Qisda 2017

Corporate Sustainability Report

ALL ROADS LEAD TO GREEN HOPES

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/.

Front Cover Design Concept
We encourage employees to break through existing realms, making the most of creativity so that innovation is not restrained. We believe that only by constantly differ and let today to be different from yesterday can we increase value and profitability and bring larger and faster growth.

Release Date & Reporting Period	This report is published in June 2018. 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 headquarters 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, 2017 to December 31st, 2017.
Data Collection & Calculation	The data collection in the year of 2017 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 verification 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.
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* 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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Note: Material topics concerned by stakeholders are marked with the following icons.

Chapter 1   Realize Corporate Governance   Chapter 2   Operate Partner Relationship   Chapter 3   Create Shared Value   Chapter 4   March toward Sustainable Environment

2017 Sustainability Performance Highlight

Social

- No incidents of violation of regulations
- Average customer satisfaction score of 93
- No data loss incidents
- The local purchase proportion of Suzhou, China reached 73.6%
- Investigation rate of the environment, human rights and labor practices of new suppliers reached 100%
- As of the end of 2017, 84% of suppliers had completed Qisda Supplier Social Responsibility Surveys and On-Site Audits
- Number of employees participating in the activities of Welfare Committee reached 14,180
- The score of average annual events satisfaction reached 4.2 out of 5
- The overall average training hour was 108.619 hours in 2017
- Zero child labor, forced labor and discrimination incidents
- No labor right, human right issue appealing incidents
- Global manufacturing sites obtained SA 8000 certificates
- Performed RBA Code of Conduct and SA 8000 educational trainings for all employees
- Elected as one of the Taiwan High Compensation 100 Index
- Number of employees participating in the activities of innovation culture reached 2,791
- Number of essential patents increased 14.9%
- Total number of hours of employees participating in charity events in 2017 reached 5,037.5

Economic / Corporate Governance

- Projector shipments ranked the world's first
- Revenues hit record high in eight years
- EPS hit record high in 10 years
- LCD monitor shipments ranked number two globally
- Revenues of two hospitals in Suzhou and Nanjing maintained rapid growth
- The percentage of employee code of conduct training reached 100%
- The risk control implementation rate reached 100%
- Won Golden Award of "Taiwan Top 50 Corporate Sustainability Report" and "Corporate Comprehensive Performance Award" of the 2017 Taiwan Corporate Sustainability Awards (TCSA)
- Won Best Business Continuity Approach of the Year of StrategicRISK
- Honored Taiwan Corporate Governance 100 Index constituent stock
- Won Top 100 Global Technology Leaders of Thomson Reuters in 2018

Environmental

- In 2017, each product line averagely reached energy saving 35.03%, material reduction 17.22%, carbon reduction 22.65% and eco-efficiency improving 82.46%, as compared to 2015
- Obtained ISO 9001, ISO13485, ISO/TS16949, IECQ QC 080000 certificates
- Passed the US Food and Drug Administration (FDA) medical equipment factory check
- Electricity consumption per million US dollars of output revenues showed a decrease by 30% in 2017, as compared to 2009
- Qisda received a A- score in CDP for two consecutive years
- Recyclable Waste Rate reached 91.5%
- Water consumption per million US dollars of output revenues showed a decrease by 53.6% in 2017, as compared to 2009
- Injury rate reduction 81.6%, lost day rate reduction 62.2%, as compared to 2009

Message from Our Chairman and CEO

Innovate and Breakthrough to Excel

In the beginning of 2018, Qisda received exciting news; it is selected as "Top 100 Global Tech Leader". The evaluation indicators cover economic, social and environmental aspects, viewing the overall constitution of enterprise operations in an all-encompassing angle. Excelling in the ranking means the result of our pursuit of values in the past has finally exhibited itself. Starting from 2014, our company has invested in tremendous efforts to optimize business operational model and transformation, accelerating in deploying new business fields. The results of innovation and breakthrough enable us to believe the key in corporate sustainable development is constantly elevating company values.

