

ALL ROADS LEAD TO GREEN HOPES



# Corporate Sustainability Report

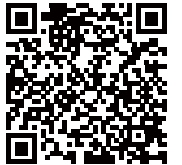
2016

**Qisda**



## 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 topics 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 Corporate Sustainability Reports, please visit the following website: <http://www.myqisda.com/csr/en/index.asp>



### Release Date & Reporting Period

This report is published in June 2017. 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, 2016 to December 31st, 2016.

### Data Collection & Calculation

The data collection in the year of 2016 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 Standards Comprehensive option, AccountAbility 1000 Assurance Standard (AA 1000 AS) 2008 and ISO 26000.

### Feedback & Contact Information

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### Front cover design concept:

The year 2016 marked the end of the first phase of Qisda's innovative transformation and the beginning of the company's new sustainable phase. We expect Qisda can continue to have fair sustainable performance with the strong foundation while led by innovative transformation of the second phase, and further excel in the ever-changing world.

\* Included in this report are companies and subsidiaries listed in our annual Financial Report: 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). For other subsidiaries not covered, please refer to our Annual Report.



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# Message from Our Chairman and President



*Peter Chen*

## We insist on the right path, making changes to become reality

In 2016, Qisda had a significant growth in profits, breaking record for the past eight years. The growth was mainly driven by transformation of the original profession, indicating that operational strategies such as “optimizing existing business”, “expanding medical business” and “speeding up solution development” have brought initial outcome. Qisda will continue to uphold the spirit of “execution & excellence” value, restructure and cultivate innovative talents to become more flexible and innovative to face the various sustainable changes in the future.

## Beginning of a new sustainable phase, check and deepen UN Sustainable Development Goals

In the beginning of the new phase of 2016-2020 sustainable plan, Qisda started internal communication with employees via various channels while checking the Sustainable Development Goals (SDGs) of the United Nations (UN) to clarify the current status and adjust future direction. Related performance of sustainability won the fifth spot of Channel NewsAsia Sustainability Ranking, top place of Bloomberg ESG Survey in Taiwan, “Electronic Information Manufacturing Industry Golden Award” of Taiwan Top 50 Corporate Sustainability

Report and “Climate Leadership Award” of the 2016 Taiwan Corporate Sustainability Awards (TCSA) and Excellence Award of Electronic Technology Industry of the Global Views Monthly CSR (Corporate Social Responsibilities) Award. In 2016, Qisda also engaged with its stakeholders about material topics of the company, with the stakeholders stating five economic, two environmental and seven social topics. In response, the current major strategies and management methods are as follows:

### I. Complete the first three years of innovative transformation, continuing adding value and creating value

The year 2014 was the beginning of our innovative transformation. Reflecting on the previous three years, the strategies of optimizing existing business, expanding medical business and speeding up solution development enabled us to establish the foundation of transformation. Therefore, although we are facing problems such as decreasing mid-end product market scale and low OEM margins, profits significantly increased due to our strategy of stressing on high-end and high added-value products. The overall performance of our display products were better than that of the industry and the product line ranked second globally. Our global OEM projectors also kept leading the market; our healthcare business grew in the different direction from that of the traditional electronic

industry deployment. Through partnering with those with channel basis and sharing Qisda resources, we have gradually expanded our healthcare foundation. For our solution, we continue to aim at the smart market and integrate existing software and hardware technology deployment in the method of point, line and plane for the six areas – Smart Retail, Smart Manufacturing, Smart School, Smart Healthcare, Smart Energy and Smart Enterprise. Qisda will continue to persist on the right strategy- the three requirements of Industry 4.0 –small-volume, large-variety production, quality first and highly-automatic. We expect the growth of healthcare and solutions to speed up and contribute more to our revenues and profits in the future.

### II. Think outside the box, innovation brings new value

Good innovation changes people’s future lives. The growth of traditional technology industry is limited and needs new thinking and method to bring changes. If a product can include innovative elements, no matter how insignificant, the elements will bring surprise to the user. Therefore, to encourage our employees to think outside the box, we have established a series of activities such as Eureka Program (Million Dollar Creative Competition) to stimulate employee innovation to imagine the new directions of our products. In the end of 2016, 13 excellent ideas from more than 800 innovative ideas

were elected by our employees and selected by professionals. In the future, the ideas, after becoming more mature, can surely be combined with our R&D power to bring more niche products for our company and embrace the new blue ocean.

### III. Green Product, Green Operation and Green Supply Chain, three ways of green value cultivation

With realization of the Greenhouse Gas Reduction Act and signing of Paris Agreement, the pressure of global and domestic regions toward enterprise carbon management is on the rise while the expropriation of water conservation fee is inevitable with the passing of the third reading of the Amendment of the Water Conservation Law in Taiwan. Qisda understands that the enterprise must respond to the situation in a long-term and complete way to effectively mitigate risks; therefore, Qisda actively participates in the Carbon Disclosure Project and fills out the climate change and water questionnaire while inspecting related risk and future strategy during the process and continually proceeding with performance management from three facets – Green Product, Green Operation and Green Supply Chain. For Green Product, Qisda had a leap in 2016 performance, with energy saving of 32.7%, material reduction by 22.85%, carbon reduction by 12.8% and eco-efficiency improving by 4.45%. For Green





Operation, Qisda successfully obtained the Green Factory Label by the Industrial Development Bureau (IDB), Ministry of Economic Affairs (MOEA). For Green Supply Chain, Qisda launched Social Responsibility & Environmental, Safety and Health Survey and On-Site Audit while discovering that there was no high-risk supplier. We also shared our inspection experiences with affiliates, sharing resources and building a green supply chain together.

#### IV. Condense touched feelings of Brining Enjoyment and Quality to Life, deliver positive social values

Qisda's core value is "caring & contribution" to the society; this is also a heart-felt attitude. Our employees continue to expand positive influence from their hearts. For example, Qisda regularly invite Hsing-Fu Elementary School to visit the company each year, holding "Hsing-Fu Q School" activities, letting children to learn microscopic fundamental and green environmental protection knowledge when participating in the activities; our caring club held various caring events voluntarily while winning recognition of Taoyuan City Government for enterprise volunteers in 2016. Our foundation also hosted various farmer's markets at our factories for employees to directly buy vegetables from remote mountain areas and feel the passion of local farmers toward organic farming method. We believe that the touched feeling of truthfulness is conta-

gious. Employees within the company can influence their coworkers, even the society and the point-line-surface permeation will form a positive cycle, condensing into the touched feelings of truth, goodness and beauty.

#### Persist on value, there is no the best, only better

The year 2016 marked the end of the first phase of Qisda's innovative transformation and the beginning of the company's new sustainable phase. Up until now, we already have various changes and achievements, proving that we are heading toward the right direction and have found the successful model. In the future, we still need to seriously tackle the changes and invariables of domestic and overseas political and economic status; however, so long as we embrace innovation, change the existing ways or methods of doing things and become faster than our peers, we can excel in the ever-changing world.

## Sustainable Development Key Performance Indicators at a Glance

(2013~2016)

### Economic Performance Disclosures

Category / Item	2013	2014	2015	2016	Note	GRI Disclosure	Corresponding Chapter
<b>Economic Value</b>							
Consolidated Revenues (100 million)	1,192	1,335	1,331	1,295.5	Unit: New Taiwan dollars.	201-1	Financial Performance
After-Tax Revenues/Loss (100 million)	7.1	29.7	21.7	43.4			
<b>Percentages of Locally-Hired Managers</b>							
Taiwan (%)	99.37	99.17	98.73	98.80		202-2	
Suzhou, China (%)	83.44	78.48	83.68	85.85			
<b>Number of Patents</b>							
Accumulated Number of Patents Granted	1,085	1,080	1,126	1,111		N/A	N/A
<b>Industrial Design Awards</b>							
Number of Industrial Design Awards Earned	6	10	6	1	Awards include iF, Red Dot, iF China, G-Mark, Bio, Golden Pin.	N/A	Qisda Corporation

### Environmental Performance Disclosures\*

Category / Item	2013	2014	2015	2016	Note	GRI Disclosure	Corresponding Chapter
<b>Use of Raw Materials</b>							
Solder (paste, bar, wire) (tons)	122	150.6	231.6	219.6		301-1	N/A
Flux (tons)	99.8	147.8	128.5	80.3			
Iron (10,000 tons)	0.74	0.73	0.76	0.85			
<b>Direct Energy Usage</b>							
Natural Gas (1,000 cubic meter)	271	184	303	611.7		302-1	Greenhouse Gas Inventory
Petrol (tons)	24.80	24.26	26.42	24.21			
Diesel (tons)	8.4	10.92	6	11.19			
<b>Indirect Energy Usage</b>							
Externally Purchased Electricity (10,000 MWh)	8.95	9.38	9.08	8.87		302-2	Greenhouse Gas Inventory
<b>Water Usage</b>							
Taiwan (tons)	73,280	71,251	64,357	64,522		303-1	Water Resources Management
Suzhou, China (tons)	342,683	386,432	487,031	314,695			
Global Total (10,000 tons)	41.8	45.8	55.1	38.2			
<b>GHG Emissions</b>							
Direct and Indirect GHG Emissions (10,000 tons CO <sub>2</sub> e)	7.09	7.5	7.27	7.16	The organizational GHG inventory has passed ISO 14064-1 third-party verification.	305-2	Greenhouse Gas Inventory
Other Indirect GHG Emissions (tons CO <sub>2</sub> e)	613.10	934.08	910	746	Employee business travel.	305-3	Greenhouse Gas Inventory
<b>Environmental Management Performance</b>							
Total GHG Emissions/Total Revenue (tons CO <sub>2</sub> e /100 million)	82	76	72	74	A decrease of 43.1% compared 2016 to 2009 (130.6).	N/A	Greenhouse Gas Inventory
Total Electricity Consumption/Total Revenue (MWh /100 million)	111.4	98.3	84.6	79.2	A decrease of 3.7% compared 2016 to 2009 (82.1).	305-4	
Hourly GHG Emissions Per Employee (kg CO <sub>2</sub> e)	2.17	2.1	2.02	2.0	A decrease of 30% compared 2016 to 2009 (2.86).	305-4	

\* 2009-2014 global statistics had included that of its Mexico site; however, the site had stopped production officially since August 2014, so that data had not contained Mexico site since 2015.

# Sustainable Development Key Performance Indicators at a Glance

(2013~2016)

## Environmental Performance Disclosures\*

Category / Item	2013	2014	2015	2016	Note	GRI Disclosure	Corresponding Chapter
<b>Environmental Management Performance</b>							
Total Water Consumption / Total Revenue (tons / 100 million)	496	462	545	392	A decrease of 33.8% compared 2016 to 2009 (592).	303-1	Water Resources Management
Recyclable Wastes Ratio (%)	92.7	92	88.8	90.8	An increase of 8.1% compared 2016 to 2009 (84).	306-2	Waste Management
Global Domestic Sewage Generated (10,000 tons)	33.5	36.6	44.1	30.6		306-1	Water Resources Management
<b>Waste Materials</b>							
Total Amount of Recyclable Wastes – Taiwan (tons)	357	804	863	705		306-2	Waste Management
Total Amount of Recyclable Wastes – Suzhou, China (tons)	18,067	19,037	21,037	19,166			
Total Amount of Recyclable Wastes – Global Manufacturing Sites (tons)	18,981	18,896	21,899	19,871			
Total Amount of Unrecyclable Wastes – Taiwan (tons)	76.7	78	94	73			
Total Amount of Unrecyclable Wastes – Suzhou, China (tons)	1,418	1,683	2,667	1,922			
Total Amount of Unrecyclable Wastes – Global Manufacturing Sites (tons)	1,504	1,764	2,761	1,995			
<b>Chemical Leaks and Spills</b>							
Total Number and Volume of Chemical Leaks and Spills	0	0	0	0		306-3	Safety & Health Management
<b>Non-Compliance with Environmental Laws and Regulations</b>							
Monetary Value of Significant Fines and Total Number of Non-Monetary Sanctions for Non-Compliance with Environmental Laws and Regulations	0	0	0	0		307-1	Legal Compliance
<b>Environmental Protection Expenditures</b>							
Total Environmental Protection Investment /Expenditures (10 thousand)	17	60	63	70	Unit: United States dollars.	N/A	N/A

## Social Performance Disclosures

Category / Item	2013	2014	2015	2016	Note	GRI Disclosure	Corresponding Chapter
<b>Total Workforce</b>							
Taiwan	1,640	1,627	1,589	1,653		401-1	Employee Profile
Suzhou, China	6,040	8,474	9,057	8,300			
Global Workforce	7,680	10,131	10,682	9,985			
<b>Safety &amp; Health Management Performance Indicators</b>							
Injury Rate (IR)	0.076	0.046	0.078	0.076	The calculation is based on formula provided in GRI Standards.	403-2	Safety & Health Management
Lost Day Rate (LDR)	2.2	1.4	2.8	1.8			
Occupational Disease Occurrence Rate (ODR)	0	0	0	0			
Absence Rate (AR)	24.3	9.9	29.9	18.5			

## Social Performance Disclosures

Category / Item	2013	2014	2015	2016	Note	GRI Disclosure	Corresponding Chapter
<b>Average Training Hours Per Employee</b>							
Direct Labor (All Sites)	109.66	90.97	57.41	82.26		404-1	Learning and Development
Indirect Labor (All Sites)	20.48	20.72	26.61	25.75			
<b>Human Rights</b>							
Incidents of Discrimination	0	0	0	0		406-1	Human Rights Management
Incidents of Violations in Human Rights	0	0	0	0		103-2	
<b>Percentage of Employee Code of Conduct Training</b>							
Taiwan (%)	98.56	DL:100 DL:96.42	DL:100 DL:100	DL:100 DL:100	1. Since 2014, Qisda has offered data calculated according to region and employee type for stakeholder demands of various regions. 2. DL: Direct Labor 3. IDL: Indirect Labor	205-2	Code of Conduct
Suzhou, China (%)		DL:99.82 DL:99.71	DL:100 DL:100	DL:100 DL:100			
<b>Political Contributions</b>							
Monetary Contributions to Political Activities	0	0	0	0		415-1	GRI Standards Index
<b>Non-Compliance with Laws and Regulations in the Social and Economic Area</b>							
Monetary Value of Fines for Non-Compliance with Laws and Regulations in the Social and Economic Area	0	0	0	0		419-1	Legal Compliance
<b>Customer Satisfaction Survey Scores</b>							
First Half	96.2	-	-	-	Since 2014, Qisda has offered customer satisfaction survey results calculated according to product line for stakeholder demands.	N/A	Customer Commitment
Second Half	95.1	-	-	-			
Medical	-	90	90.5	94			
General Display	-	93	100	97.5			
Mobile	-	90.5	90	94			
Projector	-	93	93.5	90			
Industrial Automation	-	93.5	94	88			
Monitor	-	93	95	97			
Automotive Display/Car	-	91	88	88			
<b>Non-Compliance with Marketing Regulations</b>							
Total Number of Incidents of Violations in Marketing Rules & Regulations	0	0	0	0		417-3	Legal Compliance
<b>Customer Privacy</b>							
Number of Substantiated Complaints Regarding Breaches of Customer Privacy	0	0	0	0		418-1	Customer Commitment
<b>Supply Chain Survey</b>							
Percentage of Supplier Social Responsibility & Environmental, Safety and Health Survey (%)	75.2	81.3	85.05	71.7	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
Number of Suppliers Completed Supplier Social Responsibility & Environmental, Safety and Health Survey and On-Site Audit	-	-	-	26	Accumulatively, a total of 640 suppliers from 2009 to 2016 completed the survey.	N/A	Supply Chain Management

\* 2009-2014 global statistics had included that of its Mexico site; however, the site had stopped production officially since August 2014, so that data had not contained Mexico site since 2015.

# 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, Bringing Enjoyment and Quality to Life.

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. Our product and technical fields include high-end and professional displays such as gaming, graphic, broadcasting, healthcare and safety monitoring ones; optical precision electronic-related products such as projectors, safety monitoring system and car-use application products; industrial/business PC equipment and peripherals such as POS printers and barcode scanners.

Qisda's product lines and technologies include LCD monitors, professional displays and e-signage, projectors, All-in-One PC, precise scanners, multifunctional printers, medical electronic devices, 3G/4G/smart phones, wireless modules, automobile infotainment devices, industrial automa-

tion, a variety of portable consumer electronic devices as well as LED lamp designs.

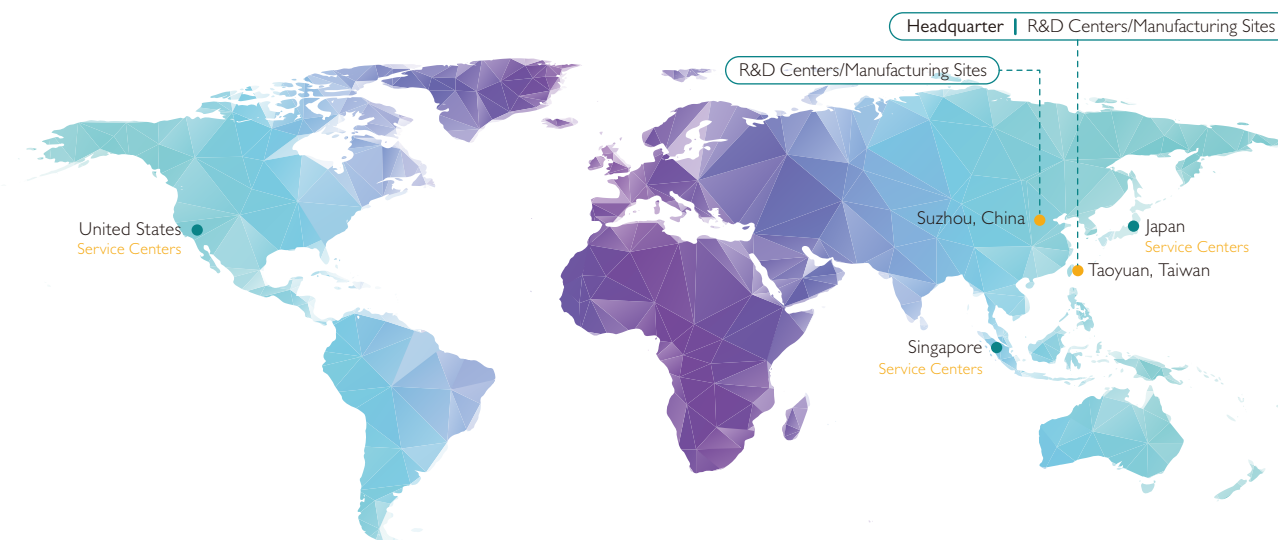
In recent years, Qisda has made a strong presence in offering medical electronic devices and lifestyle products, such as ultrasound diagnostic sonography, dialyzer, dialysis machine and digital oral scan. Also, we speed up in developing six smart solutions: Smart Retail, Smart Manufacturing, Smart School, Smart Healthcare, Smart Energy and Smart Enterprise. We appeal to "high-integration of software and hardware, on-stop shopping and innovative operation" and offer six integrated fields, covering 30 smart solutions and ten hardware equipment to meet the most front-end demand and service of our customers.

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 9,985\* employees around the world.

### Qisda Today

Founded **1984**  
2016 Core Consolidated Revenues **NTD \$ 129.6 B**  
Paid-in Capital **NTD \$ 19.7 B**

Number of Employees Approx. **9,985**

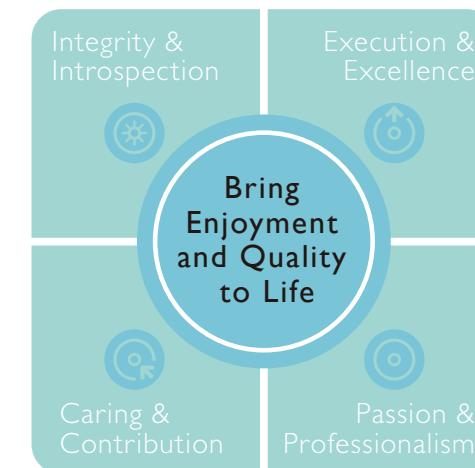


## Qisda Core Value

"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."

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", open 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



## 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, Singapore and Japan. For the share capital source, paid-up capital, shareholder structure and related information of subsidiaries included in the consolidated report of Qisda, please refer to our Annual Report.

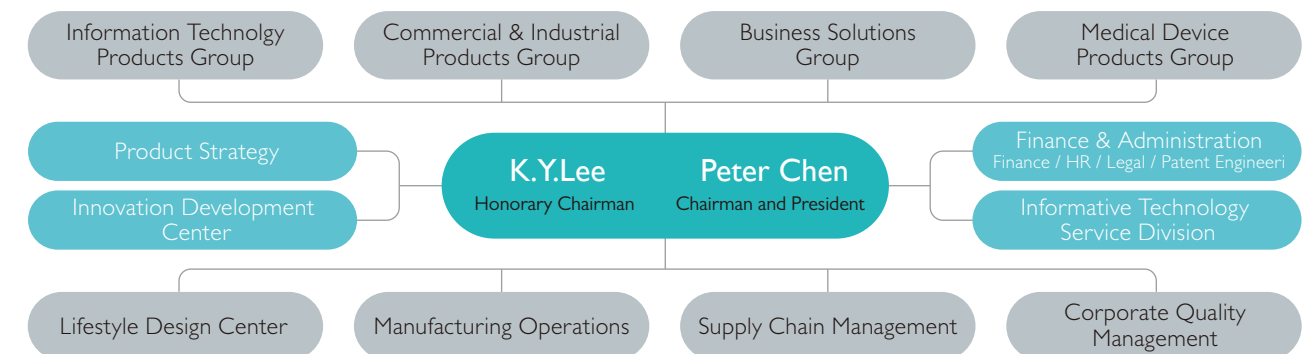
In addition to working with global branded customers of consumer electronics, Qisda aggressively develops products for commercial and industrial markets in recent years. To meet the needs for operational growth, Qisda structured four major product groups: Information Technology Products Group, Commercial & Industrial Products Group, Business Solutions Group, and Medical Device Products Group

In 2017, Mr. Peter Chen assumes the role of Chairman 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 26 years.

## 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.

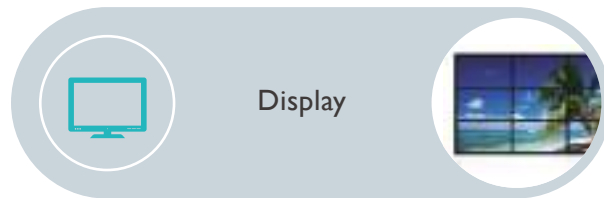
### Company Organization Structure



Annual Report available at Qisda corporate website: [Qisda.com/Investor\\_Relations/Annual\\_Report](http://Qisda.com/Investor_Relations/Annual_Report).

\* The employee number in the chapter was based on the actually-hired employees (full time and cooperative education students) of Qisda on December 28th, 2016. Since the contract of temporary workers was at a third-party company while the real employer was not Qisda, the above-mentioned workforce did not include that of temporary workers (Taiwan temporary worker number: 127. Suzhou, China temporary worker number: 4237).

Qisda's Products



Display



Image Device



Projector



Automobile Solution



Mobile Communication Device



Industrial Automation



Healthcare Solution



Smart Solution

Projector shipments ranked the world's first.

LCD monitor shipments ranked number two globally.

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 eight major product types—display, image device, projector, automobile solution, mobile communication device, healthcare solution, industrial automation and smart solution. In 2016, Qisda saw its major products had strong performances. 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 2016, sales volume of high-end and professional displays exceeded 2.2 million units. The OEM ranking of Qisda projectors topped the world. Besides adding 10000-lumen lens-replaceable model to its volume production list, Qisda leads the world in releasing 4K super-high resolution DLP projectors and LED-lighting high-brightness HLD projectors. 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.

In expanding its medical business, its revenues of two hospitals in Suzhou and Nanjing maintained rapid growth and continued to work with Israel-based AB Dental via BenQ AB DentCare Corp. to launch 3D tooth-implant integration service and work with Italy-based via BenQ Dialysis Technology to provide related product business of hemodialysis.

In speeding up solution development, we worked with channels such as Intel and Chuan Lian Enterprise to strengthen market sales and successfully entered the China and emerging market Middle East region in 2016, strengthening integrating relationship with software and hardware service providers, providing more various products and services while better meeting local market needs.

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,

while also won various awards in 2016 and 2017, accumulating a total of 145 international design awards. 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.

Associations

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

Table 1 List of Affiliated Associations and Organizations

No.	Association and Organization	General Member	Council Member
1	Medical Device Innovation Center and Cheng Kung Medical Device Alliance of National Cheng Kung University (NCKU)	●	
2	Taiwan Electrical and Electronic Manufacturers' Association	●	
3	Taipei Computer Association	●	
4	Taiwan Automation Intelligence and Robotics Association	●	●
5	The Institute of Internal Auditors-Chinese Taiwan	●	
6	Wireless Power Consortium	●	
7	OPEN Alliance	●	



# Qisda Corporate Sustainable Development

Qisda Honorary 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.

