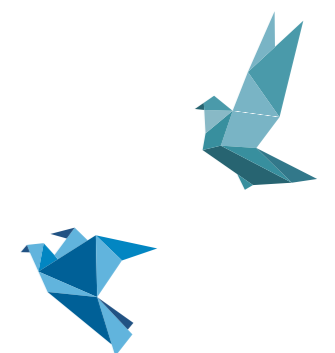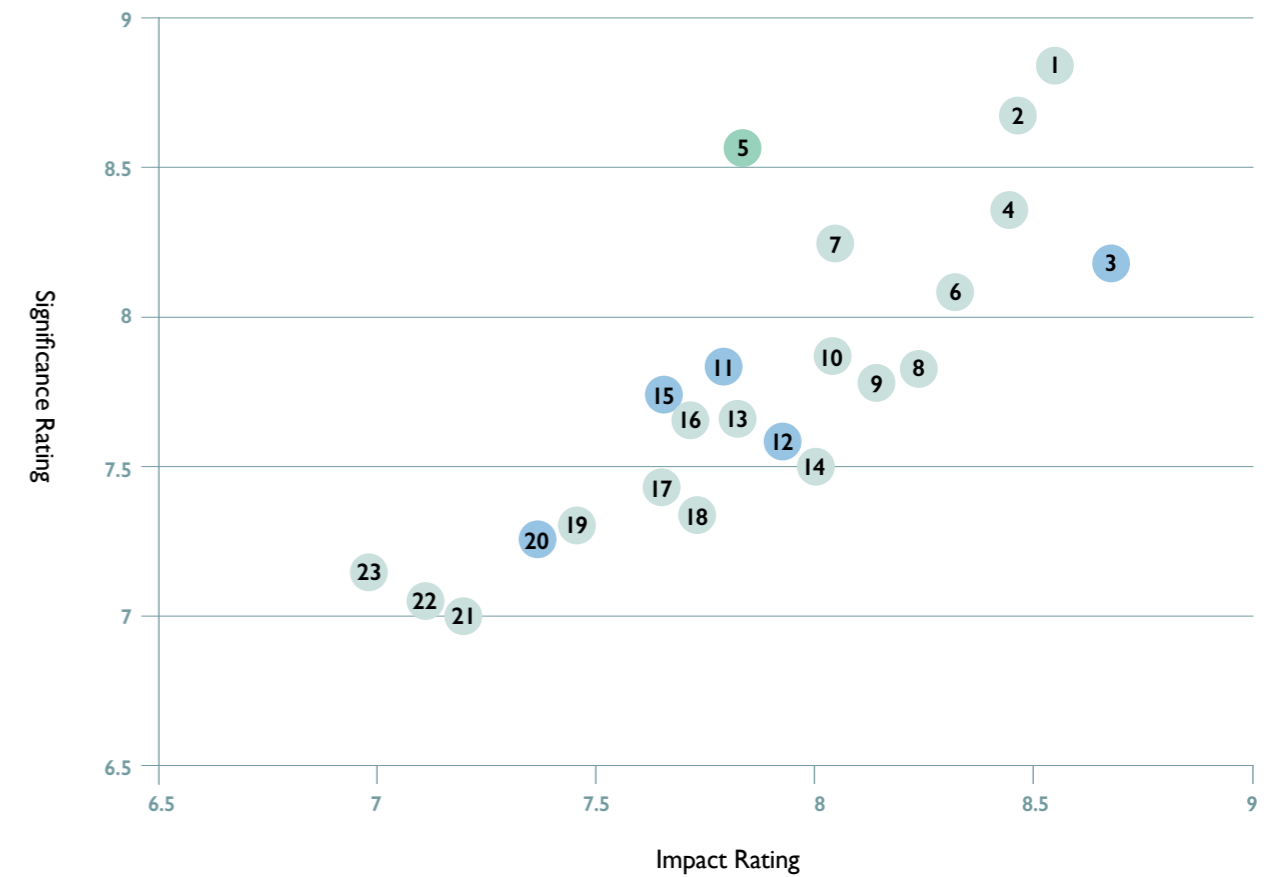
Material Aspects

Table of Material Aspects

No.	Category	Aspect	CSR Chapter	Boundary			Concerned Stakeholder*
				Inside	Outside		
					Customers	Suppliers	
1	Society	Customer Health and Safety	Green Products	●	●		Customers, Suppliers, and Employee
2	Society	Compliance (product responsibility)	Legal Compliance Customer Health and Safety	●	●		Customers, Suppliers, and Employee
3	Environment	Compliance	Legal Compliance Green Supply Chain	●		●	Customers, Suppliers, and Employee
4	Society	Customer Privacy	Customer Privacy Protection	●	●		Suppliers, and Employee
5	Economic	Economic Performance	Financial Performance	●			Employee
6	Society	Compliance (society)	Legal Compliance Green Supply Chain	●		●	Customers and Employee
7	Society	Child Labor	Human Rights Management Green Supply Chain	●		●	Customers and Suppliers
8	Society	Forced or Compulsory Labor	Human Rights Management Green Supply Chain	●		●	Customers and Employee
9	Society	Employment	Employee Profile Creating a Happy and Healthy Working Environment	●			Suppliers and Employee
10	Society	Occupational Health and Safety	Safety & Health Management	●			Employee
11	Environment	Emissions	Climate Policy and Carbon Management	●	●	●	Customers
12	Environment	Products and Services	Green Products	●	●		
13	Society	Product and Service Labeling	Green Products	●	●	●	
14	Society	Labor Practices Grievance Mechanisms	Human Rights Management	●			Customers and Suppliers
15	Environment	Effluents and Waste	Waste Management Water Resources Management	●	●		
16	Society	Anti-corruption	Integrity and Anti-corruption	●	●	●	
17	Society	Non-discrimination	Human Rights Management	●			

No.	Category	Aspect	CSR Chapter	Boundary			Concerned Stakeholder*
				Inside	Outside		
					Customers	Suppliers	
18	Society	Labor/Management Relations	Building Smooth Communication Channels and Strong Labor Relations	●			Employee
19	Society	Training and Education	Learning and Development	●			
20	Environment	Supplier Environmental Assessment	Green Supply Chain	●		●	
21	Society	Human rights Grievance Mechanisms	Human Rights Management	●			
22	Society	Supplier Assessment for Impacts on Society	Green Supply Chain	●		●	
23	Society	Local Communities	Creating a Happy and Healthy Working Environment	●			Customers

* The concerned stakeholder ranked this material aspect in the Top 5 issues, while other stakeholders did not.

Distribution of Material Aspects

Realize Corporate Governance

Corporate governance is the foundation of enterprise operation. Qisda strives to realize the disclosure of corporate governance information, improve the transparency of management performance while promoting and supervising organization activities according to domestic and overseas regulations for a sound organization development and protection of the benefits of stakeholders.

The corporate governance, concerned material aspects of stakeholders and the management goals of Qisda are as follows:

Material Aspects	Management Goals	Report Section
Economic Performance	Improve existing business, expand medical business, and speed up solution development.	Financial Performance
Anti-corruption	No corruption incidents reached via supervising, training and management.	Integrity and Anti-corruption
Legal Compliance	Ensure that employees follow domestic/overseas regulations when performing duties via control and auditing measures.	Legal Compliance

Material aspects concerned by stakeholders

Corporate Governance

Organizational Structure of Corporate Governance

Qisda complies with Company Law, the Securities and Exchange Act, and other relevant laws and regulations of the Republic of China to formulate and implement the company's corporate governance structure. Qisda corporate governance model is composed of three units: the board of directors, the audit committee, and the salary compensation committee. The audit committee and the salary compensation committee are made up of independent members of the board of directors, while all members of the board of directors (including independent directors) are selected based on shareholder votes.

In principle, the responsibilities of the board of directors are carried out in accordance with relevant laws, company regulations or shareholder resolutions. The board of directors is also responsible for supervision of company management and overall business operational status. The audit committee's responsibilities include accurate financial reporting, selection, dismissal and performance management of independent accountants, effective implementation of internal controls in accordance with relevant laws and regulations, and management/control of existing or potential risks. The salary compensation committee is responsible for reviewing and approving the salary and performance returns of the directors and executives within the company, as well as evaluating the policy, system, standards, and structure of the corporate compensation plan. The following figure shows the organizational structure of Qisda corporate governance. Qisda encourages its Board of Directors and management team members to participate in continuous learning to improve the knowledge of the highest governing unit for economic, environmental and social issues. For more details

of this aspect, please refer to the annual report with regards to "Corporate Governance" disclosure.

Protecting shareholders' rights and interests is one of the primary tasks of Qisda corporate governance. In the annual shareholders meeting of 2012, Qisda first adopted electronic voting system that shareholders can cast their vote on matters listed in the Agenda. The e-voting system enables higher participation of the annual meeting and ensures shareholders can exercise their rights. In addition to having a highly experienced and professional management team, the board of directors also possesses the necessary executive knowledge, skills and accomplishments to effectively supervise the corporate operation. It also strives to maximize the benefits for the shareholders.

Members of the board of directors are listed on the previous page. The board of directors consists of 9 members (including 3 independent directors). The chairman is elected by the board. Board members all have 5 or more years of experience in business administration, legal, finance, accounting or other professional experience required by the company.

Corporate Governance Status

Qisda's board of directors considers company and shareholder interests as top priorities in performing operational evaluations and passing significant resolutions. The audit committee fulfills an overseeing role through prudent and meticulous supervision over the operations of the company and the board of directors.

I. Board of Directors Operation

According to the Securities and Exchange Act Article 26, Paragraph 3, Subparagraph 8 regulations, Qisda created the "Rules of Procedure for Board of Directors Meetings". The major agenda, operational procedures, matters required to be stated in the minutes of the meeting, public announcements and other compliance requirements of the board shall be proceeded in accordance with the Rules of Procedure. The board meeting shall be convened at least once each quarter. The board of directors strives to maximize the benefits of the shareholders, and each director is expected to fulfill his or her supervisory role faithfully with the highest degree of self-discipline and integrity.

II. Audit Committee Operation

In 2008, Qisda installed independent directors and an audit committee in accordance with the Securities and Exchange Act

- Enacted the Corporate Governance Best Practice Principles, the Principle of Corporate Social Responsibility (CSR), Principles for Ethical Management and Code of Ethics for Board of Directors and Managers.
- Regularly reported CSR operation to the board of directors each year.

and shareholder resolutions. Through the "Audit Committee Chapter" as enacted by the board of directors, Qisda maintains sound strategic and executive organizations to continuously increase operational efficiency by implementing practical and exact measures in corporate governance. The audit committee must convene at least once each quarter, requesting the attendance of accountants, internal auditors, risk management, legal and finance department representatives. The audit committee then receives reports and makes inquiries into the audit status concerning the latest financial report, internal audit results, significant litigation, and financial operation status. This implementation is aimed to assure that the audit committee can assist investors to ensure the credibility with regard to corporate governance and transparent information, and further safeguard the rights and interests of the shareholders.

III. Salary and Compensation Committee Operation

Qisda established the salary and compensation committee in 2011. The board of directors enacted "Salary and Compensation Committee Chapter" to strengthen the corporate governance and foster the company's compensation system for its directors and executives. The committee convenes at least twice a year. Additional meetings will be held if needed. Functioning as managers of goodwill, the committee exercises its role and responsibility faithfully according to the relevant laws and regulations. The committee submits its propositions to the board of directors for further discussion. To let the committee members have better knowledge in the laws and regulations pertinent to the functioning of the Salary and Compensation Committee, briefings are arranged for the committee, including company financial and operational status and salary and compensation status of the senior managers. The meeting oversees the salary structure (fixed salary, fluctuating wage and short/long term benefits) of governance bodies. In addition, the annual performance index in reference to the

The Organizational Structure of Qisda Corporate Governance

Board of Directors

Title	Name*,**	Gender
Chairman	K.Y. Lee	Male
Director	Stan Shih	Male
Director	Sheaffer Lee	Male
Director	Peter Chen	Male
Director	AU Optronics Corp: Kuo-Hsin Tsai***	Male
Director	China Development Industrial Bank: Cathy Han	Female
Independent Director	Kane K. Wang	Male
Independent Director	Allen Fan	Male
Independent Director	Jeffrey Y.C. Shen	Male

* Please refer to the corporate annual report for information on the education, experience, duration, current positions, board meeting attendance and controlling shareholder of the board of directors.

** The three members of the board of directors of the company's 100% controlled subsidiary Qisda (Suzhou) Co.Ltd. (QCS) were appointed by Qisda. The board of directors strives to maximize the benefits for the shareholders and operates in accordance with local relevant laws and regulations.

*** Legal person director AU Optronics (AUO) appointed Wei-Lung Liau as the new representative on March, 10, 2016.

Annual report available at Qisda corporate website: Qisda.com/Investor Relations/Annual Report.

peer industry*, the local economic condition and corporate operation status will be linked to the evaluation of given salary and compensation. At the end of year, a thorough review on goals achieved will be executed.

IV. Corporate Sustainable Development Committee Operation

In 2015, Qisda via its board of directors of passed the Corporate Governance Best Practice Principles, the Principle of Corporate Social Responsibility (CSR), Principles for Ethical Management and Code of Ethics for Board of Directors and Managers while authorizing the Corporate Sustainable Development Committee to be responsible for providing and executing CSR policy, system or related management policies and actual promotion plans. Starting from 2015, the committee regularly reported to the board of directors each year of the CSR and ethical operation executional status of the year to communicate with the directors of related issues. The CSR activities of Qisda is overseen by Mr. Peter Chen, director and president of Qisda, as the chairman of the Corporate Sustainable Development Committee, monitoring and managing the promotion of CSR activities.

In accordance with the regulations in Article 208, Item 3 of the Company Act, the chairman of the board of directors, Mr. K.Y. Lee, shall not concurrently serve in any position at Qisda. Board of directors shall not participate in any discussion or vote on any matter in which he or she has potential conflict of interest or such participation is likely to prejudice the interest of the company. When such a situation presents itself, according to Company Act, Article 206, Item 2, and Article 178, the director should be excused from the meeting until the discussion and voting is over on the matter involved. When deemed necessary, the Chairman shall appoint someone else to act on the director's behalf. If conflicts of interest in the board of directors of the year occur, Qisda will disclose related information according to the law in the corporate governance chapter of its annual report that year.

According to the rules of company law and chapters, if there are any annual profits, 5-20% of which should be extracted to serve as employee reward while no more than 1% of which should be extracted to be rewarded for directors. The aforementioned exhibits that there is a connection between company operational performance and director reward. The assignment of employee and director rewards are agreed by its salary and compensation committee and board of directors before reported during the shareholders meeting. In addition, according to current Qisda regulations and procedures, the compensation for directors must not surpass 1% of distributable annual earnings, which demonstrates the relationship between operational performance and the compensation of the board of directors. However, the board of directors' devotion and commitment to performing various responsibilities and duties will not decrease due to company's losses or profits. Therefore, considering the company's industry risk, the responsibilities of the chairman, directors and independent directors, the scope of its operations and so on, under the principle of uniformity of treatment as to fair compensation for those performing tasks that bear heavy responsibilities, the company shall issue director compensation on a regular basis governed by company regulations and upon the approval of the salary and compensation committee and board of directors.

The board of directors shall submit the annual financial statement, business report, profit surplus distribution and all related documentation and proposals to shareholders' meeting for approval. Such a measure allows shareholders to verify the operational results of the board of directors and to determine the performance of the top management entity of the corporate. It is also expected that the information regarding the compensation of the directors and high-level executives shall be reasonably disclosed in the company's annual report, providing all stakeholders with needed information to understand the relationship between top executives' compensation and corporate performance.

Financial Performance

> The three operational focuses are: improving existing business, rapidly expanding medical business and speeding up solution development.

Qisda's 2015 consolidated revenue reached NT$133.1 billion; the consolidated business profits reached NT$2.59 billion. The consolidated net profit was NT$2.25 billion, while the parent company in Taiwan accounted for the NT$2.17 billion net profit; the earnings per share was NT$1.1 dollar.

The three operational focuses of Qisda are: improving existing business, rapidly expanding medical business and speeding up solution development. A positive effect occurred in 2015 amid active deployment and expansion:

I. Improve existing business

Two major product lines: display and projector, continue to win steady result and leadership. Display performs better than the overall industry and ranked the second spot globally.

Related products migrate to high-end, high-price, professional and medical displays. In 2015, sales volume of high-end and professional displays exceeded 1.6 million units. The OEM ranking of Qisda projectors topped the world.

Furthermore, with WUXGA, smart and high-end educational super-short-throw models launched in 2015, Qisda continued to improve its product mix, with the proportion of sales from higher-price models remaining at 25% of overall sales of its projectors.

II. Rapidly expand medical business

In 2015, Qisda had nearly NT$6 billion overall consolidated revenues in medical business, with stocks of affiliate BenQ Medical Technology successfully traded on the OTC (Over the Counter) market and its sales of two hospitals in Suzhou and Nanjing continued to rapidly grow. In expanding its medical business, besides developing related medical product and solution such as operation room equipment, ultrasound and supplies via affiliate BenQ Medical Technology, Qisda also worked with Israel-based AB Dental via BenQ AB DentCare Corp. to launch 3D tooth-implant integration service and

Qisda Taiwan Parent Company Economic Value Distribution

Item		Amount	Note
A. Direct economic value generated			
a）	Revenues	NT$92.0 billion	
B. Economic value distributed			
b）	Operating Costs	NT$87.3 billion	
c）	Employee wages and benefits	NT$2.56 billion	Employee salary
d）	Payments to providers of capital	NT$1.46 billion	The net amount of paid interest expense was NT$0.28 billion. Share dividends for shareholders was NT$1.18 billion.
e）	Payments to government by country	NT$0.01 billion	Income-tax
f）	Community investments	N/A	
Economic value retained = A-B			
Total		NT$0.58 billion	

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* The data about the peer industry's salary/compensation status is provided by a third party consulting firm. Qisda has no connections or obligations to the firm.

work with Italy-based via BenQ Dialysis Technology to provide related product business of hemodialysis.

III. Speed up solution development:

Target six smart application areas, developing itself into an all-around service provider of all-around system integration of software and hardware, including smart store, smart city, smart enterprise, smart factory, smart hospital and smart campus. In addition, the company entered the smart factory system integration market by investing in DFI.

Refer to the following table for the operational performances of Qisda for the past five years. For more detailed presentations on the company's operational performances and financial information, please refer to its annual report.

Previous instances of capital increases or investments in equipment, R&D, etc were done in accordance with laws and subject to applicable text-exemption and/or preferential/reduced tax rates. For detailed information, please refer to the appendix of the 2015 Qisda Financial Statement with regards to "income tax" disclosure.

Qisda Operational Performances for the Past Five Years*

A: Statement of Comprehensive Income - International Financial Reporting Standards

Unit: NT$ Million

Item \ Year	Financial Information for the past 5 Years				
	2015	2014	2013	2012	2011
Operating Revenue	133,102	133,511	119,231	116,575	-
Gross Profit	14,640	15,058	12,596	10,168	-
Operating Income (Loss)	2,598	2,928	1,561	(698)	-
Net Profit Generated from the Parent Company and Its subsidiaries	2,169	2,971	709	(2,778)	-
Earnings Per Share	1.10	1.51	0.36	(1.41)	-

B: Statement of Comprehensive Income - Financial Reporting Standards in Taiwan

Unit: NT$ Million

Item \ Year	Financial Information for the past 5 Years				
	2015	2014	2013	2012	2011
Operating Revenue	-	-	-	116,575	122,056
Gross Profit	-	-	-	10,782	12,632
Operating Income (Loss)	-	-	-	(557)	315
Net Income (Loss) for Current Period	-	-	-	(3,233)	(3,971)
Earnings Per Share	-	-	-	(1.32)	(1.74)

Financial Report available at Qisda corporate website: Qisda.com/Investor Relations/ Financials.

* A: In the year 2012-2015, the information was presented using International Financial Reporting Standards; B:During 2011-2012, the information was presented using the finance and accounting standards from Taiwan. The Statements of Comprehensive Income were audited by accountants and included information from all business entities under common control.

Integrity and Anti-corruption

- No corruption incidents
- Percentage of employee ethics awareness education training reached 100%
- Enacted Principles for Ethical Management and Code of Ethics for Board of Directors and Managers

Qisda defined that to treat all customers, suppliers, creditors, shareholders, employees and the general public with honesty as one of its corporate missions, and has instilled such a sense of shared responsibility among employees. Qisda board of directors passed the Code of Ethics for Board of Directors and Managers and Principles for Ethical Management in May 2015, while the board of directors monitor and authorize to pass the Integrity Handbook.

The company strictly prohibits any form of corruption, bribery, blackmailing, etc. To enhance employee integrity, Qisda demands each of its members to clarify and improve daily conducts proactively. The company's Integrity Handbook was drawn up to govern the code of conduct in the following areas: "conflict of interest", "regulatory compliance", "business confidentiality and company asset" as well as other related regulations. The Integrity Handbook sets forth the highest standards of conduct and ethical behaviors for all employees in the performance of their business activities. For every new hire, the company stresses the regulations laid out in Integrity Handbook through educational trainings. Particularly before the three major traditional festivals, the company reinforces employee awareness of integrity by emphasizing its zero tolerance towards bribery. As illustrated in Qisda "Disciplinary Procedures" – the most severe punishment for any forms of corruption could be expulsion. Transgressions such as fraud or embezzlement; inappropriate engagement in outside business that would jeopardize the interest of the company, faking signature and seal stealing, are all punished with expulsion.

The company has compiled a concrete report channel,

ruling Prevention Management and Investigation Principles for serious misconducts of Integrity Principle, such as interest-conflict and avoidance of fair trade, bribery and illegal payment. As such, Qisda is serious about the possibility of such issue occurrence and actively establish Prevention and Management Principles to improve the effect of corporate governance.

For daily procedures in business operations, the company will design a suitable internal control mechanism for operations with potential corruption risks. The Risk Management Committee will be in charge of identifying the corruption risks, the Human Resource Center (HR) will be responsible for training and auditors will be in charge of realizing related mechanisms to reduce the possible occurrence of corruption behavior while preventing in advance such occurrence from happening. The company's internal audit unit administers periodic evaluations to examine the effectiveness of the internal control mechanism, and collects suggestions regarding potential risks of corruption and fraud from heads of the departments. Based on the findings, the internal audit unit further develops and implements appropriate auditing plans. Both the audit committee and the board of directors receive audit reports on a regular basis, which helps the top management to understand the status of corporate governance in achieving the objectives of its administration. Qisda launched risk evaluation and substantial audit regularly for its two major operational locations—Taiwan and Suzhou, China and there were no significant corruption risks and incidents.

From time to time, management and Human Resources Center communicate the company's commitment to integrity through various educational trainings to ensure a complete understanding of relative rules and regulations among employees. To fully promote the Integrity Handbook, in 2010 Qisda published it in simplified Chinese for its overseas manufacturing sites, in addition to the existing traditional Chinese and English versions. Since then, the company has also conducted relevant educational trainings to advocate the value addressed.