The performance of sustainability in 2017 won the Taiwan Top 50 Corporate Sustainability Report Award and Comprehensive Performance Award of "2017 Taiwan Corporate Sustainability Award", as well as StrategicRISK "Best Business Continuity Approach of the Year". Additionally, Qisda engaged with its stakeholders about material topics of the company, with the stakeholders stating five economic, three environmental and seven social topics. The current strategies and management methods are as follows:

I. Transformation Should be Step by Step, Right Position is Chance to Breakthrough

Qisda's projector and display businesses perform better than that of the overall industries, ranking first and second, respectively, globally. However, with related product markets migrating to a plateau period, Qisda continues to develop small-volume/multiple kind niche products with high added value while perfectly deploying medical equipment and consumable, biomedical and aesthetic medicine fields for future elderly opportunities by partnering with other companies to integrate resources. In 2017, profits of the hospital segment grew. We expect to continue develop focal departments, recruiting more outstanding professionals and creating smarter medical environment to become the driving force of BenQ Hospital. In the six aspects, smart retail, smart manufacturing, smart education, smart health care, smart energy and smart enterprise, we have kept promoting overseas businesses. In the future, Qisda will continue to strengthen core business profitability to sustain growth goals while bringing more new growth fertile soils by developing high added-value products.

II. Every Pain Point is Opportunity, Creativity Turns Stone into Gold

Innovation comes from pain pints of lives. Only by cultivating cares for one's life, surrounding and business and understanding scenario of products used by customers can our employees find innovation and breakthrough in work. The outside environment changes constantly and Qisda embraces "the sense of crisis" and has started "Eureka Program (Million Dollar Creative Competition)" since 2015, encouraging employees to think outside the box, pondering on the boundless possibilities of company products. In 2017, we even had one innovative idea favored by business units to develop into products in the future. Also, we set more aggressive goals for each business unit to challenge larger numbers of essential

patents and more profits from new products. We believe the sense of crisis drives us to make innovation and breakthrough to lead other competitors.

III. Expand Sustainability Influence, Create New Environmental Protection Business Opportunities

With values on environmental protection issues by stakeholders, there will only be rising pressure on environmental protection by governments and clients of each country. We believe the only way to mitigate risks is for the company to have a long-term and complete action to respond to the situation. Qisda actively participates in filling the climate change and water questionnaires of Carbon Disclosure Project and has received high scores of "Leadership A-"of the Carbon Disclosure Project for two consecutive years. We continue to make possible environmental performance management with green product, green operation and green supply chain aspects. Also, we evaluated the possibility of Science-Based Targets, SBT, in 2017 and expect to finish goal setting by 2018. Meanwhile, we expand to educate subsidiaries in certificates of related management systems. With copying successful experiences, we can increase our green values together. Additionally, the smart energy solution of a subsidiary has been introduced to various chain stores, proving environmental protection experiences can bring green gold.

IV. Positive-Energy-Filled Public Welfare Platform for Social Corners More Likely to be Seen

We believe the value of the enterprise is to contribute to the human society. We obtain things from the society; therefore, we should devote to the society. We anticipate our employees to have the DNA of "caring and contribution", offering more care for the society. The Qisda "Hsing-Fu Q School" activities regularly invite Hsing-Fu Elementary School each year to visit, learning the principle of optical microscope and green environmental protection knowledge; company caring club becomes the platform between employees and company, holding various caring fund-raising and volunteering activities; our foundation holds various small-farmer fairs at the factory for employees to purchase fresh vegetables and fruits from remote mountain areas. We believe the touch of compassion is infectious. In the future, we will gradually invite subsidiaries to join us to transform touch into action and enlarge the influence of truthfulness, compassion and beauty.

Embrace Sense of Crisis, Continue to Pursue after Excellence with Innovation and Breakthrough

Starting from 2014 when we kicked off transformation, Qisda has strived to create a more active and flexible creative organization. We believe that only by constantly differ and let today to be different from yesterday can we increase value and profitability and bring larger and faster growth. In the future, we will continue to face various challenges with innovative value and a steady pace to become the bellwether that can lead the world to march toward future, Brining Enjoyment and Quality to Life.