## 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 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.

## Qisda Corporate Sustainable Development Structure

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

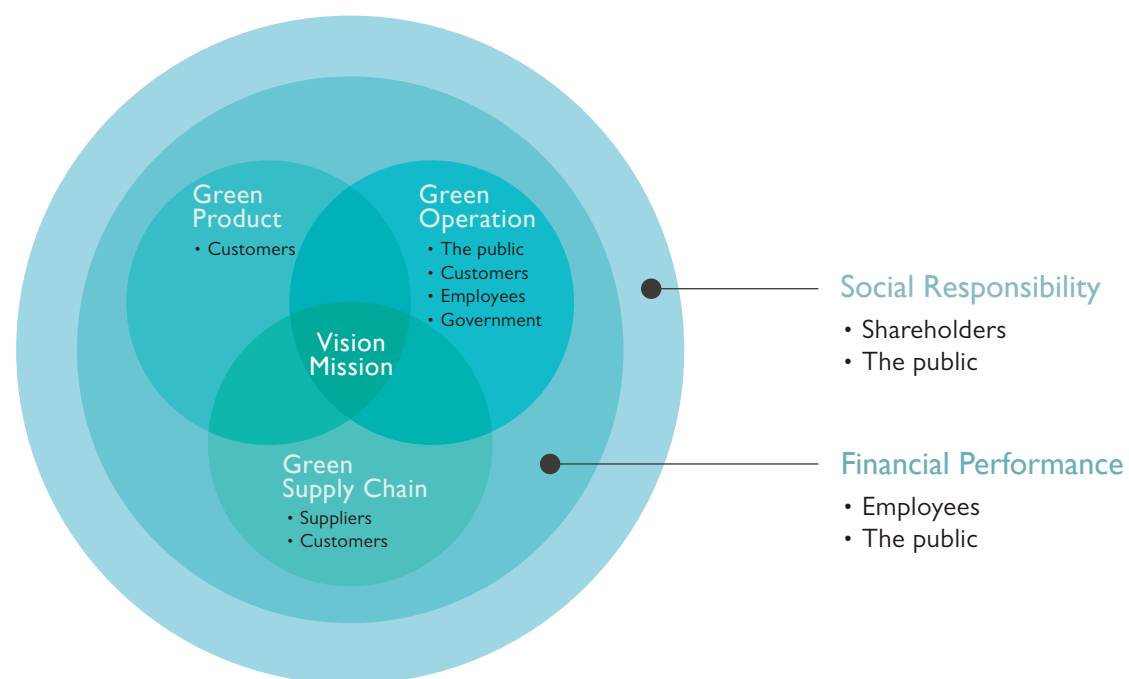
- (1)Green Products: Enhance product sustainable value.
- (2)Green Operation: Continually improve, cultivate green operational culture.
- (3)Green Supply Chain: Enhance the independent management ability of corporate responsibility of suppliers.

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 convenes quarterly meetings to perform the status reports of the aforementioned executional performance and corporate sustainability report. The committee organization chart can be seen as below.

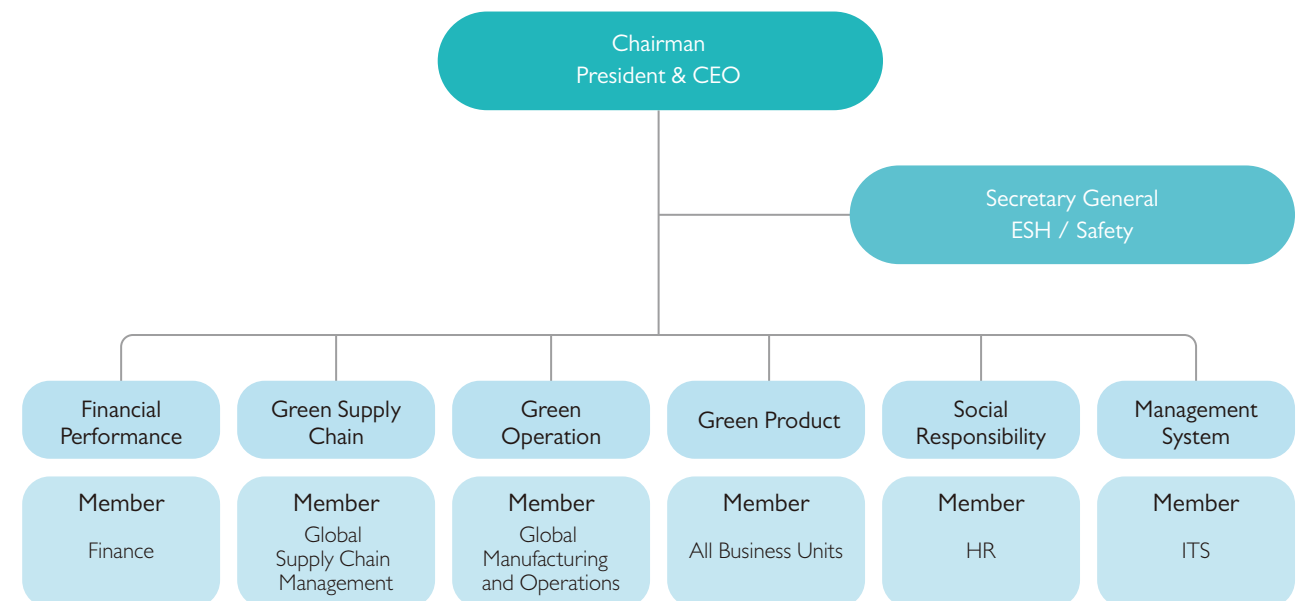
## Qisda Corporate Sustainability Development—Key Performance Indicators (KPIs) and Management Results

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 year 2016 also marked the third-stage, short- to mid-term of our sustainable goal (2016-2020) and long-term 2030 plan. In the beginning of the new phase, Qisda referred to the procedure of Sustainable Development Goal (SDG) Compass Guide, checking the "global SDGs" of the UN, clarifying the current status and adjusting the future direction while communicating with employees via a series of propaganda, familiarizing them with Qisda's future sustainable development strategies and related achievements. We also expect our employees to continually

## Qisda Corporate Sustainability Development Structure



## Corporate Sustainability Development Committee (CSD Committee)



improve themselves aiming at the mid- to long-term goals, cultivating our developments in corporate sustainability.

In addition, In our performance of overall corporate sustainability development, Qisda won the fifth spot of Channel NewsAsia Sustainability Ranking, top place of Bloomberg ESG Survey in Taiwan, "Electronic Information Manufacturing Industry Golden Award" of Taiwan Top 50 Corporate Sustainability Report and "Climate Leadership Award" of the 2016 Taiwan Corporate Sustainability Awards (TCSA) and Excellence Award of Electronic Technology Industry of the Global Views Monthly CSR (Corporate Social Responsibilities) Award.



- ★ The fifth spot of Channel NewsAsia Sustainability Ranking
- ★ Top place of Bloomberg ESG Survey in Taiwan
- ★ "Electronic Information Manufacturing Industry Golden Award" of Taiwan Top 50 Corporate Sustainability Report and "Climate Leadership Award" of the 2016 Taiwan Corporate Sustainability Awards (TCSA)
- ★ Excellence Award of Electronic Technology Industry of the Global Views Monthly CSR Award
- ★ Certification of Green Factory Label of the Industrial Development Bureau (IDB), Ministry of Economic Affairs (MOEA)

### Short-to-Medium-Term CSD Key Performance Indicators (KPIs) and 2016 Results

● Achieved  
 ○ Partially Achieved or on Track

Dimension of Sustainability Development	KPI	2016 Result	2016~2020 Target	2016 Status	Accumulated Result From 2009	Note
Green Product	Energy Saving (%)	32.7%	A 1% decrease each year	●	A 78.12% decrease	
	Material Reduction (%)	22.85%	A 1% decrease each year	●	A 45.81% decrease	
	Carbon Reduction (%)	12.8%	A 1% decrease each year	●	A 44.83% decrease	
	Eco-Efficiency Improving (%)	4.45%	A 1% decrease each year	●	A 4.45% increase	
Green Operation	Lost Day Rate (LDR) (%)	35.7%	A 6% decrease each year	●	A 81.2% decrease	2016~2020 targets are set based on the achievement of 2015.
	Injury Rate (IR) (%)	2.6%	A 2% decrease each year	●	A 80% decrease	
	Total Electricity Consumption / Total Revenue (MWh/ 100 million)	6.7%	A 5% decrease each year	●	A 3.7% decrease	
	Total Water Consumption / Total Revenue (tons/ 100 million)	28.3%	A 2% decrease each year	●	A 33.8% decrease	
	Recyclable Waste Rate (%)	90.8%	Reach 90%	●	The KPI only covers single-year result	
Green Supply Chain	Supplier Social Responsibility & Environmental, Safety and Health Survey and On-Site Audit (number of suppliers)	26	Exceed 50 (2016 target:10)	●	26	Accumulatively, a total of suppliers from 2009 to 2015 completed the survey.

● Achieved  
 ○ Partially Achieved or on Track

Dimension of Sustainability Development	KPI	2016 Result	2016~2020 Target	2016 Status	Accumulated Result From 2009	Note
Social Responsibility	Incidence of Child Labor	0	0	●		The KPI only covers single-year result
	Employee Code of Conduct Training (%)	Taiwan Direct Labor:100% Indirect Labor:100% Suzhou, China Direct Labor:100% Indirect Labor:100%	100% each year	●		The KPI only covers single-year result
	Creative Culture Participation (number of participants)	2,588	Reach 3,500 (2016 target: 2500)	●	2,588	
Economic Performance	Corporate Governance Evaluation (%)	Top 6~20%	Maintain the score of top 20%	●		The KPI only covers single-year result
	Risk Control Implementation rate (%)	100%	95% each year	●		The KPI only covers single-year result
	Increase in the Number of Essential Patents (%)	6.8%	Reach 20% (2016 target:10%)	○	6.8%	1. 2016~2020 targets are set based on the achievement of 2015. 2. Essential patent: patents in the US or in at least two countries. 3. We anticipate to allocate the target not yet reached in 2016 to be completed gradually in the 2017-2010 period.  The following is our executional plans: 1. Study patent information regarding related information retrieval and offer R&D staff advanced program; 2. Cooperate with departments to proceed with theme-wise retrieval development project; 3. R&D department appoints personnel (3-5 people) and establishes a development team for R&D of patents of specific themes.

### CSD 2030 Plan (2009 is the base year)

**Green Design 345**

Carbon Reduction 30%  
 Material Reduction 40%  
 Increase Energy Efficiency 50%

**Energy Saving and Carbon Reduction 389**

Reduce Water Intensity by 30%  
 Reduce Energy Intensity by 80%  
 Recyclable Waste Ratio Reaches 90%

**Safety Management 990**

Reduce Injury Rate (IR) by 90%  
 Reduce Lost Day Rate (LDR) by 90%  
 Maintain 0 Fire Hazard Incidences and Occupational Diseases.




# Response to UN Sustainable Development Goals

The UN has officially initiated year-2030 sustainable development goal agenda (Agenda 30) in 2016, with its newest 17 Sustainable Development Goals (SDGs) the major improvement directions in the following 15 years of various countries. Bringing Enjoyment and Quality to Life is the corporate vision Qisda strives to realize for the past years. To connect to the world, Qisda refers to the SDG Compass Guide procedure and further checks existing related conducts (please refer to the SDGs Index) according to the business actions suggestions from its website for various SDGs. We ensure whether we

have set goals for items of the corporate value chain bearing potential risks and require management in priority. We have ascertained that the existing Qisda sustainable plan includes items that need to be prioritized in management and are controlled by quarter at the CSD Committee. In addition, Qisda combines its existing core R&D power and operational strategies with various related products and services corresponding to SDGs for the corporate to respond to the global sustainable development trends.

## Qisda Product Designs and Services Correspond to SDGs

Smart Solution	Description	Product and Service	SDG
Smart Energy	With years of experience in operations management, BenQ Business Solutions, a subsidiary of Qisda, is the only ADR 2.0 Ready-certified technology vendor in Taiwan. In 2016, the company initiated the "Energy Saving and Carbon Reduction Plan" with Taiwan's largest duty-free shop and achieved a significant result, with annual fee saved by nearly NT\$10 million, around one million kWhs, emission of 700 tons of carbon dioxide was reduced, equaling the volume of carbon absorption of two Daan Forest Parks.	<b>Hardware</b> PoE Switch  <b>Software</b> Automatic Monitoring System of Air-Conditioning and Lighting	 Affordable and Clean Energy   Industry, Innovation and Infrastructure
Smart Manufacturing	Qisda delivers industry-leading manufacturing solutions and provides seamlessly integrated software/hardware platforms, and the Taoyuan headquarter of Qisda successfully demonstrated first smart factory in 2016, reaching 30% production efficiency raise, 100% transport manpower reduction, 30% of storage area reduction, 99.5% equipment availability and 20% energy saving.	<b>Hardware</b> Automated Guided Vehicle (AGV)  <b>Software</b> Manufacturing Executive System (MES), Warehouse Management System (WMS), Supervisory Control and Data Acquisition (SCADA), Smart Environment Security Management (SESM), Cloud Situation Room Solution (SCSR), RFID manufacturing tracking	 Industry, Innovation and Infrastructure   Responsible Consumption and Production
Smart Education	Smart Education solution supports the "Flipped Classroom" and big data analysis. We provide the space management system and air purifier system to support the teaching and learning scenarios through the cloud service.	<b>Hardware</b> Interactive Flat Panel, Interactive Whiteboard Series  <b>Software</b> Complete Teaching/Learning Software Solution	 Quality Education

Smart Solution	Description	Product and Service	SDG
Smart Health	Qisda combines extensive clinical resources, professional medical equipment & materials, plus global design capabilities and software-hardware integration services, to deliver patient-oriented healthcare services, cutting-edge medical technologies & equipment, and personal medical cosmetic products for healthy and quality lives.	<b>Hardware</b> Medical Displays, Ultrasound Systems, Intraoral Scanner, Surgical Table  <b>Software</b> Group Fitness System, Health Management System, iQOR Solution, 3D Integrated Implant Service	 Good Health and Well-Being
Smart Retail	Our one-stop Shop solutions address the dynamic needs of the retail industry, plus a wide range of integrated software system services. We have successfully entered the convenient chain store and wholesale industries. This enables precision marketing and interactive shopping experience.	<b>Hardware</b> POS Terminal, Mobile POS, Digital Signage, Projectors, and so on  <b>Software</b> Content Management System (CMS), Electronic Shelf Label, Customer Traffic Analysis	 Industry, Innovation and Infrastructure
Smart Enterprise	With CMMI5-certified software development capabilities, BenQ Business Solutions, a subsidiary of Qisda, has garnered 700+ successful well-known customers in Greater China, with deep experience across China's top 100 enterprises, delivering highly flexible, modularized services. We build innovative applications to improve four key elements of an enterprise, including people, processes, documents, and messages, creating highly organized business flows that enable efficient and smart enterprises.	<b>Software</b> Human Capital Management (HCM), Supplier Relationship Management (SRM), Business Process Management (BPM)	 Industry, Innovation and Infrastructure

# 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 material topics 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.

## 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 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.

## Materiality

Materiality refers to the thorough evaluation and assessment of the relative importance of the topics raised. It guides an organization to determine the relevancy and significance of an identified topic over its management operations, and thus to decide whether or not to incorporate it into the corporate sustainability report. Qisda regularly follows the material identification process of GRI Standards to identify the material topics concerned by stakeholders each year. Qisda mainly invites stakeholders to rate 29 topics\* based on the topics cared by international society.

A total of 334 responses to the survey were received from the five groups—employees, customers, suppliers, media and shareholders. Employees verified the impact rating of the topic on Qisda. Customers, suppliers, media and shareholders assessed the significance rating of the topic. Two ratings were given from 1~10 to indicate level of low to high degree of significance/impact. Ratings were averaged respectively and then the average ratings were ranked. As a result, there are 14 material topics as indicated in the following table.

## Qisda AA 1000APS Compliance Approach



\* In the content of our questionnaire, rather than the past method that only considered GRIG4 46 aspects to launch stakeholder investigation, we refer to various evaluation and concerned topics of stakeholders both domestically and overseas and incorporate them into 29 investigating topics.

## Stakeholder's Communication Channels

Stakeholder	Communication Channel	Topic	Corresponding Chapter	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 Product Quality	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 Product Quality Non-Use of Hazardous Substances	Customer Commitment Human Rights Management Green Products Quality and Hazardous Substance Management 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 Shareholder Meeting	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.



## Stakeholder's Communication Channels

Stakeholder		Communication Channel	Topic	Corresponding Chapter	Note
The Government	Government Agencies	Audits	Legal Compliance	Corporate Governance	
		On-Site Visits	Environmental Protection	Legal Compliance	
		Official Documents	Labor Rights	Human Rights	
		Labor Compliance Investigations	Corporate Governance	Green Operation	
Suppliers	Suppliers	Supplier Social Responsibility & Environmental, Safety and Health Survey	Supplier Corporate Social Responsibility	Supply Chain Management	
		Internal Training Courses	Conflict Minerals		
		Phone Calls	I4064-1 GHG Emission Inventory		
		Emails			
		Green Product Management & Sample Approval System (GPM-SA System)			
		On-Site Audit			
The public	Environmental Protection Groups	Phone Calls	Care for the Society & Public Welfare Activities	Goodwill for the Earth, Love for the Society	
		Emails			
		Volunteering			
	Agencies/Organizations	Corporate Website	Care for the Society & Public Welfare Activities	Goodwill for the Earth, Love for the Society	
		Volunteering			
	Media	Corporate Website	Corporate Financial Information	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.
		Corporate Briefing	Business Operation Status	Goodwill for the Earth, Love for the Society	
		Investors Conference	Care for the Society & Public Welfare Activities		
		Presentation Materials			
		Scheduled Press Release			
		Impromptu News Conference			
		Impromptu Media Question and Answers			
		Impromptu Press Release			
	other	Corporate Website	Care for the Society & Public Welfare Activities	Goodwill for the Earth, Love for the Society	
		News Media	Issues of Environmental Protection	Green Operation	
		External/Internal Communications			

## Responsiveness

Responsiveness refers to the involvement of many functions in business operations as a measure to manage and respond to material topics, challenges and concerns. Two classifications are established in the process: major topics are to be reported and addressed in the annual corporate sustainability report, in addition to the utilization of assigned communication channels; while secondary topics are to be responded mostly through

the assigned communication channels. Aside from the assigned communication channels and the annual Corporate 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.

## Table of Material Topics

No.	Category	Material Topic	Meaning to Qisda	Boundary			GRI Disclosure	Corresponding Chapter	Concerned Stakeholder*
				Inside	Outside				
				Customer	Supplier				
1	Society	Quality Management	Qisda gives top priority to the satisfaction of our customers and business partners on quality to continuously design and manufacture products conform to the requirement and specific demands from customers.	●	●	●	No corresponding disclosure, Qisda customized disclosing item: Qisda-1	Quality and Hazardous Substance Management	Suppliers
2	Economic	Economic Performance	Qisda strives to improve manageability and profitability to meet the best interest of our shareholders.	●			201-1.2.4	Financial Performance	Media, Employee
3	Society	Customer Privacy	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.	●	●		418-1	Customer Privacy Protection	Suppliers
4	Economic	Corporate Governance	Qisda strives to improve corporate governance and considers company and shareholder interests as top priorities in performing operational evaluations and passing significant resolutions.	●			102-18~34	Corporate Governance	Employee
5	Environment	Occupational Health and Safety	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.	●			403-1~4	Employee Health Care Management Safety & Health Management	Suppliers, Customers
6	Society	Customer Satisfaction	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.	●	●		No corresponding disclosure, Qisda customized disclosing item: Qisda-2	Customer Satisfaction Survey	

\* The concerned stakeholder ranked this material topic in the Top 5 topics, while other stakeholders did not. For the shareholders, since only one response was given and the response cannot be recognized as the top three ranking spots, it is not shown in the table. The result shows corporate governance, financial performance, risk management, code of conduct, transparency, innovation, quality, product life cycle assessment, greenhouse gas emission and energy management, local purchasing are all more highly-concerned topics of shareholders.

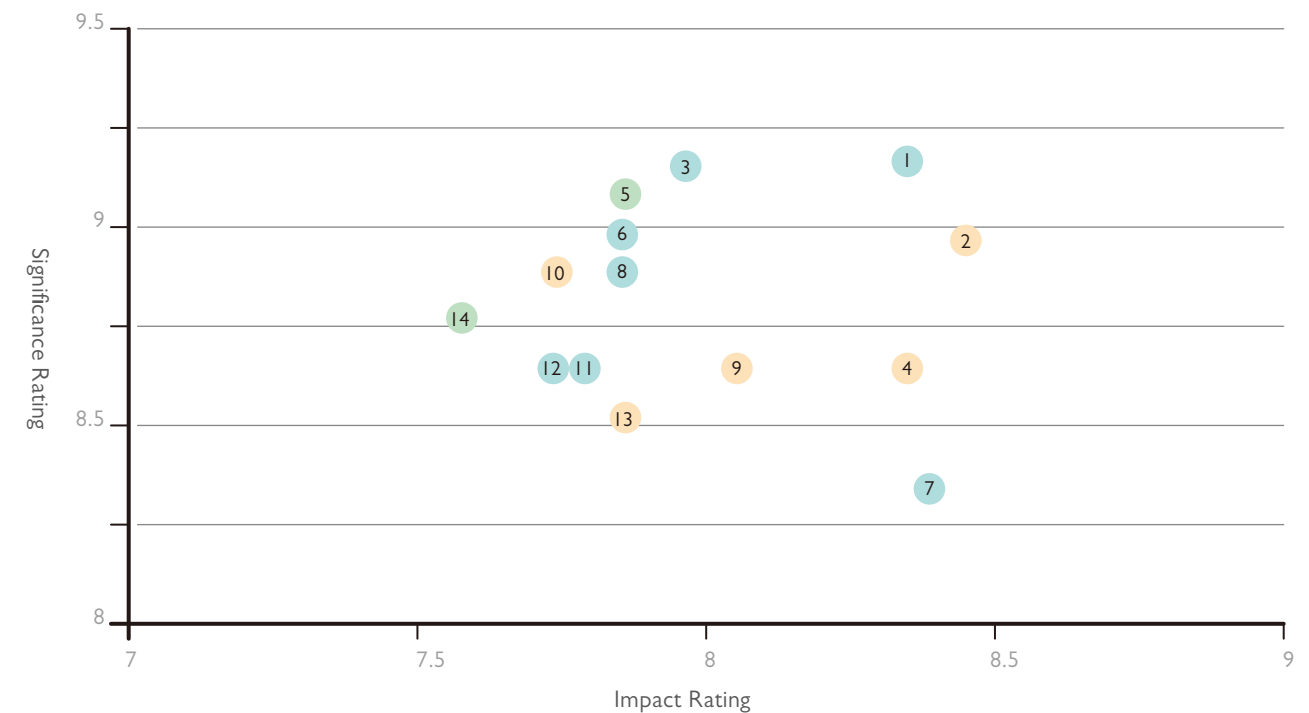
Table of Material Topics

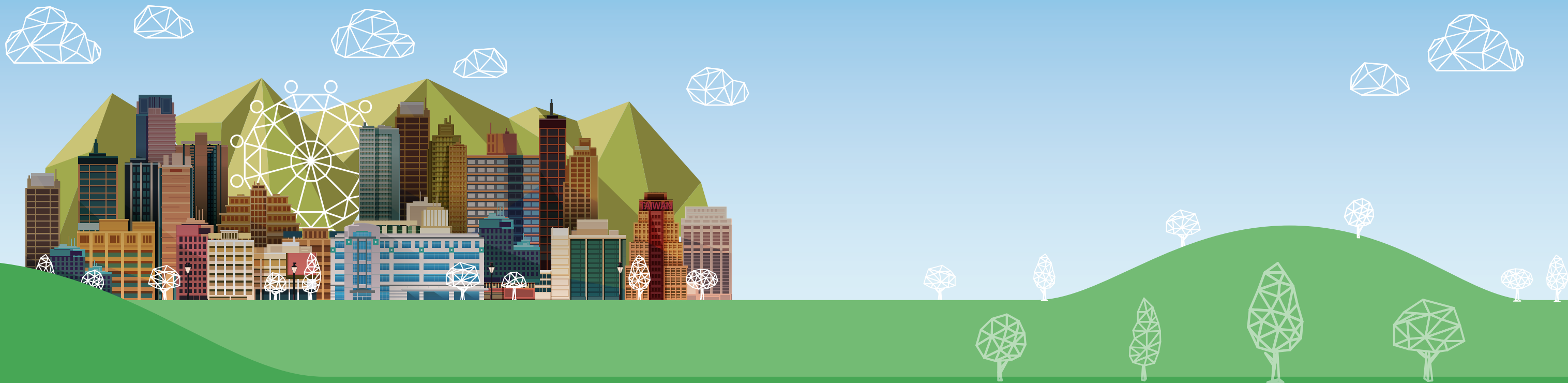
No.	Category	Material Topic	Meaning to Qisda	Boundary			GRI Disclosure	Corresponding Chapter	Concerned Stakeholder
				Inside	Outside				
					Customer	Supplier			
7	Society	Salary and Benefit	Qisda adheres to the concept of creating a happy and healthy working environment. We offer diversified employee benefits to fulfill the goal of providing a quality working environment and creating a corporate culture that values health and happiness of our employees.	●			102-35~39, 201-3, 202-1, 401-2, 405-2	Corporate Governance Status Fundamental Employee Guarantees	Employee
8	Society	Customer Safety and Health	Qisda designs and manufactures products conform to the requirement and specific demands from customers to ensure that the products received by our customers are free from health concerns.	●	●	●	416-1~2	Quality and Hazardous Substance Management	
9	Economic	Risk Management	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.	●			102-11.15, 29, 30	Risk Management	
10	Economic	Legal Compliance	With business services around the world, Qisda pays close attention to any amendment in policies or regulations that affect our business operations in those countries. It is to ensure that the business operations performed by the corporate and our employees are backed up by relevant laws and regulations. We draw up relevant compliance plans and promote them within the corporate.	●			307-1.419-1	Legal Compliance	Customers
11	Society	Human Right	To meet customer requirements and avoid negative evaluations of the company, all labor rights managements in Qisda must be in compliance with local laws and regulations, SA8000, International Labour Organisation Conventions, and stakeholder requirements.	●	●	●	406-1, 407-1, 408-1, 409-1, 410-1, 411-1, 412-1~3	Green Supply Chain Human Rights Management	Customers

Table of Material Topics

No.	Category	Material Topic	Meaning to Qisda	Boundary			GRI Disclosure	Corresponding Chapter	Concerned Stakeholder
				Inside	Outside				
					Customer	Supplier			
12	Society	Code of Conduct	Ethical management is the most basic social responsibility of the corporate and is beneficial for company operation and long-term development.	●			102-16, 17, 205-1~3	Code of Conduct	
13	Economic	Innovation	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.	●			No corresponding disclosure, Qisda customized disclosing item: Qisda-3	Creative Culture	
14	Environment	Product Life Cycle Assessment	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. Therefore, we emphasize on simplified design to reduce impacts and risks to the lowest level.	●	●		302-5.417-1	Green Product	

Distribution of Material Topics





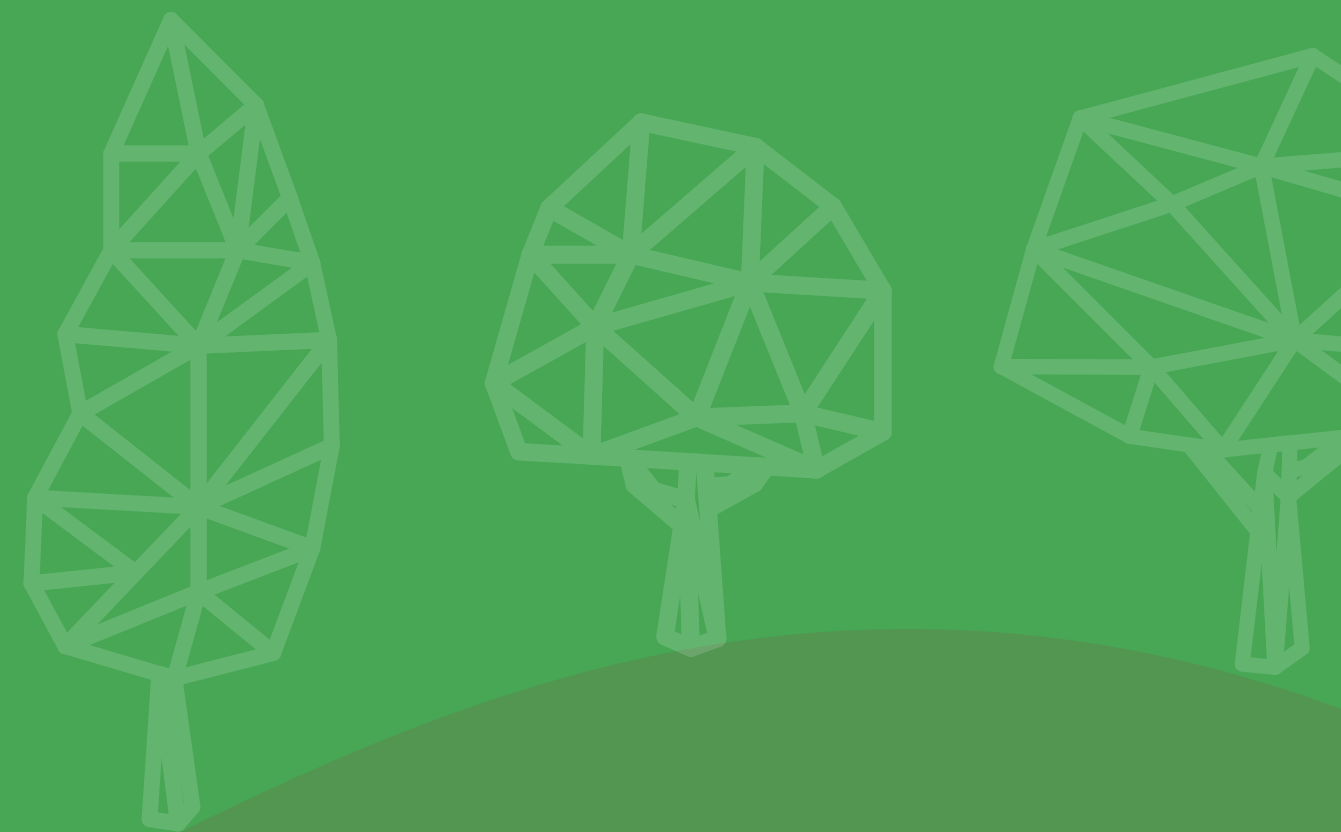
Chapter | **Realize Corporate Governance**

Corporate governance is the foundation of enterprise operation. Qisda strives to realize the disclosure of corporate governance information and improve the transparency of management performance while optimizing existing business operation, rapidly expanding medical business, speeding up solution development as its operational policies to continually improve profits. In operation, we control risks to reach the goal of reducing risks and improving adaptability to risks as well as promoting and supervising organization activities according to domestic and overseas regulations for a sound organization development and protection of the benefits of stakeholders.