After publishing the Integrity Handbook the above languages, HR implements a company-wide online training course titled "Integrity and Anti-corruption". The content includes a guided reading of Integrity Handbook, summary and key points, and actual case studies, accompanied with a test to examine the learning outcome.

Qisda includes the awareness training percentage for the Integrity Handbook as one of key performance indicators of CSD Committee; percentage of employee ethics awareness education training in 2015 is in the following table. In the promotion and advertisement of integrity training, there were no cases of violation of integrity principles in 2015.

Qisda Integrity Principle

1. Individual Employee

- Safeguard integrity, display a moral personal character, and always act with honesty.
- Achieve what you set out to do and spare no effort in completing an undertaking.

2. Team

- Conduct team communications in an open and frank manner, and advance to the best team competitiveness.
- Emphasize teamwork with genuine attitudes and mutual respect, and achieve the optimal results.

3. Suppliers

- Prioritize the company's best interest, and choose suppliers who are honest and reliable.
- Establish honest and dependable relationships with suppliers, and carry out business cooperation/transactions in a transparent and fair manner.

4. Customers and Society

- Deliver authentic information on business management, product services and other related corporate announcement to customers and the public.
- Uphold and protect ethical and moral principles, and enhance the reputation of the company.

Integrity and the President's Mailbox

The core value of Qisda is integrity. If personnel or incident fails to follow the philosophy of integrity or violates rules of integrity codes, any employee can directly pass on the message to the president via the mailbox of president. The top executives of the company will handle the situation for keeping the principles of the honesty and integrity of Qisda.

To report any behaviors against integrity or business ethics from our employees or business partners, please use this e-mail address: Integrity@Qisda.com. Qisda will take immediate actions and protect the identity of the person who provides the leak. The content and result of all investigations will remain confidential in order to protect the rights and interests of people involved.

Percentage of Employee Ethics Awareness Education Training[*]

Area	Taiwan		Suzhou, China	
Type of Employee	Direct Labor	Indirect Labor	Direct Labor	Indirect Labor
Fulfillment Rate	100.00%	100.00%	100.00%	100.00%

[*] In the fourth quarter of 2015, Qisda delivered and communicated the Integrity Handbook to its employees via trainings, with overall sum of employees receiving trainings reaching 3,913. The number did not include operators in Suzhou, China, as they already received propaganda of Integrity Handbook during labor agreement classes when joining the company.
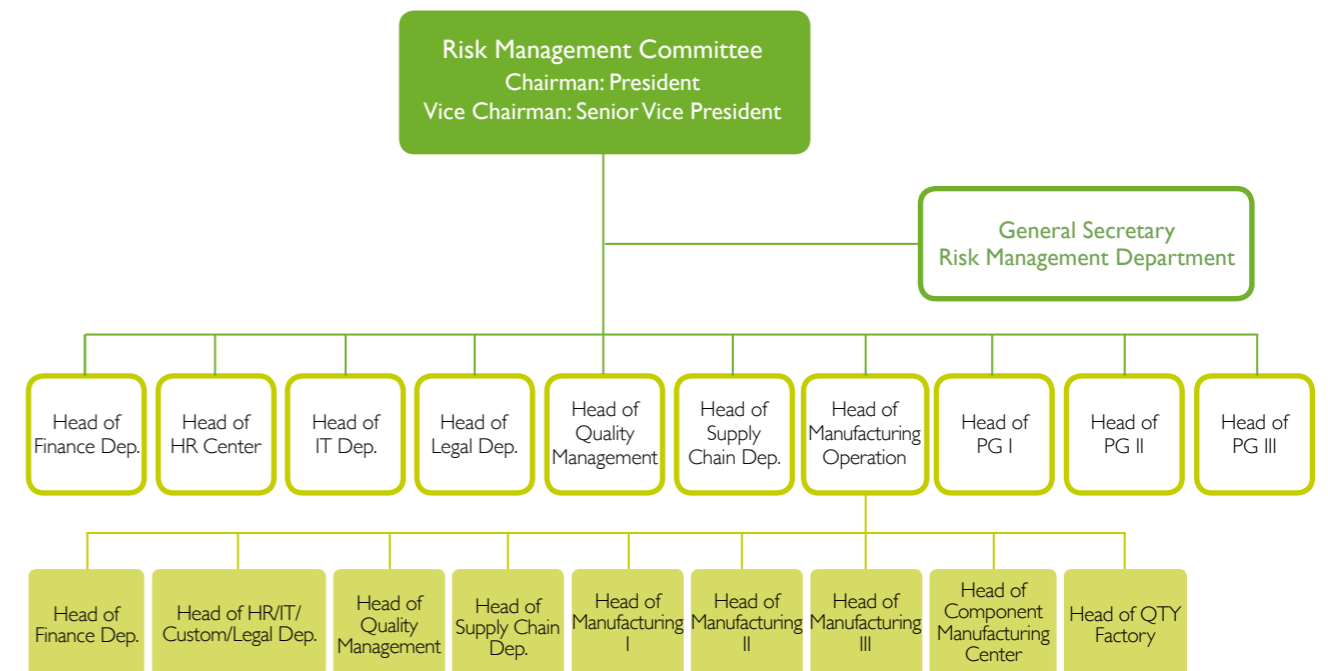
Risk Management

Qisda's risk management policy provides solutions for the company's risk management system and risk transfer planning, defining the vision and strategy of Qisda's risk management to meet the expectations of customers, shareholders, employees and the society with sustainable products and services. With systematic risk management procedures, along with constant monitoring of risks that surpasses the company's level of tolerance, Qisda is able to effectively identify, evaluate, resolve, report and monitor significant risks that post threats to the company.

I. Risk Management Operations

Qisda conducts the risk management committee meeting on a regular basis. Action plans are proposed and carried out to improve the risk management. In terms of significant risk scenarios, relevant business continuity plans are created. Through constant revisiting the flow in the restoration plans and scheduled updates of the documentation, as well as field tests and drills, Qisda is able to ensure the effective operations of Business Continuity Management (BCM) when confronted by a risk. In the meantime, Qisda follows the BenQ Group policy and established Emergency Response Joint Defense Mechanism to incorporate damage control procedures to enhance its organizational ability in responding to emergent situations, achieving the goal of disaster prevention. For example, in 2015, the company integrated group company resources in eastern China and launched electronic system physical examination project, inviting outside professionals to launch on-site inspection and overall security check for electric system and electromechanical equipment to lower risk of

Risk Management Committee

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                    Risk Management Committee
                      Chairman: President
                 Vice Chairman: Senior Vice President

                                              General Secretary
                                          Risk Management Department

Head of    Head of   Head of   Head of   Head of      Head of     Head of        Head of   Head of   Head of
Finance    HR Center IT Dep.   Legal Dep. Quality     Supply      Manufacturing  PG I      PG II     PG III
Dep.                                      Management   Chain Dep.  Operation