Sustainable Development Key Performance Indicators at a Glance

Economic Performance Disclosures							
Category/Item	2014	2015	2016	2017	Note	GRI Disclosure	Corresponding Chapter
Economic Values							
Consolidated Revenues (100 million)	1,335	1,331	1295.5	1368.9	Unit: New Taiwan dollars.	201-1	Financial Performance
After-Tax Revenues/Loss (100 million)	29.7	21.7	43.4	56.6			
Percentages of Locally-Hired Managers							
Taiwan (%)	99.17	98.73	98.80	98.53		202-2	Employee Profile
Suzhou, China (%)	78.48	83.68	85.85	93.33			
Number of Patents							
Accumulated Number of Patents Granted	1,080	1,126	1,111	1,117		N/A	N/A
Industrial Design Awards							
Number of Industrial Design Awards Earned	10	6	1	2	Awards include iF、Red Dot、iF China、G-Mark、Bio、Golden Pin.	N/A	Qisda Corporation

Environmental Performance Disclosures*							
Category/Item	2014	2015	2016	2017	Note	GRI Disclosure	Corresponding Chapter
Use of Raw Materials							
Solder (paste, bar, wire) (tons)	150.6	231.6	219.6	252		301-1	N/A
Flux (tons)	147.8	128.5	80.3	138			
Iron (10,000 tons)	0.73	0.76	0.85	0.90			

| *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.

Environmental Performance Disclosures*							
Category/Item	2014	2015	2016	2017	Note	GRI Disclosure	Corresponding Chapter
Direct Energy Usage							
Natural Gas (1,000 cubic meter)	184	303	611.7	577.7		302-1	Greenhouse Gas Inventory
Petrol (tons)	24.26	26.42	24.21	24.95			
Diesel (tons)	10.92	6	11.19	15.58			
Indirect Energy Usage							
Externally Purchased Electricity (10,000 MWh)	9.38	9.08	8.87	10.14		302-2	Greenhouse Gas Inventory
Water Usage							
Taiwan (tons)	71,251	64,357	67,522	77,629		303-1	Water Resources Management
Suzhou, China (tons)	386,432	487,031	314,695	378,696			
Global Total (10,000 tons)	45.8	55.1	38.2	45.6			
GHG Emissions							
Direct and Indirect GHG Emissions (10,000 tons CO₂e)	7.5	7.27	7.16	8.19	The organizational GHG inventory has passed ISO 14064-1 third-party verification.	305-2	Greenhouse Gas Inventory
Other Indirect GHG Emissions (tons CO₂e)	934.08	910	746	867	Employee business travel.	305-3	Greenhouse Gas Inventory
Environmental Management Performance							
Total GHG Emissions/Total Output Values (tons CO₂e / million)	21.59	21.65	23.38	21.52	A decrease of 35.01% compared 2016 to 2009 (38).Unit: United States dollars.	N/A	Greenhouse Gas Inventory
Total Electricity Consumption/ Total Output Values (MWh / million)	28,361	25,624	25,231	24,555	A decrease of 30% compared 2016 to 2009 (35,219).Unit: United States dollars.	305-4	
Hourly GHG Emissions Per Employee (kg CO₂e)	2.1	2.02	2.0	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

2014~2017

Environmental Performance Disclosures*							
Category/Item	2014	2015	2016	2017	Note	GRI Disclosure	Corresponding Chapter
Environmental Management Performance							
Total Water Consumption / Total Output Values (tons / million)	131	163	123	118	A decrease of 53.6% compared 2016 to 2009 (254).Unit: United States dollars.	303-1	Water Resources Management
Recyclable Waste Ratio (%)	92	88.8	90.8	91.1	An increase of 8.4% compared 2016 to 2009 (84).	306-2	Waste Management
Global Domestic Sewage Generated (10,000 tons)	36.6	44.1	30.6	36.5		306-1	Water Resources Management
Waste Materials							
Total Amount of Recyclable Waste – Taiwan (tons)	804	863	705	631			
Total Amount of Recyclable Waste – Suzhou, China (tons)	19,037	21,037	19,166	22,697			
Total Amount of Recyclable Waste – Global Manufacturing Sites (tons)	19,896	21,899	19,871	23,328		306-2	Waste Management
Total Amount of Unrecyclable Waste – Taiwan (tons)	78	94	73	75			
Total Amount of Unrecyclable Waste – Suzhou, China (tons)	1,683	2,667	1,922	2,201			
Total Amount of Unrecyclable Waste – Global Manufacturing Sites (tons)	1,764	2,761	1,995	2,276			
Chemical Leaks and Spills							
Total Number and Volume of Chemical Leaks and Spills	0	0	0	0		306-3	Safety & Health 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.