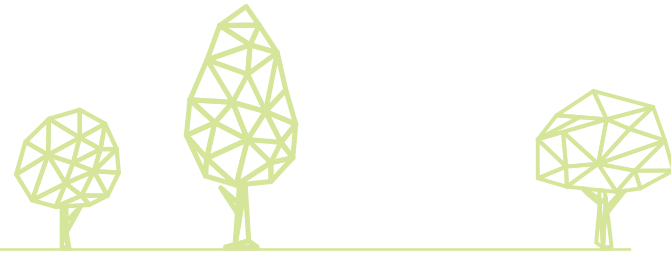
The corporate governance, concerned material topics of stakeholders and the management goals of Qisda are as follows:

Material Topic	2016 Management Goal	2016 Status	Corresponding Chapter of Management Approach
Corporate Governance	The ranking in Corporate Governance Evaluation maintains top 20%	Ranked top 6~20%	● Corporate Governance
Economic Performance	Growth in profits	Qisda had a significant growth in profits, breaking record for the past eight years	● Financial Performance
Code of Conduct	Percentage of employee Code of Conduct training reaches 100%	100%	● Code of Conduct
Risk Management	Percentage of risk control implementation rate reaches 95%	100%	● Risk Management
Legal Compliance	Strengthen internal anti-trust adherence (1)E-newsletter delivery (2)Online course training (3)Poster education	Done	● Legal Compliance

● Achieved / ● Partially Achieved or on Track



# Corporate Governance



## Organizational Structure of Corporate Governance

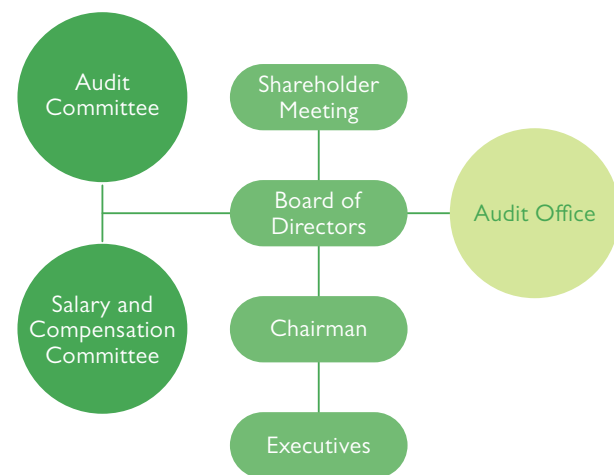
Qisda complies with Company Law, the Securities and Exchange Act, and other relevant laws and regulations of the Republic of China to formulate and implement the company's corporate governance structure. Qisda corporate governance model is composed of three units: the Board of Directors, the Audit Committee, 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 principal, 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,

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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.

### The Organizational Structure of Qisda Corporate Governance



### Board of Directors

Title	Name **	Gender
Chairman	Peter Chen	Male
Director	K. Y. Lee	Male
Director	AU Optronics Corp: Paul S.L. Peng	Male
Director	BenQ Foundation: Joe Huang	Male
Independent Director	Kane K. Wang	Male
Independent Director	Allen Fan	Male
Independent Director	Jeffrey Y.C. Shen	Male

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 in the pervious page. The Board of Directors consists of 7 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 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, Audit, 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 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.

\* For more details, please refer to the chapter of Qisda Corporate Sustainable Development Annual Report available at Qisda corporate website: [Qisda.com/Investor Relations/Annual Report](http://Qisda.com/Investor Relations/Annual Report).

\* 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.

\* Please refer to the corporate Annual Report for information on the education, experience, duration, current positions, board meeting attendance and controlling shareholder of last session 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.



 Regularly reported CSR operation to the Board of Directors each year

#### 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 the CSR and ethical operation executional status of the year to the Board of Directors each year to communicate with the directors of related issues. The CSR activities of Qisda is overseen by Mr. Peter Chen, Chairman and President of Qisda, as the Chairman of the Corporate Sustainable Development Committee, monitoring and managing the promotion of CSR activities.

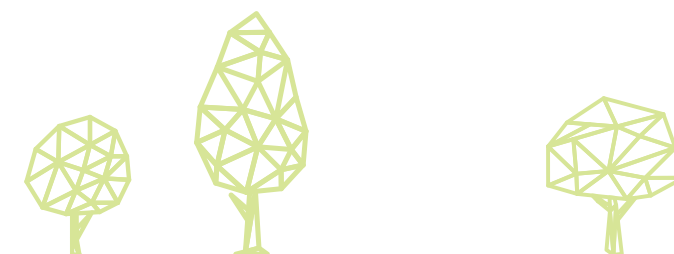
In accordance with the regulations in Article 208, Item 3 of the Company Act, the Chairman of the Board of Directors is Mr. Peter Chen, who concurrently serves as President at Qisda. Board of Directors shall not participate in any discussion or vote on any matter in which he or she has potential conflict 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 Act, 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, 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 2016 consolidated revenue reached NT\$129.6 billion; the consolidated business profits reached NT\$4.49 billion. The consolidated net profit was NT\$4.07 billion, while the parent company in Taiwan accounted for the NT\$4.34 billion net profit; the earnings per share was NT\$2.21 dollar. The display and projector industry market demand slowed and competition has become fierce amid unstable global economic environment and rapid changes of industrial environment. In 2016, Qisda continued to march toward three operational directions: optimizing existing business, rapidly expanding medical business and speeding up solution development to continue cultivating, transforming and strengthening its constitution:

#### I. Optimize 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 2016, sales volume of high-end and professional displays exceeded 2.2 million units. Besides adding 10000-lumen lens-replaceable model to its volume production list, Qisda leads the world in releasing 4K super-high resolution DLP projectors and LED-lighting high-brightness HLD projectors. 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 2016, Qisda had nearly NT\$6.5 billion overall consolidated revenues in medical business, with its revenues of two hospitals in Suzhou and Nanjing maintained rapid growth. In

expanding its medical business, Qisda continued to work with Israel-based AB Dental via BenQ AB DentCare Corp. to launch 3D tooth-implant integration service and work with Italy-based via BenQ Dialysis Technology to provide related product business of hemodialysis.

#### III. Speed up Solution Development

We speed up solution development: six smart businesses include Smart Retail, Smart Manufacturing, Smart Energy, Smart Enterprise, Smart School and Smart Healthcare, with related organizations and products reaching perfection and marching toward all-around system integrating software/hardware service provider. In 2016, we worked with channels such as Chunghwa Telecom to strengthen market sales and successfully entered the China and emerging market Middle East region, strengthening integrating relationship with software and hardware service providers, providing more various products and services while better meeting local market needs.

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 2016 Qisda Financial Statement with regards to "Income Tax" disclosure.

## Qisda Taiwan Parent Company Economic Value Distribution

Item	Amount	Note
<b>A. Direct Economic Value Generated</b>		
a Revenues	NT\$83.6 billion	
<b>B. Economic Value Distributed</b>		
b Operating Costs	NT\$77.5 billion	
c Employee Wages and Benefits	NT\$3.1 billion	Employee salary
d Payments to Providers of Capital	NT\$1.26 billion	The net amount of paid interest expense was NT\$0.18 billion. Share dividends for shareholders was NT\$1.08 billion.
e Payments to Government by Country	NT\$0.19 billion	Income-tax
f Community Investments	N/A	
<b>Economic Value Retained=A-B</b>		
Total	NT\$1.55 billion	

## Qisda Operational Performances for the Past Five Years\*

Statement of Comprehensive Income - International Financial Reporting Standards

Unit: NT\$ Million

Item	Year	Financial Information for the past 5 Years				
		2016	2015	2014	2013	2012
Operating Revenue		129,554	133,102	133,511	119,231	116,575
Gross Profit		16,203	14,640	15,058	2,596	10,168
Operating Income (Loss)		4,487	2,598	2,928	1,561	(698)
Net Profit Generated from the Parent Company and Its Subsidiaries		4,342	2,169	2,971	709	(2,778)
Earnings Per Share		2.21	1.10	1.51	0.36	(1.41)

Financial Report available at Qisda corporate website: [Qisda.com/Investor-Relations/Financials](http://Qisda.com/Investor-Relations/Financials).

\* Statement of Comprehensive Income was presented using International Financial Reporting Standards and included information from all business entities under common control.

## Code of Conduct



### No corruption incidents

Ethical management is the most basic social responsibility of the corporate and is beneficial for company operation and long-term development. Unethical incidents can not only cause losses to the enterprise but evolve into issues such as low employee ethical level and lack of trust with customers and business partners while illegal behaviors may be involved such as illegal lobbying and bribery, damaging corporate governance mechanism and causing overall operational environment to deteriorate. To mold the Qisda corporate mission of treating all customers, suppliers, creditors, shareholders, employees and the general public with honesty as the core corporate culture, 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 monitored and authorized to pass the new version of Integrity Handbook. This will be the code of conduct for all employee behaviors.

Integrity Handbook rules items we value such as integrity, anti-corruption, discrimination, harassment, anti-trust, patent and copyright laws and information protection, and political activity. Each item has concrete code of conduct and the code of conduct is the highest conduct principle for all company members in implementing business activities. The details are as follows:

#### I. Integrity and Anti-Corruption

The company strictly prohibits any form of corruption, bribery, blackmailing, embezzlement, etc.

#### II. Anti-Trust Laws

The company is engaged in multinational business activities and is required to be aware of and abide by all applicable laws. Employees are required to comply with the anti-trust and competition laws of the countries where company does business.

#### III. Discrimination and Harassment

Qisda's Zero Tolerance policy applies to all forms of discrimination and harassment.

#### IV. Patent and Copyright Laws

We respect the legal rights others have in their products, designs, software, articles, and other legally protected materials. Employees may not copy or pirate computer software programs used by Qisda employees, either for personal or for business purposes, or use software that has not been properly licensed or purchased.

#### V. Information Protection

Qisda respects and values employee privacy and is responsible for protecting personal information from leakage; therefore, it has ruled the following regulations:

1. The company collects and retains employee personal information that is required by law. Company cannot use any personal data for personal benefit or in any other inappropriate way.
2. Personal information is deleted when it is no longer necessary for the business purposes.
3. The personal information of employees can be accessed via logging in personal accounts of internal company website, with edits and modifications.
4. Regularly execute information security risk evaluation and audit.

#### VI. Political Activity

While protecting the freedom of employee participating in politics, we stipulate related regulations of political participation to prevent from illegal incidents such as bribery and illegal lobbying.

1. Participation in political activity is strictly regulated by local laws.
2. Political participation must involve careful judgment. If Qisda will participate as a company in activities such as political donation, it will first undergo very careful evaluation and such action will not proceed unless officially authorized by the management team of the company.
3. Any contribution to political candidates or causes made on behalf of the Qisda or its member companies is prohibited.
4. Mandatory detail disclosure of lobbying related information.

Integrity Handbook is disclosed at the front page of Qisda's internal website for employees to refer to and read thoroughly any time at opening computers at the start of everyday work. Our company will deliver code of conduct propaganda to remind employees before major holidays such as Chinese New Year, Dragon Boat Festival and Mid-Autumn Festival of not allowing to receive gifts from external parties, to remind and strengthen the idea of following related codes by the employees. For new employees arriving at new posts, four days of Win Camp will take place for infusing the employees with the above-mentioned code of conduct. There is also an internal New Comer Program to explain related regulations of corporate culture to ensure the new comers to fully understand the regulations. Each year, existing employees have an online training of code of conduct, while the percentage of employee code of conduct training (including anti-corruption training) in 2016 is in the following table. In the promotion and advertisement of code of conduct, there were no cases of violation of code of conduct and no whistleblower reports received in 2016.

Besides launching integrity communications and trainings for employees, Qisda delivered mails regularly for anti-corruption to all members of the Board of Directors starting in 2014 and adds notes of anti-corruption clauses in agreements with all business partners for realizing the management goals of Qisda's no-corruption incidents.

We also stipulated "Report and Appeal Management Guidelines" and announced that on the websites. For serious inappropriate behaviors such as those bridging principles such as ethical, interest conflict and avoidance, fair trade, bribery and illegal payments or behaviors that are illegal or involve ill-treatment, we have a set of appeal and report guidelines. If personnel or incident fails to follow the philosophy of integrity or violates rules of Integrity Handbook, 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. Employees and external parties (such as supplier, customer or other stakeholders) can report or appeal via the Integrity Mailbox: Integrity@Qisda.com (in Chinese, English or other local languages). A responsible unit will launch investigations and finish investigation report within a month. If the fact is confirmed, the case will be handled by the Personnel Evaluation Committee. Qisda guarantees the confidentiality of reporter's identity, ensuring his safety and exempt from retaliation. In 2016, Qisda did not receive any reported case.

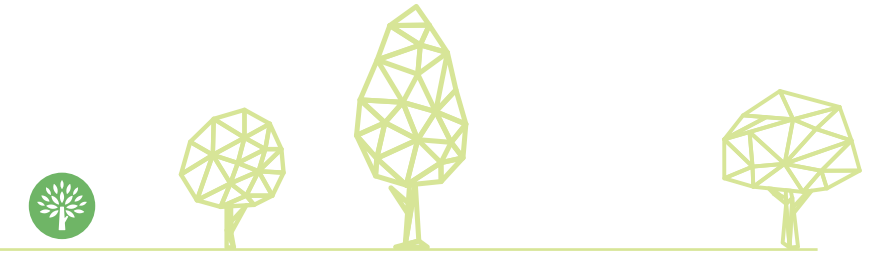
For daily procedures in business operations, the company will design a suitable internal control mechanism for operations with potential corruption risks. The Risk Management Committee will be in charge of identifying the corruption risks, the Human Resource Center (HR) will be responsible for training 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 Audit Office administers periodic evaluations to examine the effectiveness of the internal control mechanism, and collect suggestions regarding potential risks of corruption and fraud from heads of the departments. Based on the findings, the Audit Office further develops and implements appropriate auditing plans. Both the Audit Committee and the Board of Directors receive audit reports every year, which helps the top management to understand the status of corporate governance in achieving the objectives of its administration. Moreover, Qisda launched risk evaluation and substantial audit on a regular basis for its two major operational locations—Taiwan and Suzhou, China and there were no significant corruption risks and incidents.

### Percentage of Employee Code of Conduct Training\*

Area	Taiwan		Suzhou, China	
Type of Employee	Direct Labor	Indirect Labor	Direct Labor	Indirect Labor
Fulfillment Rate	100 %	100 %	100 %	100 %

\* In the fourth quarter of 2016, Qisda delivered and communicated the code of conduct to its employees via trainings, with overall sum of employees receiving trainings reaching 3,642.(IDL:3,345;DL:297) The number did not include operators in Suzhou, China, as they already received propaganda of code of conduct 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 pose threats to the company.

### I. Risk Management Operations

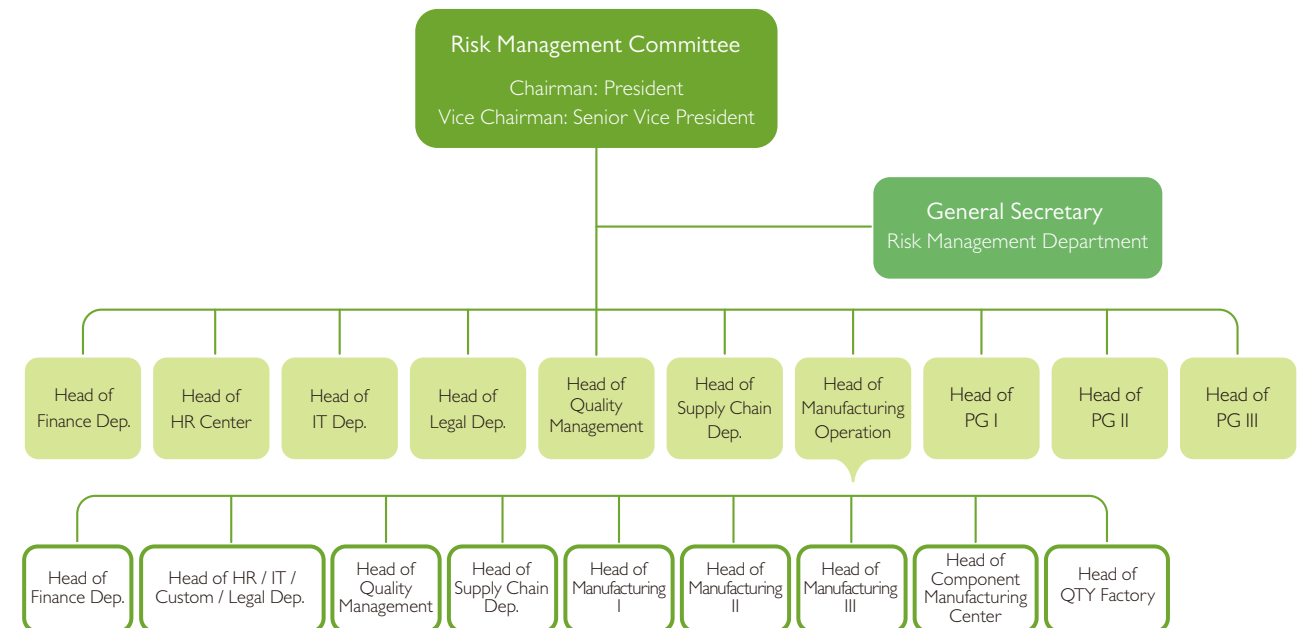
Qisda conducts the Risk Management Committee on a regular basis. Action plans are proposed and carried out to improve the risk management. In terms of significant risk scenarios, relevant

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.

### 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

### Risk Management Committee



maintenance of the risk management plans. The following figure 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. The operation of Risk Management Committee is supervised by the Audit Committee (Board of Directors) and the Risk Management Committee reports to the Audit Committee about risk management annual report at the end of each year.

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 2016, 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

### 2016 Qisda Risk Management Radar



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, this year, we strengthen the risk management awareness of Suzhou, China site, planning a series of Damage-Avoidance Management Staff Certificate Program to improve the safety and damage avoidance ability of our China-based site. Meanwhile, 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 risk management.

### III. Business Continuity Management System, BCMs)

#### I. 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

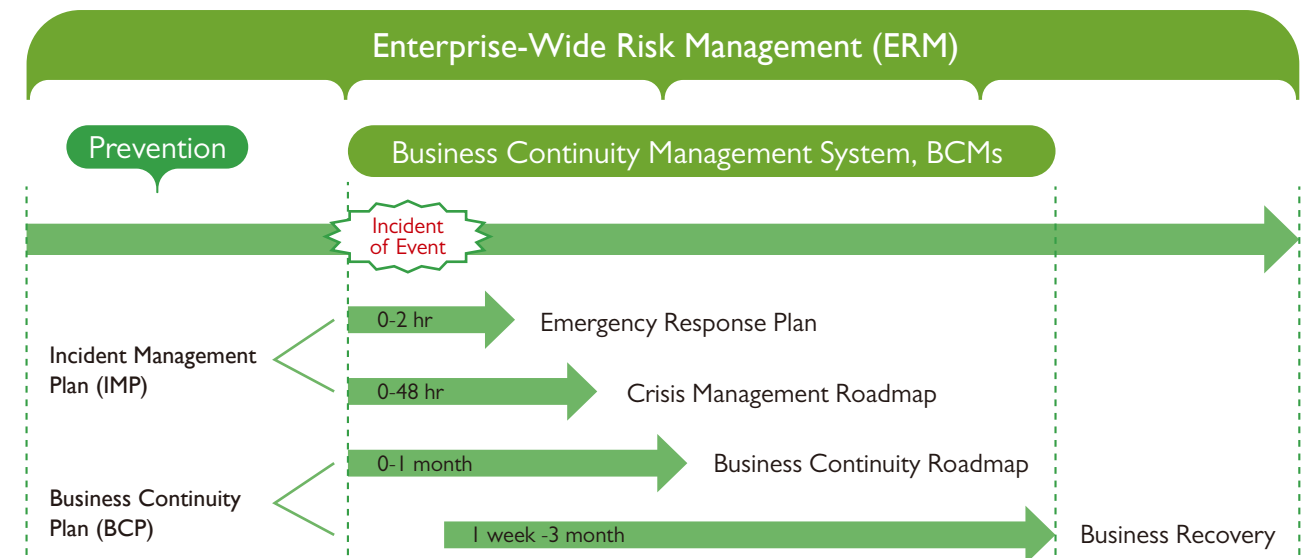
identify and control the risk in advance; reduce the potential loss in the midst of the risk; and rapidly resume the production and service after the risk event. Through the structural implementations of Qisda corporate risk management and BCMs, the company is equipped with the ability to continue its business operations during the event of major accidents or natural disasters, minimizing the impact from the event and shorten the time of production halt. In 2016, we signed Red Code Priority Project with Singapore-based disaster recovery professional BELFOR to strengthen the incident recovery ability of Qisda while completing 146 disaster recovery plans.

#### 2. 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, restructure of product lines, growing customer demands for BCM auditing, Qisda has started updating or creating new BCM plans to ensure the BCM system is in compliance with ISO 22301 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.