Head of    Head of HR/IT/  Head of     Head of      Head of        Head of        Head of        Head of        Head of
Finance    Custom/Legal    Quality     Supply Chain Manufacturing  Manufacturing  Manufacturing  Component       QTY
Dep.       Dep.            Management   Dep.         I              II             III            Manufacturing   Factory
                                                                                                  Center
```

accidents from the electric system of the group. In October, 2015, Qisda held a sustainable and risk management seminar to let group employees understand more about positive thinking of risk and reach the new value of sustainability.

II.Risk Management Committee, RMC

To effectively conduct its risk management, Qisda created the Risk Management Committee (RMC) to assist in the mechanism involving the establishment, promotion, supervision, and maintenance of the risk management plans. The previous page demonstrates the organizational structure of the RMC. The committee is responsible for conducting self-evaluations of risk management, providing action plans for reducing the risk, monitoring the risk, and generating an annual report of risk management for analyzing risk distribution and relevant improvement plans.

Qisda Risk Management Committee (RMC) was established in June 2005. It conducts regular meetings to proceed with risk management so as to ensure the company's sustainable operations. RMC classified negative risks that may affect the company's ability to achieve its business goals into four categories: strategy risks, operation risks, finance risks, and hazardous risks. Each category is further divided into internal and external risks. A risk management radar illustration is hence created.

In 2015, RMC and its working group conducted 4 meetings (each overseas operation site held its own RMC meetings) to track the performance of risk management. The agenda was as follows: the implementation result of the risk improvement plan, case studies, updates of regulatory changes and their impacts, etc. In addition, RMC also examines significant domestic/international events and unusual risks on a regular basis, providing needed action plans to address the risks.

In the aspect of strengthened risk management, in 2015, we launched the Key Risk Indicator while creating the corporate database of risks to fortify the existing evaluations. Through this project, each section of the corporate is required to have a thorough evaluation of its risks so as to increase the effectiveness and reliability in risk analysis, to enhance the maintenance and systemic management of risk data and information, and to establish the cross-section communications on risks observed. At the same time, Qisda shared this experience with The BenQ Group, a step that assisted to maximize our efforts in enterprise rick management.

III. Business Continuity Management System, BCMs)

A. Business Continuity Management Policy

For the significant risk scenarios defined by the risk management committee, Qisda takes a proactive approach in response to the risk by creating a business continuity plan. It helps to identify and control the risk in advance; reduce the potential loss in the midst of the risk; and rapidly resume the production and service after the risk event. Through the structural implementations of Qisda corporate risk management and BCMs, the company is equipped with the ability to continue its business operations during the event of major accidents or natural disasters, minimizing the impact from the event and shorten the time of production halt.
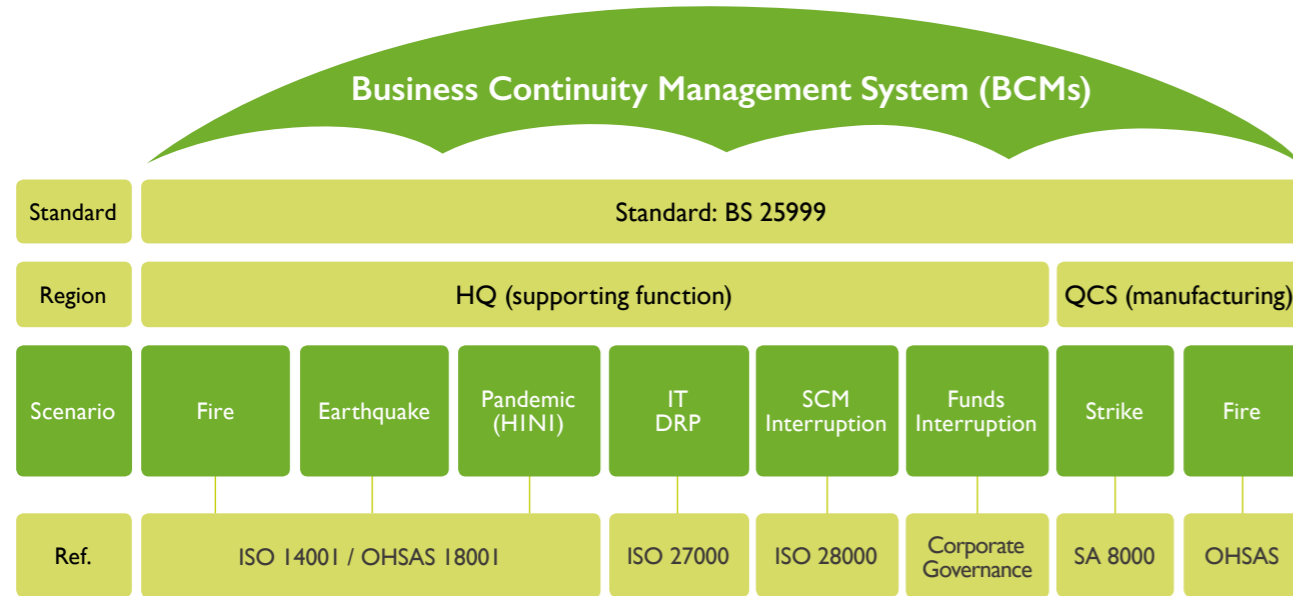
B. Business Continuity Management Results

Qisda has established various scenario-based Business Continuity Plans (BCP) since 2004. In response to the challenges posed by the reorganization of the company, restrucuture of product lines, growing customer demands for BCM auditing, Qisda has started updating or creating new BCM plans to ensure the BCM system is incompliance with BS 25999 international requirements.

In addition to the establishment of BCM plans, Qisda conducts regular BCM restoration drills in order to achieve the goal of production recovery through scenario-based practices and tests. Through constant revisiting the flow in the restoration plans, scheduled updates of the documentation, as well as field tests and drills, Qisda is able to envision and resume the operations of Business Continuity Management (BCM) when confronted by a risk.

2015 Qisda Risk Management Radar

The Structure of Qisda Corporate Risk Management and Business Continuity Management

Business Continuity Management System (BCMs)

Standard	Standard: BS 25999							
Region	HQ (supporting function)						QCS (manufacturing)	
Scenario	Fire	Earthquake	Pandemic (HINI)	IT DRP	SCM Interruption	Funds Interruption	Strike	Fire
Ref.	ISO 14001 / OHSAS 18001			ISO 27000	ISO 28000	Corporate Governance	SA 8000	OHSAS

Legal Compliance

⊘ No incidents of violation of regulation

With business services around the world, Qisda should pay close attention to any amendment in policies or regulations that affect our business operations in those countries. Therefore, Qisda has established a complete set of corporate guiding principle that incorporates relevant policies and regulations in Taiwan and other countries from where our business operates to determine our corporate governance structure and business implementation. The content covers personal information protection and confidentiality, anti-bribery, anti-discrimination, environmental protection, intellectual property protection, anti-insider trading, anti-unfair competition, and labor protection. Qisda has established a management and control system. Furthermore, we employ audit approaches as a safeguard for our complete compliance.

Each employee at Qisda participates in compliance with bylaws and regulations. We encourage collaboration among business units to increase the efficiency of our execution. Within our corporate, we ask all employees to take proactive roles in anti-corruption prevention to remain the highest level of integrity, meanwhile provide a safe, healthy and pollution-free working environment to ensure the safety of our workforce. In regard to product design and manufacturing, we reduce the use of environment-related substances to the lowest possible level in order to comply with environmental regulations and reduce the environmental impacts. Qisda did not violate any regulations or fine in 2015.

2 Operate Partner Relationship

An all-around electronic OEM company, Qisda values most the protection of its relationships between customers and suppliers for its value chain management. To protect the rights of its customers, Qisda systematically manages its confidential documents for customer privacy; for suppliers, Qisda requests that its suppliers follow local regulations, social standards and environmental plans for both sides to fulfill promises to the environment and society and add values to products.

The operate partner relationship, concerned material aspects of stakeholders and the management goals of Qisda are as follows:

Material Aspects	Management Goals	Report Section
Customer Privacy	No customer complaints about data loss	Customer Commitment
Supplier Environmental Assessment	Regular investigation and audit on supplier social responsibility execution status	Supply Chain Management
Supplier Assessment for Impacts on Society		

Material aspects concerned by stakeholders

Customer Commitment

Qisda gives top priority to the satisfaction of our customers and business partners on quality, specification, cost and due date of delivery to continuously sustain the satisfaction of customer needs. In addition, to timely respond to and meet the various demands from our customers, Qisda has integrated resources in customer service, and created a Customer Service Division (CSD) to fully understand "Voice of Customer". CSD provides our customers with speedy and strong supports, assisting our customers in solving complex and professional problems.

Customer Satisfaction Survey

Qisda regularly conducts customer satisfaction survey to ensure that their needs are understood and satisfied. Qisda conducts the overall customer satisfaction survey in January and July each year. CSD mails to contact windows of customers to ask the latter to rate related scores in the Qisda survey system. The survey covers evaluations in the following four key aspects: quality, service, technical support capability, delivery and price.

After collecting the answered surveys from our customers, Customer Service Division will consolidate the results and convey the information to related departments. This is to ensure that the departments involved, as well as its high level managers, take time to review and reflect on the overall

Average customer satisfaction score of **93.0**

2015 Customer Satisfaction Survey Results (score)

90.5
NBD
(New Business Division, Medical)

100
GD
(General Display)

90
Mobile

93.5
Projector

94
IA
(Industrial Automation)

95
Monitor

88
MFG service
(AS/Car)
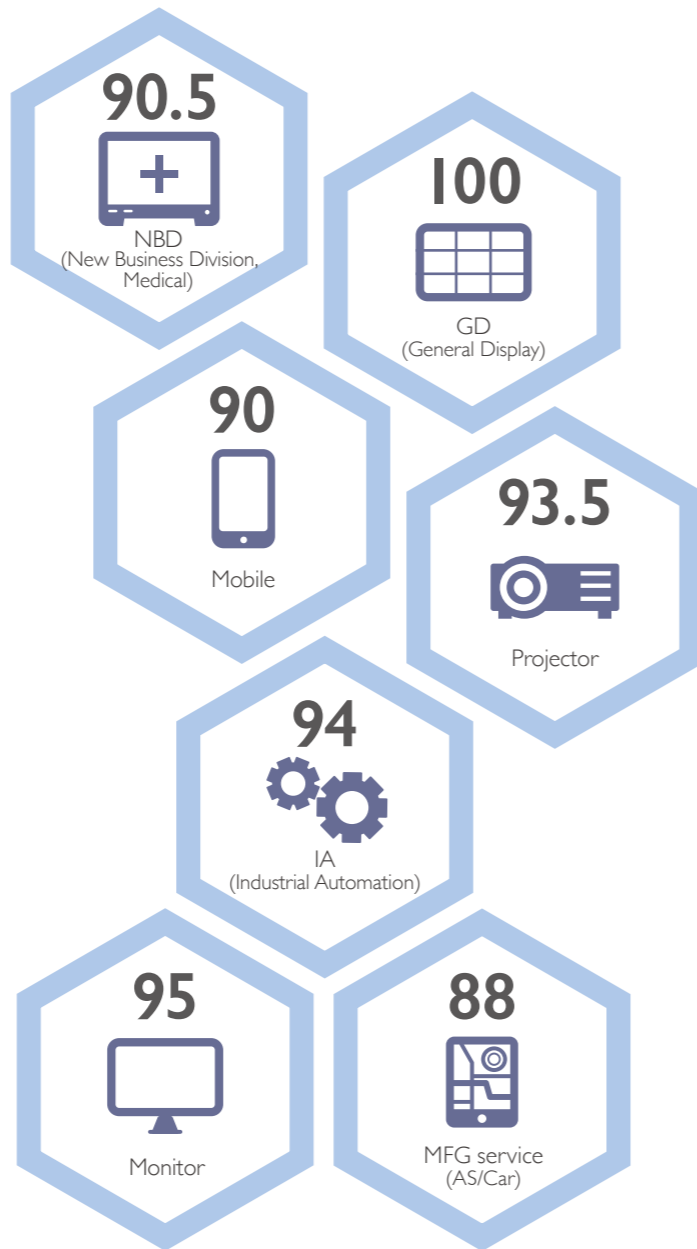
customer requirement. After clarifying the issues among related departments, needed adjustment shall be taken to improve the quality of our products and services.

The figure on the previous page exhibits the results of customer survey for each Qisda product line in 2015, with average satisfaction score of 93.0, marking our positive performance in customer service and customer satisfaction.

Customer Privacy Protection

Customer privacy is granted by laws and corporate policy. Leaking confidential information regarding customer privacy leads to lower customer loyalty and satisfaction, negative impacts on business and reputation. Moreover, it may result in serious lawsuits in certain cases. Therefore, Qisda has made a commitment to its customers to attach great importance to information security. We conduct business in a manner that fulfill our promise to protect customer privacy. With trainings received through emails and the e-learning platform, every Qisda employee is equipped with the knowledge and practice of safeguarding information security. Besides promoting the necessity in information/communication security

Customer Privacy Protection Structure

No data loss incident

internally, Qisda has set strict rules in protecting confidential documents with restricted access. Aside from project-related employees, other staff members must acquire the approval of a direct supervisor to gain partial access authorization. To protect sensitive and confidential information, when downloading classified documents, the backgrounds are printed with a watermark indicating confidential, as well as the name of the employee performing the download. It is to reaffirm our commitment to protecting customer privacy and safeguarding the property of our company, so as to eliminate the risk of inappropriate duplication and distribution of sensitive information. Qisda's continuous efforts in advocating information security provide customers with a secure and professional service. In order to validate the effectiveness of customer privacy management, it is mandatory to recheck the claim of data lost from customers. If a data-lost claim has been submitted, our team will seek room for improvement in the current procedure. During the reporting period of 2015, no lost-data claim has ever been filed from our customers.

Data Protection
- Limited Data Access: non-project related employee must obtain supervisor's approval for partial access.
- Downloaded documents are printed with "Confidential" watermark to warn and remind the sensitivity of the documents.

Internal Control
- Discretional promulgation on the importance of information security.

System Management
- Customers with account password have limited access to online business-related data.
- New account password is sent to customers via online system. No internal staff has access to such information to ensure that the account is operated by its owner.

Supply Chain Management

The local purchase proportion of Suzhou, China reached **77.9%**

As a cross-industry, comprehensive ODM/OEM leader in electronics, Qisda partners with over 1,041 suppliers around the globe. Qisda takes it as a serious responsibility to actively involve all suppliers in building a safe, healthy, and sustainable supply chain that protects the environment and values human rights. To work more closely with suppliers, Qisda also strives to realize local purchasing to improve supply efficiency and support local economic growth. In 2015, the local purchase proportion of Suzhou, China reached 77.9%.

Investigation rate of the environment, human right ethics and labor right of new suppliers reached **100%**

Supplier Selection and Qualification Procedures

Supplier selection is accomplished in accordance with Qisda's future product trends and purchasing strategies that assist our company to choose the right supplier based on its capacity, technical innovation ability, quality, services, and its management system. When evaluating a new supplier, an assessment team is created and comprised of members from procurement, quality assurance, R&D, and component sample approval teams. The team creates a survey that inquires about all potential suppliers' capabilities, and finally evaluates the results from the survey. Only if a supplier passed Qisda's strict qualification procedure, it can become a qualified vendor and proceed with its new product verification.

The supplier selection employs a survey with a wide range of screening criteria, including the supplier's company and product information, major customers, financial performance, procurement contracts of responsibilities and obligations

Supplier Selection and Qualification Procedures

Potential Suppliers → Supplier Selection Checklists and Relevant Documents

Guidance and Trianing → On-site Investigation of Suppliers

Pass Supplier Selection?

No — Selection team decides this is a potential supplier

Yes — Become qualified suppliers and enter database
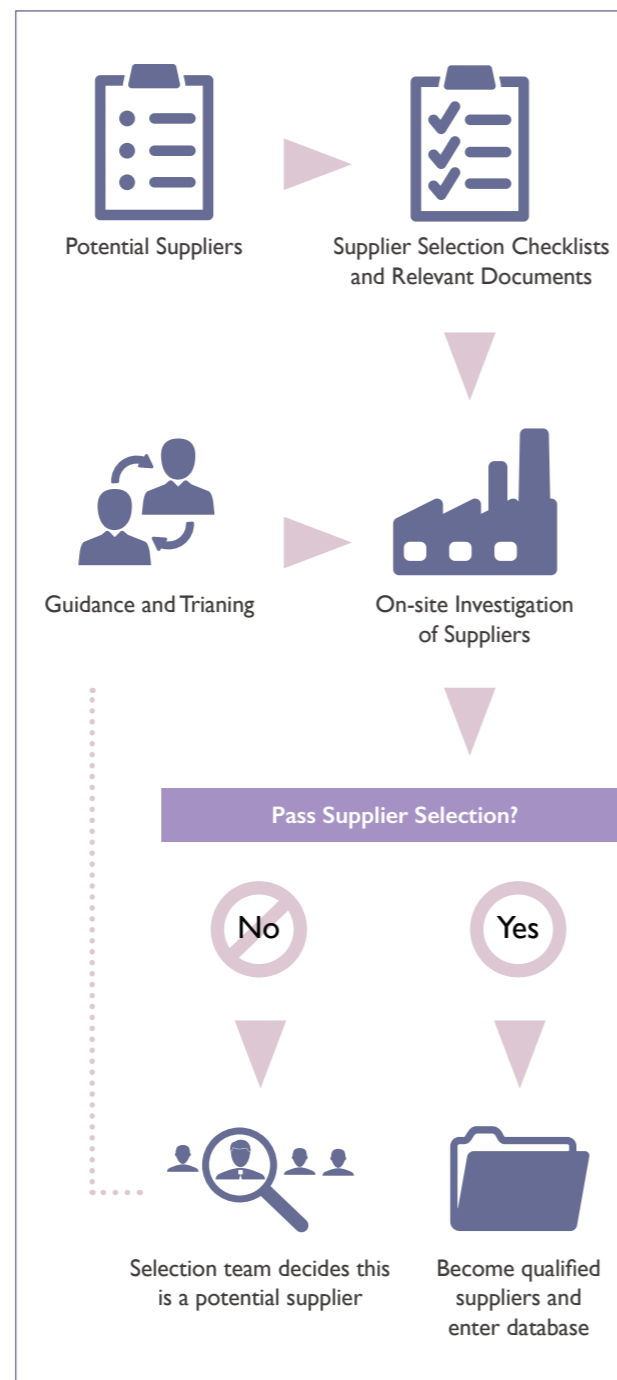
with Qisda, and non-use of hazardous substances documents. In addition, Qisda cooperated with the Work Instruction of Supplier Survey in 2015 revisioned while upgrading its online system, added three indicators about environment, human ethics and labor right to supplier survey items; until the end of 2015, the investigation rate of new suppliers reached 100%. The aforementioned requirements are also included in procurement contracts with suppliers.
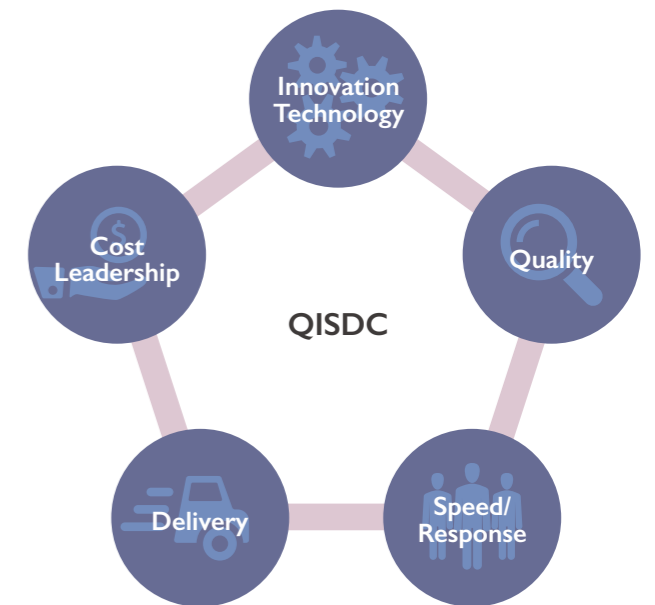
Supplier Assessment

Qualified suppliers that passed the supplier selection procedure must continue to be assessed on a regular basis. The QISDC evaluation module examines a supplier from five aspects: Quality, Innovation/Technology, Speed/Response Delivery, and Cost Leadership. The outcome of these evaluations will be considered in procurement strategies by sourcers, who consult with relevant departments to establish a Strategic Suppliers List of Key Components and update it every half-year. For suppliers who do not make the list, they will stay as qualified vendors. Qisda gives higher priority to its strategic suppliers in business selections or high volume of procurement opportunities.

Supplier Risk Management

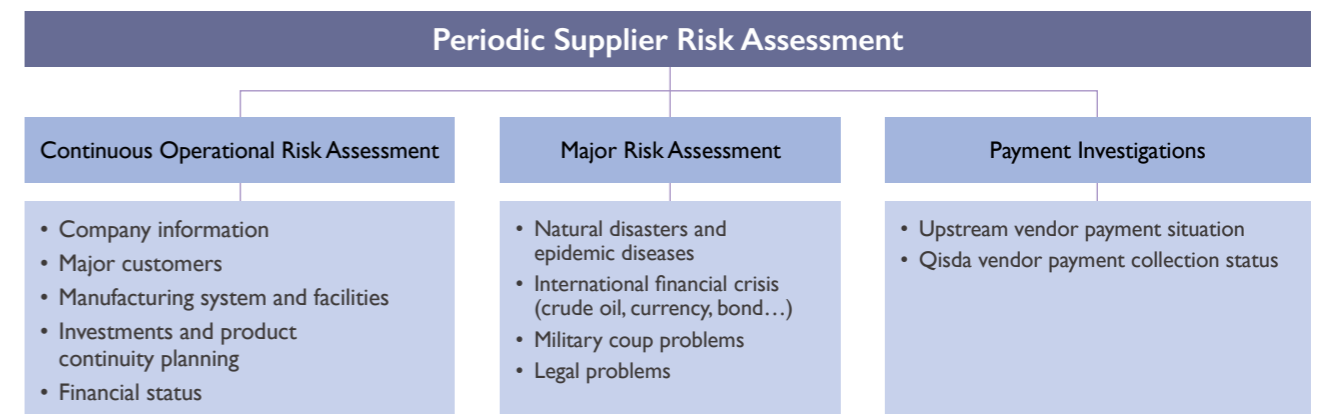For qualified suppliers, Qisda also cautiously performs

Supplier Evaluation QISDC Overview

Innovation Technology

Cost Leadership

QISDC

Quality

Delivery

Speed/ Response

risk assessments periodically or at nonscheduled times to investigate the financial status of suppliers and pay close attention to suppliers with high financial risk to avoid disputes such as discontinuity of product delivery due to bankruptcy.

In addition, Qisda continuously performs risk assessments on its suppliers. For example, Greek debt crisis occurred due

Supplier Risk Assessment Structure

Periodic Supplier Risk Assessment		
Continuous Operational Risk Assessment	Major Risk Assessment	Payment Investigations
• Company information • Major customers • Manufacturing system and facilities • Investments and product continuity planning • Financial status	• Natural disasters and epidemic diseases • International financial crisis (crude oil, currency, bond…) • Military coup problems • Legal problems	• Upstream vendor payment situation • Qisda vendor payment collection status

to global economy changes, bad debt to sales increased due to stock market crash in China, impact of red supply chain effect, TPK reorganization, oil price slump, as well as specific incidents such as CPT leave with no salary, China bird flu, MERS, Tianjin explosion, western US port, Po Chen Group labor strike and Taiwan PCB maker water shortage. In facing those extreme events, suppliers located in the affected areas underwent thorough investigations for contingency plans, or were advised to take appropriate adaptation measures. By taking a proactive role in risk management, Qisda is able to maintain a stable supply chain during crisis and therefore, to prevent damages in its business operation in order to protect the benefits and rights of its stakeholders.

Green Supply Chain

To build up supplier corporate social responsibility and strengthen Qisda's green supply chain are vital and enduring tasks in our sustainability development. Qisda remains vigilant regarding environmental protection issues and the revision or updates of regulations and delivers global trends and its requirements to suppliers.

Starting from 2009, Qisda hsa planned three phases: awareness, implementation and sustainability to execute green supply chain management.

• **Awareness:** Social Responsibility & Environmental, Safety and Health Survey, EICC Code Self-Assessment Questionnaire, GHG Inventory Survey

• **Implementation:** On-site audit, EICC Code implementation, GHG self-disclosure and reduction

• **Sustainability:** Self-management, CSR report, expansion to tier 2 suppliers

1. Awareness

In 2006, Qisda hosted supplier-training events to share the RoHS regulations. In 2008, Qisda initiated ErP directives, educated and helped suppliers regarding direct/indirect materials, resources usage, waste disposal and transportation energy consumption so that they understood product life cycle inventory calculation and possible impact on ecology. In 2009 and 2010, Qisda held several supplier workshops to advise suppliers on carrying out life cycle inventory for carbon footprint. Since China is relatively slower in issues such as labor right, environmental protection and social responsibility, violation incidents, if any, will have serious impacts on corporate operation and customer reputation. In 2012 and 2013, Qisda held Green Supply Chain Workshops in which Qisda shared the initiatives and achievements of carrying out corporate sustainability development with our key component suppliers. We also introduced the latest trends and information pertinent

to electronic manufacturing industry, such as the new edition of EICC, the progress of the U.S. legislation of conflict minerals, corporate sustainability report practices and GHG emissions inventory. Qisda hopes to improve related knowledge and participation rate of suppliers by such means.

Starting from 2006, Qisda has progressively required suppliers to sign the Supplier Social Responsibility and Business Ethics Agreement, seeking their full commitment to abide by EICC and SA 8000 standards. Moreover, Qisda launched its investigations on supplier social responsibility and environmental, safety and health management since 2007. The purpose is to check whether the suppliers meet the standards of various regulations including ISO14001, OHSAS 18001, SA 8000 and EICC. In 2010, Qisda further included EICC and GHG emissions inventory in the survey in response to the international trend and customer requirements. In 2015, a total of 77 suppliers received investigation on social responsibility & environmental, safety and health. The result showed that they all meet the requirement of Qisda; therefore, there are no high-risk suppliers. As of the end of 2015, suppliers that had completed Qisda Supplier Social Responsibility Investigation accounted for 75.3% of the total purchasing expense of 2014 and 4% of suppliers had obtained SA 8000 certificates.

2. Implementation:

In addition, Qisda started to conduct assessment on key component suppliers' corporate sustainable development capability in 2013. The evaluation is composed of three areas: suppliers' self-management capability, social responsibility compliance and implementations, as well as performance of environment, safety and health management. By such, we expect the suppliers can upgrade their self-management capabilities and march toward corporate sustainable development together with Qisda.

In 2016, Qisda plans to select key component supplier, service provider, human agency, etc. to launch Social Responsibility & Environmental Survey, sign the Supplier Social Responsibility and Business Ethics Agreement, and audit on site. On-site audit items include five aspects: labor, environmental protection, safety and health, ethics, and management system. Qisda makes use of on-site audit to teach suppliers how to launch greenhouse gas (GHG) survey and compile reduction plan, strengthening the participation and exertion of suppliers in climate change issues. The goal is to finish at least 50 key

component supplier on-site audits and greenhouse gas (GHG) on-site survey by 2020. In addition, the company will request its suppliers to provide improvement plan if any requirements are not met after audit. It will also track the improvement results of the suppliers by the end of the year to improve supply chain social responsibility and environmental, safety and health performances.

3. Sustainability:

Future management methods include targeting tier-one suppliers to receive training and to provide data for Qisda's

Supplier Corporate Social Responsibility Management Criteria

Supplier Corporate Social Responsibility Management

ISO 14001

ISO 14064-1

RoHS

OHSAS 18001

EICC

SA 8000

Conflict-Free Minerals
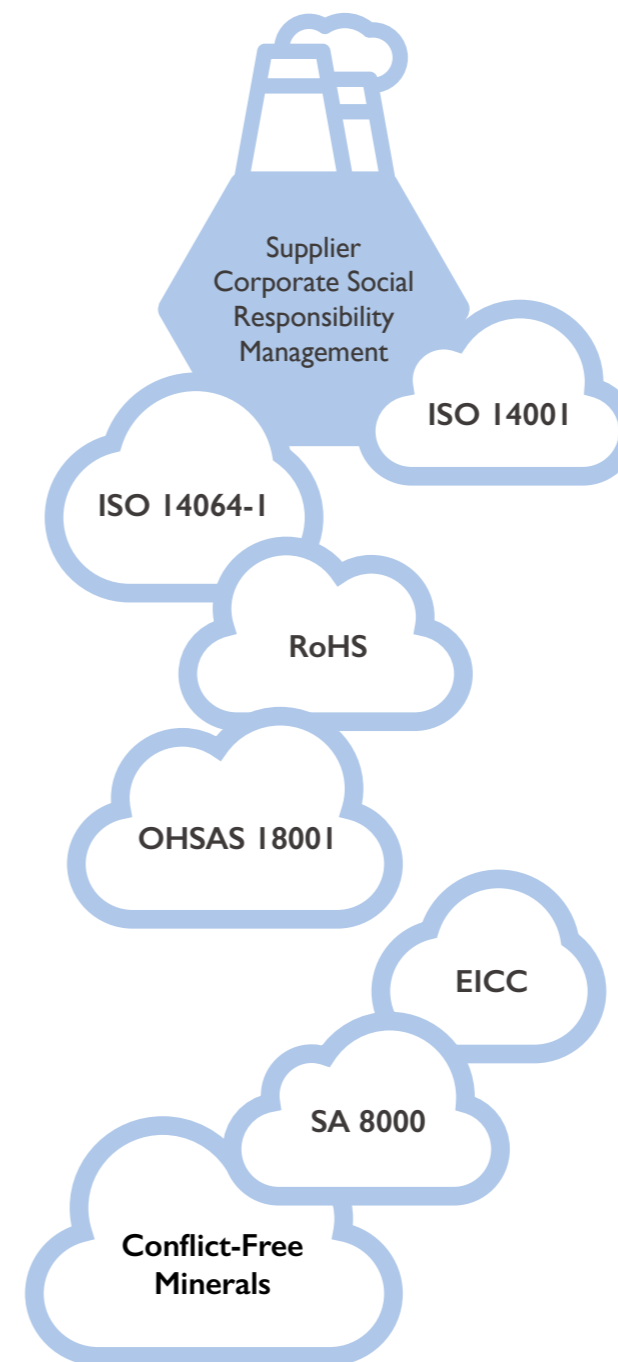
verification. Besides strengthening suppliers' environmental awareness and corporate social responsibility, Qisda continues to offer promotions and guidance to our suppliers in the hope to jointly stay ahead of the demands in environmental protection tasks in the manufacturing industry. Through the support from our first-tier suppliers, as well as the management and monitoring in further upstream suppliers, namely, the second and third-tier suppliers, Qisda is capable of creating a strong green supply chain.

Conflict Minerals Management

Qisda supports the global prohibition against the conflict minerals and corporates with suppliers to conduct investigation to avoid procurement of conflict minerals and minerals that directly or indirectly finance for benefit illegal armed groups from conflict-affected regions such as DRC and adjoining countries.

In 2010, Qisda for the first time required specific material (tantalum and tin) suppliers to sign a Conflict-Free Minerals Supply Agreement, or provide a declaration statement as alternative, to prohibit the purchase of conflict metals from mines in the conflict areas. In response to the requirement of our customers, all suppliers were asked to committed to conflict-free sourcing of materials and to respond to Conflict Minerals Reporting Template developed by the Electronic Industry Citizenship Coalition (EICC) and the Global e-Sustainability Initiative (GeSI) in 2011. In 2012, Qisda took a further step by establishing a Conflict Minerals Survey (CMS) system to address the future requirement caused by the passage of Conflict Minerals Legislation that companies must disclose if the minerals used in their products sourced from conflict areas. 2013 to present, Qisda has launched the CMS system to conduct supply chain conflict minerals survey every year and the response rate has reached 87.4% in 2015. In 2016, Qisda will further add the content of encouraging suppliers to participate in the Conflict-Free Smelter Program of Conflict-Free Sourcing Initiative in its purchase orders.