Environmental Performance Disclosures*

Category/Item	2014	2015	2016	2017	Note	GRI Disclosure	Corresponding Chapter
Non-Compliance with Environmental Laws and Regulations							
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	
Environmental Protection Expenditures							
Total Environmental Protection Investment/ Expenditures (10 thousand)	60	63	70	99	Unit: United States dollars.	N/A	N/A

Social Performance Disclosures

Category/Item	2014	2015	2016	2017	Note	GRI Disclosure	Corresponding Chapter
Total Workforce							
Taiwan	1,627	1,589	1,653	1,666			
Suzhou, China	8,474	9,057	8,300	7,241		401-1	Employee Profile
Global Workforce	10,131	10,682	9,985	8,936			
Safety & Health Management Performance Indicators							
Injury Rate (IR)	0.23	0.078	0.076	0.074			
Lost Day Rate (LDR)	7	2.8	1.8	3.3	The calculation is based on formula provided in GRI Standards.	403-2	Safety & Health Management
Occupational Disease Occurrence Rate (ODR)	0	0	0	0			
Absence Rate (AR)	9.9	29.9	18.5	37.4			

| * 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

2014~2017

Category/Item	2014	2015	2016	2017	Note	GRI Disclosure	Corresponding Chapter
Social Performance Disclosures							
Average Training Hours Per Employee							
Direct Labor (All Sites)	90.97	57.41	82.26	143.80		404-1	Learning and Development
Indirect Labor (All Sites)	20.72	26.61	25.75	34.76			
Human Rights							
Incidents of Discrimination	0	0	0	0		406-1	Human Rights Management
Incidents of Violations in Human Rights	0	0	0	0		103-2	
Percentages of Employee Code of Conduct Training							
Taiwan (%)	DL:100	DL:100	DL:100	DL:100	1.DL: Direct Labor 2.IDL: Indirect Labor	205-2	Code of Conduct
	IDL:96.42	IDL:100	IDL:100	IDL:100			
Suzhou, China (%)	DL:99.82	DL:100	DL:100	DL:100			
	IDL:99.71	IDL:100	IDL:100	IDL:100			
Political Contributions							
Monetary Contributions to Political Activities	0	0	0	0		415-1	GRI Standards Index
Non-Compliance with Laws and Regulations in the Social and Economic Area							
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
Customer Satisfaction Survey Scores							
Medical Imaging Business Unit	90	90.5	94	92		N/A	Customer Commitment
Special Display	93	100	97.5	92			
Mobile Products Business Unit	90.5	90	94	90			

Social Performance Disclosures							
Category/Item	2014	2015	2016	2017	Note	GRI Disclosure	Corresponding Chapter
Customer Satisfaction Survey Scores							
Projector	93	93.5	90	94		N/A	Customer Commitment
Industrial Automation	93.5	94	88	93			
Monitor	93	95	97	94			
Manufacturing Service Business Unit	91	88	88	95			
Non-Compliance with Marketing Regulations							
Total Number of Incidents of Violations in Marketing Rules & Regulations	0	0	0	0		417-3	Legal Compliance
Customer Privacy							
Total number of Substantiated Complaints regarding Breaches of Customer Privacy	0	0	0	0		418-1	Customer Commitment
Supply Chain Survey							
Total number of Suppliers Completing Supplier Social Responsibility & Environmental, Safety and Health Survey and On-Site Audit	-	-	26	16	Starting from 2016, we have changed the way to investigate suppliers, referring to the Responsible Business Alliance (RBA) Code of Conduct audit manual and focused on on-site audit. Accumulatively, a total of 614 suppliers from 2009 to 2015 completed the survey.	302-2 414-2	Supply Chain Management