### The Structure of Qisda Corporate Risk Management and Business Continuity Management





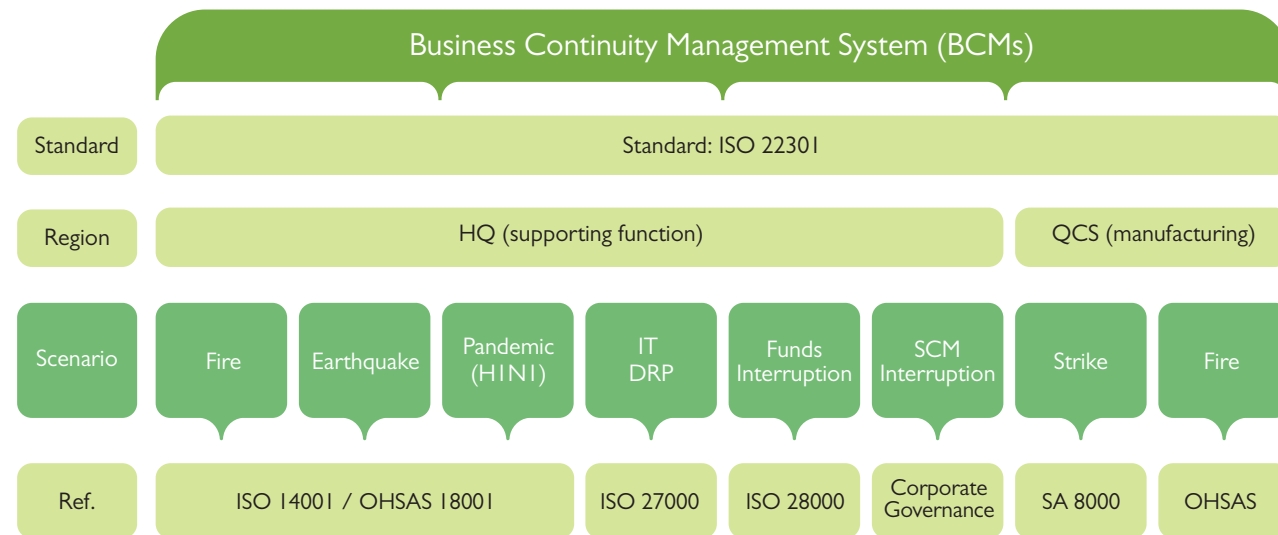
In 2016, Qisda launched Operation Sustainability-Risk Simulation Drill (epidemic disease scenario), enabling top-tier executives of the company to face directly risk incidents via scenario simulation methods of training and practice to elevate risk awareness and strengthen risk coping ability. The company also compiled Company Risk Management Manual to have a reference of response to major events.

#### IV. Emergency Response Joint Defense Mechanism

For group joint defense of emergency response, since BenQ Group and Qisda have a key partnering supply chain relation-

ship, we have established Emergency Response Joint Defense Mechanism to incorporate damage control procedures and educational trainings to enhance its organizational ability in responding to emergent situations. In 2016, we launched 30 experience and idea sharing meetings via group joint defense platform to reach the goal of disaster prevention. We also held four professional courses such as Fire Pump Test, Heating Machine Protection, Electricity Check and Test to improve group staff's professional ability. We expect to reach group risk damage prevention management from managing the source and reducing the incidents from happening.

#### Qisda BCMs Framework



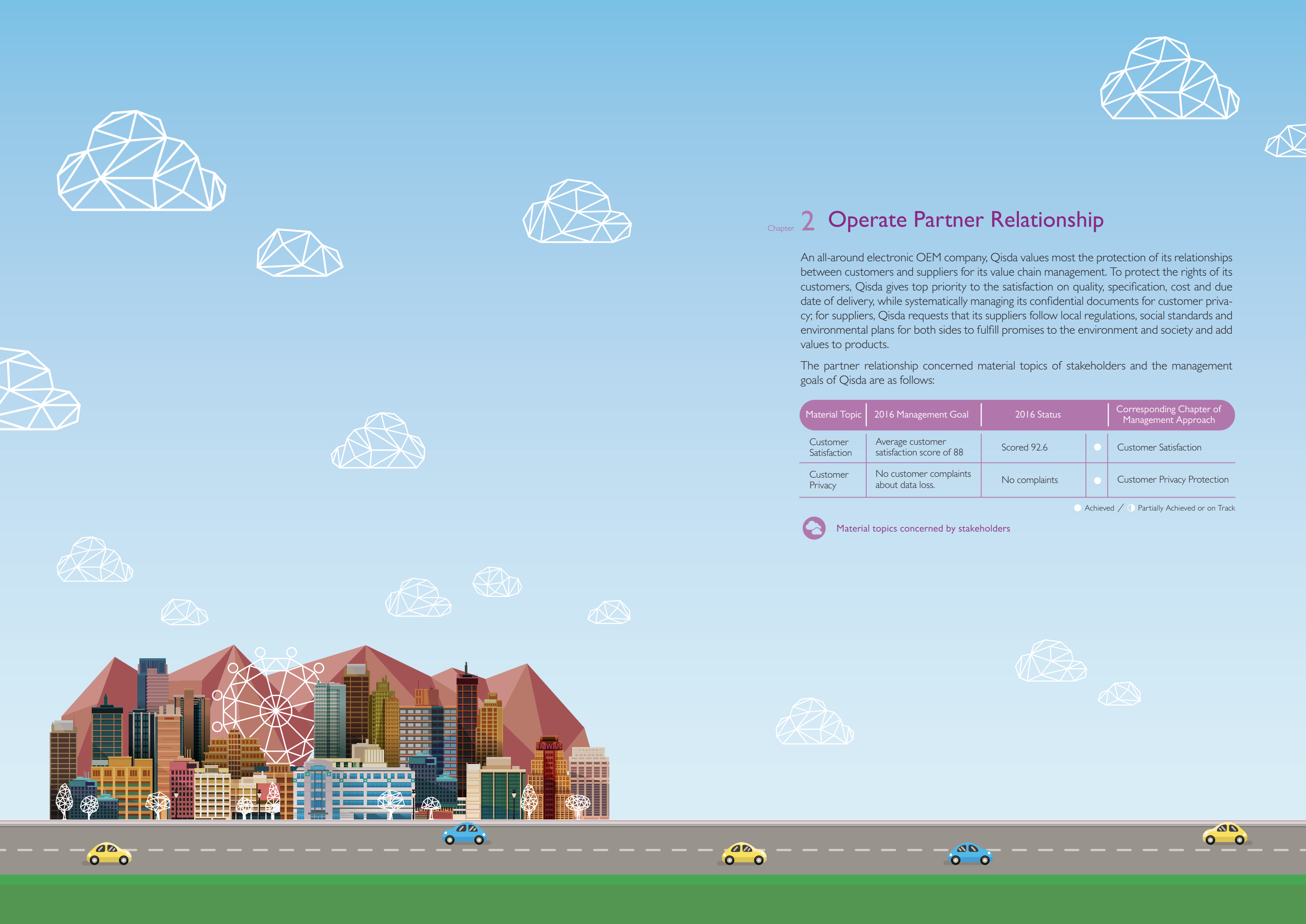
## Legal Compliance

- No incidents of violation of regulations
- Conducted internal anti-trust compliance training

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 fines in 2016. We also strengthened internal anti-trust compliance including e-newsletter delivery, online course training and related poster education.





## Chapter 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 gives top priority to the satisfaction on quality, specification, cost and due date of delivery, while systematically managing 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 partner relationship concerned material topics of stakeholders and the management goals of Qisda are as follows:

Material Topic	2016 Management Goal	2016 Status	Corresponding Chapter of Management Approach
Customer Satisfaction	Average customer satisfaction score of 88	Scored 92.6	● Customer Satisfaction
Customer Privacy	No customer complaints about data loss.	No complaints	● Customer Privacy Protection

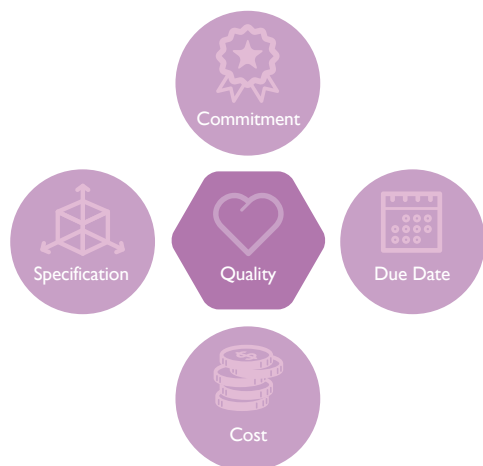
● Achieved / ○ Partially Achieved or on Track



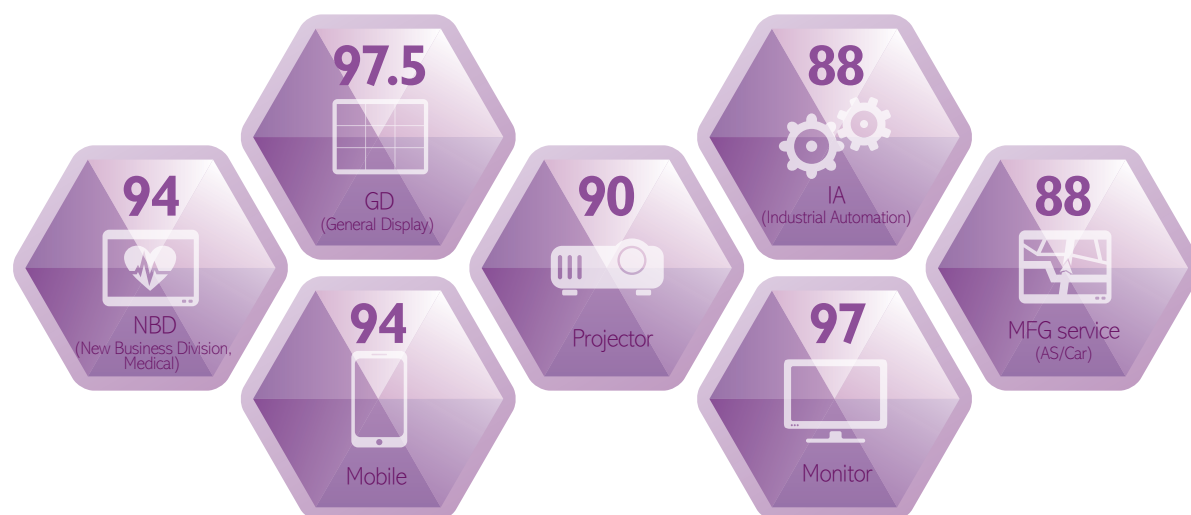
Material topics concerned by stakeholders

# 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.



## 2016 Customer Satisfaction Survey Results (score)



**Average customer satisfaction score of 92.6**

## 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 customer requirement. After clarifying the issues among related departments, needed adjustment shall be taken to improve the quality of our products and services. The following figure exhibits the results of customer survey for each Qisda product line in 2016, with average satisfaction score of 92.6, marking our positive performance in customer service and customer satisfaction.

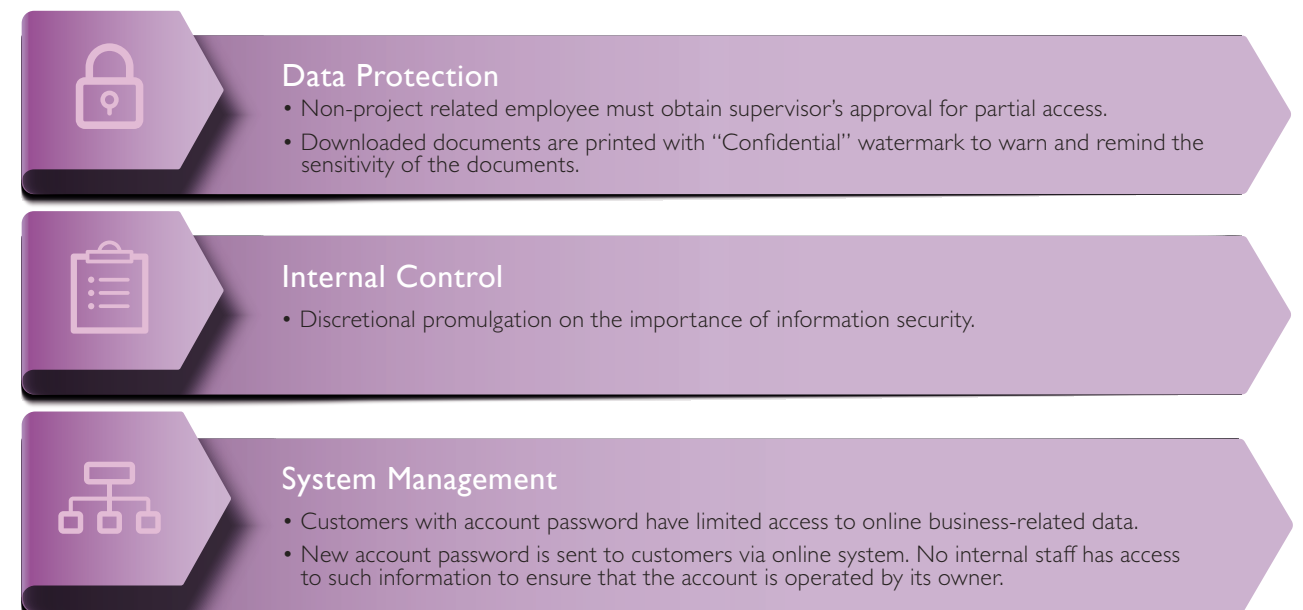
## Customer Privacy Protection

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 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

**No data loss incidents**

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 2016, there were no incidents of data loss, leakage and threat as well as reports from authority reported by external customers.

## Customer Privacy Protection Structure



# Supply Chain Management

**The local purchase proportion of Suzhou, China reached 75.2%**

As a cross-industry, comprehensive ODM/OEM leader in electronics, Qisda partners with over 965 suppliers around the globe. Among the suppliers, there are three major types, direct procurement, indirect procurement and outsourcing. 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 2016, the local purchase proportion of Suzhou, China reached 75.2%

## Supplier Selection and Qualification Procedures

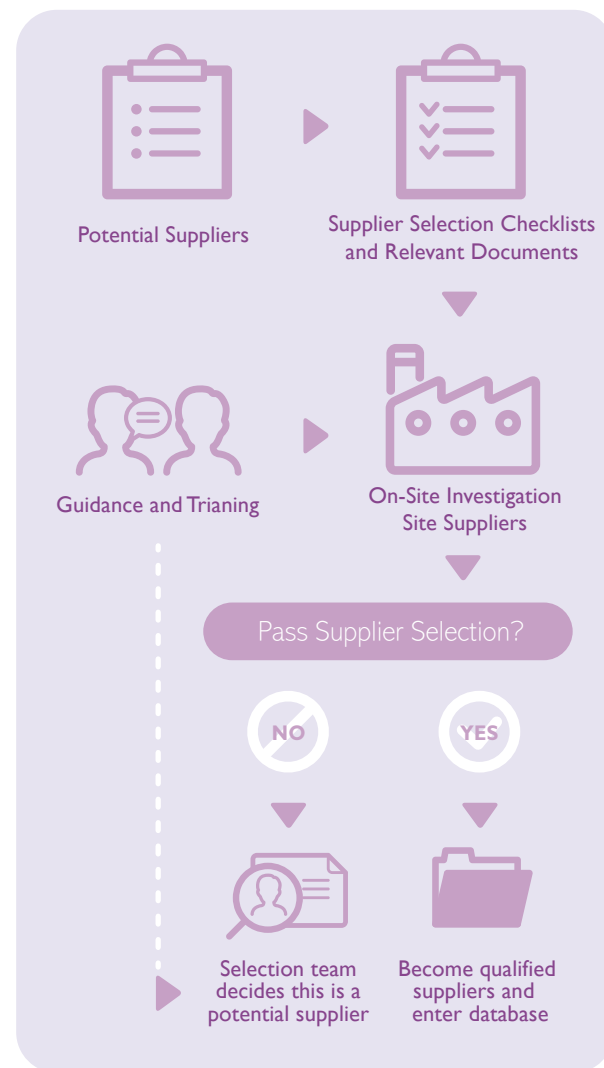
**Investigation rate of the environment, human right ethics and labor right of new suppliers reached 100%**

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 with Qisda, and non-use of hazardous

substances documents. In addition, Qisda followed the Work Instruction of Supplier Survey revised in 2015 to upgrade its online system, adding three indicators about environment, human ethics and labor right to supplier survey items. Moreover, the investigation requirements are also included in procurement contracts with suppliers. Until the end of 2016, the investigation rate of new suppliers reached 100%.

### Supplier Selection and Qualification Procedures



## Supplier Assessment

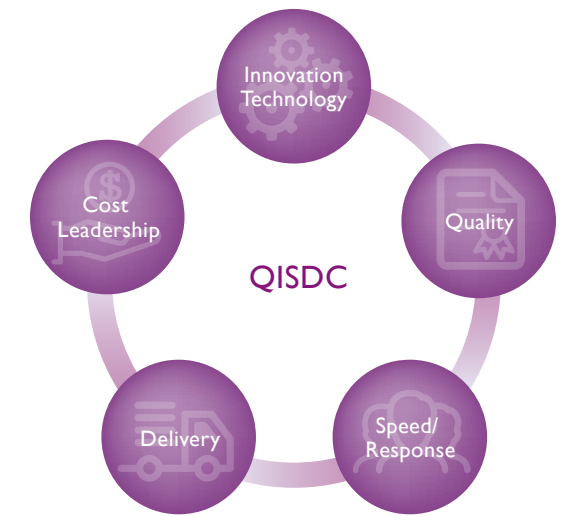
Qualified suppliers that passed the supplier selection procedure must continue to be assessed on a regular basis. The QISDC evaluation module examines a supplier from five aspects: quality, innovation/technology, speed/response delivery, and cost leadership. The outcome of these evaluations will be considered 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 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.

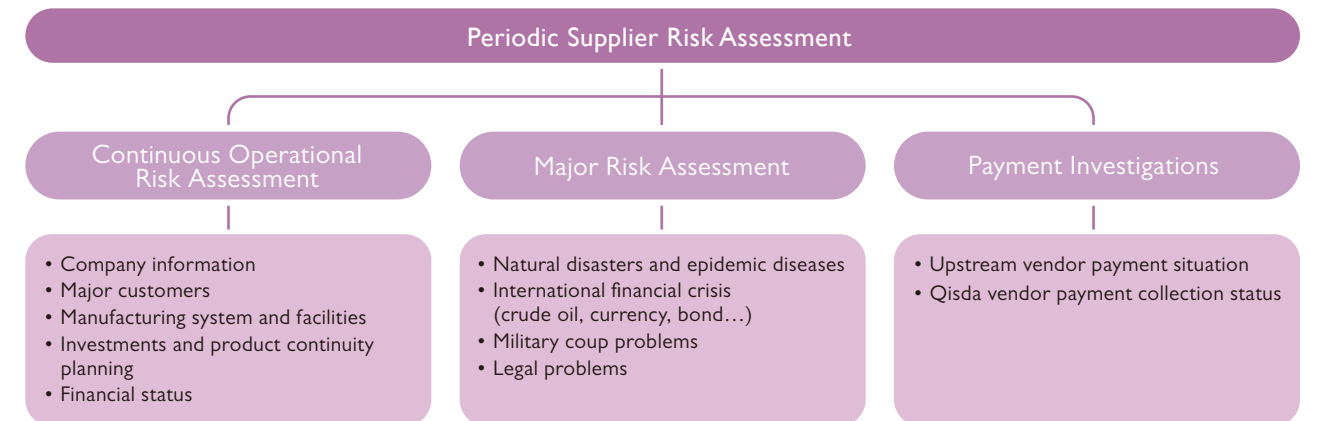
In addition, Qisda continuously performs risk assessments on its suppliers. For example, special incidents such as Suzhou cold injury, Japan's Kumamoto earthquake, Brexit, US presidential election, 206 southern-Taiwan earthquake and

### Supplier Evaluation QISDC Overview



Darwin Precisions Corporation fire. 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.

### Supplier Risk Assessment Structure



## 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.

Qisda has planned three phases: awareness, implementa-

tion and sustainability to execute green supply chain management. The details are as follows:

- Awareness**  
Social Responsibility & Environmental, Safety and Health Survey, Electronic Industry Citizenship Coalition Code of Conduct (EICC) Self-assessment Key Supplier Greenhouse Gas Emissions (GHG) Inventory Training.





### Implementation

Social Responsibility & Environmental, Safety and Health On-Site Audit, EICC Code Implementation, GHG Self-Disclosure and Reduction.



### Sustainability

Self-Management, Corporate Sustainability Report Practices, Expansion to Tier 2 Suppliers.

## I. 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 calculation. 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 surveys on supplier social responsibility & 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 GHG emissions inventory item in the survey in response to the international trend and customer requirements.

Since 2013, we have selected specific suppliers to fill out the Self-Assessment Questionnaire (SAQ) announced by the Electronic Industry Citizenship Coalition (EICC) each year to understand the compatibility of the suppliers in meeting the EICC Code for the reference of executing EICC Code on-site audit of the next phase.

Supplier Social Responsibility & Environmental, Safety and Health Survey and On-Site Audit accounted for 71.7% of the total purchasing expense of 2015.

## II. 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. We also actively encourage those suppliers not yet applying management system certificates to apply for related certificates. By such, we expect the suppliers can upgrade their self-management capabilities and march toward corporate sustainable development together with Qisda.

In 2016, Qisda selected key component supplier, service provider, human agency, etc. to launch Social Responsibility & Environmental, Safety and Health 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 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.

In 2016, a total of 26 suppliers received survey and on-site audit on social responsibility & environmental, safety and health. All suppliers do not use child labor or have compulsory labor and other responses showed that they all meet the requirement of Qisda; therefore, there are no high-risk suppliers. As of the end of 2016, suppliers that had completed Qisda Supplier Social Responsibility Survey and On-Site Audit accounted for 71.7% of the total purchasing expense of 2015 and 19% of suppliers had obtained SA 8000 certificates or conducted third-party verification of EICC Code. In addition, Qisda makes use of on-site audit to teach suppliers how to launch GHG emissions inventory calculation 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 GHG Survey by 2020.

## III. Sustainability

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

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

Research findings from international NGOs (Non-Government Organization) such as SOMO and Enough indicate that the Democratic Republic of the Congo, scene of the deadliest conflict since World War II, remains the most dangerous place in the world to be a woman or a girl—in significant part because of the international demand for electronic products that requires minerals found in the eastern Congo. Companies that produce electronics containing conflict minerals from eastern Congo have a responsibility to ensure that their business dealings are not inadvertently helping to fuel atrocities.

Therefore, the EICC and GeSI have requested their member companies to ensure socially and environmentally responsible sourcing of minerals. Based on the requirements of customers, 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 or contribute to human rights abuses from conflict-affected regions such as DRC and adjoining countries.

For the supplier conflict minerals investigation, Qisda has an internal audit process. For suspected supplier with related issues, Qisda will return the information to the supplier to verify. If confirming that the supplier works with smelter which is not included on the Conflict-Free Smelter Program List, Qisda will ask the supplier to offer a plan of working with a compliant smelter and notify the supplier of related risks. Furthermore, the procedure that Qisda has taken through the years is as follows: In 2010, Qisda for the first time required suppliers to sign a Conflict-Free Minerals Supply Agreement.

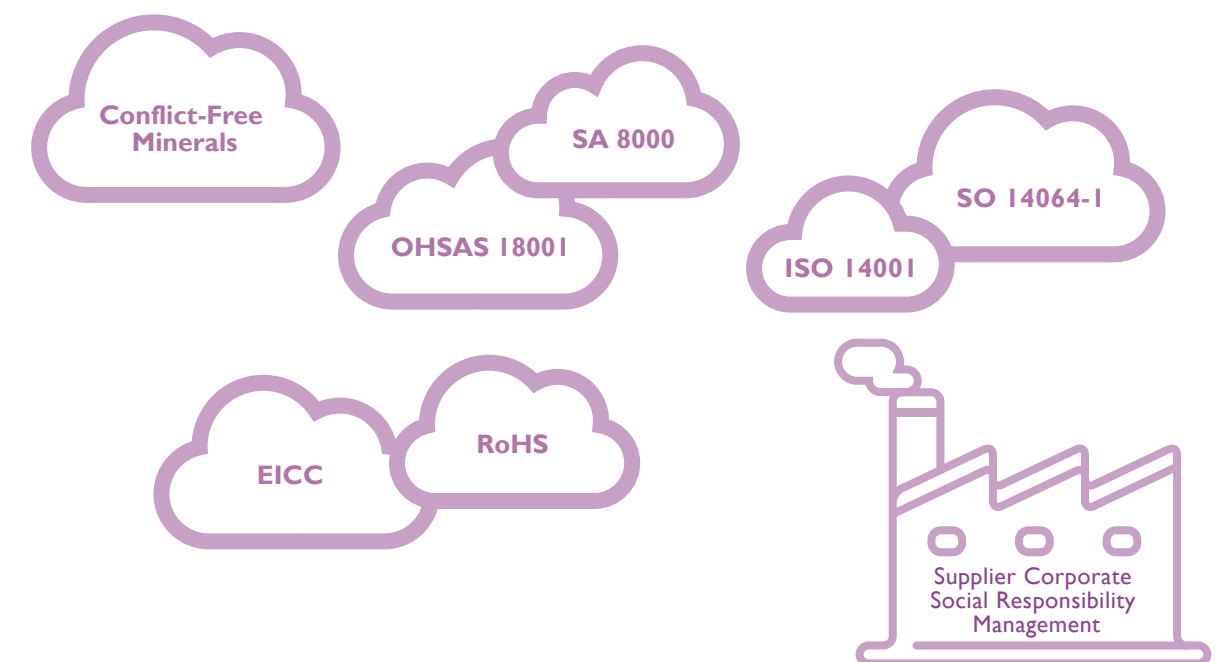
In 2011, all suppliers were asked to commit to conflict-free sourcing of materials and to respond to Conflict Minerals Reporting Template developed by the Electronic Industry Citizenship Coalition (EICC) and the Global e-Sustainability Initiative (GeSI).

In 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.

Starting from 2013, Qisda launched the CMS system to conduct supply chain conflict minerals survey.

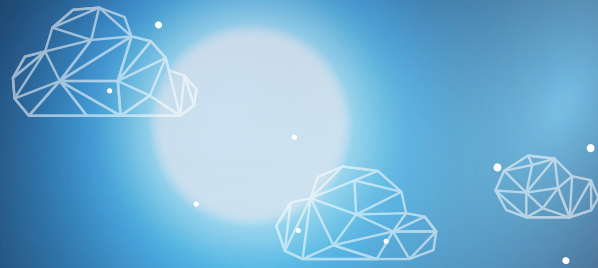
In 2016, Qisda further added the content of encouraging suppliers to participate in the Conflict-Free Smelter Program of Conflict-Free Sourcing Initiative in its purchase orders.

### Supplier Social Responsibility & Environmental, Safety and Health Management Criteria



\* Conflict minerals: Tantalum, Tin, Tungsten and Gold.

\*\* DRC and adjoining countries: Angola, Burundi, Central African Republic, Republic of Congo, Rwanda, South Sudan, Tanzania, Uganda and Zambia.