3 Create Shared Value

Qisda believes that a fine working environment can support its employees to grow at ease; complete educational trainings and activities can help further strengthen the coherence of its employees, letting employees with well-being become the leading power of the company, creating triple-win shared value of corporate, employee and society.

To achieve this end, Qisda establishes a complete management system to protect employee right, maintain the safety and health of the working environment while establishing a smooth labor-and-capital communication as well as appeal channel so that employees have a channel to deliver their voices. The company also holds various activities to let its employees to make good use of the off-philosophy, giving feedbacks of the positive energy of caring for the society to the society.

The Create Shared Value, concerned material aspects of stakeholders and the management goals of Qisda are as follows:

Material Aspects	Management Goals	Report Section
Employment	Meet local regulations and company operational flow	Employee Profile Creating a Happy and Healthy Working Environment
Training and Education	Establish learning organization and execute various training courses according to annual plans	Learning and Development
Child Labor	Global manufacturing locations obtain SA 8000 certificates and no violation of human right incidents occur	Human Rights Management
Forced or Compulsory Labor		
Non-Discrimination		
Labor Practices Grievance Mechanisms	Establish a smooth communication channel for internal and external stakeholders to fully reflect their opinions	Human Rights Management
Human rights Grievance Mechanisms		Human Rights Management
Labor/Management Relations		Building Smooth Communication Channels and Strong Labor Relations
Local Communities	Raise the proportion of employees participating in social welfare activities via various incentives	Goodwill for the Earth, Love for the Society

Material aspects concerned by stakeholders
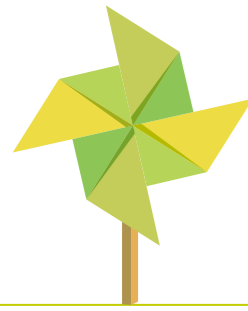
Employee Profile

Employees are the long-term capital of the company and the cornerstone of innovation of the company. At Qisda, we realize that improper human resource management will result in a permanent loss of human power and therefore lose our competitive advantage over time. Therefore, Qisda also strives to provide a fair working environment for its employees and regularly evaluates and audits, adjusting employee management regulations according to local regulations and company status. Qisda effectively improves the working efficiency of its employees via fine working conditions and atmosphere. As of December 31, 2015, the number of full-time employees at Qisda was 10,682[*] with 1,859 stationed in Taiwan, 9,057 in China and the rest 36 in other overseas locations.

Recruiting Principles

Qisda publicly selects and recruits employees according to actual business needs while striving in developing various channel project, basing on the principles: suitable talent and post, as well as internal talents precede over external ones. Qisda does not discriminate based on race, religion, color, nationality and gender; it strictly prohibits the use of child labor.

Mentor Program

To provide complete care and guidance for newly-joined staff, Qisda specifically implemented a mentor program to assist newly-joined staff to adjust to company environment and understand the corporate culture of the company as soon as possible. With the guidance of the mentor, the new staff can shorten learning time and reduce learning frustration at their tasks, so that they can rapidly fulfill their job duty and display fair working attitude and performance. In the guidance mechanism, the mentor is mainly responsible for professional knowledge technique guidance while taking the role of internal experience passing-on, with the range of the guidance covering: guidance of knowledge, technique, tool-usage of new staff at work, introduction to the internal system of the company, knowledge of internal organization and corporate culture as well as value, and acquaintance with work, life and environment of the company.

Percentages of Locally-hired Managers

	Taiwan	Suzhou China
Percentage of Management Positions	20.35%	10.75%
Percentage of Locally-hired Managers[**]	98.73%	83.68%

[*] The employee number in the chapter was based on the actually-hired employees of Qisda. Since the contract of contract workers was at a third-party company while the real employer was not Qisda, the above-mentioned workforce did not include that of contract workers (Taiwan contract worker number: 133. Suzhou, China contract worker number: 2,258).

[**] Percentage of Locally-hired Managers calculation: total number of locally-hired managers/total number of all managers at the site. Local indicates Taiwan and Suzhou, China. Manager refers to staff whose level is higher than deputy manager (M5).

Workforce Distribution

Qisda gives priority to local candidates on recruiting. As an example, with the managers accounted for 20.35% of its total workforce in Taiwan, of which 98.73% were hired locally. In Suzhou, China, managers accounted for 10.74% of its total workforce, while 83.68% of managers were local hires.

Governance Bodies by Gender and Age

	Taiwan			Suzhou China		
Governance Bodies[*] by Gender	Male 83.5%	Female 16.5%		Male 95.83%	Female 4.17%	
Governance Bodies by Age	under 30	30 ~ 50	over 50	under 30	30 ~ 50	over 50
	0%	74.7%	25.3%	0%	79.17%	20.83%

2015 Qisda employee profiles by genders and hiring status are shown in following tables.

Employee Headcounts by Labor Type and Gender

	Taiwan		Suzhou China	
	Male	Female	Male	Female
Indirect Labor	962	468	1,260	964
Direct Labor	92	67	4,435	2,398

[*] Governance bodies are senior managers or managerial level higher than that.

Employee Age, Gender, and Labor Type Distribution

	Taiwan under 30	30 ~ 50	over 50	Total	Suzhou China under 30	30 ~ 50	over 50	Total
Indirect Labor	186	1,192	52	1,430	1,026	1,182	16	2,224
Direct Labor	101	55	3	159	6,345	487	1	6,833
Male	179	838	37	1,054	4,840	841	16	5,697
Female	108	409	18	535	2,531	828	1	3,360

Ratios of Standard Entry Level Wage by Gender Compared to Local Minimum Wage

	Taiwan Male	Female	Suzhou China Male	Female
Indirect Labor	2.1	2.1	1.7	1.7
Direct Labor	1.18	1.18	1.01	1.01

Employee Turnover Rate*

When handling an employee's resignation, HR timely informs the employee's direct supervisor to conduct an exit interview, in order to get information about the reasons for the employee's decision and the changes that can be made within the company to retain the employee. However, adequate staff turnover may guarantee continuous joining of new talents. The average demission rate of Qisda in Taiwan is between 0.3%~1.44%. Affected by the situations in the local labor markets, the average demission rate was higher in China.

Demission Rate by Labor Type and Gender

	Taiwan Male	Female	Suzhou China Male	Female
Indirect Labor	7.80% (124)	2.58% (41)	4.23% (383)	2.03% (184)
Direct Labor	1.83% (29)	1.01% (16)	131.60% (11,919)	63.34% (5,918)

* For calculating the turnover rate (demission rate and rate of new employee hires) of employees under this chapter, the denominator is based on the total number of employees at year-end of each factory.

Demission Rate by Labor Type and Age

|	Taiwan under 30	30 ~ 50	over 50	Suzhou China under 30	30 ~ 50	over 50
Indirect Labor	3.27% (52)	6.99% (11)	0.13% (2)	4.91% (445)	1.35% (122)	N/A
Direct Labor	2.27% (36)	0.57% (9)	N/A	193.01% (17,481)	3.93% (356)	N/A

Demission Rate by Gender and Age

	Taiwan under 30	30 ~ 50	over 50	Suzhou China under 30	30 ~ 50	over 50
Male	3.71% (59)	5.79% (92)	0.13% (2)	132.42% (11,993)	3.41% (309)	N/A
Female	1.83% (29)	1.76% (28)	N/A	65.51% (5,933)	1.87% (169)	N/A

Rate of New Employee Hires by Labor Type and Gender

	Taiwan Male	Female	Suzhou China Male	Female
Indirect Labor	2.01% (32)	2.83% (45)	2.24% (203)	1.25% (113)
Direct Labor	1.51% (24)	0.76% (12)	41.77% (3,783)	21.19% (1,919)

Rate of New Employee Hires by Gender and Age

	Taiwan under 30	30 ~ 50	over 50	Suzhou China under 30	30 ~ 50	over 50
Male	1.45% (23)	1.95% (31)	0.13% (2)	41.92% (3,797)	2.09% (189)	N/A
Female	2.08% (33)	1.51% (24)	N/A	21.12% (1,913)	1.32% (119)	N/A
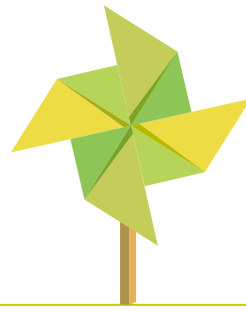
Learning and Development

Qisda is dedicated to serving the training and development needs of our employees. In order to provide employees with a clear blueprint for career development, Qisda has been investing a great amount of resources in offering diverse learning opportunities through the integration of on-site class and online e-learning platform. It also utilizes both internal and external resources to establish Qisda Academy to meet the demands for corporate educational training. Each half year, the company launches training status evaluation to realize annual training plans. To stress the importance of corporate social responsibility, Qisda has offered relevant courses on Green Products and required all employees take additional trainings on EICC, QC 080000, and Environmental, Safety and Health-related courses. The overall average training hour was 47.78 hours in 2015. The average training hours according to gender and employee types are shown in the following table.

Qisda Academy

Qisda's employee training program is offered through Qisda Academy, which is composed of four schools: the School of Learning and Growth, the School of Leadership and Management, the School of Professional Development, and the School of Innovative Engineering, distinguished by the nature of the program offered and the roles of the employees participating the training. Aside from classroom trainings, Qisda also provides its own internal e-learning platform for employees' enrichment needs.

### Qisda Employee Average Training Hours (hour/per employee)

	Taiwan		Suzhou China		Qisda Total	
	Indirect Labor	Direct Labor	Indirect Labor	Direct Labor	Indirect Labor	Direct Labor
Male	28.94	31.49	23.55	65.48	26.90	64.68
Female	28.95	46.17	23.00	45.42	26.08	45.44
Total	28.95	38.00	23.32	57.93	26.61	57.41

Qisda Academy

As the figures above and on the next page illustrate, the four schools offer a broad spectrum of training programs. The School of Professional Development offers programs that meet the developmental needs of various positions within the company. It creates relevant training blueprints to guide employees in their professional development. The School of Learning and Growth provides training for new hires and internal instructors for corporate in-house training. To tie in with the government's industry professional training initiatives, the inUniversity Program was launched providing employees with diverse options to facilitate self-development through credit-granting, licensed, and professional courses. The School of Leadership and Management offers programs designed

Qisda Academy
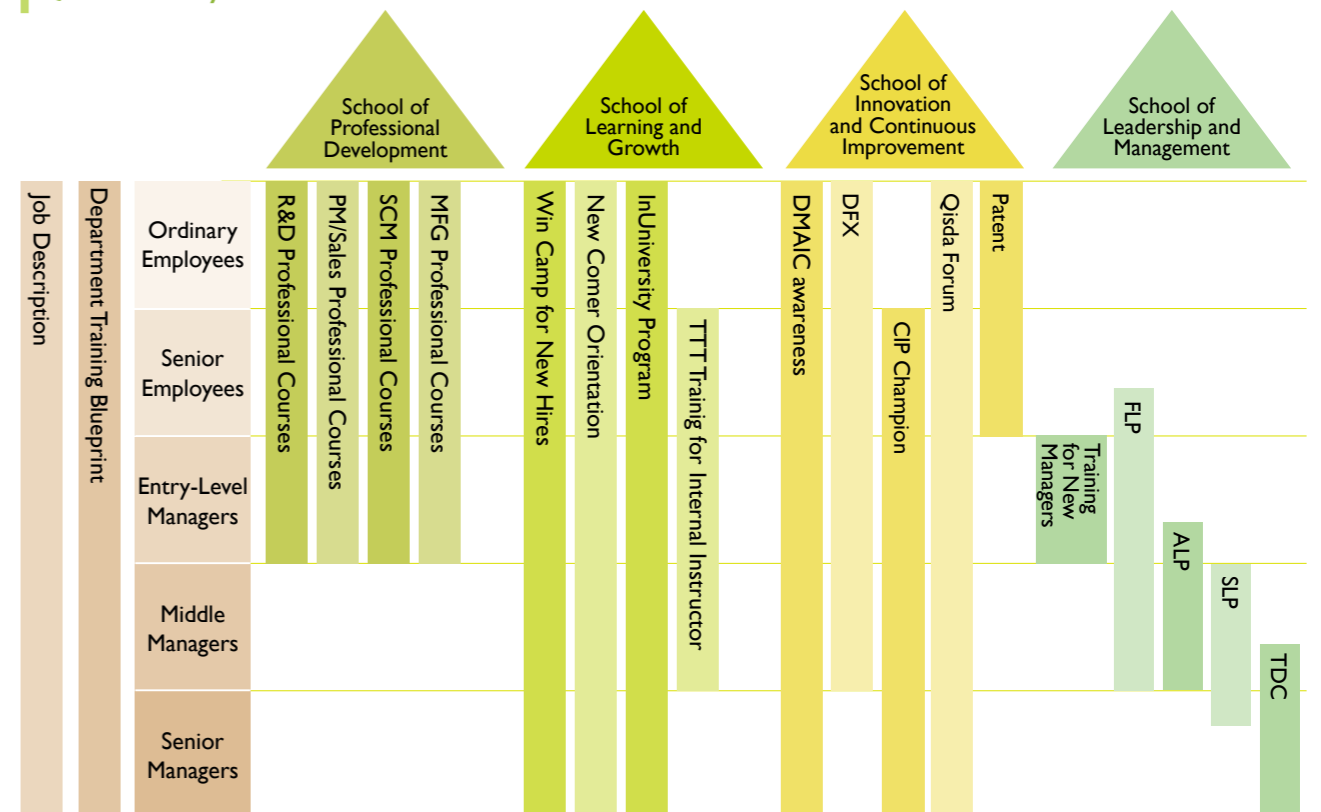
Up till now, over 2,000 CIP projects are implemented around the world

for managerial employees of different levels to enhance skills and knowledge needed in their roles. Through these programs, Qisda expects its management team to excel in self-development and leadership skills for company success.

In addition, starting in 2007, Qisda introduced Six Sigma strategies into company operation, developing the CIP Program (Continuous Improvement Program) to provide employees with concepts and tools needed to make improvements at work. With the series of courses offered and the implementation

of CIP, it empowers our employees to apply their learned knowledge and skills to actual work improvement. In 2015, the number of CIP projects was 304. Up till now, over 2,000 CIP projects are implemented around the world, indicating impressive improvements in corporate-wide performance.

The CIP Program is designed to achieve corporate-wide continuous improvement, starting in individual and departmental improvement tasks. Through various techniques such as 5S, QCC, DMAIC, CMMI, DFSS and Lean, this program assists employees in adopting the optimal strategy for work improvement. With this in mind, Qisda has not only implemented the CIP Program in R&D department but also in manufacturing department, Supply Chain Management, and other supporting divisions.
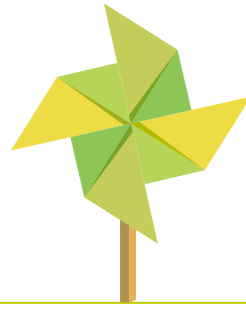
Human Rights Management

- **Zero child labor, forced labor and discrimination incidents**
- **No labor right, human right issue appealing incidents**
- **Global manufacturing locations obtained SA 8000 certificates and no violation of human right incidents occur**

Labor Rights Protection

Ever since the declaration of International Labour Organisation Conventions, more countries and corporations have paid attention to child labor and forced labor issues. Qisda pledges to protect the labor rights of its employees. All labor rights managements must be in compliance with local laws and regulations, SA8000, International Labour Organisation Conventions, and stakeholder requirements.

To meet customer requirements and avoid negative evaluations of the company, Qisda prohibits any use of child labor and bans forced labor, particularly labors gained through slavery and human smuggling, under any circumstances. Qisda strictly abides by the newly enacted California Transparency Act. Furthermore, Qisda has established our own Child and Young Labor Management Regulations, where the HR staff is required to verify the identity of each potential employee with proved documents. If there were raised questions concerning identity and work eligibility, an outside agency will be hired to conduct extra investigations. A further confirmation will also be done during the interview. For under age employees under cooperation programs, the company also follows the above-mentioned procedure to ensure that they do not perform operations that will endanger their safety and health. In addition, the company has a simple recruiting channel while all employees sign employment contract to verify their willingness

to be employed to avoid forced labor source. After the launch of SA 8000 management system, the company has never used child labor or forced labor due to operational careless mistakes.

For equal treatment issue, the company follows the Electronic Industry Code of Conduct (EICC Code) and promises it will not let elements such as race, nationality, skin color, age, gender, sexual preference, religious belief, political stand, physical disability, pregnancy or marital status to affect the chances of recruit, promotion, salary and training for employees while ensuring execution of the above-mentioned

SA 8000 Certificate

flow is without flaw via internal and external audits of SA 8000 each year. In 2015, there were no discrimination incidents in the company.

Since labor right and human right issues are always the concerning points of the customers, Qisda declares that it protects employee rights and has various communication channels. By the way, Qisda has created a Communication Management Procedure to handle employee appeals. In regard to Report and Appeal Approach, our employees are granted anonymity and a direct access to report to the Department of Human Resources. If outside stakeholders have reservations on this issue, they are advised to appeal to the CSR mailbox posted on corporate website. Our CSR staff will respond to these inquiries. In 2015, no relevant appeals or complaints have been received. Besides, Qisda continues to perform SA 8000 verification for all manufacturing sites every year. It also helps to prevent the occurrence of labor disputes that would jeopardize corporate reputation.

EICC (Electronic Industry Code of Conduct) Implementation

Qisda integrated EICC (Electronic Industry Code of Conduct) into its ethics management system since 2007. Educational trainings on EICC have been offered on a regular basis. Qisda has incorporated ethics management system into our corporate social responsibility and environmental safety and health management system. Integrity Handbook was published based on relevant international regulations of ethics to communicate with our employees around the world. Recent years, its Taiwan and Suzhou, China sites have launched third-party audits under customer requirements and executed amendment measures for non-conforming items discovered after the audits to ensure that they follow the EICC.
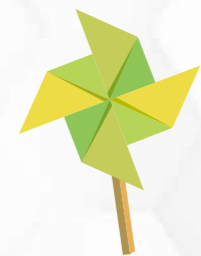
Creating a Happy and Healthy Working Environment

Qisda adheres to the concept of creating a happy and healthy working environment. We offer diversified employee benefits to fulfill the goal of providing a quality working environment and creating a corporate culture that values health and happiness of our employees.

Fundamental Employee Guarantees

Qisda currently provides primary benefits to all employees as the following table. Temporary workers are entitled to the same benefits as permanent staff, except for no performance bonuses paid. Only a few dispatching employees (temporary employees hired for less than 6 months) are not included in the benefit plan. In addition, the salary structure Qisda

Elected as one of the Taiwan High Compensation 100 Index

Fundamental Employee Guarantees

Location	Taiwan	Suzhou, China
Provided in accordance with relevant laws and regulations	1. Health insurance and labor insurance 2. Retirement funds* 3. Unpaid wage compensation funds 4. Occupational disease insurance 5. In-house medical facilities and medical staff 6. Paternity leave (male employee)	1. Social security (retirement, medical benefit, unemployment, work-related injuries, child birth) 2. Housing provident fund 3. Annual paid-leave
Exclusively provided by Qisda	1. Annual Bonus/Performance Bonus 2. Group Insurance 3. Free health examination 4. Employee bonus (profit-driven) 5. Meal subsides 6. Employee advanced study 7. Employee educational training 8. Bereavement system 9. Corporate-contracted hospitals 10. Employee discount for company products 11. Weddings, funerals, and illness allowances 12. Dormitories and uniforms	1. Annual Bonus/Performance Bonus 2. Group Insurance 3. Free health examination 4. In-house medical facility 5. Fitness Center 6. Meal subsides 7. Employee educational training 8. Corporate-contracted stores 9. Employee discount for company products 10. Weddings, funerals, and illness allowances 11. Dormitories and uniforms 12. Financial support for clubs 13. Financial support for quarterly employee outings 14. Paid Time Off (PTO)

* 1. Retirement reserve basing on the Labor Standards Act:
    The monthly employee retirement fund by Qisda is handed over to the supervising committee of employee retirement reserve of Qisda and saved to the account of Bank of Taiwan under the name of the committee. By the end of 2015, the fair value of the planned asset was NT$718,071,000. Qisda recognized NT$3,936,000 in 2015 according to related regulations. The insufficient amount was recognized as pension liabilities, with the amount at NT$217,443,000 by the end of 2015.
  2. Pension set aside according to the Labor Pension Act:
    Qisda sets aside 6% of employee monthly salary to the personal account of employees at the Bureau of Labor Insurance. Its overseas subsidiaries also set aside pensions each monthly according to local laws to their pension management businesses. In 2015, the amount recognized was NT$695,373,000.

provides in all global sites surpasses local legal minimum wage and does not differentiate based on gender, religion, race, nationality or party.

## Building Smooth Communication Channels and Strong Labor Relations

To sustain healthy relations between management and labor, Qisda has established various communication channels, such as business seminar, employee welfare committee, labor-management meetings, for employees to learn about the latest management decision in person. Qisda welcomes employees' questions and suggestions on its business operation and development. These comments and concerns from employees are sent to relevant departments for further considerations. Qisda believes that a healthy, two-way communication not only benefits the labor-management relationship but also helps to identify the needs and concerns of its employees. In turn, Qisda is capable of providing immediate and efficient responses to its employees and thus creating a desirable working environment.

Qisda complies with labor laws and SA 8000 standards with regards to labor-management communication. A total of 21 employee representatives (13 from the manufacturing site in Suzhou, China and 8 from headquarter in Taoyuan, Taiwan, accounting for 0.14% and 0.6% of the total employees in China and Taiwan, respectively) were selected to 100% represent all employees within the corporate in various functions. The employee representatives attend regular employee welfare committee and labor-management meetings to engage in two-way communications with the management representatives to address the issues regulated by SA 8000 standards. Specifically, quarterly labor-management meetings allow employee representatives to communicate with managers in labor-related issues, such as labor-management relationship, labor conditions, welfare and benefits, and further reach amicable agreements between two sides.

Creative culture

Facing global technology advancement and market requirement fast changes, it is vital for the industry developments to continually launch business approaches and design/develop with a creative thinking. Qisda promotes creativity, offering a creative management planning system while decide on the development direction and investment of required creative resources to understand the requirements and technology application to raise employee creative power while satisfy and offer clients with ground-breakingly creative and cost-effective solution or product. To ensure that the creative culture can be passed on in the company, the HR department of Qisda arranges related classes and activities according to company policies; R&D department sets the patent number KPI with performance evaluation while regularly inspect the progress at meetings. Qisda also sets aside patent award and annual creative master truth-goodness-beauty award to encourage employees to offer creative ideas. Starting from 2016, the creative culture is also included in the CSD sustainable goal of 2016-2020. The

Robot Contest for the Technically Ungifted
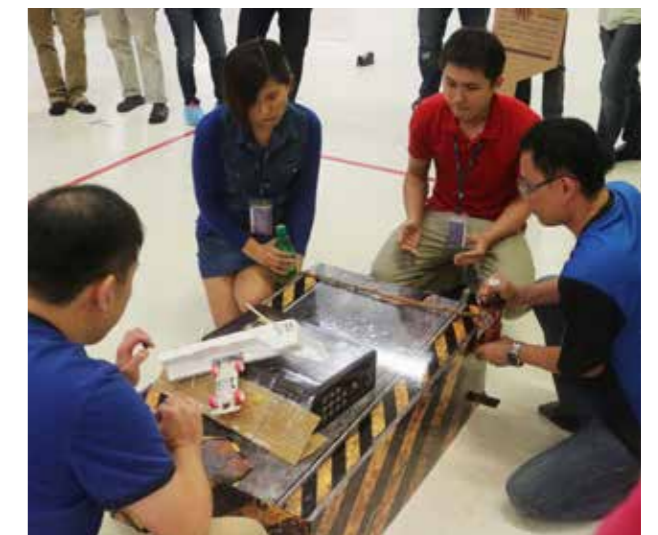
company expects the number of participation to reach 2,500 in 2016 and effectively raising the number of patents.

Creative culture should be delivered to each member of the creative organization. The characteristics of creative humanities events are that all members can participate in the activities. In 2015, Qisda systematically enabled each person to feel that creativity was omnipresent with the following activities. Furthermore, the company combines corporate R&D functions to create more society-friendly products in the future. The promoted creative cultural activities can be mainly divided into promotional phases of Thinking Stimulation, Creative Tool Learning, Brainstorming of Creativity and Online Election of Good Creative Ideas.

I. Thinking Stimulation - Creative Celebrity Lectures

Qisda invited creative celebrities from different fields to share the process and opinion on creativity, enabling employees to quickly learn and realize from the stories and understand how creative people discover boundless creative opportunities from the angle of the user, realizing that even a-little-happiness creativity can bring small moving feelings to clients while creating great value.

II. Creative Tool Learning - Creative Classes

Qisda let employees to systematically create and possess creative thinking methods that meet client requirement with classes such as design thinking and creative tool.

III. Brainstorming of Creativity - Creative Competitions

Qisda launched various creative activities such as Fly Lion, Robot Contest for the Technically Ungifted and Room Escape