Qisda Corporation

Company Introduction

Established in 1984, Qisda (formerly BenQ Corporation) is headquartered in Taoyuan, Taiwan. A global ODM/OEM leader in electronics, Qisda not only strives to provide innovative, high-quality products and services to meet the market demands in a timely manner but also aspires to improve the quality of living, "Bring 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 automation, a variety of portable consumer
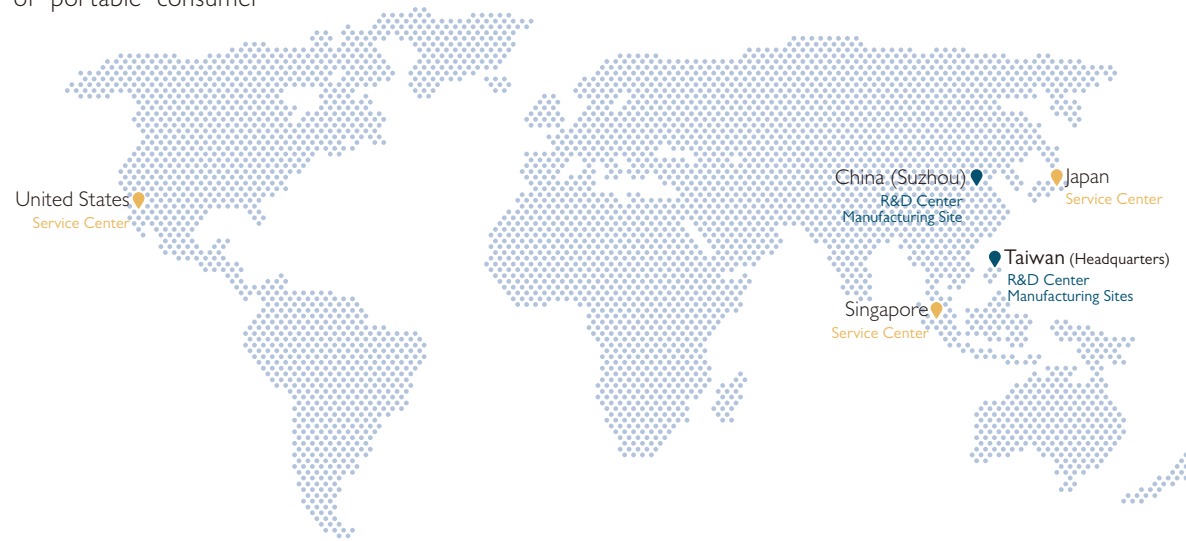
infotainment devices, industrial automation, a variety of portable consumer electronic devices as well as LED lamp designs.

In recent years, Qisda has made a strong presence in offering medical electronic devices and lifestyle products, such as ultrasound diagnostic sonography, dialyzers, dialysis machines and digital oral scans. 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 equipments to meet the most front-end demands and services 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 8,936* employees around the world.

Qisda Today

Founded	1984
2017 Core Consolidated Revenues	NTD $136.9 B
Paid-In Capital	NTD $19.7 B
Number of Employees	Approx. 8,936

United States — Service Center

China (Suzhou) — R&D Center, Manufacturing Site

Japan — Service Center

Taiwan (Headquarters) — R&D Center, Manufacturing Sites

Singapore — Service Center

* The employee number in the chapter was based on the actually-hired employees (full time and cooperative education students) of Qisda on December 31th, 2017. 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: 63. Suzhou, China temporary worker number: 7,001).

Qisda Core Values

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

| **Qisda Core Values**

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

Integrity & Introspection

"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.

Execution & Excellence

Bring Enjoyment and Quality to Life

Caring & Contribution

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

Passion & Professionalism

"Caring & Contribution" for the overall society, realizing environmental protection and sustainable development promises, making contributions to customer, society and environmental benefits.

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.

Since 2017, Mr. Peter Chen has assumed the role of Chairman and CEO of Qisda for his extraordinary experiences in diversified realms of product development, global operation and marketing, and customer cooperation, which have led Qisda continuously to strive for growth in excellence in the past 26 years.

Annual Report available at Qisda corporate website: Qisda.com/Investor Relations/Annual Report. https://www.qisda.com/page.aspx?uid=94

| Company Organization Structure

Information Technolgy Products Group	Commercial & Industrial Products Group	Business Solution Group	Medical Device Products Group

| Product Strategy | | | Finance & Administration
Finance / HR / Legal / Patent Engineering |
| Innovation Development Center | **K.Y.Lee**
Honorary Chairman | **Peter Chen**
Chairman and CEO | Informative Technology Service Division |

Lifestyle Design Center	Manufacturing Operations	Supply Chain Management	Corporate Quality Management

- Projector shipments ranked the world's first.
- LCD monitor shipments ranked number two globally.

Revenues of two hospitals in Suzhou and Nanjing maintained rapid growth.