### Chapter 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-management communication as well as appeal channel so that employees have channels 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 shared value concerned material topics of stakeholders and the management goals of Qisda are as follows:

Material Topic	2016 Management Goal	2016 Status	Corresponding Chapter of Management Approach
Human Rights	<ol style="list-style-type: none"> <li>Global manufacturing sites obtain SA 8000 certificates and no violation of human right incidents occur</li> <li>10 suppliers complete Supplier Social Responsibility &amp; Environmental, Safety and Health Survey and On-Site Audit</li> </ol>	<ol style="list-style-type: none"> <li>Done</li> <li>26 suppliers completed</li> </ol>	<ul style="list-style-type: none"> <li>Human Rights Management</li> <li>Green Supply Chain</li> </ul>
Salary and Benefit	<ol style="list-style-type: none"> <li>Number of employee participating in the activities of Welfare Committee reach 12,600</li> <li>Average annual event satisfaction reach 4.1</li> </ol>	<ol style="list-style-type: none"> <li>14,867 employees participated</li> <li>Scored 4.28</li> </ol>	Creating a Happy and Healthy Working Environment
Innovation	The number of participation to reach 2,500	2,588	Creative culture

● Achieved / ○ Partially Achieved or on Track



Material topics 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 28, 2016, the number of full-time employees at Qisda was 9,985\* with 1,653 stationed in Taiwan, 8,300 in China and the rest 32 in other overseas locations.

### Recruiting Principles

Qisda publicly selects and recruits employees according to actual business needs while striving in developing various channel projects, 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.

### Workforce Distribution

Qisda gives priority to local candidates on recruiting. As an example, with the managers accounted for 18.51% of its total workforce in Taiwan, of which 98.80% were hired locally. In Suzhou, China, managers accounted for 13.70% of its total workforce, while 85.85% of managers were local hires.

#### Percentages of Locally-Hired Managers

	Taiwan	Suzhou, China
Percentage of Management Positions	18.51%	13.70%
Percentage of Locally-Hired Managers**	98.80%	85.85%

#### Governance Bodies by Gender and Age

	Taiwan			Suzhou, China		
	Under30	30~50	Over50	Under30	30~50	Over50
Male	N/A	59.0% (49人)	25.3% (21人)	N/A	67.6% (215人)	4.1% (13人)
Female	N/A	12.0% (10人)	3.3% (3人)	N/A	28.0% (89人)	0.3% (1人)

\* The employee number in the chapter was based on the actually-hired employees (permanent and cooperative education students) of Qisda. Since the contract of temporary workers was at a third-party company while the real employer was not Qisda, the above-mentioned workforce did not include that of temporary workers (Taiwan temporary worker number: 127. Suzhou, China Suzhou, China temporary worker number: 4,237).

\*\* 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).

2016 Qisda employee profiles by genders and hiring status are shown in following tables.

#### Employee Headcounts

	Taiwan				Suzhou, China			
	Indirect Labor		Direct Labor		Indirect Labor		Direct Labor	
	Male	Female	Male	Female	Male	Female	Male	Female
Permanent	976	482	78	69	1,344	977	3,901	2,078
Cooperative Education Student	0	0	40	8	0	0	0	0
Temporary Worker	0	0	68	59	0	0	3,395	842
Total	976	482	186	136	1,344	977	7,296	2,920

#### Employee Age, Gender, and Labor Type Distribution

	Taiwan				Suzhou, China			
	Under30	30~50	Over50	Total	Under30	30~50	Over50	Total
Indirect Labor	113	1,266	79	1,458	950	1,349	22	2,321
Direct Labor	115	71	9	195	5,387	590	2	5,979
Male	149	887	58	1,094	4,202	1,022	21	5,245
Female	79	450	30	559	2,135	917	3	3,055

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

	Taiwan		Suzhou, China	
	Male	Female	Male	Female
Indirect Labor	2.2	2.2	1.9	1.9
Direct Labor	1.18	1.18	1.03	1.03

## 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 0.2%~1%. 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		Suzhou, China	
	Male	Female	Male	Female
Indirect Labor	4.60% (76)	2.54% (42)	4.43% (368)	2.06% (171)
Direct Labor	1.15% (19)	0.79% (13)	143.45% (11,906)	59.99% (4,979)

### Demission Rate by Labor Type and Age

	Taiwan			Suzhou, China		
	Under30	30~50	Over50	Under30	30~50	Over50
Indirect Labor	0.91% (15)	6.05% (100)	0.18% (3)	4.77% (396)	1.72% (143)	N/A
Direct Labor	1.33% (22)	0.60% (10)	N/A	198.90% (16,509)	4.53% (376)	N/A

### Demission Rate by Gender and Age

	Taiwan			Suzhou, China		
	Under30	30~50	Over50	Under30	30~50	Over50
Male	1.27% (21)	2.60% (43)	0.06% (1)	216.75% (17,990)	12.82% (1,064)	N/A
Female	0.97% (16)	4.05% (67)	0.12% (2)	76.96% (6,388)	4.30% (357)	N/A

### Rate of New Employee Hires by Labor Type and Gender

	Taiwan		Suzhou, China	
	Male	Female	Male	Female
Indirect Labor	4.72% (78)	3.69% (61)	4.36% (362)	2.08% (173)
Direct Labor	0.60% (10)	N/A	136.49% (11,329)	55.65% (4,619)

### Rate of New Employee Hires by Labor Type and Age

	Taiwan			Suzhou, China		
	Under30	30~50	Over50	Under30	30~50	Over50
Indirect Labor	2.36% (39)	5.93% (98)	0.12% (2)	5.46% (453)	0.99% (82)	N/A
Direct Labor	0.48% (8)	0.12% (2)	N/A	188.92% (15,680)	3.23% (268)	N/A

### Rate of New Employee Hires by Gender and Age

	Taiwan			Suzhou, China		
	Under30	30~50	Over50	Under30	30~50	Over50
Male	1.69% (28)	3.51% (58)	0.12% (2)	137.90% (11,446)	2.95% (245)	N/A
Female	1.15% (19)	2.54% (42)	N/A	56.47% (4,687)	1.27% (105)	N/A

\* 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 site.



## 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. We also invite profession-

als each year to share topics such as technology, life and social welfare and provide new knowledge of various aspects, expecting to stimulate boundless possibility of work and life. 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, IECQ 080000, and Environmental, Safety and Health-related courses. The overall average training hour was 66.31 hours in 2016. The average training hours according to gender and employee types are shown in the following table.

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

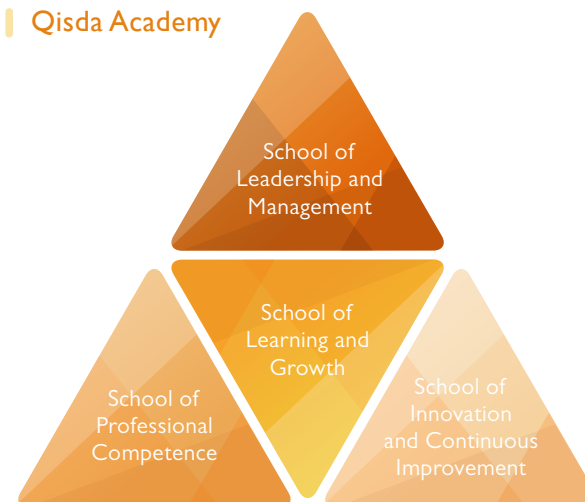
	Taiwan		Suzhou, China		Qisda Total	
	Indirect Labor	Direct Labor	Indirect Labor	Direct Labor	Indirect Labor	Direct Labor
Male	20.92	22.77	104.15	33.74	102.30	26.74
Female	26.40	17.61	57.10	31.14	56.45	23.98
Total	23.15	21.14	87.36	32.65	85.26	25.75

### 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 Competence, and the School of Innovation and Continuous Improvement, 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.

As the following figures, the four schools offer a broad spectrum of training programs. The School of Professional Competence offers programs that meet the developmental needs of various positions within the company. It

### Qisda Academy



Up till now, over 2,400 CIP projects are implemented around the world

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 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-devel-

Qisda expects its management team to excel in self-development and leadership skills for company success.

Moreover, to provide complete care and guidance for new hires, Qisda specifically implemented a Mentor Program. Senior staff will be responsible for guidance and legacy, the new staff can shorten learning time and reduce learning frustration at their tasks, so that they can rapidly adjust themselves to company environment and understand the corporate culture of the company as soon as possible. With the guidance of the mentor, new staff can display fair working attitude and performance. The range of the guidance covering: guidance of knowledge, technique, tool-usage of new hires 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.

### Qisda Academy



In addition, starting in 2007, Qisda introduced Six Sigma strategies into company operation, developing the Continuous Improvement Program (CIP 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 2016, the number of CIP projects was 372. Up till now, over 2,400 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 sites obtained SA 8000 certificates and no violation of human right incidents occurred
- Perform EICC Code and SA 8000 educational training for all employees

## 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 (including aborigines), 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, benefit and training for employees. Qisda treats all employees equally and

## SA 8000 Certificate



ensures execution of the above-mentioned flow is without flaw via internal and external audits of SA 8000 each year. In 2016, there were no discrimination incidents in the company.

Since labor right and human right issues are always the concerning points of the customers, Qisda launches EICC Code and SA 8000 educational trainings each year, with the rate of employee receiving trainings reached 79%\* in 2016. Additionally, we launched EICC Code and human right-related educational trainings for outsourced staff performing duties at our company's factories such as security and cleaning staff, with the rate of training received reaching 100%.

Furthermore, 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 2016, 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.

## Electronic Industry Code of Conduct (EICC) Implementation

Qisda integrated Electronic Industry Code of Conduct (EICC) 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.

\* The number of hours each employee received human right-related trainings was one in 2016.

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

- Elected as one of the Taiwan High Compensation 100 Index
- Won Work-Life Balance Award by Minister of Labor

### Fundamental Employee Guarantees

Location	Taiwan	Suzhou, China
Provided in accordance with relevant laws and regulations	<ol style="list-style-type: none"> <li>Health insurance and labor insurance</li> <li>Retirement funds</li> <li>Unpaid wage compensation funds</li> <li>Occupational disease insurance</li> <li>In-house medical facilities and medical staff</li> <li>Paternity leave (male employee)</li> </ol>	<ol style="list-style-type: none"> <li>Social security (retirement, medical benefit, unemployment, work-related injuries, child birth)</li> <li>Housing provident fund</li> <li>Annual paid-leave</li> </ol>
Exclusively provided by Qisda	<ol style="list-style-type: none"> <li>Annual bonus/performance bonus</li> <li>Group insurance*</li> <li>Free health examination</li> <li>Employee bonus (profit-driven)</li> <li>Meal subsidies</li> <li>Employee advanced study</li> <li>Employee educational training</li> <li>Bereavement system</li> <li>Corporate-contracted hospitals</li> <li>Employee discount for company products</li> <li>Weddings, funerals, and illness allowances</li> <li>Dormitories and uniforms</li> <li>Sports center and fitness program</li> </ol>	<ol style="list-style-type: none"> <li>Annual bonus/performance bonus</li> <li>Group insurance</li> <li>Free health examination</li> <li>In-house medical facility</li> <li>Fitness center</li> <li>Meal subsidies</li> <li>Employee educational training</li> <li>Corporate-contracted stores</li> <li>Employee discount for company products</li> <li>Weddings, funerals, and illness allowances</li> <li>Dormitories and uniforms</li> <li>Financial support for clubs</li> <li>Financial support for quarterly employee outings</li> <li>Paid time off (PTO)</li> </ol>

\* 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 2016, the fair value of the planned asset was NT\$466,016,000. Qisda recognized NT\$3,633,000 in 2016 according to related regulations. The insufficient amount was recognized as pension liabilities, with the amount at NT\$275,593,000 by the end of 2016.  
 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 2016, the amount recognized was NT\$369,218,000.

## 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 24 employee representatives (14 from the manufacturing site in Suzhou, China and 10 from head-quarter in Taoyuan, Taiwan, accounting for 0.17% 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.

- The number of Creative Culture Participation reached 2,500
- The number of essential patents increased 6.8%

## 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 deciding 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 inspecting the progress

### Dominoes Design Contest





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. In 2016, the number of creative culture participation reached 2,588 and the number of essential patents increased 6.8%.

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 2016, 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-Celebrity Lectures

"Imagination is the source of creativity, realization is the possibility of innovation." Qisda invited celebrities from different fields to share the process on execution & excellence and passion & professionalism, enabling employees to rapidly learn how to create from the stories boundless possibility with passion.

### 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,

#### Eureka Program-Million Dollar Creative Competition



Extreme Power Barrow, Room Escape, and Dominoes Design Contest so that its employees can express their creativity. Amid the activities, the Dominoes Design Contest requires employees to use various arrangements and heights to let employees to use their brain, bring creativity into full play and increase team chemistry.

### IV. Online Election of Good Creative Ideas-Eureka Program (Million Dollar Creative Competition)

The above creative activities enable growth of creative culture in the company. Amid the creative culture atmosphere, employees will be willing to contribute ideas while the ideas will be closely related to the method and activities of the employees when working. Since 2015, 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.

The ideas will undergo rounds of selection while a few outstanding ones will be developed into project plans. The outstanding ideas and their creators should actively face customers, understand and analyze user experience and user research. Therefore, the Eureka Program of the phase mainly focuses on recognition innovation and application innovation. In 2016, 815 ideas were accumulated while 13 outstanding ideas were selected by company employees. In the second phase, we will investigate on the user research plan, value proposition design and idea ripening. In the third phase, we will plan according to activities such as developing business model innovation.

### 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 Centers provides a variety of programs and services in six areas, including wellness clinics, on-site nursing programs, disease prevention, cure and care, emergent medical care, health management tracking system, and promotion of a healthy and positive lifestyle.

### I. Wellness Clinics

Designed to offer convenient medical treatment and health consultation, wellness clinics provide diagnosis and treatment covered by national health insurance. Employees can access to on-site medical services at any time.

(1) Establish on-site health services: Tasks include occupational safety investigation, implementation of occupational disaster prevention, and the reduction of the rate of occupational disaster occurrence.

(2) Special health cases management: Employees working in radiation, organic solvent, and noise-involved sites are

vulnerable to occupational diseases. They are enlisted under regular health checks and management. Our standard is higher than the regulations of labor inspection of the government and we regularly launch refined examination on the eyes of staff performing glare experiments while giving special protection measures (protective equipment). Until now, no cases of occupational diseases caused by work were discovered in Qisda.

### 2. On-Site Nursing Services

Qisda has started promoting on-site nursing since 2007. In order to let working mothers continue to work and feel comfortable nursing, the Wellness Center enhanced the convenience and privacy of the nursing environment with better hardware equipment, such as refrigerators, sterilizers, milk storage bags, breast-pumping devices, and heaters.

### 3. Disease Prevention, Cure and Care

The e-health management system provides information on domestic and international pandemic and infectious diseases,

#### Qisda Health Management Model





in order to convey the accurate disease prevention concepts to fellow employees. The e-health system also implements a global disease notification system to track emergency supply status of each site and the health condition of each worker.

#### 4. Emergent Medical Care

The e-health system provides first-aid training in initial care for common illnesses (such as pulled muscles and nosebleeds) and accidents (such as lacerations and drowning) in various occasions, for instance, orientations, first-aid certification courses, and emergency response courses, etc. In 2013, the corporate headquarter in Taoyuan, Taiwan installed Automated External Defibrillator (AED) in its lobby located on the first floor. In 2016, we installed second AED at the public area of the first floor of its Shuang-Shing factory in Taoyuan and trained seed staff related to AED emergency training. We also provide new-version of emergency program trainings of the American Heart Association (AHA) for around 151 executives and employees at the factory.

#### 5. Health Management Tracking System

The digitalized health management system keeps records of employee health examinations, tracking and highlighting abnormal or unusual parts of the health report to bring to the employee's attention. Further consultation with on-site physicians is scheduled to help the employee better understand his/her physical condition and make arrangements for recommended treatment. We also adopt Disease Specific Health Assessment (DSHA) to have quantitative assessment for personal or group health status and future disease and (or) death risk. We use Framingham Risk Score of ATPIII Framingham to assess the risk of Ischemic Heart Disease in ten years while performing one-to-one health education and health follow-up for mid-to high-risk group.

#### 6. Activities Promoting a Healthy Lifestyle

Qisda values the work-life balance of its employees,

looking for opportunities to promote a healthy life style through seminars and activities. In 2016, the Wellness Center promoted the following activities according to the health requirements of modern people:

##### (1) Promote Healthy Self-Management Program:

- (a) Total of 98 employees received blood pressure measurement to help build healthy self-management habit (measured over 26 days).
- (b) Manage the degrease into gold plan for sub-healthy group (BMI>24), the total sum of degreasing: 104.3 kg.
- (c) Lecture activities totaled 16, with 951 participants.
- (d) Healthy EDM propaganda relating to exercise and diet, with promotion of health-promotional screening activities such as healthy cancer prevention screening, special health prevention vaccination to achieve effects of disease prevention and early discovery, 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. For more efficiency and realization of EAP promotion in the workplace, we also design Qisda motion picture for mental propaganda: for family-Tension between family members, for bi-sex affection-Bi-sex communication, for mental health-Understand bipolar disorder, physical/mental pressure-Work pressure. We deliver mental and mood health concepts to keep the balance between workplace and life.

#### Qisda Healthy Self-Management Program



## Goodwill for the Earth, Love for the Society

Total number of hours of employees participating in charity events in 2016 reached 2,175

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 executes 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. In 2016, we launched Disabled Person Handmade Flower Startup Project.

As well, the number of hours its employees participating in charity events in 2016 reached 2,175 with the events including monthly minority group care projects by the caring club, BenQ Group planting, ecologic volunteers and so on.

### 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 2016, the program–Hsin-Fu Q School, Happy Science

#### Hsin-Fu Q School, Happy Science Experience Class



### Thoughts on the visit by Hsin-Fu Elementary School

We sincerely thank Qisda for having us learn to experience the convenience of technology and futurity by actions of loving the Earth. During the interesting interaction and hand-made process, we realized the dream of being a small scientist. Thanks to the "Hsin-Fu Q School", we small Earth citizens can have a dream, dare to try and love the Earth while having boundless creative mind.

Experience Class—was continuously carried out for Hsin-Fu Elementary School in the neighborhood. During the activity, we led the children to learn about factory plants and environment while introduce them to green products, teaching them how to reduce carbon and love the planet. Besides, they became small engineers and were taught how to easily make



### Won Enterprise Volunteer Award by Taoyuan City Government

mobile phone microscope. With learning by doing, they learned about the principle of microscope and can observe factory plants with microscope made by themselves, reaching the purpose of edutainment.

In 2016, a total of 117 elementary students participated in the "Hsin-Fu Q School" with accumulated number of students experiencing the activity since the onset of the event reaching 600 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 Caring Club

Starting from 2006, Qisda Caring Club has held over 200 public welfare activities and strives to become a various



### Caring Club President Andy Wu:

Thanks for our 7-person caring team and employees participating in the events. We believe we will become better! We believe it is enough that we use the right method while caring and giving with our heart. Caring is all but action!

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, Qisda Caring Club officially joined the Peaceful Plan 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 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 2016, club members held over 67 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. In 2016, our employees voluntarily donated a total of NT\$1.31 million dollars of small-quantity donation.

### Suzhou, China

In 2013, Suzhou, China started promoting the Hope Journey plan, choosing the Ming-Fan Elementary School at the foot of Dabieshan Mountain, Anhui Province with simple and crude facilities to establish a dream library from scratches. With two quarters of Hope Journey plan, we combine our mountain-climbing culture with social responsibility while children from the mountain area deeply enjoy the reading location provided by our company. Meanwhile, to further integrated with CSR, our Suzhou, China site provided the Disabled Person Handmade Flower Startup Project in 2016. From the angle of increasing ability and combining the helping others/-self-help concept, we trained twenty disabled people for

handmade flower. Starting from zero experience and learning from knowledge content such as internet shop, promotion and finance to control occupational skills and enrich their lives while gaining certain level of income. These all came to a fair result. Within a year, the twenty disabled people could fairly capture the skills of handmade flower while the resulted works were all purchased. Those flowers that will not wither represent not only a skill possessed by people, but hope of life and light of dream.

### 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 2016, 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 30,000 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

### Workshop of Intelligence with Integrity Character



### Seven Major Themes of 2016 Caring Activities





3. Dream Action-Campus Lecture



3. Dream Action-Campus Lecture



well as Chung Yuan Christian University and Asia University to hold summer camps for underprivileged schoolchildren.

3. Dream Action-Campus Lecture

BenQ Foundation visited 44 high schools and vocational schools in 2016, 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, Yo-yo ball professional Yang Yuan-Ching and Taiwan Techno Princes. The stories encouraged students to realize their own boundless possibilities.

II. Elevate Original Cultural Values

I. 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

I. BenQ Chinese Cinema Fiction Award



2. BenQ East Coast Music Workshop



award-winning pieces all won acknowledgements from Taiwan's major players in cinematic and cultural fields and writers. A total of 28 award-winning work from six rounds of soliciting articles all received key recommendation by the Book Meets Film Forum of annual Taipei International Book Exhibition and successfully authorized "One-Piece" and "UMA" to be revised into films.

2. BenQ East Coast Music Workshop

Music touches the soul the most. BenQ Foundation supports Taiwan local culture and original music of Taiwan and holds "BenQ East Coast Music Workshop". For two consecutive years, those who love music can devote themselves into lyric and song writing, combining professional music creation education, tribal humanity experience and local creation and performance, stimulating music creation inspiration and finishing the journey of a song.

Two rounds of award-winning pieces were collected and published in the music albums of "Under East Coast Moon-

light" and "Amidst the Sound of Eastern Shore Waves". The music album of "Under East Coast Moonlight" was awarded the 2015 and 2016 Red Dot Design Award and collected in the Germany Red Dot Essen Museum.

Music Albums of "Under East Coast Moonlight Moonlight" and "Amidst the Sound of Eastern Shore Waves"



Contract Farming and Adoption "My Homeland"



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 nine 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.

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,



### DOC Small Bazaar Event



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. Starting from 2013, for four consecutive years, 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 and 2016, 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 DOCs 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.



### The DOC Volunteer Trip “Red Jujube Harvest in Gongguan”



### The DOC Volunteer Trip “Summer Tea Harvest at Shaking Village of Hengshan Township in Hsinchu County”







## Chapter 4 March Toward Sustainable Environment

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, while conforming to the requirement and specific demands from customers to ensure that the products received by our customers are free from health concerns. It also aims to continually improve environment, quality, health and safety via management systems

The sustainable environment, concerned material topics of stakeholders and the management goals of Qisda are as follows:

Material Topic	2016 Management Goal	2016 Status	Corresponding Chapter of Management Approach
Product Life Cycle Assessment	Energy saving 1%, material reduction 1%, carbon reduction 1%, eco-efficiency improving 1%	Energy saving 32.7%, material reduction 22.85%, carbon reduction 12.8%, eco-efficiency improving 4.45%	<ul style="list-style-type: none"> <li>Green Product</li> </ul>
Quality Customer Safety and Health	Global manufacturing locations obtain ISO 9001, ISO 13485, IECQ QC 080000 certificates.	All manufacturing locations were certified.	<ul style="list-style-type: none"> <li>Quality and Hazardous Substance Management</li> </ul>
Occupational Health and Safety	Reduce injury rate (IR) by 2%, reduce lost day rate (LDR) by 6%	Reduce injury rate (IR) by 2.6%, reduce lost day rate (LDR) by 35.7%	<ul style="list-style-type: none"> <li>Health and Safety Management</li> <li>Employee Health Care Management</li> </ul>

● Achieved / ● Partially Achieved or on Track



Material topics 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

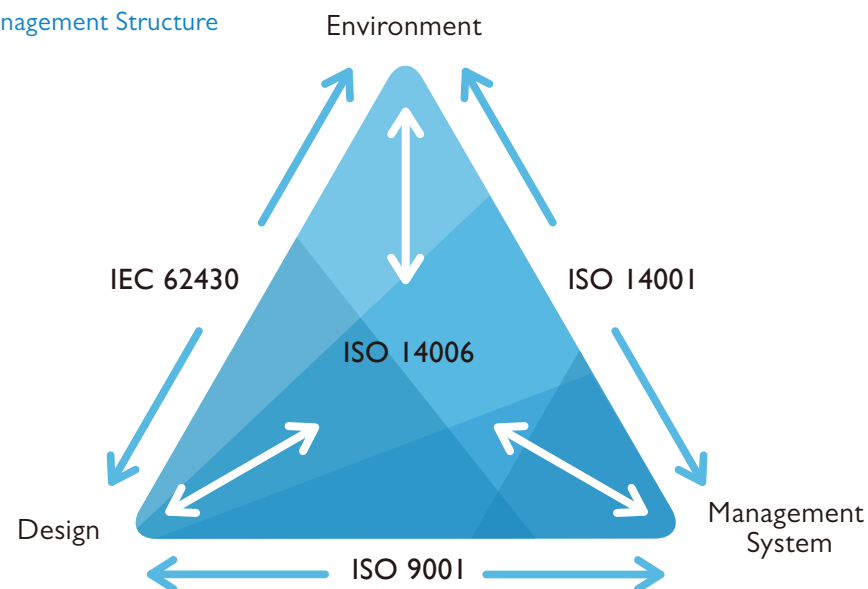
Through Qisda's proactive corporate sustainability devel-



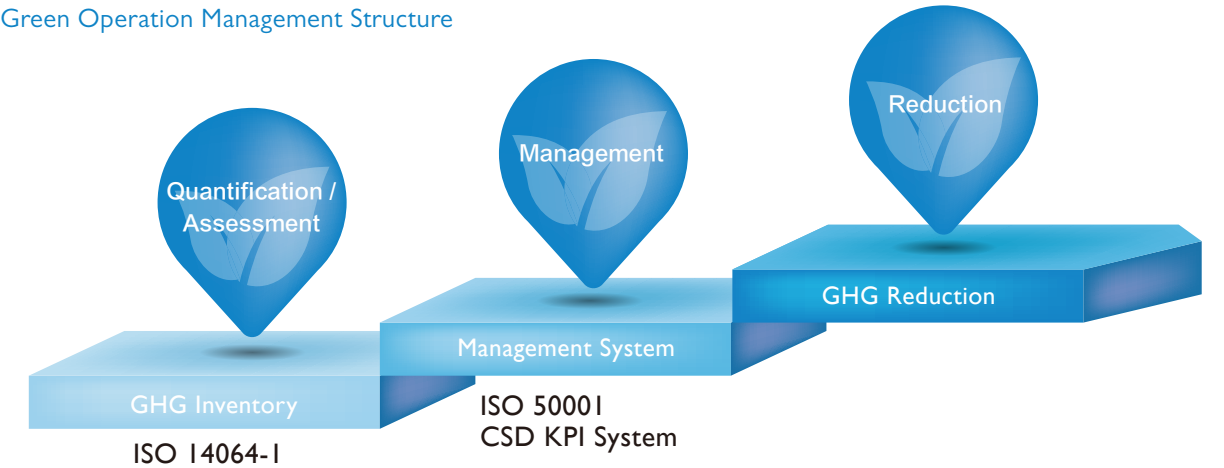
opment measures, we divide our efforts in environmental protection in the following areas: Green Products, Green Operation, and Green Supply Chain. For each category, we have defined individual development strategy and set management targets to be assessed by using Key Performance Indicators (KPIs).