so that its employees can express their creativity. For instance, in the Robot Contest for the Technically Ungifted activity, Qisda asked its employees to use various recycled resources to make simple robot and compete against other teams. This is unique in that it adds brainstorming and environmental protection attitudes to let employees to play while using their brains to exhibit environmental creativity amid restricted resources while raising team understanding.

IV. Online Election of Good Creative Ideas - Eureka Program

Qisda let employees to offer creative ideas related to company products and let all employees to elect which is the best to garner feasible creative ideas for the organization. Comparing to appointing project staff to proceed with creative task, this can enlarge the creative atmosphere while stimulating all employees to participate via the award design.

Employee Health Care Management

Qisda values the health management of our employees, for keeping employees happy and healthy is the key to the company's productivity. To realize this goal of promoting a healthy lifestyle within the corporate, Qisda has established wellness centers both in Taiwan and Suzhou, China.

I. The Wellness Center in Suzhou, China

The center provides wellness clinics to take care of common diseases and frequently-occurring diseases, along with two on-site nursing rooms for working mothers. In regard to preventing occupational diseases, Qisda implemented a series of check-ups (pre-duty, on-duty and off-duty) to track the occurrence of occupational diseases. In addition, it also hosts healthy living lectures on different topics, such as women's health and regimens for better health.

II. The Wellness Center in Taiwan

To foster employee health, the wellness center provides a variety of programs and services in six areas, including wellness clinics, on-site nursing rooms, disease prevention, cure and care, emergency training station, health management tracking system, and physical activities.

Qisda values the work-life balance of its employees, looking for opportunities to promote a healthy life style through seminars and activities. In 2015, the Wellness Center continued to hold annual health examination and promoted the following LOHAS activities for the health requirements of IT employees.

(1) Healthy Working Place Philosophy of Life: Provide

improvement materials for three topics—fatigue, eye health and food partiality while promoting health screening activities such as health anti-cancer screening, special health prophylactic inoculation to achieve the effect of disease prevention and early discover/early cure.

(2) We Care – Employee Assistant Program: We understand the pressure that our employees face in daily working environment. Since 2012, we launched the "We Care –Employee Assistant Program", besides a free psychiatric line, several seminars with support group activity were provided. We also introduced drawing as a medium for employees to explore their inner world. With drawing, employees can understand themselves and help them find a way to ease their stress.

(3) Ergonomics and Overwork Evaluation: In 2015, Qisda distributed online questionnaire to employees to discover employees with related potential problems and procced

with health care while evaluating whether there are potential ergonomics elements in the current working environment, to be followed with improvements. By such, Qisda hopes to create a safe and comfortable working environment.
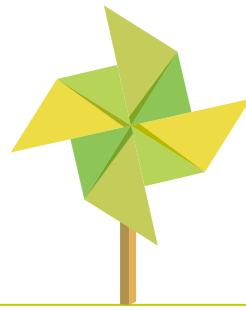
Goodwill for the Earth, Love for the Society

Total number of hours of Qisda participating in charity events in 2015 reached 1,897

In order to realize the enterprise vision of Qisda: Bringing Enjoyment and Quality to Life and further extend the vision to local community, we keeps the core value of Qisda: the spirit of love for society, incorporates with the care from employees and executing various local care plans and self-motivated activities to realize the role as responsible corporate to give back to the society. Besides Taiwan, the library established during the Hope Journey in 2013 and 2014 in Suzhou, China continued to serve local elementary schools. As well, the number of hours its employees participating in charity events in 2015 reached 1,897,

Hsin-Fu Q School, Happy Science Experience Class-Elementary Students Visited Christmas Trees Combining Technology and Art

with the events including monthly minority group care project by the caring club, group planting and ecologic volunteers.

Headquarter in Taoyuan, Taiwan

I. Caring about Our Neighborhood – HsinFu Q School

To strengthen the interaction between Qisda and communities and let local residents know more about the company, in 2015, the program–Hsin-Fu Q School, Happy Science Experience Class–was continuously carried out for Hsin-Fu Elementary School in the neighborhood. The participating students walked from their school to visit our campus. During their half-day visit, the children toured our facility and gain knowledge of plants in Qisda. The company also combined its core competitiveness—projector technology and taught children to learn from doing

and learn to make simple DIY projectors, with activities incorporating introduction of green environmental products. learn from doing and learn to make simple DIY projectors, with activities incorporating introduction of green environmental products. It has been very rewarding to help children recognize the importance of developing eco-friendly devices in our technology-oriented products while learning scientific theories. In 2015, a total of 143 elementary students participated in the "Hsin-Fu Q School" with accumulated number of students experiencing the activity since the onset of the event reaching 500 while teachers provided positive feedbacks and hoped the event can continue to be held in the future, creating more chances for children to enjoy.

II. Qisda Love Love Club

Starting from 2006, Qisda Love Love Club has held over 200 public welfare activities and strives to become a various public welfare platform between employees and social welfare groups. Qisda employees, no matter their gender, age and degree of workload, are expected to provide more care for the society.

In 2013, Love Love Club officially joined the Peaceful Plan

Love Love Club President Andy Wu:

The world will certainly not change because of what we do; however, certain people, events or things will change because of what we do today. I think that is enough.

Less criticism and more things done. Perhaps when we are criticizing, we do another caring thing. It is enough that we verify the need and do with cares.

Guishan Junior High School Baseball Team

Guishan Junior High School baseball team has always been an ever victorious army of Taiwan's junior high school baseball teams; it even competed in Japan by representing Taiwan. However, funds run short because of huge spending due to competing in other cities and counties. Therefore, the school started designing postcards and desktop calendars for sale. Starting from 2014, Qisda Love Love Club also began to help Guishan Junior High School to run charity bazaars for its baseball postcards so that small-sum funds can further help the baseball team to improve software/hardware and competition traffic funds. In 2014 and 2015, the club even started convening group employees and launched charity slow softball tournaments. Qisda employees hoped that with small-sum awards, baseball players of the school can continue to pursue their dreams.

of the Ministry of Interior, becoming a part of the over-100 welfare groups and receiving supervision and guidance of the Department of Social Welfare, Taoyuan, so that employee donation can be even more transparent and employee care can be delivered to the greater Taoyuan region. In the same year, the club worked with local Ukulele Social Welfare Club, hoping to incorporate social welfare and increase the chance of employee participation in local caring via the effect of music in soothing human heart. In 2015, club members held over 40 caring activities. Eden Foundation, Huashan Social Welfare Foundation, Taoyuan/Defang/HappyHome/Guanai home for the

disabled and Guishan Junior High School baseball team are all cared subjects of Qisda.

The club cares with its heart and immediately responds to the care for local solitary elderly, homeless and underprivileged through long-term accumulated deep emotions with neighboring communities, creating a platform for the employees to experience the beauty of loving others and cherish.

Suzhou, China

In 2013, Suzhou, China started promoting the Hope Journey plan, hoping to further learn about the demand of the mountain area via combining corporate mountain-climbing plan and on-foot education assistance plan while providing feedbacks. With the 2013 on-foot exploration journey, Suzhou, China started to reflect on the possibility of combining corporate mountain-climbing culture with social responsibility and started the second-season plan of Hope Journey in 2014, choosing the Ming-Fan Elementary School at the foot of Dabieshan Mountain, Anhui Province with simple and crude facilities. The site in Suzhou, China established for the school a dream library from scratches, offering facilities such as physical education and teaching aides, computers and projectors while providing fees for nutritional lunches for five schoolchildren from especially-poor families in a long-term fashion. Since the establishment of the library, the number of feedbacks from teachers and people using the library continued to rise, with high usage frequency. The location has become a reading spot that is deeply loved by students.

BenQ Foundation

Qisda Corporation (originally known as BenQ Corporation) established and funded the BenQ Foundation with the full support from its board of directors in August 22, 2002. As the Group works persistently to promote an enjoyable lifestyle for all fellow humankind, the BenQ Foundation has set a long-term

goal to help people discover the beauty of Taiwan with the greatest attempts. Through these endeavors, all companies in the Group realize their role as responsible corporate citizens to give back to the society. In 2015, the foundation continued to use four themes: Cultivate Honest and Smart People, Elevate Original Cultural Values, Goodwill to the Earth and Bridge the Digital Gap to continue delivering the moving feelings of truth, goodwill and beauty of the society.

I. Cultivate Honest and Smart People

(1) Scholarship of Intelligence with Integrity Character

To help children willing to continue learning but cannot afford tuition fees, Qisda and BenQ Foundation established the "Scholarship of Intelligence with Integrity Character". Since establishing the scholarship in 2006, over 27,000 diligent and hard-working schoolchildren have received funding.

(2) Workshop of Intelligence with Integrity Character

Each summer vacation, BenQ Foundation plans the "Workshop of Intelligence with Integrity Character", working with the Department of Education and Social Welfare, Taoyuan as well as Chung Yuan Christian University and Asia University to hold summer camps for underprivileged schoolchildren.

(3) Dream Action-Campus Lecture

BenQ Foundation visited 23 high schools and vocational schools in 2015, sharing the moving stories of dream realization of Xinling Shen, one of the ten outstanding young philanthropists, Ming-Cheng Huang, cross-boundary handstand artist, and Hsing-Ho Chen, former member of Cirque du Soleil. The stories encouraged students to realize their own boundless possibilities.

II. Elevate Original Cultural Values

(1) BenQ Chinese Cinema Fiction Award

To promote the development of cinematic industry content and find good manuscript, the "BenQ Chinese Cinema Fiction Award" article-soliciting activity was first created in 2010, winning support from the cinematic and literary territories of the Chinese and greater China regions. The event has been held for five consecutive years. The award-winning pieces all won acknowledgements from Taiwan's major players in cinematic and cultural fields and writers.

(2) BenQ East Coast Music Workshop

BenQ Foundation supports original music of Taiwan and holds "BenQ East Coast Music Workshop". Two rounds of award-winning pieces were collected and published in the music albums of "Under East Coast Moonlight" and "Amidst the Sound of Eastern Shore Waves". The music album of "Under East Coast Moonlight" was awarded the 2015 Red Dot Design Award and collected in the Germany Red Dot Essen Museum, letting the echoes of the beautiful land of the island to be passed on and sung long and far away.

(3) BenQ International Sculpture Camp

BenQ Foundation encourages original art and promotes the value of original culture. In 2015, the foundation hosted the fourth "BenQ International Sculpture Camp" in Mabuville, inviting 15 international artists from 9 countries to make artistic sculptures with the most power and sense of beauty.

III. Goodwill to the Earth-Contract Farming and Adoption "My Homeland"

In 2008, Qisda led its peers by launching contract farming of rice field and BenQ Foundation continued to promote adoption of rice field. For eight consecutive years, the cropland of over 20 acres in northern, central and southern Taiwan saw keen participation of Qisda employees, families and friends to experience the labor of spring cultivation and fall harvest.

BenQ Chinese Cinema Fiction Award

BenQ East Coast Music Workshop

Workshop of Intelligence with Integrity Character

Dream Action-Campus Lecture

BenQ International Sculpture Camp

IV. Bridge the Digital Gap

BenQ Foundation has participated in the "Digital Opportunity Center (DOC)" of the Ministry of Education in a long-term fashion, devoting to remote digital care. Since 2008, the foundation continued to guide 21 counties in Hsinchou and Miaoli in the ability of DOC digital application, market local agricultural products and souvenirs and record humanity history of communities and cultural treasures. The foundation promotes the digital learning of children, young people, elderly and new immigrants of remote countryside via three aspects—caring education, culture and industry. In 2013, 2014 and 2015, the foundation executed "DOC volunteer trip", asking Qisda employees and families to keenly participate and offer labor services to experience the meanings of sweating and walking and learning about the rich humanity landscape of Hsinchu

and Miaoli DOCs. With group buying to support agricultural products, the business model and value of DOC can be spread far away. Furthermore, in 2015, it hosted DOC small bazaar events at its Taiwan site, so that its employees can care for the earth and support local agricultural products via the bazaars.

The results of operations of guidance group are as follows:

1. Fifteen DOCs in Hsinchu and Miaoli. The guidance group cultivates for a long period of time and grows with DOCs. With systemized digital implementation and various mobile classes established, the coherence and learning ability of DOCs are created while the digital aspect is incorporate in life and used in economic, social and cultural aspects.

2. Guidance group visits local areas. The group customizes plans for each DOC according to various demand and local resources via information courses and characteristic

work. For example, the group promotes marketing and small farmer brand design in Mrgwang due to industrial demand; mobile class is widely set up in Wuf Feng due to its territorial environment; classes are actively set up and LOHAS digital aspect is emphasized to realize close local cooperation in Gongguan; Hengshan sees devoted brand operation to market local tea industry. These examples display various and rich aspects of DOCs.

3. Cooperate with annual development guideline. The group guides DOCs to integrate local activities, cultural celebrations and characteristic organizations, launching self-owned promotion and member recruit, training each DOC to manage Internet broadcasting platform, releasing information themselves and strengthening media coverage.

4. Manage menus using systems and frequently launch on-site visit and contact. For many years of operations, the group has established fair cooperation tacit agreement and each DOC is equipped with fair management ability and experience.

| Contract Farming and Adoption "My Homeland"

| The DOC Volunteer Trip "Mrqwang May Peach Bagging"

4 Environmental Management

Qisda realizes that the impact of human activities on the environment is non-reversible while focusing only on economic and social changes is not sufficient to respond to the anticipation of stakeholders. Consequently, Qisda promises to pour in resources and strives to focus on saving energy, material reduction and carbon reduction in product design and manufacturing management for its product and manufacturing procedure to be even more energy-saving and environmental friendly. It also aims to continually improve the above-mentioned situation via management systems.

The environmental management, concerned material aspects of stakeholders and the management goals of Qisda are as follows:

Material Aspects	Management Goals	Report Section
Emissions	Corporate sustainable development KPIs that meet the goals of green product, green operation and green supply chain of Qisda.	Climate Policy and Carbon Management
Products and Services	1. Achieve 2015 Green Design 555 Targets: Energy Saving 5%, Material Reduction 5%, and Carbon Reduction 5%. 2. Qisda designs and manufactures products conform to the requirement of the retail area and specific demands from customers.	Green Product
Customer Health and Safety		
Product and Service Labeling		
Effluents and Waste	Achieve 2015 Green Operation 259 Targets: reduce water consumption by 2%, achieve power reduction by 5%, and maintain the waste-recycling rate at 90% as the least.	Waste Management Water Resources Management
Occupational Health and Safety	Achieve 2015 Green Operation 260 Index: reduce Injury Rate (IR or FR) by 2% every year; reduce Lost Day Rate (LDR or SR) by 6% every year; and maintain 0 fire hazard incidence.	Health and Safety Management

Material aspects concerned by stakeholders

Climate Policy and Carbon Management

Ever since the Industrial Revolution, vast quantities of fossil fuels, such as coal and oil, have been used in all manufacturing processes. As a result of industrialization, greenhouse gases, such as carbon dioxide and other heat-absorbing gases, have increased in proportion to fossil fuels consumption. The increasing average temperature of the Earth will lead to the rise of sea levels, changes in rainfall totals and regional weathers, even the catastrophic impact over the ecosystems.

Climate change is a focus of great concern because of its adverse impact on the humankind and the surrounding environment for all living things in nature. With the passing of domestic law, Greenhouse Gas Reduction Act, and international one, Paris Agreement, there will be more and more emphasis on the carbon management issue.

At Qisda, we recognize the potential threats to our corporate operation imposed by climate change, thus we have planned and implemented climate policy and carbon management as part of our corporate sustainability initiatives.

Policy and Initiatives

Through Qisda's proactive corporate sustainability development measures, we divide our efforts in environmental protection in the following areas: Green Products, Green Operation, and Green Supply Chain. For each category, we have defined individual development strategy and set management goals to be assessed by using Key Performance Indicators (KPIs).

Qisda is devoted to both designing and manufacturing of innovative electronic products. As a matter of fact, Qisda has developed a comprehensive carbon management plan that not only tracks the greenhouse gas emissions at its organizational level but also examines and manages the environmental impacts from its products as well. Those efforts are compliant to relevant international standards and certificates, such as ErP standard defined by European Union and ISO 14064 standard for organization's carbon footprint.
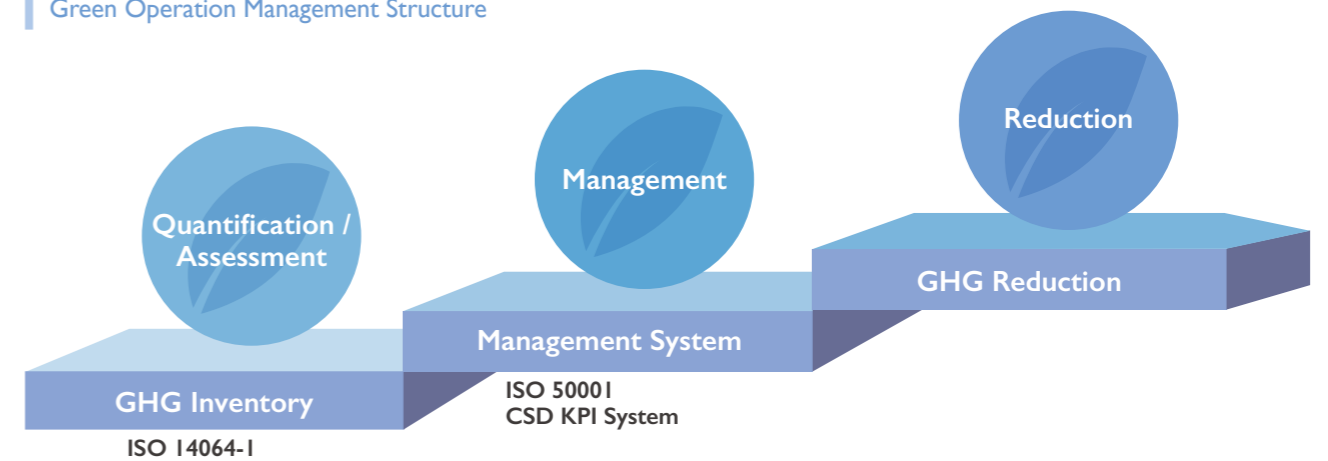
I. Green Products

Qisda utilized Life Cycle Thinking to examine and quantify the carbon emissions impacts from each phase of our products'
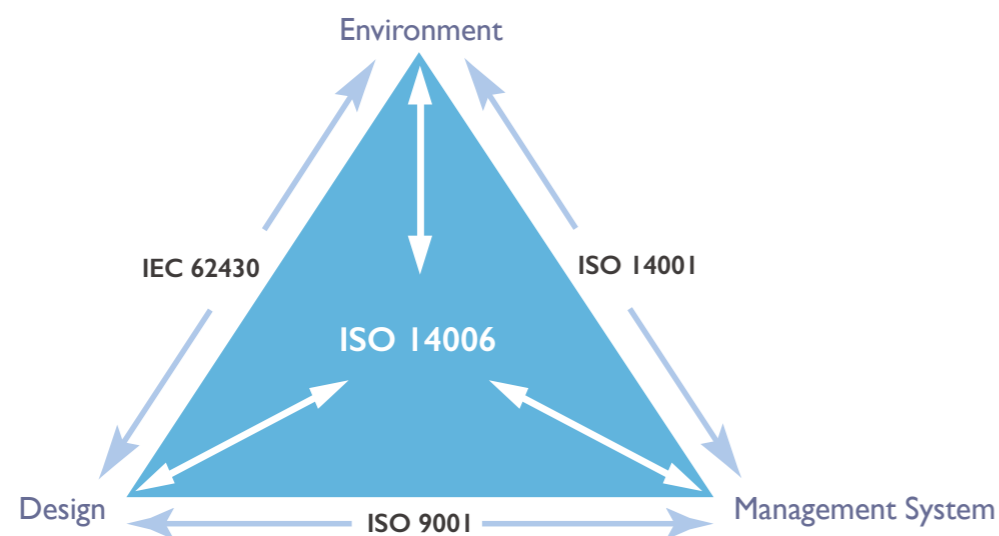
Green Operation Management Structure

life cycle to further identify opportunities for carbon reduction. Through implementing the concept of green and eco-design throughout the entire R&D procedure, we are able to minimize the environmental impacts and carbon emissions starting from the very beginning stage—design—of product realization. In the future, the best balance between quality, environment, and eco-design will be identified during the design process of a product. The product carbon footprint reports are generated by the carbon management platform to track and improve our performance on product carbon reduction.

II. Green Operation

Qisda has identified the three foremost approaches in maintaining its Green Operation: Quantification, Management, and Reduction. With this blueprint in hand, Qisda established

a comprehensive greenhouse gas emission inventory in accordance with the ISO 14064-1 in its global manufacturing sites. In addition to reflect our mission accomplished through CSD KPI management system, we also launched ISO 50001 energy management system to adequately monitor our performance in energy saving and carbon reduction initiatives.

III. Green Supply Chain

The Supply Chain Management at Qisda is defined in three phases: Awareness, Implementation and Sustainability. In the phase of Awareness, Qisda took the initiative to provide educational trainings on GHG inventory to its suppliers. During the phase of Implementation, Qisda has continuously requested its key component suppliers to provide GHG emission data and reduction results in 2015. Finally in the phase

Green Supply Chain Management Structure

Awareness	Implementation	Sustainability
SR & ESH Survey EICC Self-Evaluation GHG Inventory Training	On-Site Audit EICC Implementation GHG Self-Disclosure	Supplier Self-Management CSR Report Expansion to Tier 2 Suppliers

of Sustainability, Qisda looks forward to promoting the self-management capability of its suppliers who can further release their climate change policy and report reduction performance in CSR reports.

Climate Change: Risks, Opportunities and Further Actions

When analyzing the risks and opportunities involved in climate change, Qisda has managed to address three major risks/opportunities: risks/opportunities driven by changes in regulation, risks/opportunities driven by changes in physical climate parameters and risks/opportunities driven by other climate-related development. Additional explanation is provided below.

I. Risks

(1) Risks driven by changes in regulation:

The Greenhouse Gas Reduction Act has been officially passed in 2015 and major emitters of domestic greenhouse gas has been required to regularly record their volumes of greenhouse gas emissions. Although the current production processes of Qisda are only simple assembly operations while the emission volume is not significant, the company will continue to follow subsequent child law announcement. Additionally, with the passing of Paris Agreement, both the government and international clients have more requirements on carbon reduction. Therefore, Qisda will continue to monitor the trend to respond to related issues as soon as possible such as cap and trade and carbon tax. In addition, positioned as a design and manufacturing company of electronic products, Qisda is determined to abide by the international laws of product efficiency. We also ensure that we are up to date of current provisions of product labeling laws in our retail markets, such as Product Carbon Footprint Label.

(2) Risks driven by changes in physical climate parameters:

The global warming and dramatic climate change brought by the greenhouse effect will become threats to corporate sustainable operation. Therefore, Qisda should further evaluate the risks of possible operation suspension due to extreme regional climate (such as rainstorm and draught) at related countries and local areas to reduce the risks of climate changes.