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. For responding to the global trends, Qisda also expects to adapt a science-based target setting method within two years.

## Green Product Management Structure



## Green Operation Management Structure



### I. Green Products

Qisda utilized life cycle thinking to examine and quantify the carbon emissions impacts from each phase of our products' 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-I 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

## Green Supply Chain Management Structure



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. Finally in the phase 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 corporate sustainability 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 have been required to regularly record their volumes of greenhouse gas emissions. Additionally, with the ratification of Paris Agreement by 151 parties, 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 compa-

nies, 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 facilitates 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 chain 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 2016 result of greenhouse gas emissions inventory of its global manufacturing sites has passed ISO 14064-1 third-party verification. The certificate is shown on the right.

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 3,385 kilowatt by each million of operational energy consumption. The corporate internal energy consumption details in 2016 are as shown in table below.

### ISO 14064-1 Verification Statement

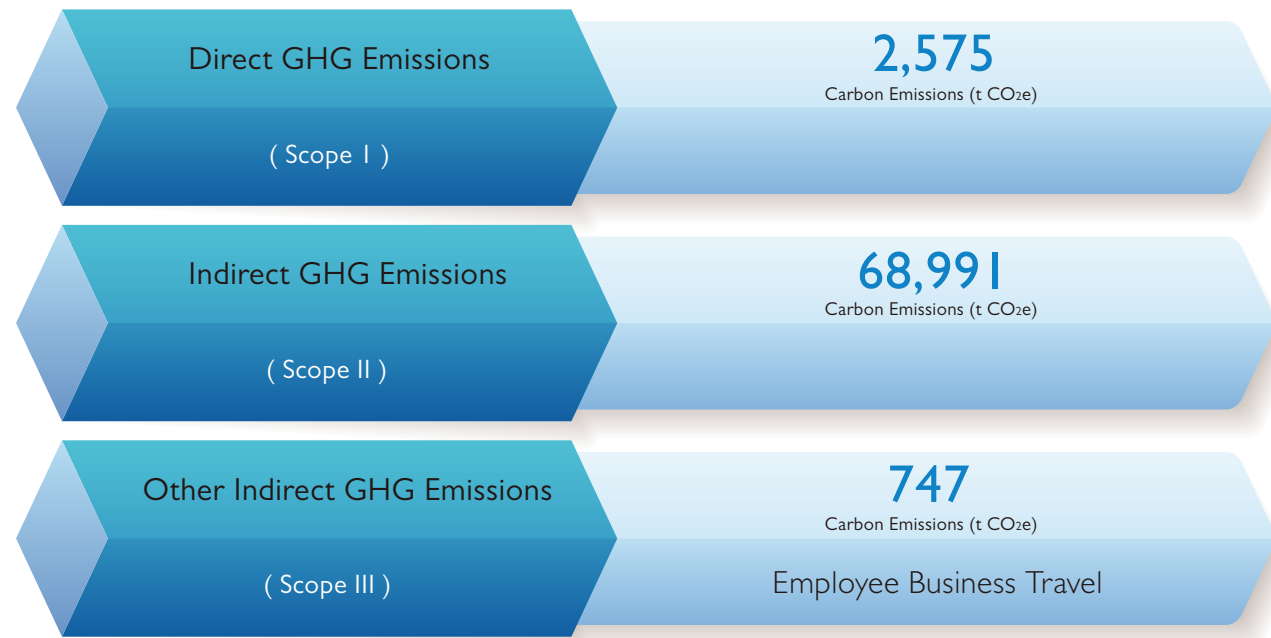


### 2016 Direct and Indirect Energy Use\*

	2014	2015	2016	Note
<b>Direct Energy Consumption</b>				
Natural Gas (1,000 cubic meter)	184	303	611.7 (23,861 GJ)	Total direct energy use in 2016: 25,441 GJ
Gasoline (tone)	24.26	26.42	24.21 (1,084 GJ)	
Diesel (tone)	10.92	6	11.119 (496 GJ)	
Refrigerant (tone)	0	0	0	
Steam (tone)	0	0	0	
<b>Indirect Energy Consumption</b>				
Purchased Electricity (10,000 MWh)	9.38	9.08	8.87	Total indirect energy use in 2016: 319,320 GJ

\* 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: the conversion table offered by GRI Disclosure 302-1.  
 3. The million-dollar sales revenue unit is Chinese Yuan (CNY).

Greenhouse Gas Emissions\*



According to 2016 GHG emission inventory results, the global GHG emissions of Qisda are 71,566 t CO<sub>2</sub>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. Although CDP changed its scoring method in 2016 to A to D-, Qisda still received a fair A- score, which is among the top ten of disclosed scores of Taiwan-based companies, indicating the emphasis and management of Qisda on the climate change issue while recognized by various groups.

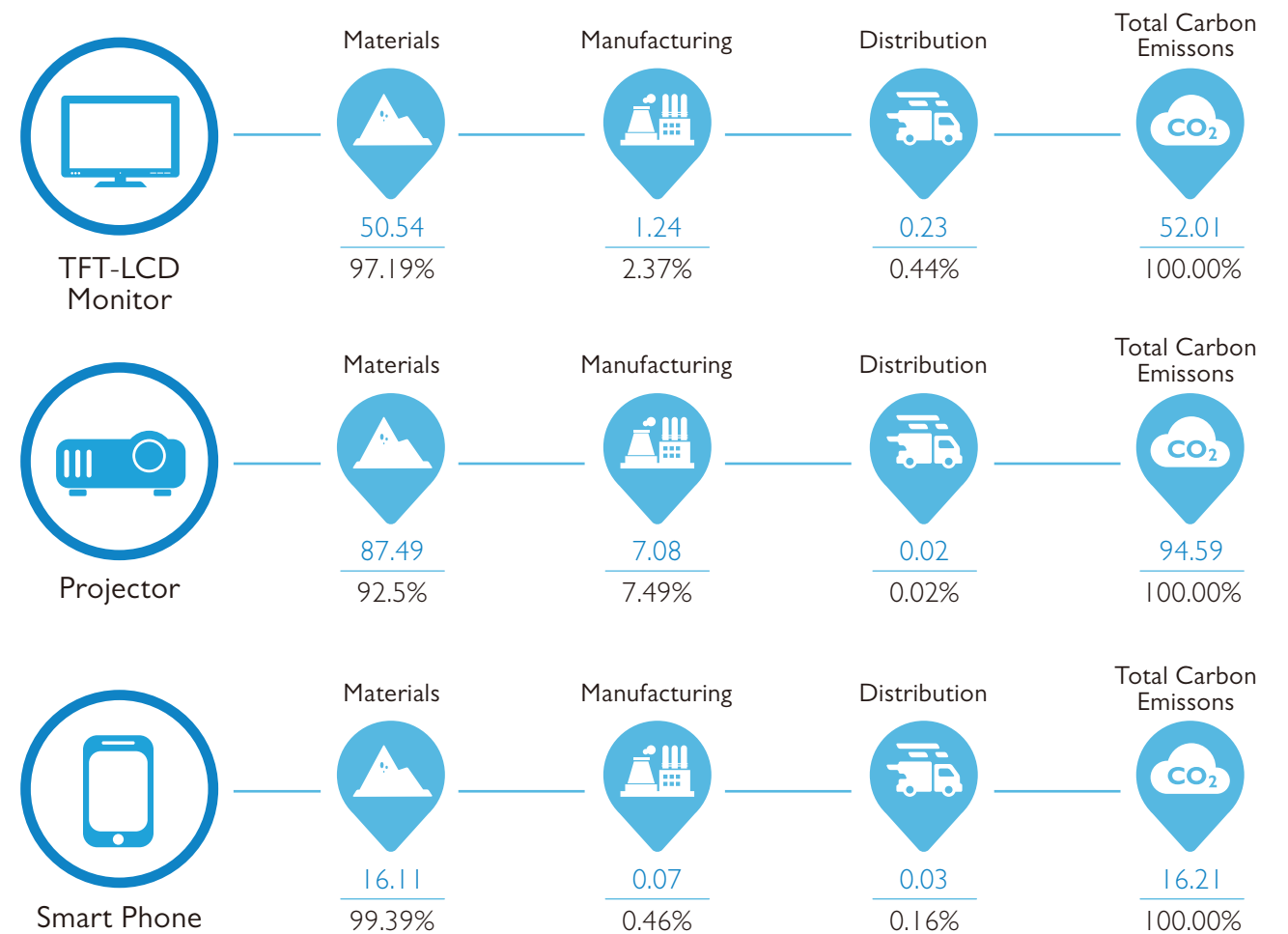
Qisda Carbon Disclosure Score Each Year

Year	CDP Disclosure Score
2016	A-
2015	97/B
2014	94/C

Performance on Product Carbon Reduction Each Year

Year	Performance on Product Carbon Reduction
2016	12.8%
2015	32.03%
2014	15.9%
2013	15.56%

Examples of Qisda Product Carbon Footprint Calculation



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.

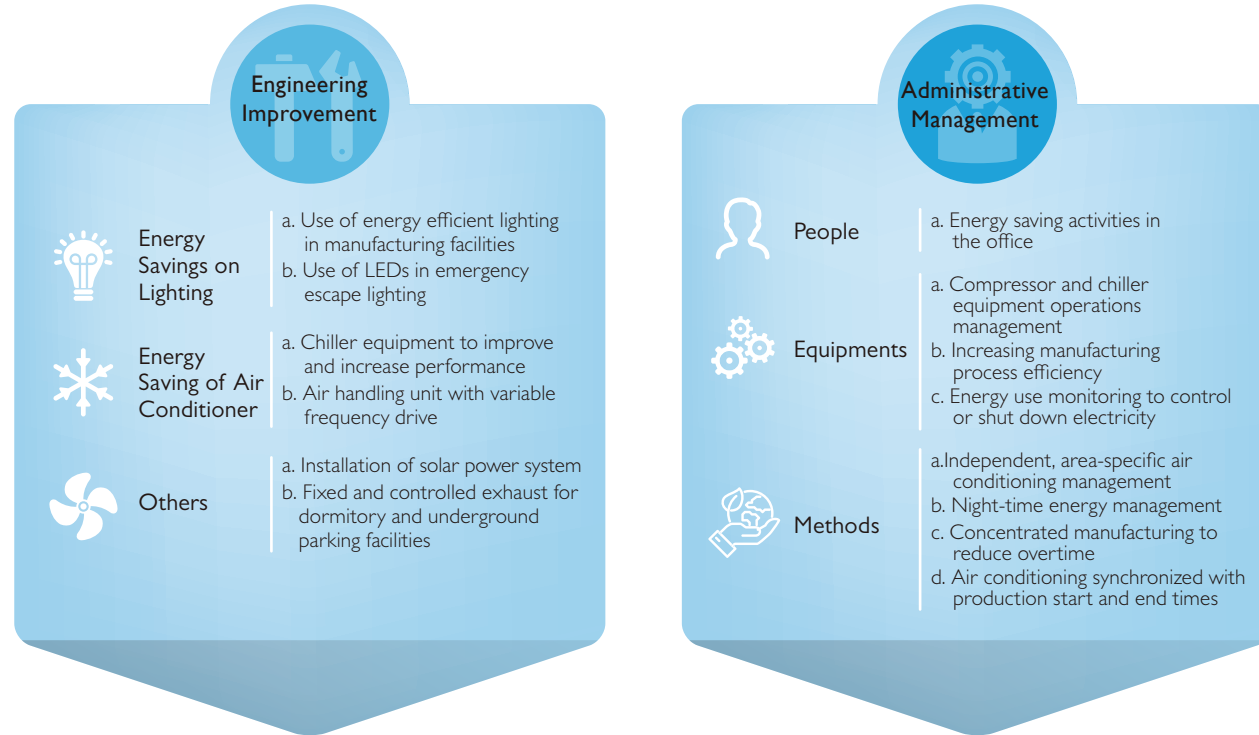
Qisda has installed one solar panels in the top of office buildings in Taiwan site since 2011. The total electricity generation is 13,548 KWh per year. The amount of carbon reduction is 7,153 t CO<sub>2</sub>e per year.

Total GHG emissions per 100 million dollars of revenue showed a decrease by 43.1% in 2016, as compared to 2009

\* 1. The standard, methodology and hypothesis of external other indirect greenhouse gas emission calculation adopt Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard to calculate the greenhouse gas emission generated by employee business travels (aviation).  
2. The source of coefficient used for the external other indirect greenhouse gas emission calculation adopts the coefficient chart announced in 2016 by UK's Department for Environment, Food & Rural Affairs (DEFRA).



## GHG Emission Reduction Program



## IV. GHG Reduction Performance\*

Through various energy saving initiatives, the global hourly GHG emissions per employee was 2 kg CO<sub>2</sub>e in 2016, in comparison to 2009's 2.86 kg CO<sub>2</sub>e, there has been a 30% reduction. In addition, for the performance of green house gas reduction, the GHG emissions per 100 million dollars

of revenue increased slightly by 2.7% in 2016 from that in 2015 due to the fact that:

1. Revenue reduced around 4.2% compared to that in 2015.
2. Electricity coefficient increased compared to that in 2015.
3. The freon of cooling water facilities increased emission of CO<sub>2</sub> in 2016.

## GHG Reduction Performance

	2009 Base Year	2010	2011	2012	2013	2014	2015	2016	Reduction Rate (Compared to 2009)
Total GHG Emissions (10,000 tons CO <sub>2</sub> e)	6.49	7.73	6.69	6.80	7.09	7.48	7.27	7.16	-
Hourly GHG Emissions Per Employee (kg CO <sub>2</sub> e)	2.86	2.26	2.04	2.00	2.17	2.1	2.02	2.0	30%
Total Electricity Consumption/Total Revenue (MWh /100 million)	82.1	110.2	111.4	111.4	111.4	98.3	84.6	79.2	3.7%
Total GHG Emissions/Total Revenue (tons CO <sub>2</sub> e /100 million)	130.6	122.9	98	91	82	76	72	74	43.1%

\* 2009-2014 global statistics had included that of its Mexico site; however, the site had stopped production officially since August 2014, so that data had not contained Mexico site since 2015.

## Green Product

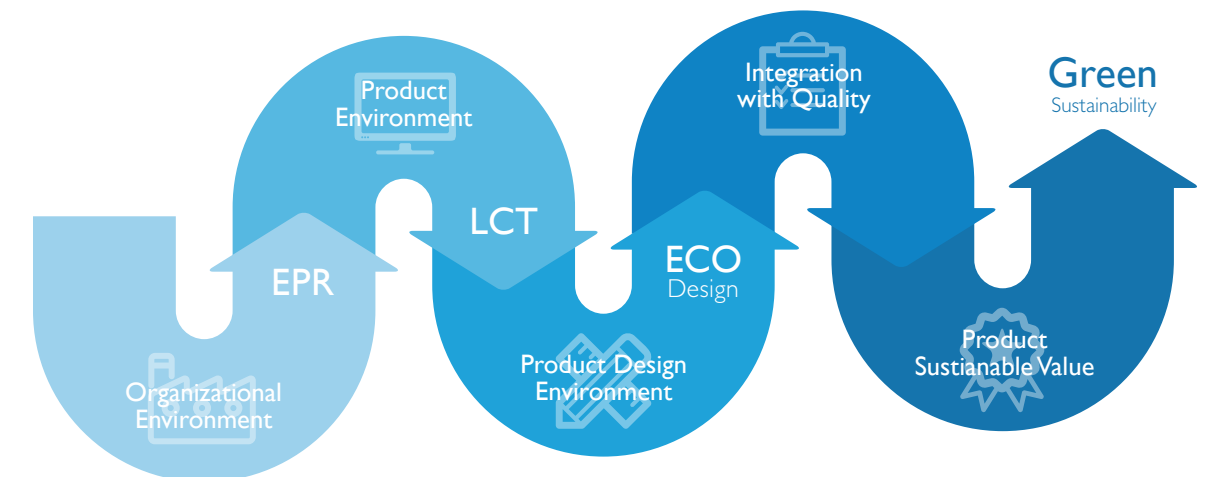
In 2016, each product line averagely reached energy saving **32.7%**, material reduction **22.85%**, carbon reduction **12.8%** and eco-efficiency improving **4.45%**

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 ISO 14006 Guidelines for Incorporating Ecodesign. 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. With continuous improvements, we have won evaluation and award recognition several times both domestically and globally. In 2015, we received the top award of Environmental Friendly Segment

## The Advancement of Green Products of Qisda



\* 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.

from the Global Views Monthly. In 2016, we were located at the fifth spot of Channel News Asia Sustainability Ranking, with the ranking specifically recognized the product life cycle thinking of Qisda's product design: Qisda includes green design at the early design stage for its products and compares reduction performance of the previous with the next generation products. These both helped Qisda to drastically reduce energy and resource consumption.

Looking ahead to the year 2020, we will keep promote "Green Design 555"\* to reach energy saving 5%, material reduction 5%, and carbon reduction 5%. The performance in 2016 has achieved energy saving by 32.7%, material reduction by 22.85%, carbon reduction by 12.8%, and eco-efficiency improving 4.45%. Qisda expects to keep elevating 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 environmental-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.

## 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 2016, the average weight reduction rate has achieved 22.85% 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. For more information, please refer to "Quality and Hazardous Substance Management".

### 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.

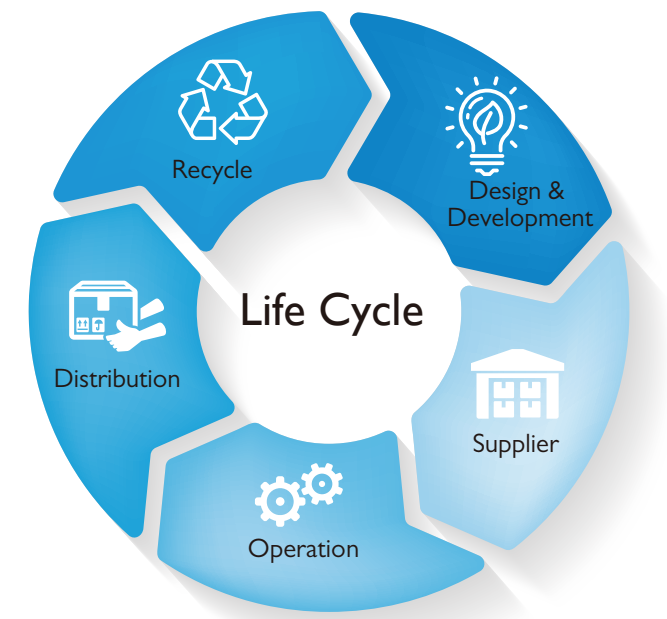
Hence we have constantly examined our performance to seek rooms for further improvement. In 2016, an increase of 32.7% in energy efficiency was observed for all production lines.

### 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.

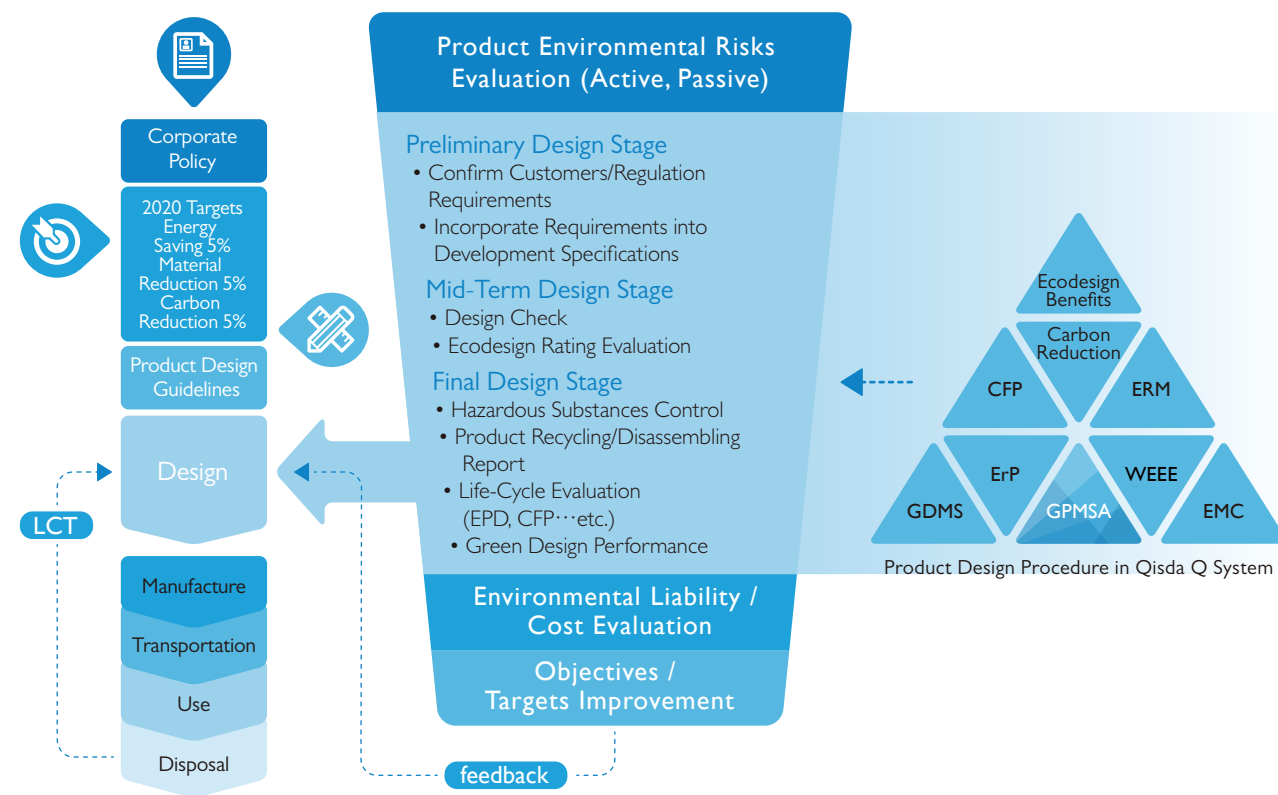
### Qisda Product Life Cycle Thinking



## II. Ecodesign Procedure

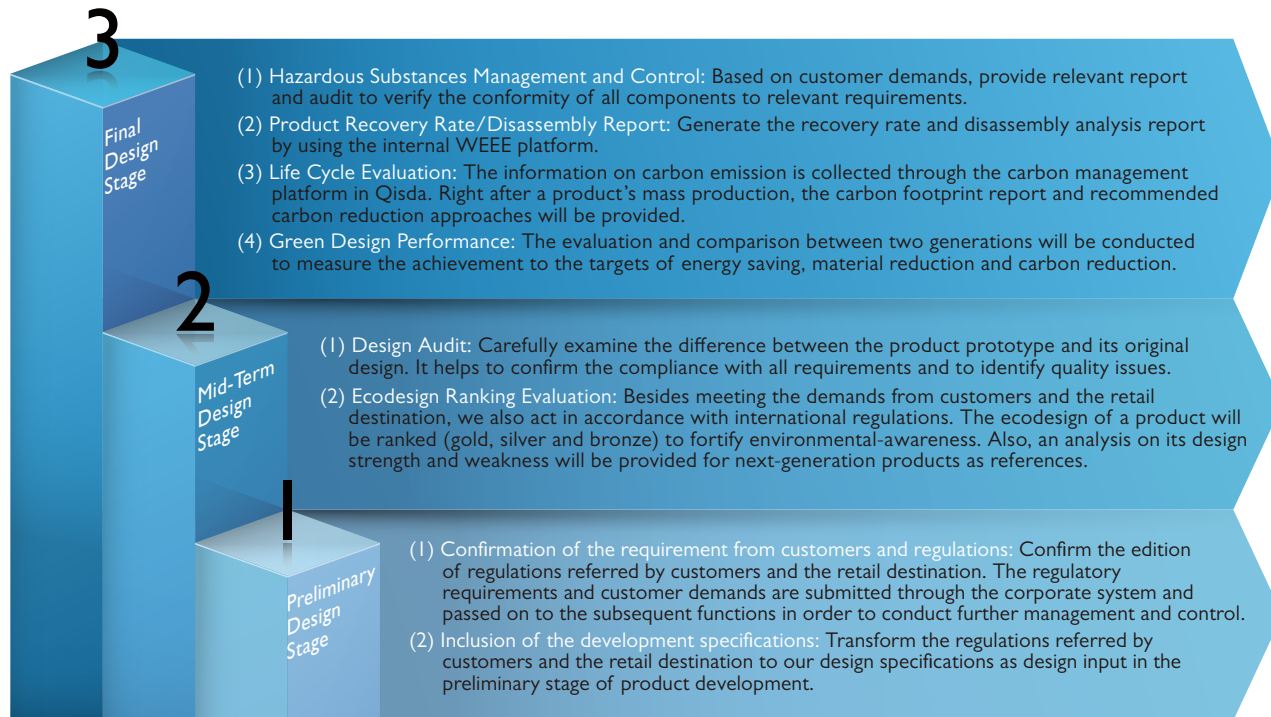
At Qisda, we make every effort to fully implement the concept of eco-design in all products. We not only meet the specific demands from our customers/retail destination, but also constantly engage in endeavors of material reduction, energy saving, and carbon reduction. Our product design procedure can be divided into three phases as the following figure.