(3) Risks driven by other climate-related development:

The change of consumer consciousness has resulted in the increasing customer demand for green products. To meet this trend that presents another prominent risk for companies,

Qisda is striving to develop green product design capability that would satisfy clients' needs. On the other hand, Qisda is aware that both consumers and clients have higher expectations toward green businesses, and it deserves our efforts to equip us well in this aspect.

II. Opportunities

(1) Opportunities driven by changes in regulation:

Qisda launches greenhouse gas emissions inventory every year and convenes meetings each quarter to inspect the status of energy reduction goals as well as integrates an ecologically-conscious design protocol in our R&D procedure, which fulfills our goal to increase energy efficiency of our products. In addition, we have also established the carbon management platform to quantify product carbon footprints and meet the criteria for Carbon Footprint Label. We believe that these practices would enable Qisda to provide leading-edge products and services. Meanwhile, Qisda works hard to gain the certificate of ISO 50001 energy management systems which successfully facilitate Qisda in increasing energy efficiency and lowering its operating costs.

(2) Opportunities driven by changes in physical climate parameters:

Qisda established Emergency Response Joint Defense Mechanism, aiming at incidents that may influence its operation each year and integrating the sources in both corporate and enterprise to launch evaluation and analysis. For example, in 2013, it employed software simulation to analyze possible flooding scenarios. Therefore, two crucial figures: MPL (Maximum Possible Loss) and PML (Probable Maximum Loss) were generated and taken into account when decisions must be made for risk management of significant natural disasters.

(3) Opportunities driven by other climate-related development:

Facing challenges veiled in other relevant climate-change opportunities, Qisda is well prepared to bring positive outcomes with its strong in-house green design capability. Additionally, Qisda advances in assisting our clients to conduct life cycle carbon footprint of product by introducing the carbon management platform that provides up-to-date information of carbon emissions for our clients. To not only meet our clients' expectations but also follow the international trend of minimizing the environmental impacts from Qisda as an organization and from our products, Qisda will continue to excute supply chian GHG management and carry out its corporate sustainability development tasks.

Greenhouse Gas Inventory

Confronted by the ever-increasing threat posed by global warming, Qisda has taken its initiatives to protect our environment as a global citizen. In 2007, Qisda established a comprehensive greenhouse gas emissions inventory in accordance with the ISO 14064-1 and GHG protocols for its global manufacturing sites. Since then, annual greenhouse gas inventory verification is performed by an independent third party. The 2015 result of greenhouse gas emissions inventory of its global manufacturing sites has passed ISO 14064-1 third-party verification. The certificate is shown in the top-right figure.

The energy resources utilized within Qisda include fossil fuels (natural gas, gasoline and diesel) and electricity used in manufacturing operations, with no renewable energy used. Among them, electricity used in manufacturing operations accounts for the major energy consumption. Take the site in Suzhou, China as an example, the energy intensity (strength) is about 3,508 kilowatt by each million of operational energy consumption. The corporate internal energy consumption details in 2015 are as shown in the table below.

2015 Direct and Indirect Energy Use[*]

	2013	2014	2015	Note
Direct Energy Consumption				
Natural Gas (1,000 cubic meter)	184	602	612.4 (23,889GJ)	
Gasoline (ton)	34	20	21.98 (984GJ)	
Diesel (ton)	12.5	10.9	6 (268GJ)	Total direct energy use in 2015: 25,141 GJ
Refrigerant (ton)	12.5	0	0	
Steam (ton)	0	0	0	
Indirect Energy Consumption				
Purchased Electricity (10,000 MWh)	8.5	9.2	8.96	Total indirect energy use in 2015: 322,597GJ

[*] 1. The standard, methodology and assumption used for calculating internal energy consumption: Total energy consumption is added up by the volume of electricity recorded on the electricity bills.
2. Joule conversion: Use Indicator Protocols Set: the conversion table offered by the direct energy consumption by primary energy source of EN3 of EN.
3. The sales revenue unit is Chinese Yuan (CNY).

Greenhouse Gas Emissions[*]

Scope	Carbon Emissions (t CO$_2$-e)	Note
Direct GHG Emissions (Scope 1)	2,367	
Indirect GHG Emissions (Scope 2)	69,728	
Other Indirect GHG Emissions (Scope 3)	910	Employee Business Travel

Carbon Disclosure Project scored 97

Listed in the Hong Kong and South East Asia Climate Disclosure Leadership Index, HK-SE CDLI

According to 2015 GHG emission inventory results, the global GHG emissions of Qisda are 72, 000 t CO2-e. In addition to the greenhouse gas generated in the use of gas and petroleum from our in-house business operations, the primary source of Qisda's greenhouse gas was carbon dioxide generated from externally purchased electricity consumed during its production process. In particular, emissions from the purchased electricity accounted for over 90% of Qisda's total greenhouse emissions.

Carbon Disclosure Achievements

I. International Carbon Disclosure Project

As it is so important to share our work and vision with all stakeholders, Qisda reveals its implementation of sustainability development and carbon reduction performance in its annual CSR. We have also participated in the voluntary international Carbon Disclosure Project. In 2015, Qisda even won the all-time-high 97 while was included for the first time in one of the ten Taiwan enterprises listed in the Hong Kong and South East Asia Climate Disclosure Leadership Index (HK-SE CDLI), indicating the emphasis and management of Qisda on the climate change issue while recognized by various groups.

Qisda Carbon Disclosure Score Each Year

Year	CDP Disclosure Score
2015	97
2014	94
2013	96
2012	95
2011	86

Performance on Product Carbon Reduction Each Year

Year	Performance on Product Carbon Reduction
2015	32.03%
2014	15.9%
2013	15.56%

Examples of Qisda Product Carbon Footprint Calculation

	Materials	Manufacturing	Distribution	Total Carbon Emissons
TFT-LCD Monitor	50.54 / 97.19%	1.24 / 2.37%	0.23 / 0.44%	52.01 / 100.00%
Projector	87.49 / 92.5%	7.08 / 7.49%	0.02 / 0.02%	94.59 / 100.00%
Smart Phone	16.11 / 99.39%	0.07 / 0.46%	0.03 / 0.16%	16.21 / 100.00%
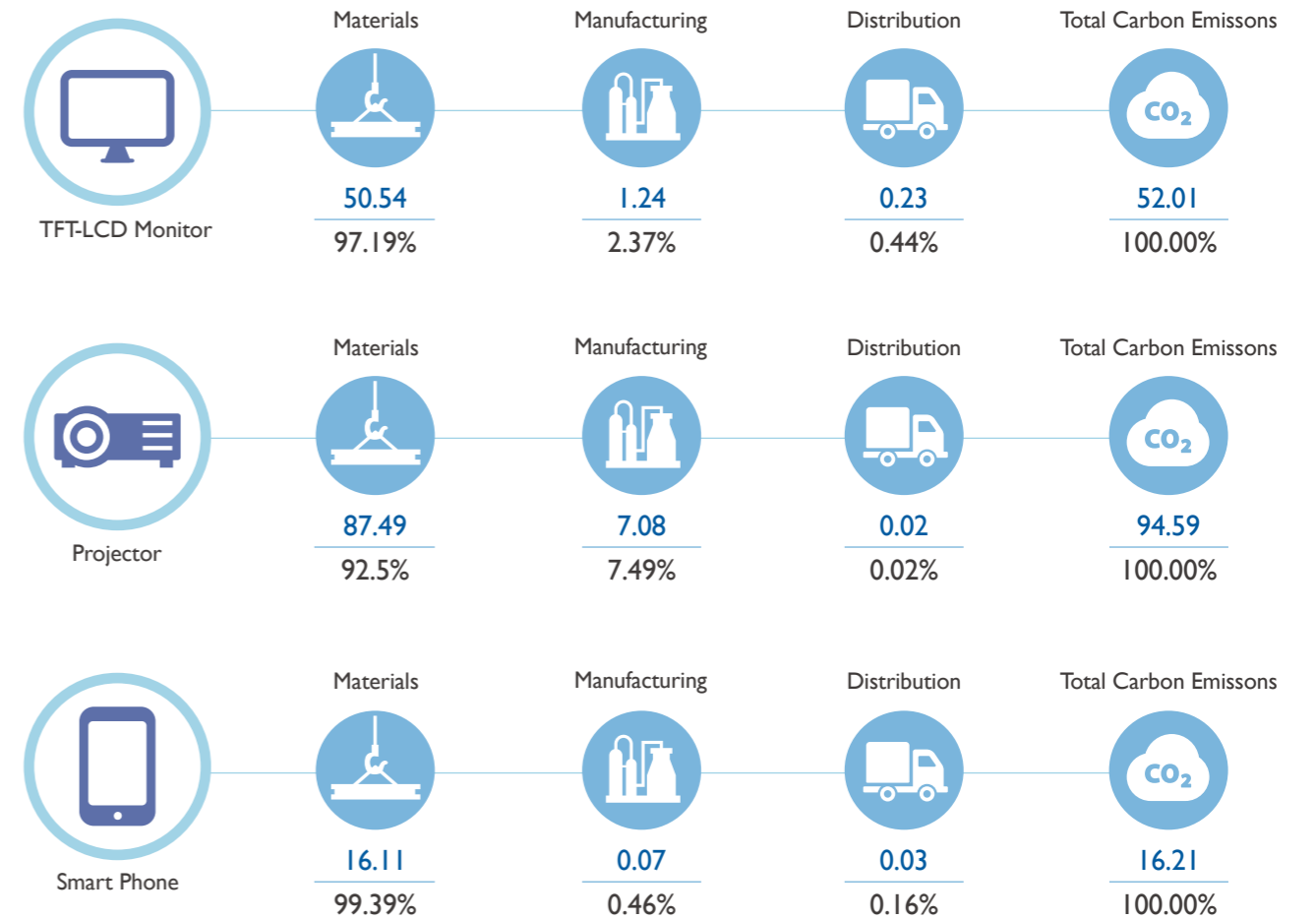
II. Carbon Footprint of Product

At Qisda, we calculate our product carbon footprint from cradle to gate (also known as Business-to-Business, B2B), using our carbon management platform to generate self-declared Carbon Footprint of Product Report (CFP Report). The methodology acts in accordance with PAS 2050 and ISO 14067. The product carbon footprint listed in the table refers to the emission volume of B2B.

III. GHG Reduction Measures

To mitigate our impacts on global warming, Qisda has established relevant plans of greenhouse gas reduction in two tracks: engineering improvement and administrative management.

(1) Engineering Improvement

1. Energy savings on lighting
   a. Use of energy efficient lighting in manufacturing facilities
   b. Use of LEDs in emergency escape lighting

Qisda has installed solar panels in the top of office buildings in Taiwan site since 2011.

The total electricity generation is 14,291 KWh per year.

The amount of carbon reduction is 7.629 t CO$_2$-e per year.

2. Energy saving of air conditioner

    a. Chiller equipment to improve and increase performance

    b. Air handling unit with variable frequency drive

3. Others

    a. Installation of solar power system

    b. Fixed and controlled exhaust for dormitory and underground parking facilities

(II) Administrative Management

1. People

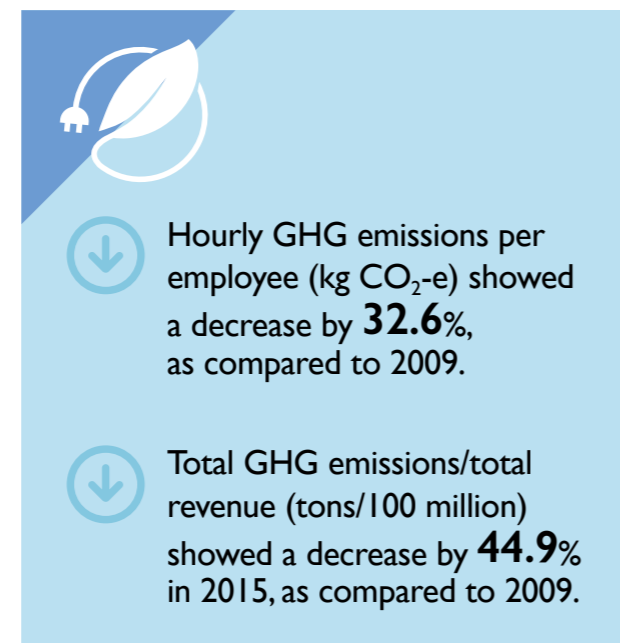   a. Energy saving activities in the office

2. Eqippments

    a. Compressor and chiller equipment operations management

    b. Increasing manufacturing process efficiency

    c. Energy use monitoring to control or shut down electricity

3. Methods

    a. Independent, area-specific air conditioning management

    b. Night-time energy management

    c. Concentrated manufacturing to reduce overtime

    d. Air conditioning synchronized with production start and end times

IV. GHG Reduction Performance[*]

Through various energy saving initiatives, the global per-capita per-hour CO_2 emission was 2.02 kg CO_2-e in 2014, in comparison to 2009's 2.86 kg CO_2-e, there has been a 29.4% reduction.

Hourly GHG emissions per employee (kg CO_2-e) showed a decrease by **32.6**%, as compared to 2009.

Total GHG emissions/total revenue (tons/100 million) showed a decrease by **44.9**% in 2015, as compared to 2009.

GHG Reduction Performance

	2009 Base Year	2010	2011	2012	2013	2014	2015	Reduction Rate (Compared to 2009)
Total GHG Emissions (10,000 tons CO_2-e)	6.9	7.4	6.6	6.7	7.0	7.4	7.2	-
Hourly GHG Emissions Per Employee (kg CO_2-e)	2.86	2.26	2.04	2.00	2.1	2.1	2.02	29.4%
Hourly Electricity Consumption Per Employee (kWh)	2.81	2.36	2.39	2.41	2.6	2.49	2.07	32.6%
Total GHG Emissions/ Total Revenue (tons CO_2-e /100 million)	130.6	122.9	98	91	82	76	72	44.9%

* 2009-2014 statistics included that of its Mexico site; however, the site stopped production officially in August 2014, so that data did not contain Mexico site since 2015.

Green Product

In 2015, each product line averagely reached Energy Saving **45.42%**, Material Reduction **22.96%**, Carbon Reduction **32.03%**

Won the top award of the Environmental Friendly Group of the Corporate Sustainability Award held by the Global Views Monthly Magazine.

At Qisda, we strive to continue and fulfill our Corporate Sustainable Development (CSD) vision as "Be an innovator in designing and manufacturing of electronic products, elevate the life quality of our fellow humans, and be friendly to Mother Earth" — which is reflected through our efforts in creating green products. In the attempt to advocate green sustainable products, we identify several stages to instill the concept of green thinking from the organizational environment to the product's actual surroundings. We also care about the impacts that our products have on the environment after being delivered. It is noticeable that the green thinking concept is embedded within the complete life cycle of a product.

In order to reduce the environmental impacts presented in a product's life cycle, we believe that the elements of green design must be instilled from the preliminary stage of a product design, covering the product concept and its actual surroundings. The most effective approach is seeking the collaboration between design expertise, quality assurance procedure, and the R&D procedure so as to initiate the evaluation and modification in various design stages.

Based on the solid foundation built since 2010, Qisda has incorporated green design in our product development procedure and established IEC 62430 Environmentally

Conscious Design for electrical and electronic products and systems and ISO 14006 Incorporating Ecodesign management system. The performance of "Green Design 555" in 2015 has achieved Energy Saving by 45.42%, Material Reduction by 22.96% , and Carbon Reduction by 32.03%[*]; all have exceeded the original target of 10%, comparing to the performance of the base year 2009. Due to the past efforts, Qisda won the top

The Advancement of Green Products of Qisda

Organizational Environment — **EPR** — Product Environment

LCT

Integration with Quality — **ECO** Design — Product Design Environment

Green Substainability

* The reduction aspect covers reducing the volume and weight of products and packages and reducing the component volume of its products.
** Since the company is a professional OEM that produces electronic products for brands and other clients, the calculation of product carbon reduction does not include usage and disposal phases.

award of the Environmental Friendly Group of the Corporate Sustainability Award held by the Global Views Monthly Magazine. Looking ahead to the year 2020, Qisda anticipates to elevate eco-efficiency for its products under the environment-friendly condition.

Incorporating Design Concepts

Ever since the introduction of IEC 62430 (Environmentally Conscious Design for Electrical and Electronic Products) in 2010, we have been advocating the idea of product life cycle, stressing the importance of green design thinking from the preliminary research and development stage. In addition, we are aware of the environmental impacts and risks brought upon by a product and components used in different stages of its life cycle. Therefore, we emphasize on simplified design to reduce impacts and risks to the lowest level. In 2013, we started to incorporate eco-design in our quality control procedure, with the intention of offering environmentally-friendly products of great functionality. To carry out this incorporating eco-design structure, ISO 14006 Guidelines for incorporating ecodesign was introduced. IEC 62430 Environmentally Conscious Design for Electrical and Electronic Products, ISO 14001 Environmental Management System, and ISO 9001 Quality Management have all been integrated into and applied in our R&D design procedure.

In 2013, several of our products have been certified with ISO 14006 Incorporating Ecodesign and IEC 62430 Environmentally Conscious Design for Electrical and Electronic Products and Systems, including monitors, projectors, smart phones, scanners, multimedia players, and lighting devices.

Qisda Incorporating Ecodesign Structure

Product Design Procedure in Qisda Q System
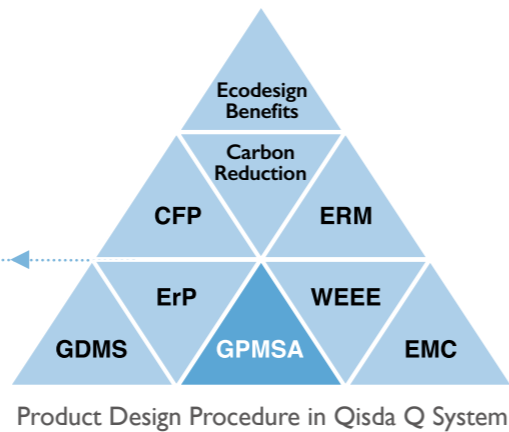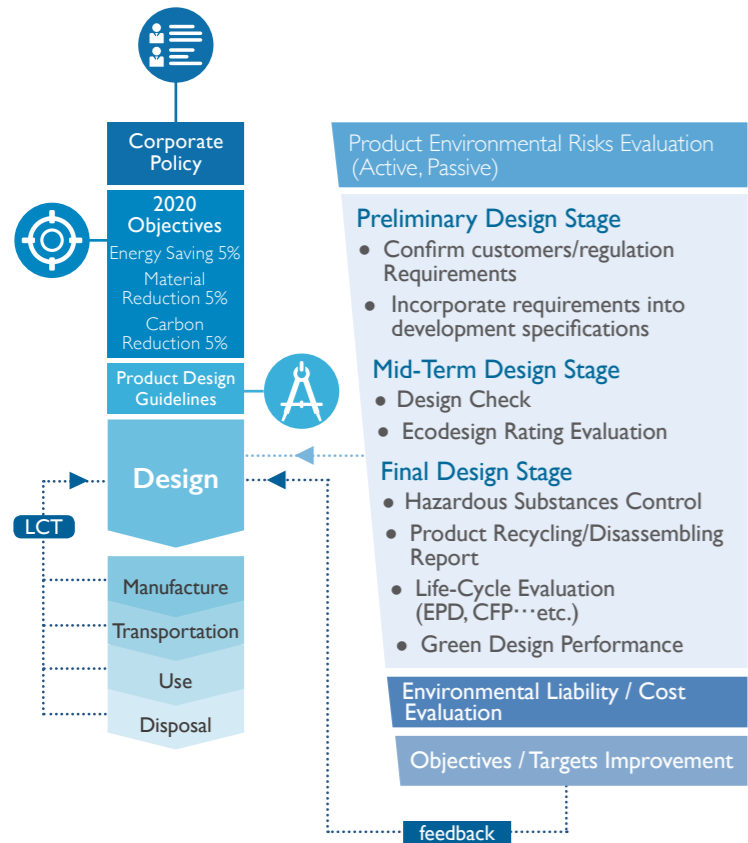
I. Ecodesign Guidelines/Directions

Qisda puts emphasis on green design thinking from the preliminary stage of its product design. It is crucial to evaluate the environmental impacts and risks of products and components used in all stages of its life cycle. To provide clear directions for R&D staff to follow in green design and relevant manufacturing procedures for selection, Qisda has created its own green design guidelines encompassing past design experience and current condition to be implemented across its business units.

During the preliminary stage in R&D, Qisda specifically defined four directions for its green product design: Reducing Material Use, Hazardous Substances Management, Saving Energy and Recovery.

(1) Reducing Material Use

Qisda puts emphasis on reducing the volume of product and packaging, minimizing the product weight and numbers of parts used. Besides, we give higher priority in utilizing modulated designs in our production. In 2015, the average weight reduction rate has achieved 22.96% in average for all production lines.

(2) Hazardous Substances Management

Under the assumption that chemical substances that hold potential threats to environmental safety may be used in products or in the production process, Qisda has formulated a 'Hazardous Material Control Checklist' in accordance with related international regulations and customer requirements to address this concern. Qisda also employs a systematic management system to ensure that its products are complied with international regulations and customer requests through a strict control of components sample approval and thorough examinations conducted in its final products. In addition, Qisda has developed a Hazardous Chemical Use Reduction Plan to gradually reduce the use of hazardous chemical substances each year. The plan would also help to lower the impacts on human body and the environment during the distribution, usage and disposal stage.

Since the beginning of 2008, Qisda's manufacturing sites in Taiwan, Suzhou, has met the standards and passed the IECQ QC 080000 Hazardous Substance Process Management System Certification.

(3) Energy saving

Qisda stresses the importance of increasing energy efficiency[*] and reducing the power consumption during product usage, standby mode and shutdown. In the meantime,

Qisda compares the data of the current model to that of the previous model to confirm whether energy saving performance is reached. Qisda is committed to complying with international standards, such as ErP, TCO, and Energy Star. Hence we have constantly examined our performance to seek rooms for further improvement. In 2015, an increase of 45.42% in energy efficiency was observed for all production lines.

(4) Product Disposal

We realized it is essential to consider the recovery rate and disassembly difficulty in the early design phase. We are inclined to avoid hard-to-disassemble materials or manufacturing processes, such as the use of gluing, heat staking, and embedding procedures when assembling products. The plastic parts weighed greater than 25g used in our products or samples should be accompanied with labels of material description, avoiding mixture of two different plastic materials.

To ensure that the product would meet the recovery rate defined by our corporate, Qisda requires a product to go through the recovery assessment conducted in our Disassembly Analysis Platform in the midst of its design process. A product will be sent to the next design phase only if its recovery rate is deemed passing the required threshold.

II. Ecodeisgn Procedure

At Qisda, we make every effort to fully implement the concept of ecodesign in all products. We not only meet the specific demands from our customers/retail destination, but also

Qisda Product Life Cycle Thinking

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[*] The calculation of energy efficiency is the ratio of power output versus power input.
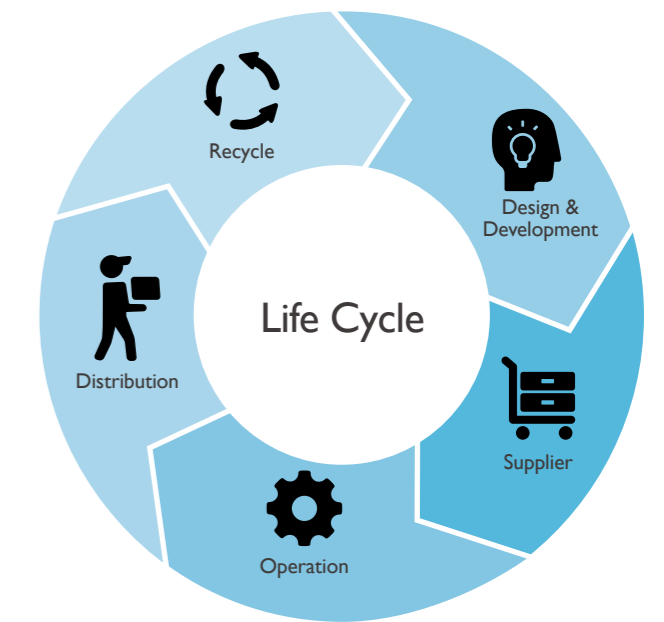
constantly engaged in endeavors of material reduction, energy saving, and carbon reduction. Our product design procedure can be divided into three phases:

(1) Preliminary Design Stage:

1. Confirmation of the requirement from customers and regulations: Confirm the edition of regulations referred by customers and the retail destination. The regulatory requirements and customer demands are submitted through the corporate system and passed on to the subsequent functions in order to conduct further management and control.

2. Inclusion of the development specifications: Transform the regulations referred by customers and the retail destination to our design specifications as design input in the preliminary stage of product development.

(2) Mid-Term Design Stage:

1. Design Audit: Carefully examine the difference between the product prototype and its original design. It helps to confirm the compliance with all requirements and to identify quality issues.

2. Ecodesign Ranking Evaluation: Besides meeting the demands from customers and the retail destination, we also act in accordance with international regulations. The ecodesign of a product will be ranked (gold, silver and bronze) to fortify environmental-awareness. Also, an analysis on its design strength and weakness will be provided for next-generation products as references.

(3) Final Design Stage:

1. Hazardous Substances Management and Control: Based on customer demands, provide relevant report and audit to verify the conformity of all components to relevant requirements.

2. Product Recovery Rate/Disassembly Report: Generate the recovery rate and disassembly analysis report by using the internal WEEE platform.

3. Life Cycle Evaluation: The information on carbon emission is collected through the carbon management platform in Qisda. Right after a product's mass production, the carbon footprint report and recommended carbon reduction approaches will be provided.

4. Green Design Performance: The evaluation and comparison between two generations will be conducted to measure the achievement to the targets of energy saving, material reduction and carbon reduction.

III. Environmental Risk-Assessment of Products

In addition to meeting the demands from customers and retail destinations, Qisda proactively seeks for simplified designs to cut down excessive manufacturing procedures and components used. Annual audits are administered to analyze the environmental impacts of individual product category, including the design specifications/manufacturing procedures between present and future generations of products. Further analysis on environmental impacts and risks from a product's stages of its life cycle, as well as the comparison between current and last generations of products and a study of the in-house product vs. the leading product are all conducted to generate environmentally-friendly and economical solutions for future implementation.

IV. Integrated Information Server

In 2010, Qisda established the benchmark carbon management platform in the industry. It integrated the BOM system to collect information on materials and manufacturing parameters. Before a product's mass production, such information can be entered into the Simapro system to create carbon footprint report. This innovative approach greatly shortens the time needed to generate carbon footprint report, indicating an immediate access to the report right after the mass production instead of a 6-month waiting period. It also synthesizes collected information to generate carbon footprint report across product lines and generations. As a result, we have been able to include carbon footprint report in 100% of our main products since 2012. In the future, we look forward to integrating the information on energy consumption from a product's design stage to its disposal by using WEEE information server. We trust that a complete picture of a product's carbon footprint from cradle to grave would benefit our work on carbon reductions.

In 2013, we successfully launched the product environmental regulations information platform to provide coherent references on both customer and corporate requirements. The system smartly filters the requirements to provide our design team with mandatory and optional design requisites. During the late design stage, it also presents an audit list to ensure that our product design answers the demands from both customers and the corporate. As a matter of fact, this novel process has saved us from the cost of repetitive work.

Consequently, to reduce the delivery time of information and repetitive work among our business units, we will continue our efforts in synthesizing and incorporating resources available within the corporate so as to make the greatest use of the information collected.

Green Talent Training and Development

For newly recruited R&D staff, we offer trainings on green product design awareness regularly. Trainees are introduced with simple games that shed light on how to incorporate green design elements into the functionality design of a product. Further, real case-study, illustrating the process of Qisda Green Design, is also presented to enhance their learning experience.

For senior R&D staff, we provide functional courses that meet the needs of the target business section or certain plans in development. Internal documents and SOP (Standard Operating Procedure) are provided covering relevant knowledge and technologies to be delivered through software platforms. Those courses include Guided Reading on International Regulations, Life Cycle Inventory Analysis, Eco-Design, Design Methodology, Product Disassembly Analysis, and Software Platform Applications.

To strengthen the influence from R&D managers, we offer green management courses frequently. The courses are aimed to help them understand and identify the drawback under current management procedures. Therefore, a refined management plan can be formed to deal with the utmost need of each product line.

Customer Health and Safety