### Qisda Incorporating Ecodesign Structure



\* 2016~2020 Targets are set based on the achievement of 2015.

\* The calculation of energy efficiency is the ratio of power output versus power input



### III. Environmental Risk-Assessment of Products

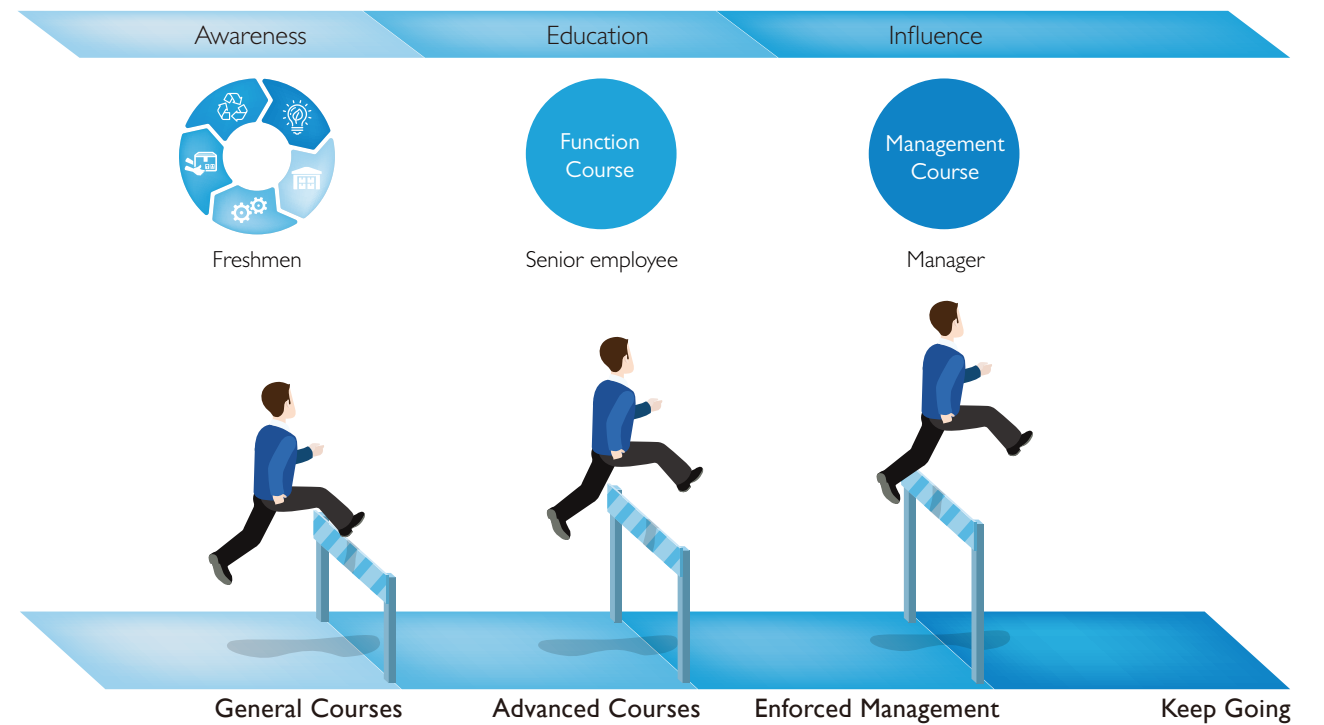
In addition to meeting the demands from customers and retail destinations, Qisda proactively seeks for simplified designs to cut down excessive manufacturing procedures and components used. Annual audits are administered to analyze the environmental impacts of individual product category, including the 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.

 Global manufacturing locations obtained ISO 9001, ISO 13485, IECQ QC 080000 certificates

The new version of EU RoHS has been implemented earlier than expected in October, 2016.

### Quality and Hazardous Substance Management

Qisda does its utmost to comply with ISO 9001 Quality Management Standards, ISO13485 Medical Device Quality Management System and IECQ QC 080000 Hazardous Substance Process. Qaida designs and manufactures products conform to the requirement and specific demands from customers to ensure that the products received by our customers are free from health concerns. We disclosed Qisda's quality/non-use of hazardous substances policy at the "Quality/Non-Use of Hazardous Substances Manual" while obtaining third-party verification.



The chairman, president and vice president of Qisda are the highest-responsible people of Qisda's quality/non-use of hazardous substances system. They supervise and establish levels of quality assurance organization and responsible personnel to deliver the requirements of quality/non-use of hazardous substances policy to the whole company and employees. Via communicational methods such as educational training, website announcement and propaganda cards, all members of the company recognize the importance of meeting regulatory requirements, company quality policy, quality goals and customer requirements. Also, we review the appropriateness of the management system and availability of resources at our management review meetings, expecting to pursue continuous improvement and problem prevention in the most economical way to reach the goals of continuous improvements of flow, reduction of defects and waste as well as quality and productivity amelioration. Meanwhile, this helped to reach the Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS) decree of European Union (EU) and customer requirements, further enabling our products to meet social anticipation and lower impacts on the natural environment. The new version of EU RoHS has been implemented earlier than expected in October, 2016. There were no violations of product health and safety regulations or voluntary standard in 2016.

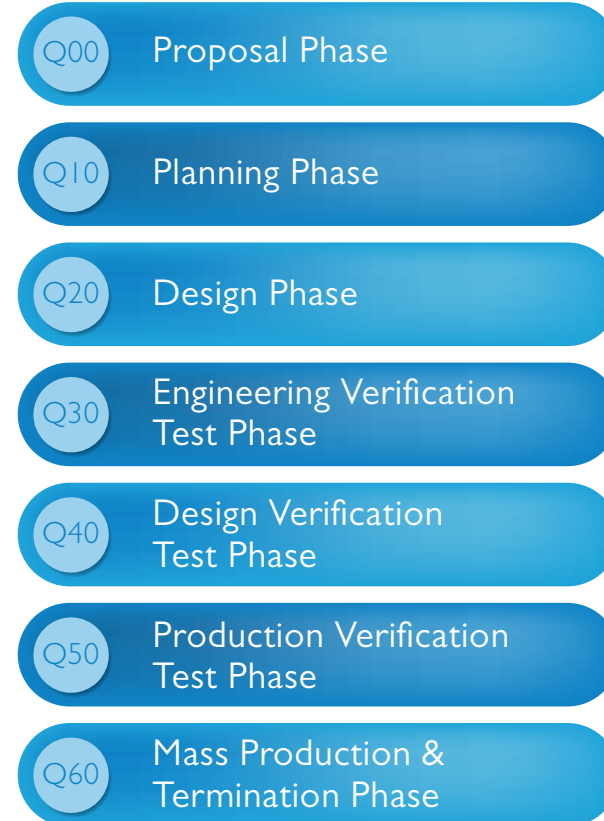
In management, Qisda transforms feasible requirements into executable projects via new product development system; from initial idea to the termination phase into six phases (B0-B6) according to tasks and management purposes of various phases to ensure the quality and confidence level of products.

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, such as CE Marking (EMC Directive 2004/108/EC, Low Voltage Directive 2006/95/EC), US UL standards (UL60950-1 Ed. 2/UL60065 Ed. 7), China CCC standards (GB 4943.1-2011/GB8898-2011) and Taiwan BSMI. This step ensures that the products received by our customers are free from safety concerns.

### New product development system



### 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 EACH SVHCs (Substances of Very High Concern) in European Union, and explicit hazardous substance requirement from individual customers. Meanwhile, we regularly launch audits for all suppliers and systemize management mechanism with strict control of sample approval and finished-good inspection. This approach ensures that the products received by our customers are free from health concerns.



## Green Operation

Won Geen Factory Label by Industrial Development Bureau of Ministry of Economic Affairs (MOEA)

Recyclable Waste Rate reached 90.8%

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 ISO 14001 Environmental Management System and OHSAS 18001 Occupational Health and Safety Management System 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 2016, we have finished 14001 Environmental Management System version change verification and obtained Green Factory Label to realize its promise of continuous improvement.

In indicator disclosure, in 2016, Qisda will start to evaluate the KPIs of green operation with economic concept; for example, the indicator of managing electricity for energy saving and carbon reduction has converted to using the power consumption per 100 million dollars of revenue in 2015 as the base line and aims at lowering 5% each year. 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.

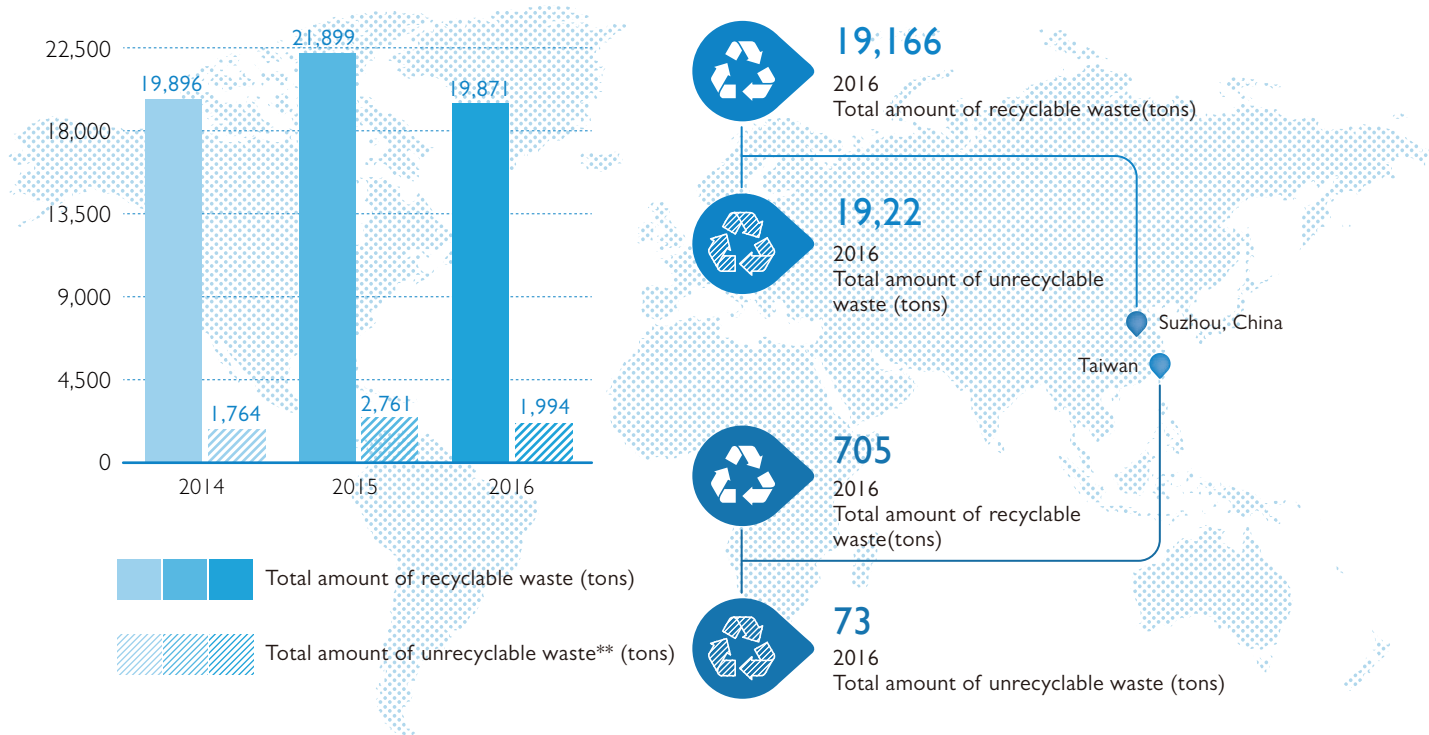
Waste generated within Qisda's production facilities can be classified as general industrial waste, medical waste, waste solvents, and non-classifiable wastes generated from electronic parts. Qisda does not produce the type of waste defined in the Basel Convention during its business operations and manufacturing process. Waste is managed mainly by Environmental, Safety and Health 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 indicator. 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 2016 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 saving and waste reduction actions, Qisda recyclable waste rate reached 90.8% by 2016. To sum up, the accumulated amount of recyclable wastes has totaled 130,472\* tons since 2009, of which 124,330 tons were generated in the manufacturing site of Suzhou, China.

\* 2009-2014 global statistics had included that of its Mexico site; however, the site had stopped production officially since August 2014, so that data had not contained Mexico site since 2015.



### Waste Management Comparisons\*



### 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 water consumption has totaled 382,000 tons in 2016, with total volume of water discharges of 306,000 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 following table.

In order to realize the full benefits of water management, each manufacturing site started to monitor its tap water usage since 2011. In 2016, water consumption per 100 million dollars of revenue was 392 tons, which has decreased by 33.8%\*\*\* since 2009. In addition, Qisda does not pump underground water in any of its global operations.

**Total water consumption per 100 million dollars of revenue showed a decrease by 33.8% in 2016, as compared to 2009**

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 manufacturing site in Taiwan for instance, the amount of reused water for landscape irrigation is 101 tons/day, about 6.6% 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 used 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

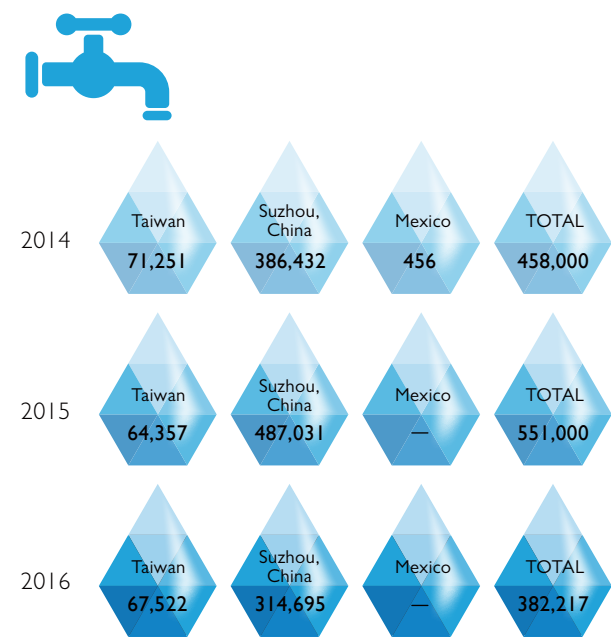
Suzhou, China discharges to the municipal drainage system. Furthermore, the emission destinations are all sewer management system, which does not adversely direct affect the surrounding water source or land. In the quality of effluent, Taiwan site performs better than the incoming waste water standard for industrial zones\*\*\* and related regulations (COD:58.8 mg/L, SS:13.4mg/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.

### Water Risk Assessments and Further Actions

Qisda is an OEM/ODM service provider. Neither the production process nor the products we manufacture require water. In terms of Qisda direct operations, the main risk is water shortage that could result in no water supply for drinking water or water used in washroom. For more detailed assessments, please refer to the following table. To decrease water consumption, Qisda evaluates its water risk through the operation of CSD Committee, which convenes quarterly meetings to evaluate the achievement of water saving KPI. By the end of each year, the committee evaluates the status of water consumption and the potential risks facing next year to decide the water saving target of the next year. Moreover, Qisda also conducted an investigation meeting of water usage in BenQ Group to simulate the supporting scenario of water shortage in case of drought happened.







### Total Water Consumption in Global Manufacturing Sites (tons)\*



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

\* 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. (Consumption not yet deducting those by tenant.)  
 \*\* 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 in 2016.

## Water Risk Assessment

Item	Content	Risk Level
 Water Withdrawal	Qisda's production procedure requires no use of water, but it has to provide clean drinking water for employees, and the company employs World Resources Institute Aqueduct's global water risk mapping tool to analyze the results. The results show that Taiwan and Suzhou, China are located at mid-level risk areas of water shortage. However, the water for all sites of Qisda only comes from municipal water supply while only one incident of water shortage occurred during the past 15 years. The company has set an emergency response procedure for water shortage. If receiving government notice or media coverage on water supply suspension or restriction due to muddy water source caused by typhoon or water shortage caused by drought, Qisda will notify the water cart company that has signed contract with Qisda to be responsible for supplying the shortage part, avoiding production halt due to water shortage.	Low Risk
 Drinking Water Quality	The water consumption of all its manufacturing sites only comes from municipal administration and doesn't extract groundwater for operation. The company uses filtering equipment for its drinking water and regularly inspects the water according to regulations to ensure the water quality is without risk.	Low Risk
 Water Pollution Protection	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. The quality of effluent is also regularly monitored and performs better than related regulations. Up until now, there is no water pollution incident happened.	Low Risk
 Flood	According to World Resources Institute Aqueduct's global water risk mapping tool analysis, Taiwan and Suzhou sites of Qisda do not belong to high-risk of flood. In the past 15 years, the factories have not seen damages due to flood. In addition, the company has prevention measures and emergency response control flow for natural disaster. Before the upcoming typhoon, Qisda will ask its cleaning staff to especially clean the ditch for drainage of water, preventing flood at the manufacturing sites due to insufficient drainage. The company also prepares emergency equipment such as earth bag and water gate to prevent sudden damages.	Low Risk
 Legal Compliance	At the end of each quarter, the company inspects whether the status of its water meets related regulations and immediately responds to new updates of regulations. In recent years, no violation of water regulations is found at its sites.	Low Risk
 Cost	Whether in Suzhou, China or Taiwan, water expenses are inexpensive. Despite Taiwan starting to collect water consumption fee, since we have insignificant water consumption at the site, this have extremely low impact on the company's costs.	Low Risk

## 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

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 time off fall within the calculation scope of disabling injury rate (IR), lost day rate (LDR), and absence rate (AR). In 2016, Qisda's average lost day rate was 0.076; the rate of occurrence of occupational disease was 0; the injury rate was 1.8.

Statistics demonstrates a decrease of 80% in lost day rate of 2016, in comparison with 2009. The injury rate of 2016 also dropped 81.2%, as compared to 2009. There has been no death incidents. Contractors were responsible for no work-related injuries and deaths during on-site work.

 Injury rate reduction 80%,  
lost day rate reduction 81.2%,  
as compared to 2009

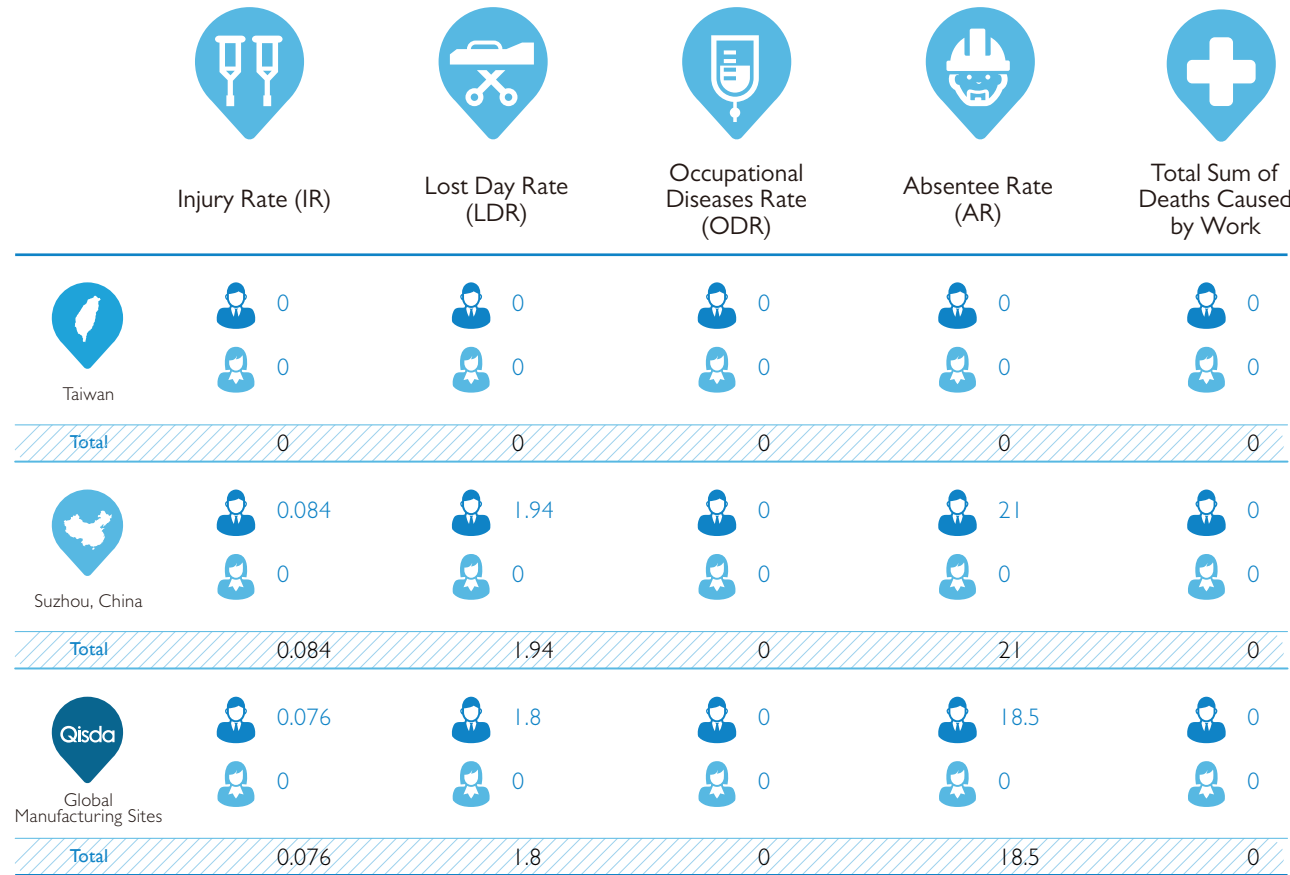
### Global Safety and Health Management Performance Comparison \*

		Safety & Health Performance Indicator				
						
		Injury Rate (IR)	Lost Day Rate (LDR)	Occupational Diseases Rate (ODR)	Absentee Rate (AR)	Total Sum of Deaths Caused by Work
Global Manufacturing Sites	2014	0.046	1.4	0	9.9	0
	2015	0.078	2.8	0	29.9	0
	2016	0.076	1.8	0	18.5	0

\* The formula provided in GRI Standards is as follows:  
 1. Injury rate (IR)  
 $IR = \frac{\text{total \# of injuries} * 200,000}{\text{total hours worked}}$   
 2. Lost day rate (LDR)  
 $LDR = \frac{\text{total \# of lost days} * 200,000}{\text{total hours worked}}$   
 3. Occupational diseases rate (ODR)  
 $ODR = \frac{\text{total \# of occupational diseases cases} * 200,000}{\text{total hours worked}}$   
 4. Absentee rate (AR)  
 $AR = \frac{\text{total \# of missed (absentee) days over the period} * 200,000}{\text{total \# of workforce days worked for same period}}$



Safety and Health Management Performance by Genders (2016)



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 2016, 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, improve safety and health management performance and reach work safety goals. With reinforcing promotional activities, Qisda continued to score over 90 in 2016.

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 Standards Index(version 2016)

General Disclosures

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Organizational Profile	102-1	Name of the organization.	Qisda Corporation	10		●
	102-2	Activities, primary brands, products, and/or services.	Qisda Corporation	10		●
	102-3	Location of organization's headquarters.	Qisda Corporation	10		●
	102-4	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	10		●
	102-5	Nature of ownership and legal form.	Qisda Corporation	11		●
	102-6	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Qisda Corporation	11		●
	102-7	Scale of the reporting organization.	Qisda Corporation	10~11		●
	102-8	Total number of employees by employment type and employment contract broken down by gender and region.	Workforce Distribution	50~51		●
	102-9	Describe the organization's supply chain.	Supply Chain Management	44		●
	102-10	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.	●
	102-11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Risk Management	35~38		●
	102-12	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.	●
	102-13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	Qisda Corporation	13		●
Strategy	102-14	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 Chairman and President, Qisda Corporate Sustainable Development	4~6 14~15		●
	102-15	Description of key impacts, risks, and opportunities.	Message from our Chairman and President, Stakeholder Engagement, Risk Management, Climate Policy and Carbon Management	4~6 20~25 36 74		●

## General Disclosures

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Ethics and Integrity	102-16	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Code of Conduct	33		●
	102-17	Report the internal and external mechanisms for seeking advice and reporting concerns about ethics.	Code of Conduct	34		●
Governance	102-18	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 topics.	Qisda Corporate Sustainable Development, Corporate Governance Status	15 29~30		●
	102-19	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	29~30		●
	102-20	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	30		●
	102-21	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	29 59		●
	102-22	Report the composition of the highest governance body and its committees.	Organizational Structure of Corporate Governance	28	Members of the Board of Directors do not belong to any under-represented social groups.	●
	102-23	Indicate whether the Chair of the highest governance body is also an executive officer.	Corporate Governance Status	30		●
	102-24	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		●
	102-25	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Corporate Governance Status	30		●

## General Disclosures

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Governance	102-26	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 topics.	Corporate Governance Status	30		●
	102-27	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		●
	102-28	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	30		●
	102-29	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 topics and their impacts, risks, and opportunities.	Corporate Governance Status, Risk Management	29~30 36		●
	102-30	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, Risk Management	29 36		●
	102-31	Report the frequency of the highest governance body's review of economic, environmental and social topics and their impacts, risks, and opportunities.	Corporate Governance Status	30		●
	102-32	Report the highest committee or position that formally reviews and approves the organization's sustainability report.	Qisda Corporate Sustainable Development	15		●
	102-33	Report the process for communicating critical concerns to the highest governance body.	Corporate Governance Status	30		●
	102-34	Report the process for communicating critical concerns to the highest governance body.	Corporate Governance Status	30		●
	102-35	Report the remuneration policies for the highest governance body and senior executives.	Corporate Governance Status	29	The salaries of highest governance body and senior executives are not connected with the performance criteria of environment and social goals.	●

## General Disclosures

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Governance	102-36	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	29		●
	102-37	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	29		●
	102-38	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: 6.7 Suzhou, China: 11.7	●
	102-39	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: -17.5 Suzhou, China: 2.4	●
	102-40	List of stakeholder groups engaged by the organization.	Stakeholder Engagement	20~22		●
Stakeholder Engagement	102-41	Percentage of employees covered by collective bargaining agreements.	Building Smooth Communication Channels and Strong Labor Relations	59	Company does not sign any group negotiation agreement with employees.	●
	102-42	Basis for identification and selection of stakeholders with whom to engage.	Qisda Corporate Sustainable Development, Stakeholder Engagement	14 20~22		●
	102-43	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Stakeholder Engagement	20~22		●
	102-44	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	20~25		●

## General Disclosures

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Report Profile	102-45	List all entities included in the organization's consolidated financial statements or equivalent documents.	About This Report	I		●
	102-46	a. Explain the process for defining the report content and the topic Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	About This Report, Stakeholder Engagement	I 23~25		●
	102-47	List all the material topics identified in the process for defining report content.	Stakeholder Engagement	23~25		●
	102-48	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	N/A	N/A	No restatements.	●
	102-49	Report significant changes from previous reporting periods in the material topics and topic Boundaries.	Stakeholder Engagement	23~25		●
	102-50	Reporting period (e.g., fiscal/calendar year) for information provided.	About This Report	I		●
	102-51	Date of most recent previous report (if any).	About This Report	I		●
	102-52	Reporting cycle (annual, biennial, etc.)	About This Report	I		●
	102-53	Contact point for questions.	About This Report	I		●
	102-54	Claims of reporting in accordance with the GRI Standards.	About This Report	I		●
	102-55	GRI content index	GRI Standards Index	91~104		●
	102-56	External assurance	About This Report	I		●



## Economic Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Economic Performance	201-1	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	32		●
	201-2	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 2016. Refer to "Climate Policy and Carbon Management" for more details on initiatives for addressing climate	●
	201-3	Coverage of the organization's defined benefit plan obligations.	Fundamental Employee Guarantees	58		●
	201-4	Financial assistance received from government	Financial Performance	32		●
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Workforce Distribution	51		●
	202-2	Proportion of senior management hired from the local community at significant locations of operation	Workforce Distribution	50		●
Indirect Economic Impacts	203-1	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	63~69		●
	203-2	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Goodwill for the Earth, Love for the Society	63~69		●
Procurement Practices	204-1	Proportion of spending on local suppliers at significant locations of operation	Supply Chain Management	44		●
Corruption	205-1	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	Code of Conduct	34		●
	205-2	Communication and training on anti-corruption policies and procedures.	Code of Conduct	34		●
	205-3	Confirmed incidents of corruption and actions taken.	Code of Conduct	34		●
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior; anti-trust, and monopoly practices	N/A	N/A	None	●

## Environmental Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Materials	301-1	Materials used by weight or volume.	Sustainable Development Key Performance Indicators at a Glance(2013~2016)	7		●
	301-2	Percentage of materials used that are recycled input materials.	N/A	N/A	Recycled plastic utilization rate for 2016 : 73.5%.	
	301-3	Percentage of products sold and their packaging materials that are reclaimed by category.	N/A	N/A	Not applicable. 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.	●
Energy	302-1	Energy consumption within the organization	Greenhouse Gas Inventory	75		●
	302-2	Energy consumption outside of the organization	Greenhouse Gas Inventory	75		●
	302-3	Energy intensity	Greenhouse Gas Inventory	75		●
	302-4	Reduction of energy consumption.	Carbon Disclosure Achievements	77~78		●
	302-5	Reductions in energy requirements of products and services.	Green Product	79~81		●
Water	303-1	Total water withdrawal by source.	Water Resources Management	86~87		●
	303-2	Water sources significantly affected by withdrawal of water.	N/A	N/A	Not applicable. As we cannot obtain water source information from the supply of water plants, we are unable to disclose information of water source seriously impacted out of water usage.	●
	303-3	Percentage and total volume of water recycled and reused.	Water Resources Management	87		●
Biodiversity	304-1	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	87		●
	304-2	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	87		●

## Environmental Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Biodiversity	304-2	Habitats protected or restored.	Water Resources Management	87		●
	304-4	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	87		●
Emissions	305-1	Direct greenhouse gas (GHG) emissions (scope 1)	Greenhouse Gas Inventory	76		●
	305-2	Energy indirect greenhouse gas (GHG) emissions (scope 2)	Greenhouse Gas Inventory	76		●
	305-3	Other indirect greenhouse gas (GHG) emissions (scope 3)	Greenhouse Gas Inventory	76		●
	305-4	Greenhouse gas (GHG) emissions intensity.	Greenhouse Gas Inventory	75		●
	305-5	Reduction of greenhouse gas (GHG) emissions.	Carbon Disclosure Achievements	77~78		●
	305-6	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 during its production process and in package. The CO <sub>2</sub> emissions from refrigerants of air conditioning and fire extinguishers (R123, R404a, R22...etc) of its global manufacturing sites were 83 tons CO <sub>2</sub> e in 2016.	●
	305-7	NO <sub>x</sub> , SO <sub>x</sub> , 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 SO <sub>x</sub> generated when burning diesel is slight and does not have significant impacts on the environment, no further analysis on tracing SO <sub>x</sub> and NO <sub>x</sub> is required.	●

## Environmental Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Emissions	305-7			N/A	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	306-1	Total water discharge by quality and destination.	Water Resources Management	87		●
	306-2	Total weight of waste by type and disposal method.	Waste Management	85~86		●
	306-3	Total number and volume of significant spills.	Health and Safety Management	90		●
	306-4	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	85		●
	306-5	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	87		●
Environmental Compliance	307-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Legal Compliance	39		●
Supplier Environmental Assessment	308-1	Percentage of new suppliers that were screened using environmental criteria.	Supplier Selection and Qualification Procedures	44		●
	308-2	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	Green Supply Chain	45~46		●

## Social Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Employment	401-1	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Employee Turnover Rate	52~53		●
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fundamental Employee Guarantees	58		●
	401-3	Return to work and retention rates after parental leave, by gender.	N/A	N/A	<p>1.Return to Work Rate Female: 100% (Number of employees expected to return to work after leave: 10, application submitted: 10, number of employees returned to work: 10) Male: 100% (Number of employees expected to return to work after leave: 3, application submitted: 3, number of employees returned to work: 3)</p> <p>2.Retention Rate Female: 100% (Number of employees returned to work: 10) Female: 100% (Number of employees returned to work: 3)</p> <p>Note: 1.The employees who return to work and stay at the current posts after 12 months returning will be included in the calculation. 2.It is hard to count the sum of the number of those are on maternal/paternal leaves. Therefore, they are no calculated.</p>	●
Labor/ Management Relations	402-1	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	N/A	N/A	For the restructuring of director or senior director-level and above, the restructured unit executive should inform related staff to receive job rotation policies at least one day before the effective day under the condition that it conforms to related regulations.	●

## Social Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Occupational Health and Safety	403-1	Percentage of workers whose work, or workplace, is controlled by the organization, that are represented by formal joint management-worker health and safety committees.		N/A	30%	●
	403-2	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	89~90		●
	403-3	Workers with high incidence or high risk of diseases related to their occupation	Employee Health Care Management	61		●
	403-4	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.	●
Training and Education	404-1	Average hours of training per year per employee by gender and by employee category.	Learning and Development	54		●
	404-2	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Learning and Development	54~55		●
	404-3	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 2016, the percentage of indirect male/female labor who completed performance evaluation is 96.28% and 94.33% 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.	●



## Social Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Diversity and Equal Opportunity	405-1	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	50	The senior executives are not part of the minority group; therefore, no figures belong to this category.	●
Diversity and Equal Opportunity	405-2	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	N/A	N/A	Ratio of basic salary: Taiwan male/female ratio: 1:1 Suzhou, China male/female ratio: 1:1 Ratio of remuneration: Taiwan male/female ratio: 1.004:1 Suzhou, China male/female ratio: 1.12:1	●
Non-discrimination	406-1	Total number of incidents of discrimination and corrective actions taken.	Human Rights Management	57		●
Freedom of Association and Collective Bargaining	407-1	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	Human Rights Management, Green Supply Chain	56~57 45~46		●
Child Labor	408-1	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, Green Supply Chain	56 45~46		●
Forced and Compulsory Labor	409-1	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, Green Supply Chain	56 45~46		●
Security Practices	410-1	Security personnel trained in human rights policies or procedures.	Human Rights Management	57		●
Indigenous Rights	411-1	Total number of incidents of violations involving rights of indigenous people and actions taken.	Human Rights Management	56	No violation involving rights of indigenous people occurred in 2016.	●
Human Rights Assessment	412-1	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Human Rights Management	57		●
	412-2	Employee training on human rights policies or procedures.	Human Rights Management	57		●
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent 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.	●

## Social Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Community	413-1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Goodwill for the Earth, Love for the Society	63-69	100%(Taiwan and Suzhou, China are included).	●
	413-2	Operations with significant potential or actual negative impacts on local communities.	Green Operation	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.	●
Supplier Social Assessment	414-1	Percentage of new suppliers that were screened using social criteria.	Supplier Selection and Qualification Procedures	44		●
	414-2	Significant actual and potential negative social impacts in the supply chain and actions taken.	Green Supply Chain	45~56		●
Public Policy	415-1	Total value of political contributions by country and recipient/beneficiary.	N/A	N/A	None	●
Customer Health and Safety	416-1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	Customer Health and Safety	83~84		●
	416-2	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.	Customer Health and Safety	83~84	None	●
Product and Service Labeling	417-1	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	79~84	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.	●

# ISO 26000 Index

## Social Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Product and Service Labeling	417-2	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Green Product	N/A	None	●
	417-3	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	39	Not applicable. Qisda is a professional OEM that produces electronic products for brands and other clients. Based on its industry characteristic, there is no direct advisement for consumers.	●
Customer Privacy	418-1	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Customer Commitment	43		●
Compliance	419-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations in the social and economic area.	Legal Compliance	39		●








## Other Topic

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Quality Management	Qisda-1	Quality certificate.	Quality and Hazardous Substance Management	83~84		●
Customer Satisfaction	Qisda-2	Customer satisfaction survey result.	Customer Satisfaction Survey	42		●
Innovation	Qisda-3	The number of creative culture participation.	Creative Culture	59~60		●

	Core subjects and issues	Report Section	Page	Note	
Organizational governance	Decision-making processes and structures	Message from our Chairman and President	4~6		
		Qisda Corporate Sustainable Development Corporate Governance	14~17 28~30		
Human rights	Due diligence	Human Rights Management	56~57		
	Human rights risk situations	Human Rights Management	56~57		
	Avoidance of complicity	Supply Chain Management Human Rights Management	44~47 56~57		
	Resolving grievances	Human Rights Management Building Smooth Communication Channels and Strong Labor Relations	56~57 59		
	Discrimination and vulnerable groups	Workforce Distribution Human Rights Management	50~51 56~57		
	Civil and political rights	Human Rights Management	56~57		
	Economic, social and cultural rights	Goodwill for the Earth, Love for the Society Green Operation	63~69 85~90		
	Fundamental principles and rights at work	Workforce Distribution Human Rights Management	50~51 56~57		
	Labour practices	Employment and employment relationships	Supply Chain Management Workforce Distribution Employee Turnover Rate Human Rights Management	44~47 50~51 52~53 56~57	
			Workforce Distribution Fundamental Employee Guarantees	50~51 58	
Social dialogue		Qisda Corporation GRI Standards Index: 402-1	10~13 100		
Health and safety at work		Health and Safety Management	89~90		
Human development and training in the workplace		Learning and Development	54~55		
The environment	Prevention of pollution	Waste Management Water Resources Management Health and Safety Management GRI Standards Index: 305-6, 305-7	85~86 86~87 89~90 98		
		Climate Policy and Carbon Management Water Resources Management GRI Standards Index: 301-2	72~78 86~87 97		






## SDGs Index

Core subjects and issues	Report Section	Page	Note	
The environment	Climate change mitigation and adaptation	Climate Policy and Carbon Management	72~78	
	Protection of the environment, biodiversity and restoration of natural habitats	Water Resources Management	86~87	
Fair operating practices	Anti-corruption	Code of Conduct	33~34	
	Responsible political involvement	N/A	N/A	No participation in political activities
	Fair competition	Legal Compliance	39	
	Promoting social responsibility in the value chain	Goodwill for the Earth, Love for the Society Supply Chain Management	63~69 44~47	
	Respect for property rights	Legal Compliance	39	
Consumer issues	Fair marketing, factual and unbiased information and fair contractual practices	Legal Compliance Green Product	39 79~84	
	Protecting consumers' health and safety	Green Product	79~84	
	Sustainable consumption	Green Product	79~84	
	Consumer service, support, and complaint and dispute resolution	Customer Commitment	42	
	Consumer data protection and privacy	Customer Privacy Protection	43	
	Access to essential services	Goodwill for the Earth, Love for the Society	63~69	
Community involvement and development	Education and awareness	Green Product	79~84	
	Community involvement	Financial Performance Human Rights Management	31~32 56~57	
	Education and culture	Human Rights Management	56~57	
	Employment creation and skills development	Supply Chain Management Learning and Development Goodwill for the Earth, Love for the Society	44~47 54~55 63~69	
	Technology development and access	Goodwill for the Earth, Love for the Society	63~69	
	Wealth and income creation	Financial Performance Supply Chain Management Goodwill for the Earth, Love for the Society	31~32 44~47 63~69	
	Health	Health and Safety Management	89~90	
	Social investment	Goodwill for the Earth, Love for the Society	63~69	



NO.	Topic	SDG Targets	SDG Compass Recommendation	Report Section	Page	Note
1	 No Poverty	1.B	Partner with civil society networks to provide education and entrepreneurial skills training.	BenQ Foundation	67~69	
2	 Zero Hunger	2.3	Supporting, encouraging and demonstrating the continued viability of small scale farming, sustaining grower communities by developing partnerships with cooperatives and producer organizations supporting many small farmers.	BenQ Foundation	67~69	
3	 Good Health and Well-being	3.8	Make investments in health a priority in business operations.	Financial Performance Response to UN Sustainable Development Goals	31~32 18~19	
4	 Quality Education	4.4	Provide employees with continuous opportunities to improve their (job) skills for their current and future employment.	Learning and Development	54~55	
		4.A	Develop education products and services that eliminate barriers to access and improve the quality of learning	Response to UN Sustainable Development Goals	18~19	
5	 Gender Equality	5.1	Pay equal remuneration, including benefits, for work of equal value and strive to pay a living wage to all women and men. Support access to child and dependent care by providing services, resources and information to both women and men. Establish a zero-tolerance policy towards all forms of violence at work, including verbal/ and/ or physical abuse and prevent sexual harassment.	Code of Conduct Labor Rights Protection Fundamental Employee Guarantees	33~34 56~57 58	
6	 Clean Water and Sanitation	6.1	Reduce the likelihood of groundwater contamination by treating and processing all waste with exceptional precaution.	Waste Management	85~86	
			Ensure that all employees have ample access to safe drinking water and adequate sanitation.	Water Risk Assessment and Further Actions	87~88	
7	 Affordable and Clean Energy	7.2	Commit to sourcing 100% of operational electricity needs from renewable sources.	Carbon Disclosure Achievements	76	Although we do not 100% use renewable energy source, we has constructed solar energy system since 2011.
		7.3	Prioritize energy efficiency across operations through tools such as the use of an internal carbon price and science-based target setting to reduce overall demand for energy.	Policy and Initiatives Incorporating Design Concepts	80~82	Qisda also expects to adapt a science-based target setting method within two years.




# SDGs Index

NO.	Topic	SDG Targets	SDG Compass Recommendation	Report Section	Page	Note
7	 Affordable and Clean Energy	7.A	Invest in R&D related to sustainable energy services.	Response to UN Sustainable Development Goals	18~19	
8	 Decent Work and Economic Growth	8.2	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation. (This is SDG target; SDG compass has no related recommendation.)	Financial Performance	31~32	
		8.5	For all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	Labor Rights Protection Fundamental Employee Guarantees	56~57 58	
		8.7	Put in place mechanisms to identify child labor and forced labor throughout global supply chains, and implement remediation when abuses are discovered.	Green Supply Chain	45~47	
		8.8	Protect labour rights and promote safe and secure working environments for all workers. (This is SDG target; SDG compass has no related recommendation.)	Safety & Health Management	89~90	
		9.4	Invest in new, resilient infrastructure or retrofit existing infrastructure to make it more sustainable.	Response to UN Sustainable Development Goals	18~19	
9	 Industry, Innovation and Infrastructure	N/A	Establish standards and promote regulation that ensure company projects and initiatives are sustainably managed.	Qisda Corporate Sustainable Development	98	
10	 Reduced Inequalities	10.3	Ensure equal opportunity and reduce inequalities of outcome. (This is SDG target; SDG compass has no related recommendation.)	Labor Rights Protection Fundamental Employee Guarantees	56~57 58	
		N/A	Partner with civil society networks to provide education and entrepreneurial skills training	BenQ Foundation	67~69	
11	 Sustainable Cities and Communities	11.6	Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management. (This is SDG target; SDG compass has no related recommendation.)	Waste Management GRI Standards Index: 305-7	85~86 98	
		11.B	Substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to disasters. (This is SDG target; SDG compass has no related recommendation.)	Risk Management	80~82	


# SDGs Index

NO.	Topic	SDG Targets	SDG Compass Recommendation	Report Section	Page	Note
12	 Responsible Consumption and Production	12.2	Implement product portfolio analysis tools to understand environmental footprint of products within lifestyles as well as production.	Greenhouse Gas Inventory	75~76	
		12.4		Green Product	79~84	
				Waste Management	85~86	
				Water Resources Management	87~88	
		12.A	Enable sustainable consumption by developing innovative solutions can reduce energy need in usage and educate consumers about these benefits.	Response to UN Sustainable Development Goals	18~19	
		12.2	Reduce manufacturing impacts by substituting virgin raw materials in products.	GRI Standards Index: 301-2	97	
		12.1	Apply modular design, so products' constituent parts will be easily separated and either re-used without further processing, or easily recycled near the point of disposal.	Incorporating Design Concepts	80~82	
		12.5	Significantly reduce waste.	Waste Management	85~86	
		12.6	Adopt sustainable practices and to integrate sustainability information into their reporting cycle	About This Report	1	
		12.7	Promote public procurement practices that are sustainable.	Supplier Selection and Qualification Procedures Green Supply Chain	44	
12.8	People have the relevant information and awareness for sustainable development and lifestyles in harmony with nature (This is SDG target; SDG compass has no related recommendation.)	Headquarter in Taoyuan, Taiwan	63~64			
13	 Climate Action	N/A	Source all electricity the company consumes at its facilities from renewable sources.	Carbon Disclosure Achievements	76	Although we do not 100% use renewable energy source, we has constructed solar energy system since 2011.
		N/A	Retrofit the lighting systems of the company's facilities to energy efficient LED lighting.	Carbon Disclosure Achievements	76	
		N/A	Increase investment in innovation to improve the efficiency of the company's product portfolio, thereby enabling customers to reduce their GHG emissions.	Green Product	79~84	
		13.1	Understand climate risk and build resilience into the company's assets and supply chain.	Climate Policy and Carbon Management	72~78	
		13.2				

# SDGs Index

NO.	Topic	SDG Targets	SDG Compass Recommendation	Report Section	Page	Note
13	 Climate Action	13.3	Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning. (This is SDG target; SDG compass has no related recommendation.)	Goodwill for the Earth, Love for the Society	63~69	
14	 Life Below Water	N/A	Improve resource efficiency by altering the design, manufacture, or use of products and packaging to reduce the amount of waste that could potentially enter the environment.	Green Product	79~84	
		N/A	Utilize a value-chain approach to create connections between the design, packaging, marketing and recycling of materials with the goals of reducing their environmental impact at the end of their lifecycle.	Green Product	79~84	
15	 Life on Land	N/A	Commit to and implement responsible sourcing practices beyond compliance.	Supplier Selection and Qualification Procedures Green Supply Chain Conflict Minerals Management	44 45~46 47	
16	 Peace, Justice and Strong Institutions	16.3 16.B	Comply with laws and seek to meet international standards; require and support business partners to do the same.	Legal Compliance Green Supply Chain	39 44~47	
		16.5	Conduct risk and impact assessments to identify and mitigate risks of contributing to corruption, violence and conflict, and weakening of the rule of law and identify opportunities for positive impacts.	Code of Conduct	33~34	
17	 Partnerships for the Goals	17.3	Mobilize additional financial resources for developing countries from multiple sources (This is SDG target; SDG compass has no related recommendation.)	Goodwill for the Earth, Love for the Society	63~69	Currently, Qisda only launches community participation and development project activities at its service spaces. The activities include content such as supporting underprivileged groups, promoting educational cultural activities, providing feedbacks to the community and neighborhood as well as executing charitable donations.

# Independent Assurance Statement



**INDEPENDENT ASSURANCE STATEMENT**

**Introduction and objectives of work**  
 BUREAU VERITAS Certification Taiwan has been engaged by Qisda Corporation to conduct an independent assurance of its "2016 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 "2016 Corporate Sustainability Report" are the sole responsibility of the management of Qisda Corporation. Bureau Veritas Certification Taiwan was not involved in the drafting of the Report. Our sole responsibility was to provide independent assurance on the accuracy and reliability of information included, and on the underlying systems and processes used to collect, analyse and review it.

**Scope of work**  
 Qisda Corporation requested Bureau Veritas Certification Taiwan to verify the accuracy of the following:

- Data and information included in the 2016 Corporate Sustainability Report - for the year 2016.
- Evaluation of the Report against the main principles of the AA1000 Assurance Standard
  - o Completeness (principle of inclusivity)
  - o Materiality
  - o Responsiveness
- Evaluation of the Report against the principles of Stakeholder Inclusiveness, Sustainability Context, Materiality, Completeness, and Balance, Comparability, Accuracy, Timeliness, Clarity, Reliability, as defined in the GRI Standards.

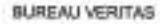
The levels of assurance have been applied as high assurance.  
 In this assurance, ISO 26000:2010 principles are also included.


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

- activities outside the defined verification period.
- positional statements (expressions of opinion, belief, aim or future intention by Qisda Corporation) and statements of future commitment.

The report does not assure the information comes from the locations beyond Taiwan, and Suzhou, China, which places are not in the assurance scope.

**Methodology**  
 As part of its independent verification, Bureau Veritas Certification Taiwan undertook the following activities:





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1. Interviews with relevant personnel of Qisda Corporation – 12 employees interviewed.
2. Review of documentary evidence produced by Qisda Corporation including the public finance reports.
3. Visits to sites located at Taipei and Taoyuan to assure the information correctness.
4. Sample-based review of performance data that Qisda described in the report.
5. Review of Qisda Corporation systems for quantitative data and qualitative analysis by sample-based checks of the processes for gathering and managing the data included in the report.
6. Observing the AA1000 APS, and assuring the scope of work to be in compliance with the AA1000AS.

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. For this assignment, we have used the International Standard on the GRI Reporting Framework and of AA1000 Type II.

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:

1. The information and data included in the scope of our assurance are accurate, reliable and free from material mistake or misstatement.
2. The information is presented in a clear, understandable and accessible manner.
3. The "2016 Corporate Sustainability Report" provides a fair and balanced representation of activities during the year 2016.
4. The information in "2016 Corporate Sustainability Report" allows readers to form a balanced opinion of Qisda Corporation activities and performance during the year 2016.
5. Qisda Corporation has established appropriate systems for the collection, aggregation and analysis of relevant information.
6. The Report properly reflects the organisation's alignment to and implementation of the AA1000 Assurance Standard principles of Inclusivity, Materiality and Responsiveness in its operations. Further detail is provided below.

#### Alignment with the principles of AA1000AS

##### Materiality

- We cannot point out any substantial aspects of "2016 Corporate Sustainability Report" missed by the company's management when making the Report or omitted purposely from reporting.



- Information presented in the Report and on the corporate web site is significant for stakeholders and can have an impact on their future decisions and behavior toward the company. The Report addresses the range of environmental, social and economic topics of concern that Qisda Corporation has identified as being of material importance.
- The identification of material topics has considered both internal assessments of risks and opportunities to the business, as well as stakeholders' views and concerns. The performance is the result from their system management result. The materiality topics is concerning about the focus on clients.

#### Completeness

- Proceeding from our verification, we cannot name any unit/object of Qisda which is substantial for social reporting but not reflected in the Report's consolidated information.
- We think that the initial data of Qisda about the key indicators of performance were united and presented in the Report correctly. We did not find out any failures which might influence the completeness of disclosing activity indicators in the Report.
- Alongside with this we think that in describing management approaches, the company could have revealed more completely the general organizational objectives in relation to effectiveness with regard to each category of aspects.
- The Report accurately reflects the Qisda Corporation's understanding and management of the material topics it has identified. All areas and activities over which the organisation exercises influence or control have been considered for inclusion, without undue omission.
- Completeness of information has been pursued via established governance, customer focus and risk management processes.

#### Responsiveness

- Qisda Corporation is responding to topics that have 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.

#### GRI report Structure

Qisda Corporation does fully provide the information to achieve the GRI Standards 'comprehensive' in accordance, and the performance indices do correspond and can be cross referenced to the content of relevant GRI Standards.

#### Key areas for ongoing development

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

- Top management involvement of social responsibility topics could be enhanced through a more effective methodology. (RESPONSIVENESS)
- Disclosure details of some performance indicators could consider enhanced, and with organization's characters. (MATERIALITY)
- If possible, more guidance to suppliers could be improved. (COMPLETENESS)

#### Limitations and exclusions

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







- activities outside the defined reporting period and scope;
- statements of commitment to, or intention to, undertake action in the future;
- statements of position, opinion, belief and / or aspiration;
- additional content on <http://www.myqisda.com/csr/ch/index.asp>;
- any information hyperlinked from the web-based report.

Much of the operating financial data in this Report is taken from Qisda Corporation, Annual Reporting and accounts, which is separately audited by an external auditor and therefore excluded from the scope of the Bureau Veritas assurance.

- 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 almost 185 years history in providing independent assurance services. Bureau Veritas 2016 full year revenues reached 4.55 billion euros.

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.

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.

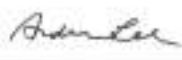
Bureau Veritas Certification Taiwan

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24 May, 2017



Technical Reviewer:  Date: 24/May/2017

Assurer:  Date: 24/May/2017