Qisda does its utmost to comply with ISO 9001 Quality Management Standards and IECQ QC 080000 Hazardous Substance Process. Our performance is certified by a third party as well. Qisda also establishes internal product development flow according to the aforementioned management system to ensure all products that are produced and delivered by Qisda to customers meet the following two requirements:

I. A product prototype must pass all relevant product safety tests
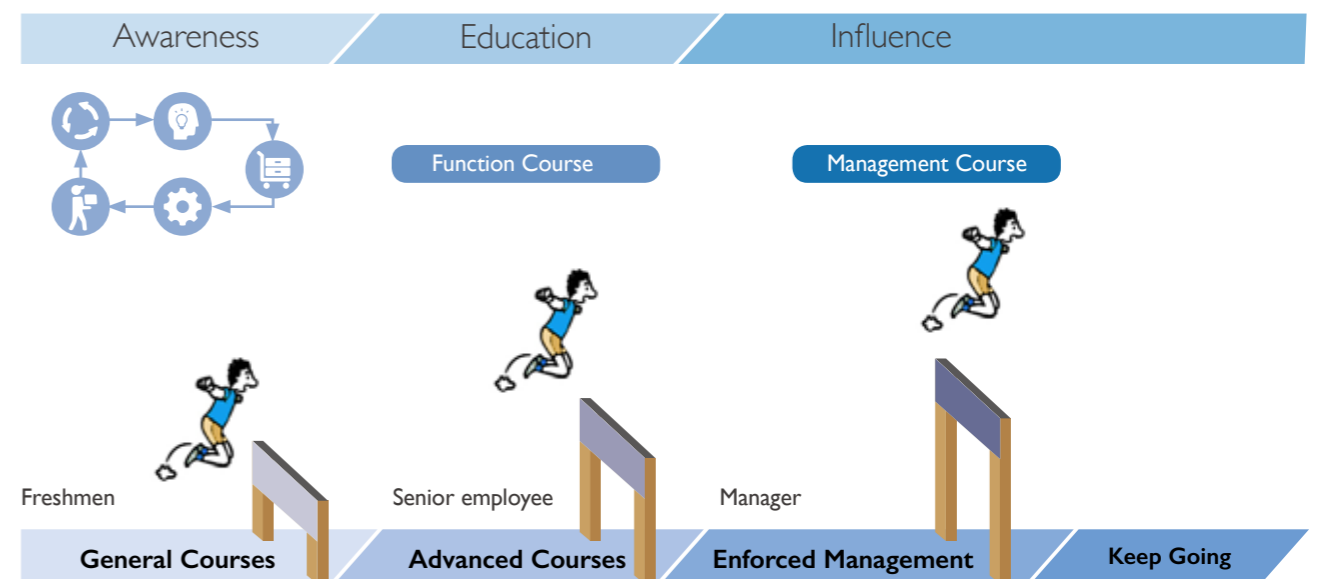
Qisda's product prototype must pass following tests such as product safety, EMC, energy consumption and so on. In addition, its products must obtain related product safety certificate of each region or country before able to be volume produced. This step ensures that the products received by our customers are free from safety concerns.

II. A product must adhere to the requirement defined in "Non-Use of Hazardous Substances Management Procedure"

Before a product can be mass-produced, Qisda complies with RoHS (2011-65-EU) and REACH SVHCs (Substances of Very High Concern) in European Union, and explicit hazardous substance requirement from individual customers. This approach ensures that the products received by our customers are free from health concerns.

Qisda considers product health and safety in the following stages of a product's life cycle: starting from the "product concept" stage to the "design and development" stage of a product, product safety certification requirements must be checked and the Non-Use of Hazardous Substances Management Procedure must be followed. In the "product certification" stage, all safety related certification standards are validated. In the last "product waste and recycling" stage, we follow the Waste Electrical and Electronic Equipment Directive declared by the European Union to handle product recycling. There were no violations of product health and safety regulations or voluntary standard in 2015.

Green Talent Training and Development Plan

Awareness	Education	Influence

Function Course   Management Course

Freshmen   Senior employee   Manager

General Courses	Advanced Courses	Enforced Management	Keep Going
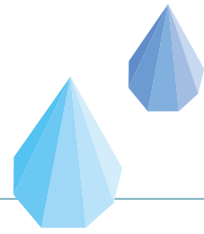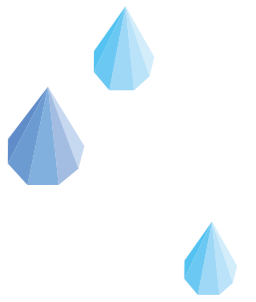
Green Operation 🔵

Green Operation plays an essential part of Qisda's corporate sustainability development strategy - with environment, safety and health as the cores of Green Operation Management, also promising to constantly improve the performance of pollution prevention, waste reduction as well as safety and health. In addition, to raise the environmental awareness of our employees, Qisda also introduced Environmental Management System (ISO 14001) and Occupational Health and Safety Management System (OHSAS 18001) to provide relevant training for all staff. To ensure that the entire staff considers the impact of operational activities on the environment and potential safety and health risks, new employees should receive acknowledgement trainings of the two management systems starting from freshman training. In 2015, besides preparing for the environmental management system revision, Qisda has also applied for Green Factory Evaluation to realize its promise of constant improvement.

In indicator disclosure, in 2016, Qisda will start to evaluate the KPI of Green Operation with economic concept; for example, managing electricity for energy saving and carbon reduction has converted related goals to using electricity consumption of each million dollar revenue. As such, the company's energy saving and carbon reduction benefit can be accurately measured and tested.

In green operational activity promotion, besides continuously increasing energy efficiency through engineering improvements, the Safety Culture Evaluation Activities also continue to proceed. Green Operation Management is to reach the Green Operation goals via human concept change, machinery equipment improvement, operational method change and operational environment improvement.

Waste Management

Qisda takes proactive approaches in managing wastes, continuously engaging in energy saving and waste reduction

activities. Starting with the earliest stage of production, Qisda carries out substantial actions of waste classification and recovery in order to greatly reduce the generation of waste materials and increase the amount of recyclable materials.
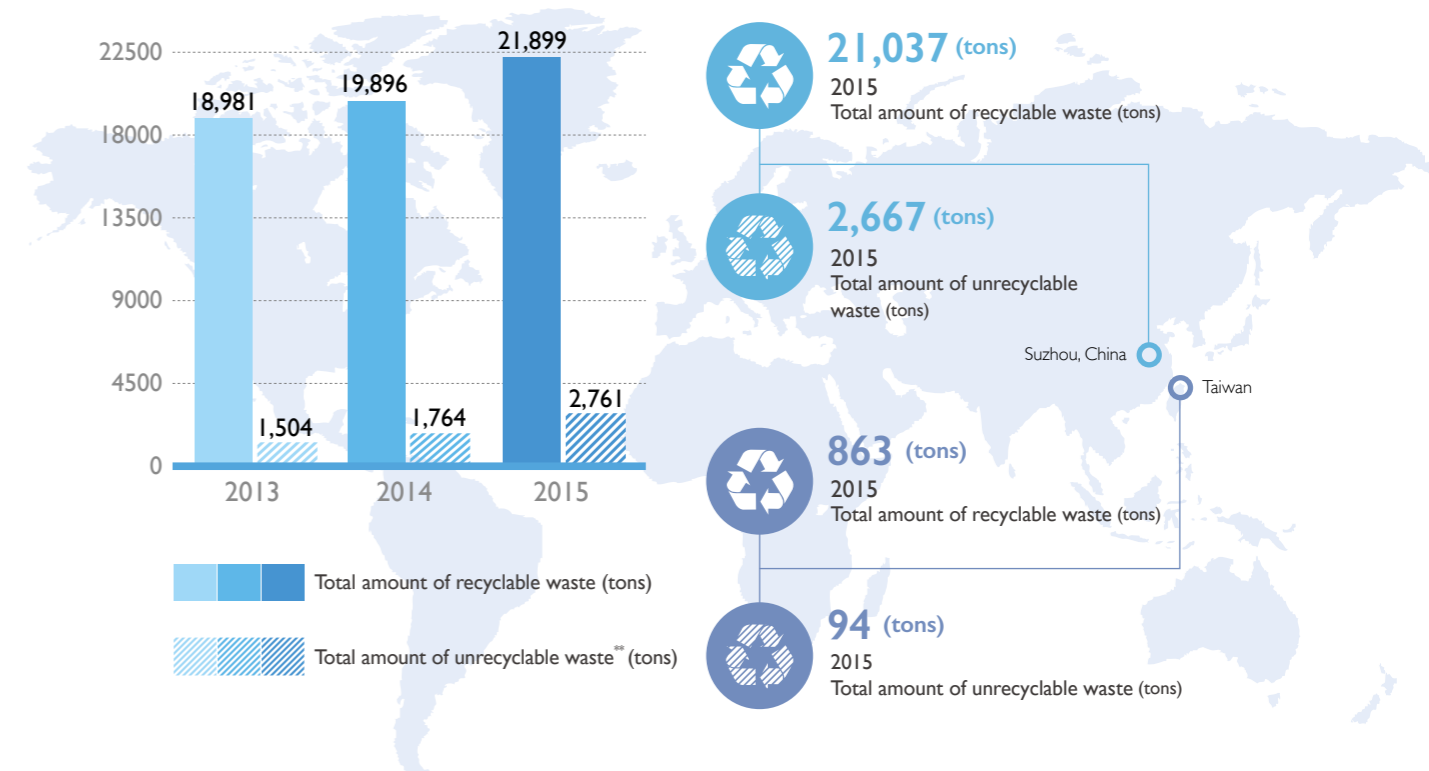
Waste generated within Qisda's production facilities can be classified as general industrial waste, medical waste, waste solvents, and non-classifiable wastes generated from electronic parts. Qisda does not produce the type of waste defined in the Basel Convention during its business operations and manufacturing process. Waste is managed mainly by environmental, safety and health staff while recyclable waste is removed to recycling area and categorized by outsourced companies.

In order to increase the ratio of recyclables vs. wastes, Qisda defines Waste Management Procedure and Recyclable Wastes Management Performance goals. The company also examines action plans and goals each quarter during Corporate Sustainability Development (CSD) meetings for long-term monitoring effect. The performance of waste management of 2015 is shown in the following figure. The overall manufacturing capacity has increased significantly in comparison to 2009; as a result, the types and amount for recyclable waste have also increased. Since the implementation of energy conservation and waste reduction actions, Qisda has maintained its recyclable waste percentage nearly 90% by 2015. To sum up, the accumulated amount of recyclable wastes has totaled 110,871* tons since 2009, of which 105,164 tons were generated in the manufacturing site of Suzhou, China.

Water Resources Management

Qisda starts its water resource management at the very beginning stages of product design by applying clean production and taking environmental protection into consideration. Of all products manufactured in its worldwide facilities, only domestic sewage with zero waste water is generated. Qisda global

Waste Management Comparisons*

21,037 (tons)
2015
Total amount of recyclable waste (tons)

2,667 (tons)
2015
Total amount of unrecyclable waste (tons)

Suzhou, China

Taiwan

863 (tons)
2015
Total amount of recyclable waste (tons)

94 (tons)
2015
Total amount of unrecyclable waste (tons)

Total amount of recyclable waste (tons)

Total amount of unrecyclable waste** (tons)

water consumption has totaled 551,000 tons in 2015, with total volume of water discharges of 441,000 tons. The water consumption of all its factories only comes from municipal administration while the water consumption of the past three years from each manufacturing location is shown in the table on the next page.

In order to realize the full benefits of water management, each manufacturing site started to monitor its tap water usage

since 2011. In 2015, monthly water consumption was 3.52 tons per employee, which has decreased by 19.6%*** since 2009. In addition, Qisda does not pump underground water in any of its global operations.

Each manufacturing site around the globe is equipped with waste water recycling and reuse systems to control its domestic sewage. Recycled domestic sewage is reused to irrigate green areas on manufacturing site grounds. Take the

* Recyclable waste percentage = total recyclable waste (tons) / total waste (tons) * 100
** Most of non-recyclable waste is household rubbish.
*** 2009-2014 statistics included that of its Mexico site; however, the site stopped production officially in August 2014, so that data did not contain Mexico site since 2015.

* 2009-2014 statistics included that of its Mexico site; however, the site stopped production officially in August 2014, so that data did not contain Mexico site since 2015.

manufacturing site in Taiwan for instance, the amount of reused water for landscape irrigation is 101 tons/day*, about 4.58% of its total water consumption.

For domestic sewage control, Qisda has hired specialized personnel to operate and maintain installed wastewater treatment system in Taiwan and use bio-film treatment system to process domestic sewage. Domestic sewage generated in this site all discharges into municipal sewage system. The wastewater generated in the manufacturing site in Suzhou, China discharges to the municipal drainage system, while the emission destinations are all sewer management system, which does not adversely direct affect the surrounding water source or land. In the quality of effluent, Taiwan site performs better than the incoming waste water standard for industrial zones** and related redulations (COD:60.5 mg/L，SS:13.25mg/L), is regularly monitored and is not reused by other organizations.

With all of Qisda's manufacturing sites located within industrial parks, the company does not own, lease, or manage any manufacturing facility located within ecological conservation areas or water conservation areas. It does not engage in any kind of activity that creates a negative influence toward biodiversity. It is Qisda's commitment to ensure that during its product manufacturing and service process, it does not present a negative influence on the ecology.

Safety & Health Management

Qisda has a sound social responsibility/environmental safety and health committee, as well as working groups to promote occupational safety and health. Under this condition, every employee has the responsibility to finish work safely and execute each safety and health requirement via green operation cultural activities. In terms of the Environment & Safety Administrator and the Management Representative, they are required to receive occupational health training from outside resources every year; the employees are offered annual occupational well-checkups. In addition, audit on working environment is conducted every year to ensure the safety of working place. All of Qisda manufacturing sites have OHSAS 18001 certificated since 2007, and continue to perform OHSAS 18001 verification every year.

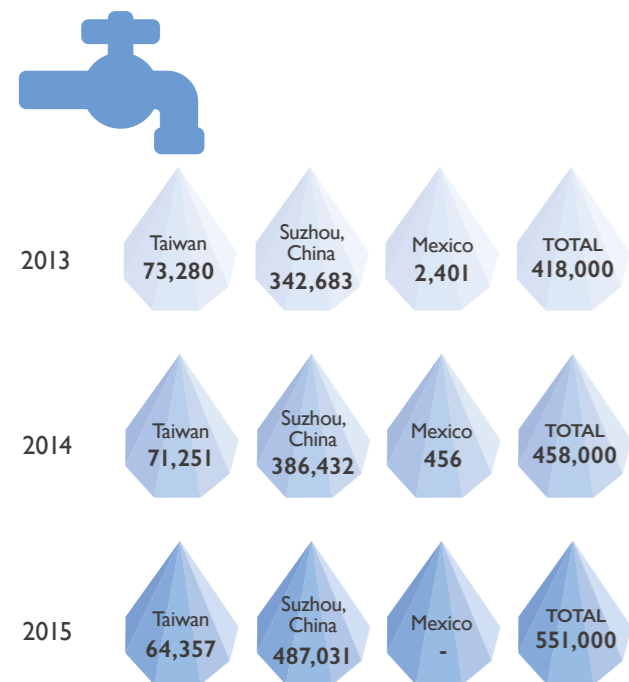### I. Occupational Safety and Health Management

Qisda establishes on-site health services including occupational safety investigation and implementation of occupational disaster prevention to further reduce the rate of occupational disaster occurrence. For the employees working in radiation-involved sites are vulnerable to occupational diseases, they are enlisted under regular health checks and management. Up until now, Qisda's manufacturing sites around the world have not reported an incident of occupational disease resulting from work. In work-related injuries, most are cuts or lacerations caused by the use of manual tools. These injuries are typically temporary in nature and do not require time off. However, a few incidents of work-related injuries do result in time off from work. Work-related injuries that require more than one-day

Total Water Consumption in Global Manufacturing Sites (tons)*

	Taiwan	Suzhou, China	Mexico	TOTAL
2013	73,280	342,683	2,401	418,000
2014	71,251	386,432	456	458,000
2015	64,357	487,031	-	551,000

Injury Rate reduction
68.6%

Lost Day Rate reduction
80.7%

Global Safety and Health Management Performance Comparison (2013-2015)*

Global Manufacturing Sites					
	Injury Rate (IR or FR)	Lost Day Rate (LDR)	Occupational Diseases Rate (ODR)	Absentee Rate (AR)	Total sum of deaths caused by work
2013	0.076	2.2	0	24.3	0
2014	0.046	1.4	0	9.9	0
2015	0.078	2.8	0	29.9	0

Safety and Health Management Performance by Genders (2015)

	Injury Rate (IR or FR)	Lost Day Rate (LDR)	Occupational Diseases Rate (ODR)	Absentee Rate (AR)	Total sum of deaths caused by work
Taiwan ♂	0	0	0	0	0
Taiwan ♀	0	0	0	0	0
Total	0	0	0	0	0
Suzhou, China ♂	0.08	3	0	33.7	0
Suzhou, China ♀	0	0	0	0	0
Total	0.08	3	0	33.7	0
Global Manufacturing Sites ♂	0.078	2.8	0	29.9	0
Global Manufacturing Sites ♀	0	0	0	0	0
Total	0.078	2.8	0	29.9	0

* The recycled water is calculated according to the following standard: the volume of recycled water from the organization divided by total water consumption volume (tons).

** Incoming waste water standard for industrial zones adopts the maximum value of the bill of service center of the Ministry of Economic Affairs.

*** 1. Total volume of water discharges is the volume of running water consumption from global manufacturing locations*0.8 (0.2 is estimated to be the water dissipation volume proportion of using air conditioning).
2. The standard for calculating water consumption: total water consumption is added up by the volume of water recorded on the water bills.

* The formula provided in GRI/G 4 is as follows:
(1) Injury Rate (IR)
IR=Total # of injuries X200,000 /Total hours worked
(2) Lost Day Rate (LDR)
LDR=Total # of lost days X200,000/Total hours worked
(3) Occupational Diseases Rate (ODR)
ODR=Total # of Occupational diseases cases X200,000/Total hours worked
(4) Absentee Rate (AR)
AR=Total # of missed (absentee) days over the period X200,000/Total # of workforce days worked for same period

time off fall within the calculation scope of Injury Rate (IR or FR), Lost Day Rate (LDR or SR), and Absence Rate (AR).

In 2015, Qisda's average Lost Day Rate was 14; the rate of occurrence of occupational disease was 0; the Injury Rate was 0.39.

Statistics demonstrates a decrease of 68.6% in Lost Day Rate of 2015, in comparison with 2009. The Injury Rate of 2015 also dropped 80.7%, as compared to 2009. There has been no occupational disease. In Taiwan, the overall no-occupational injury work hours in 2015 were 2.17 million hours, while no death incidents. Contractors were responsible for no work-related injuries and deaths during on-site work.

In chemical management, adopting chemical products in the production process has always been the emphasis of environmental safety management job and should be effectively managed. If chemical solvent leakage occurs, this will have negative impacts on the safety and health of factory workers and factory environment.

In 2015, none of Qisda's global manufacturing facilities experienced incidents of chemical, oil, fuel spills or leaks.

II. Promotion of Safety Culture Evaluation Activities

The site in Suzhou, China continues to launch evaluation of safety culture. With arranging and planning safety and health activities, Qisda will connect the approaches with its green operational performance and ask employees to execute safety measures in a top-down fashion. The core of the system includes continually improving performances of energy saving as well as safety and health, strengthening safety and health inspection, executing work safety analysis, raising safety and health education training participation rate, advertising near miss reporting, and rewarding safety and health proposals, etc, to fully execute various safety and health requirements, improving safety and health management performance and reach work safety goals. With reinforcing promotional activities, Qisda continued to score over 90 in 2015.

In the safety culture evaluation activities of the company, Qisda also includes the environmental protection and energy saving activities of each factory as part of the competition. Qisda requires that each factory sets up annual environmental protection and energy saving indicators in reasonable range. After evaluation of the indicators and via factory operations, actual environmental protection and energy saving performances can be generated while Qisda will reward factories with fair performances and let each department of the factories to voluntarily execute environmental protection and energy saving activities.

GRI / G4 Index

Profile

General Disclosure	GRI Index	Description	Report Section	Page	Note	External Assurance
Strategy and Analysis	G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	Message from our President & CEO, Qisda Corporate Sustainable Development	4~5 15~18		O
	G4-2	Description of key impacts, risks, and opportunities.	Message from our President & CEO, Stakeholder Engagement, Risk Management, Climate Policy and Carbon Management	4~5 19~23 33~36 68~74		O
Organizational Profile	G4-3	Name of the organization	Qisda Corporation	11		O
	G4-4	Primary brands, products, and/or services.	Qisda Corporation	11		O
	G4-5	Location of organization's headquarters.	Qisda Corporation	11		O
	G4-6	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Qisda Corporation	12		O
	G4-7	Nature of ownership and legal form.	Qisda Corporation	12		O
	G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Qisda Corporation	12		O
	G4-9	Scale of the reporting organization.	Qisda Corporation	11		O
	G4-10	Total workforce by employment type, employment contract, and region broken down by gender.	Workforce Distribution	48~51		O
	G4-11	Percentage of employees covered by collective bargaining agreements.	Building Smooth Communication Channels and Strong Labor Relations	57	Company does not sign any group negotiation agreement with employees.	O
	G4-12	Describe the organization's supply chain.	Supply Chain Management	42		O
	G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	About This Report	N/A	No changes	O
	G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Risk Management	33~36		O
	G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	N/A	N/A	Qisda did not subscribe or endorse any charters, principles or initiatives.	O
	G4-16	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	Qisda Corporation	14		O

General Disclosure	GRI Index	Description	Report Section	Page	Note	External Assurance
Identified Material Aspects and Boundaries	G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	About This Report	I		○
	G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	About This Report, Stakeholder Engagement	I 19~23		○
	G4-19	List all the material Aspects identified in the process for defining report content.	Materiality Analysis	22~23		○
	G4-20	For each material Aspect, report the Aspect Boundary within the organization.	Materiality Analysis	22~23		○
	G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	Materiality Analysis	22~23		○
	G4-22	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	N/A	N/A	No restatements.	○
	G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	About This Report, Materiality Analysis	I 22~23		○
Stakeholder Engagement	G4-24	List of stakeholder groups engaged by the organization.	Stakeholder Engagement	19~23		○
	G4-25	Basis for identification and selection of stakeholders with whom to engage.	Qisda Corporate Sustainable Development, Stakeholder Engagement	15 19		○
	G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Stakeholder Engagement	19~23		○
	G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	Stakeholder Engagement	20~21		○
Report Profile	G4-28	Reporting period (e.g., fiscal/calendar year) for information provided.	About This Report	I		○
	G4-29	Date of most recent previous report (if any).	About This Report	I		○
	G4-30	Reporting cycle (annual, biennial, etc.)	About This Report	I		○
	G4-31	Contact point for questions.	About This Report	I		○
	G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	About This Report	I		○

General Disclosure	GRI Index	Description	Report Section	Page	Note	External Assurance
Report Profile	G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	About This Report	I		○
Governance	G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	Qisda Corporate Sustainable Development, Corporate Governance Status	16 28		○
	G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	Corporate Governance Status	28		○
	G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	Corporate Governance Status	28		○
	G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	Corporate Governance Status, Building Smooth Communication Channels and Strong Labor Relations	28 57		○
	G4-38	Report the composition of the highest governance body and its committees.	Organizational Structure of Corporate Governance	26	Members of the board of directors do not belong to any under-represented social groups.	○
	G4-39	Indicate whether the Chair of the highest governance body is also an executive officer.	Corporate Governance Status	28		○
	G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	Organizational Structure of Corporate Governance	28		○
	G4-41	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Corporate Governance Status	28		○
	G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	Corporate Governance Status	28		○

General Disclosure	GRI Index	Description	Report Section	Page	Note	External Assurance
Governance	G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	Organizational Structure of Corporate Governance	28		O
	G4-44	Report the processes and frequency for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics.	Corporate Governance Status	28		O
	G4-45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	Corporate Governance Status	27		O
	G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	Corporate Governance Status	27		O
	G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	Corporate Governance Status	28		O
	G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	Qisda Corporate Sustainable Development	16		O
	G4-49	Report the process for communicating critical concerns to the highest governance body.	Corporate Governance Status	28		O
	G4-50	Report the process for communicating critical concerns to the highest governance body.	Corporate Governance Status	28		O
	G4-51	Report the remuneration policies for the highest governance body and senior executives.	Corporate Governance Status	27~28	The salaries of highest governance body and senior executives are not connected with the performance standard of environment and social goals.	O
	G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	Corporate Governance Status	27~28		O
	G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	Corporate Governance Status	N/A		O

General Disclosure	GRI Index	Description	Report Section	Page	Note	External Assurance
Governance	G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	N/A	N/A	Taiwan: 3.2 Suzhou, China: 9.7	O
	G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	N/A	N/A	Taiwan: 2 Suzhou, China: 2	O
Ethics and Integrity	G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Integrity and Anti-corruption	31~32		O
	G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	President's Mailbox	32		O
	G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	President's Mailbox	32		O

Performance Indicators

Economic

Aspect	Category	Item	GRI Index	Description	Report Section	Page	Note	External Assurance
Economic Performance Indicators	Economic Performance	EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Financial Performance	29~30		○
		EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	N/A	N/A	No significant financial impact was caused due to climate change in 2015. Refer to "Climate Policy and Carbon Management" for more details on initiatives for addressing climate change.	○
		EC3	Coverage of the organization's defined benefit plan obligations.	Fundamental Employee Guarantees	56		○
		EC4	Financial assistance received from government	Financial Performance	30		○
	Market Presence	EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Workforce Distribution	50		○
		EC6	Proportion of senior management hired from the local community at significant locations of operation	Workforce Distribution	48		○
		EC7	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Goodwill for the Earth, Love for the Society	60~65		○
	Indirect Economic Impacts	EC8	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Goodwill for the Earth, Love for the Society	60~65		○
	Procurement Practices	EC9	Proportion of spending on local suppliers at significant locations of operation	Supply Chain Management	42		○

Environmental

Aspect	Category	Item	GRI Index	Description	Report Section	Page	Note	External Assurance
Environmental Performance Indicators	Materials	EN1	Materials used by weight or volume.	Sustainable Development Key Performance Indicators at a Glance (2012~2015)	7		○
		EN2	Percentage of materials used that are recycled input materials.	N/A	N/A	Recycled plastic utilization rate for 2015：71%.	○
	Energy	EN3	Energy consumption within the organization	Greenhouse Gas Inventory	71		○
		EN4	Energy consumption outside of the organization	Greenhouse Gas Inventory	71		○
		EN5	Energy intensity	Greenhouse Gas Inventory	71		○
		EN6	Reduction of energy consumption.	Carbon Disclosure Achievements	72~74		○
		EN7	Reductions in energy requirements of products and services.	Green Product	77		○
	Water	EN8	Total water withdrawal by source.	Water Resources Management	81~82		○
		EN9	Water sources significantly affected by withdrawal of water.	N/A	N/A	No information available for significant impact on water source by withdrawing water.	○
		EN10	Percentage and total volume of water recycled and reused.	Water Resources Management	81		○
	Biodiversity	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Water Resources Management	82		○
		EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Water Resources Management	82		○
		EN13	Habitats protected or restored.	Water Resources Management	82		○
		EN14	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Water Resources Management	82		○

Performance Indicators

Left Table

Aspect	Category	Item	GRI Index	Description	Report Section	Page	Note	External Assurance
Environmental Performance Indicators	Emissions		EN15	Direct greenhouse gas (GHG) emissions (scope 1)	Greenhouse Gas Inventory	72		○
			EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	Greenhouse Gas Inventory	72		○
			EN17	Other indirect greenhouse gas (GHG) emissions (scope 3)	Greenhouse Gas Inventory	72		○
			EN18	Greenhouse gas (GHG) emissions intensity.	Greenhouse Gas Inventory	71		○
			EN19	Reduction of greenhouse gas (GHG) emissions.	Carbon Disclosure Achievements	72~74		○
			EN20	Emissions of ozone-depleting substances (ODS).	N/A	N/A	To comply with the requirement for eco-friendly labels, Qisda does not use Ozone Depleting Substances (ODSs) during its production process and in package. The CO_2 emissions from refrigerants of air conditioning and fire extinguishers (R123, R404a, R22…etc) of its global manufacturing sites were 115 tons CO_2-e in 2015.	○
			EN21	NOx, SOx, and other significant air emissions	N/A	N/A	Qisda mainly specifies in assembly operation. The manufacturing processes do not use diesel or heavy fuels as indirect materials used in production, only the emergency power generators and forklifts in Suzhou manufacturing site are powered by diesel. As the amount of SOx generated when burning diesel is slight and does not have significant impacts on the environment, no further analysis on tracing SOx and NOx is required. For related aerial contaminant, Qisda has air pollution filtering equipment so that the aerial contaminant is only emitted to the air after filtered with first-level filter and active carbon.	○
	Effluents and Waste		EN22	Total water discharge by quality and destination	Water Resources Management	82		○
			EN23	Total weight of waste by type and disposal method.	Waste Management	81		○
			EN24	Total number and volume of significant spills.	Health and Safety Management	84		○

Right Table

Aspect	Category	Item	GRI Index	Description	Report Section	Page	Note	External Assurance
	Effluents and Waste		EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Waste Management	80		○
			EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Water Resources Management	82		○
	Products and Services		EN27	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Green Product	75~79		○
Environmental Performance Indicators			EN28	Percentage of products sold and their packaging materials that are reclaimed by category.	N/A	N/A	Since Qisda is an ODM provider, the ownership of its products and packaging materials is claimed by its customers upon receiving the delivery. Thus, no recycling measure can be taken.	○
	Compliance	EN29		Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Legal Compliance	37		○
	Transportation		EN30	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	N/A	63	Please refer to EN17	○
	Overall		EN31	Total environmental protection expenditures and investments by type.	N/A	N/A	In 2015, environmental protection-related investments totaled around US$630,000, or roughly 0.02% of the annual revenue.	○
	Supplier Environmental Assessment		EN32	Percentage of new suppliers that were screened using environmental criteria.	Supplier Selection and Qualification Procedures	43		○
			EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	Green Supply Chain	44~45		○
			EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	N/A	N/A	No cases of appeals or complaints.	○

Performance Indicators

Social

Aspect	Category	Item	GRI Index	Description	Report Section	Page	Note	External Assurance
Social Performance Indicators	Labor Practices and Decent Work	Employment	LA1	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Employee Turnover Rate	50~51		O
			LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fundamental Employee Guarantees	56		O
			LA3	Return to work and retention rates after parental leave, by gender.	N/A	N/A	1. Return to Work Rate Female: 100% (Number of employees expected to return to work after leave: 7, application submitted: 7, number of employees returned to work: 7) Male: 100% (Number of employees expected to return to work after leave: 3, application submitted: 3, number of employees returned to work: 3) 2. Retention Rate Female: 100% (Number of employees returned to work: 7) Female: 100% (Number of employees returned to work: 3) Note: It is hard to count the sum of the number of employees that returns to work and stay at the current posts after 12 months as well as those are on maternal/paternal leaves. Therefore, they are no calculated.	O
		Labor/ Management Relations	LA4	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	N/A	N/A	Qisda makes every effort to protect labor rights defined by laws. The laid-off employee is notified before the date regulated by Labor Standards Act. For change of position or job responsibilities, the corporate informs the adjustment 30 days before it goes into effect. Supplementary measures will be finalized after communicating with employees and written confirmation delivered.	O
		Occupational Health and Safety	LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	N/A	N/A	30%	O
			LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	Health and Safety Management	82~83		O
Social Performance Indicators	Labor Practices and Decent Work	Occupational Health and Safety	LA7	Workers with high incidence or high risk of diseases related to their occupation.	Employee Health Care Management	59	The production procedure and operational environment of Qisda are non-high risk type (no noise, organic solvent, specific chemical substance, toxic chemical substance and dust atmosphere); therefore, not applicable. In addition, since our company mainly specifies in assembly operation, human labor risk of repeated labor will occur. For related content, please refer to Employee Health Care Management.	O
			LA8	Health and safety topics covered in formal agreements with trade unions.	N/A	N/A	Not applicable, as its Taiwan headquarter does not have a labor union; Suzhou, China does have one, but does not stipulate related health and safety agreement with the company. Currently, health and safety policy and measure are mainly managed top-down by the company.	O
		Training and Education	LA9	Average hours of training per year per employee by gender and by employee category.	Learning and Development	52		O
			LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Learning and Development	52~53	No career change assistance plan provided after the employee ends his/her career in Qisda or Qisda ceases employment of the employee.	O
			LA11	Percentage of employees receiving regular performance and career development reviews by gender.	N/A	N/A	Qisda conducts performance evaluation and career development analysis every half year. In 2015, the percentage of Indirect male/female labor who completed performance evaluation is 94.64% and 93.14% respectively. The percentage of direct male/female labor is 100% and 100% respectively. Note: Managers and executives do not participate in the bi-annual performance evaluation, since their performances are evaluated based on the overall corporate business performance.	O

Performance Indicators

Social

Aspect	Category	Item	GRI Index	Description	Report Section	Page	Note	External Assurance
Social Performance Indicators	Labor Practices and Decent Work	Diversity and Equal Opportunity	LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Workforce Distribution	43	The senior executives are not part of the minority group; therefore, no figures belong to this category.	O
			LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	N/A	N/A	Taiwan male/female ratio:1:1 Suzhou, China male/female ratio: 1:1.02	O
			LA14	Percentage of new suppliers that were screened using labor practices criteria.	Supplier Selection and Qualification Procedures	43		O
			LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.	Green Supply Chain	44~45		O
		Labor Practices Grievance Mechanisms	LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	Labor Rights Protection	55		O
	Human Rights	Investment and Procurement Practices	HR1	Percentage and total number of significant investment agreements and contracts that include human rights clauses or that have undergone human rights screening.	N/A	N/A	No significant investments have undergone human rights screening. Note: Significant investment agreement refers to agreement signed and has to be agreed by the board of directors.	O
		Non-discrimination	HR3	Total number of incidents of discrimination and corrective actions taken.	Human Rights Management	55		O
		Freedom of Association and Collective Bargaining	HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	Green Supply Chain	44~45		O
		Child Labor	HR5	Operations of Qisda and its suppliers identified as having significant risk for incidents of child labor, and measures taken to the effective abolition of child labor.	Human Rights Management	54		O
		Forced and compulsory labor	HR6	Operations of Qisda and its suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Human Rights Management	54		O

Aspect	Category	Item	GRI Index	Description	Report Section	Page	Note	External Assurance
Social Performance Indicators	Human Rights	Indigenous rights	HR8	Total number of incidents of violations involving rights of indigenous people and actions taken.	Human Rights Management	54	no violation involving rights of indigenous people occurred.	O
		Assessment	HR9	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Human Rights Management	54~55		O
		Remediation	HR10	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening and actions taken.	Supplier Selection and Qualification Procedures	43		O
			HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	Green Supply Chain	44~46		O
		Human Rights Grievance Mechanisms	HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	Human Rights Management	55	No cases of appeals or complaints.	O
	Society	Community	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Goodwill for the Earth, Love for the Society	60~65	100% (Taiwan and Suzhou, China are included)	O
			SO2	Operations with significant potential or actual negative impacts on local communities.	N/A	N/A	Regarding the potential environmental impacts brought upon by our operations in the local community, we have carefully examined the coating procedure employed in Suzhou, China. Equipped with an activated carbon filtration system, Qisda is able to reduce the potential environmental impacts from the waste gas generated in this procedure with low probability and seriousness.	O
		Corruption	SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	Integrity and Anti-corruption	31		O
			SO4	Communication and training on anti-corruption policies and procedures.	Integrity and Anti-corruption	31~32		O
			SO5	Confirmed incidents of corruption and actions taken.	Integrity and Anti-corruption	31		O
		Public Policy	SO6	Total value of political contributions by country and recipient/beneficiary.	N/A	N/A	None	O

Performance Indicators

Social

Aspect	Category	Item	GRI Index	Description	Report Section	Page	Note	External Assurance
Social Performance Indicators	Society	Compliance	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Legal Compliance	37		O
		Supplier Assessment for Impacts on Society	SO9	Percentage of new suppliers that were screened using criteria for impacts on society.	Supplier Selection and Qualification Procedures	43		O
			SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken.	Green Supply Chain	44~45		O
			SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	N/A	N/A	None	O
	Product Responsibility	Customer Health and Safety	PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	Customer Health and Safety	79		O
			PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	N/A	N/A	None	O
		Customer Health and Safety	PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	Green Product	75~79	The following information is required by Qisda's procedures for all products: 1. Content. 2. Safe use of the product or service. 3. Disposal of the product and environmental/social impacts.	O
			PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	N/A	N/A	None	O
			PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Customer Commitment	40-41		O

Aspect	Category	Item	GRI Index	Description	Report Section	Page	Note	External Assurance
Social Performance Indicators	Product Responsibility	Marketing Communications	PR6	Sale of banned or disputed products.	N/A	N/A	Qisda conducts marketing and communications in accordance with laws and regulations. It respects the copyright of the original authors of its product and service brochures.	O
			PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Legal Compliance	N/A	None	O
		Customer Privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Customer Commitment	41		O
		Compliance	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Legal Compliance	37		O

ISO 26000

Core subjects and issues		Report Section	Page	Note
Organizational governance	Decision-making processes and structures	Message from our President & CEO	4~5	
		Qisda Corporate Sustainable Development	15~18 26~28	
		Corporate Governance		
Human rights	Due diligence	Human Rights Management	54~55	
	Human rights risk situations	Human Rights Management	54~55	
	Avoidance of complicity	Supply Chain Management	42~45	
		Human Rights Management	54~55	
	Resolving grievances	Human Rights Management	54~55	
		Building Smooth Communication Channels and Strong Labor Relations	57	
	Discrimination and vulnerable groups	Workforce Distribution	49~50	
		Human Rights Management	54~55	
	Civil and political rights	Human Rights Management	54~55	
	Economic, social and cultural rights	Goodwill for the Earth, Love for the Society	60~65	
		Green Operation	80~84	
	Fundamental principles and rights at work	Workforce Distribution	49~50	
		Human Rights Management	54~55	
Labour practices	Employment and employment relationships	Supply Chain Management	42~45	
		Workforce Distribution	49~50	
		Employee Turnover Rate	50~51	
		Human Rights Management	54~55	
	Conditions of work and social protection	Workforce Distribution	49~50	
		Fundamental Employee Guarantees	56~57	
	Social dialogue	Qisda Corporation	11~14	
		GRI/G4 Index: LA4	94	
	Health and safety at work	Health and Safety Management	82~84	
	Human development and training in the workplace	Learning and Development	52~53	
The environment	Prevention of pollution	Waste Management	80~81	
		Water Resources Management	81~82	
		Health and Safety Management	82~83	
		GRI/G4 Index: EN20.EN21	92	
	Sustainable resource use	Climate Policy and Carbon Management	68~74	
		Water Resources Management GRI/G4 Index: EN2	81~82 91	
	Climate change mitigation and adaptation	Climate Policy and Carbon Management	68~74	
	Protection of the environment, biodiversity and restoration of natural habitats	Water Resources Management	81~82	

Core subjects and issues		Report Section	Page	Note
Fair operating practices	Anti-corruption	Integrity and Anti-corruption	31~32	
	Responsible political involvement	N/A	N/A	No participation in political activities
	Fair competition	Legal Compliance	37	
	Promoting social responsibility in the value chain	Goodwill for the Earth, Love for the Society	60~65	
		Supply Chain Management	42~45	
	Respect for property rights	Legal Compliance	37	
Consumer issues	Fair marketing, factual and unbiased information and fair contractual practices	Legal Compliance	37	
		Green Product	75~79	
	Protecting consumers' health and safety	Green Product	75~79	
	Sustainable consumption	Green Product	75~79	
	Consumer service, support, and complaint and dispute resolution	Customer Commitment	40~41	
	Consumer data protection and privacy	Customer Privacy Protection	41	
	Access to essential services	Goodwill for the Earth, Love for the Society	60~65	
	Education and awareness	Green Product	75~79	
Community involvement and development	Community involvement	Financial Performance	29~30	
		Human Rights Management	54~55	
	Education and culture	Human Rights Management	54~55	
	Employment creation and skills development	Supply Chain Management	42~45	
		Learning and Development	52~53	
		Goodwill for the Earth, Love for the Society	60~65	
	Technology development and access	Goodwill for the Earth, Love for the Society	60~65	
	Wealth and income creation	Financial Performance	29~30	
		Supply Chain Management	42~45	
		Goodwill for the Earth, Love for the Society	60~65	
	Health	Health and Safety Management	82~84	
	Social investment	Goodwill for the Earth, Love for the Society	60~65	

Independent Assurance Statement

INDEPENDENT ASSURANCE STATEMENT

To: The Stakeholders of Qisda Corporation

Introduction and objectives of work

Bureau Veritas Certification Taiwan has been engaged by **Qisda Corporation** to conduct an independent assurance of its **2015 Corporate Sustainability Report**. This Assurance Statement applies to the related information included within the scope of work described below.

This information and its presentation in the **2015 Corporate Sustainability Report** are the sole responsibility of the management of **Qisda Corporation**. Bureau Veritas was not involved in the drafting of the Report. Our sole responsibility was to provide independent assurance on its content.

Scope of work

The assurance process was conducted in line with the requirements of the Assurance Standard AA1000AS (2008) Type 2 and High Level assurance. The scope of work included:

- Data and information included in **2015 Corporate Sustainability Report** for the 1st January, 2015 to 31st December, 2015;
- Appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported;
- Evaluation of the Report against the main principles of the AA1000 Assurance Standard (2008)[1]
  - ○ Inclusivitiy
  - ○ Materiality
  - ○ Responsiveness
- Evaluation of the Report against the principles of Stakeholder Inclusiveness, Sustainability Context, Materiality, Completeness, Balance, Comparability, Accuracy, Timeliness, Clarity, and Reliability, as defined in the GRI Sustainability Reporting Guidelines G4.

The level of assurance has been applied as high level. It includes the following sites:

- Qisda Corporation;
- Qisda (Suzhou) Co., Ltd. (QCSZ);
- Qisda Electronics (Suzhou) Co., Ltd. (QCES);
- Qisda Optronics (Suzhou) Co., Ltd. (QCOS);
- Qisda Precision Industry (Suzhou) Co., Ltd. (QCPS).
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[1] Published by AccountAbility: The Institute of Social and Ethical Accountability
http://www.accountability.org.uk

Methodology

As part of its independent assurance, Bureau Veritas undertook the following activities:

1. Interviews with relevant personnel of **Qisda Corporation**;
2. Review of documentary evidence produced by **Qisda Corporation**;
3. Review performance data listed in report with sampling basis;
4. Site visits to headquarter and sites in Taoyuan, Taiwan;
5. Review of **Qisda Corporation** data and information systems for collection, aggregation, analysis and review.

Our work was conducted against Bureau Veritas' standard procedures and guidelines for external Assurance of Sustainability Reports, based on current best practice in independent assurance.

The work was planned and carried out to provide reasonable, rather than absolute assurance and we believe it provides a reasonable basis for our conclusions.

Our findings

On the basis of our methodology and the activities described above, it is our opinion that:

- The information and data included in **2015 Corporate Sustainability Report** are accurate, reliable and free from material mistake or misstatement;
- The Report provides a fair representation of **Qisda Corporation**'s activities over the reporting period;
- The information is presented in a clear, understandable and accessible manner, and allows readers to form a balanced opinion over **Qisda Corporation**'s performance and status during the 1st January, 2015 to 31st December, 2015;
- The Report properly reflects the organisation's alignment to and implementation of the AA1000 Assurance Standard (2008) principles of Inclusivity, Materiality and Responsiveness in its operations. Further detail is provided below;
- **Qisda Corporation** has established appropriate systems for the collection, aggregation and analysis of relevant information;

Alignment with the principles of AA1000AS(2008)

Inclusivity

Qisda Corporation has processes in place for identifying a range of key stakeholders including clients, suppliers and employees and has undertaken a number of formal stakeholder engagement activities in 2015 covering a range of aspects such as environmental, social and economic.

Materiality

The Report addresses the range of environmental, social and economic issues of concern that **Qisda Corporation** has identified as being of highest material importance. The identification of material issues has considered both internal assessments of risks and opportunities to the business, as well as stakeholders' views and concerns.

Responsiveness

Qisda Corporation is responding to those issues it has identified as material and demonstrates this in its policies, objectives, indicators and performance targets. The reported information can be used by the organisation and its stakeholders as a reasonable basis for their opinions and decision-making.

Key areas for ongoing development

Based on the work conducted, we recommend **Qisda Corporation** to consider the following:

- Collect response and report to the positive or negative news that has been revealed. (RESPONSIVENESS)

Evaluation against Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines

Based on our work, it is our opinion that **2015 Corporate Sustainability Report** has been prepared in accordance with the GRI Reporting Framework including appropriate consideration of the Reporting Principles and necessary indicators to meet the requirements of GRI in accordance 'Comprehensive' option.

Limitations and Exclusions

Excluded from the scope of our work is any assurance of information relating to:

- Activities outside the defined assurance period;
- Positional statements (expressions of opinion, belief, aim or future intention by **Qisda Corporation**) and statements of future commitment.

This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist within the Report.

Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Social and Environmental management with more than 188 years history in providing independent assurance services. Bureau Veritas 2015 full year revenues reached 4.6 billion euros. The Group's adjusted net profit for 2015 reached 420 million euros.

Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day to day business activities. We are particularly vigilant in the prevention of conflicts of interest.

No member of the assurance team has a business relationship with **Qisda Corporation**, its Directors or Managers beyond that required of this assignment. We have conducted this verification independently, and there has been no conflict of interest.

The assurance team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes, has over years combined experience in this field and an excellent understanding of Bureau Veritas standard methodology for the Assurance of Sustainability Reports.

Bureau Veritas Certification Taiwan

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AA1000
Licensed Assurance Provider
000-76

Technical Reviewer:_____   Date: 23/June/2016

Assurer   :_____   Date: 23/June/2016

ALL ROADS LEAD TO GREEN HOPES