Qisda Core Competencies and Achievements

Qisda's capability encompasses the research and development as well as manufacturing of a broad range of products in the display, optical, wireless communications, imaging, medical, infotainment, automation, and LED illumination applications, and so on. This versatility makes Qisda stand out from the rest ODM/OEM companies. In addition to leveraging affiliated upstream and downstream companies' techniques, such as LCD, LED, e-paper, touch module and IC design, Qisda's in-house vertical integration capabilities include SMT-surface-mount technology, metal stamping, plastic injection, and LCD module assembling. We offer our clients with eight major product types—display, imaging device, opto-mechatronic, automotive solution, IOT device, healthcare solution, industrial automation and business solution. In 2017, Qisda saw its major products had strong performance. 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. The OEM ranking of Qisda projectors topped the world. 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. In speeding up solution development, we strengthened integrating relationship with software and hardware service providers, providing more various products and services while better meeting local market needs.

| Qisda's Products

Display

Image Device

Opto-Mechatronic

Automobile Solution

IOT device

Healthcare Solution

Industrial Automation

Business Solution

Although positioned as an ODM/OEM company, Qisda possesses internationally acclaimed design capabilities. Since 2008, Qisda has created winning records among major design awards, accumulating a total of 150 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 Exceed Expectations

Qisda continues to extend the enterprise vision: "Bringing Enjoyment and Quality to Life" 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 make remarkable endeavors in many aspects 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	●	
8	Sedex	●	

Qisda Corporate Sustainable Development

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.

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.

Qisda Value Creation Process

I. Input
Qisda refers to the process of value creation and focuses on investing in six capitals, financial, manufactured, intellectual, human, social and natural capitals, offering basis for sustainable development.

II. Value Creation
Qisda has taken our corporate vision and mission as the core foundation and further referred to the SDG Compass Guide procedure. We have checked existing related conducts and the risks and opportunities according to the business suggestions from SDG Compass website to inspect the focuses of stakeholders as an electronic design OEM company, covering the process ranging from obtaining upstream materials and operating supply chain to own-product manufacturing and company operations, followed by downstream product sales, usage and disposal, to find future Qisda SDGs priorities.
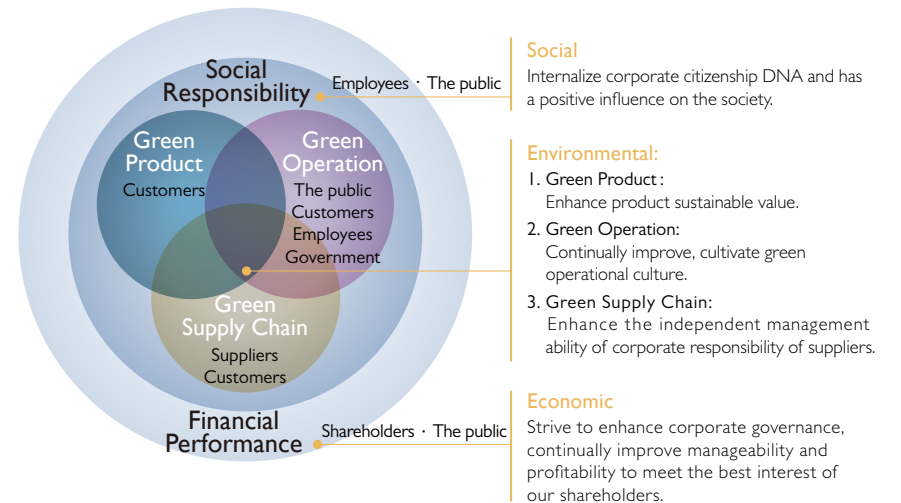
Internally named as "Corporate Sustainability Development (CSD)", Qisda's sustainability development involves the integration of the triple bottom line – economic, social, and environmental – as the groundwork for structural expansion into a five-dimensional architecture designed to implement SDGs priorities. "Green

Product", "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. Through the operation of Corporate Sustainability Development Committee (CSD Committee), Qisda strives to realize our corporate vision: Bringing Enjoyment and Quality to Life.

III. Output
The five-dimensional architecture of Qisda Corporate Sustainable Development supports our implementation of sustainability development. We set long-terms goals in every aspect according to our core competencies to guide the implementation of each dimension and every task. Also, we further set short, mid and long-term management indicators to proceed with performance review with CSD Committee regularly. Additionally, we set targets of each year to review and further evaluate each year regarding material topics cared by stakeholders that year.
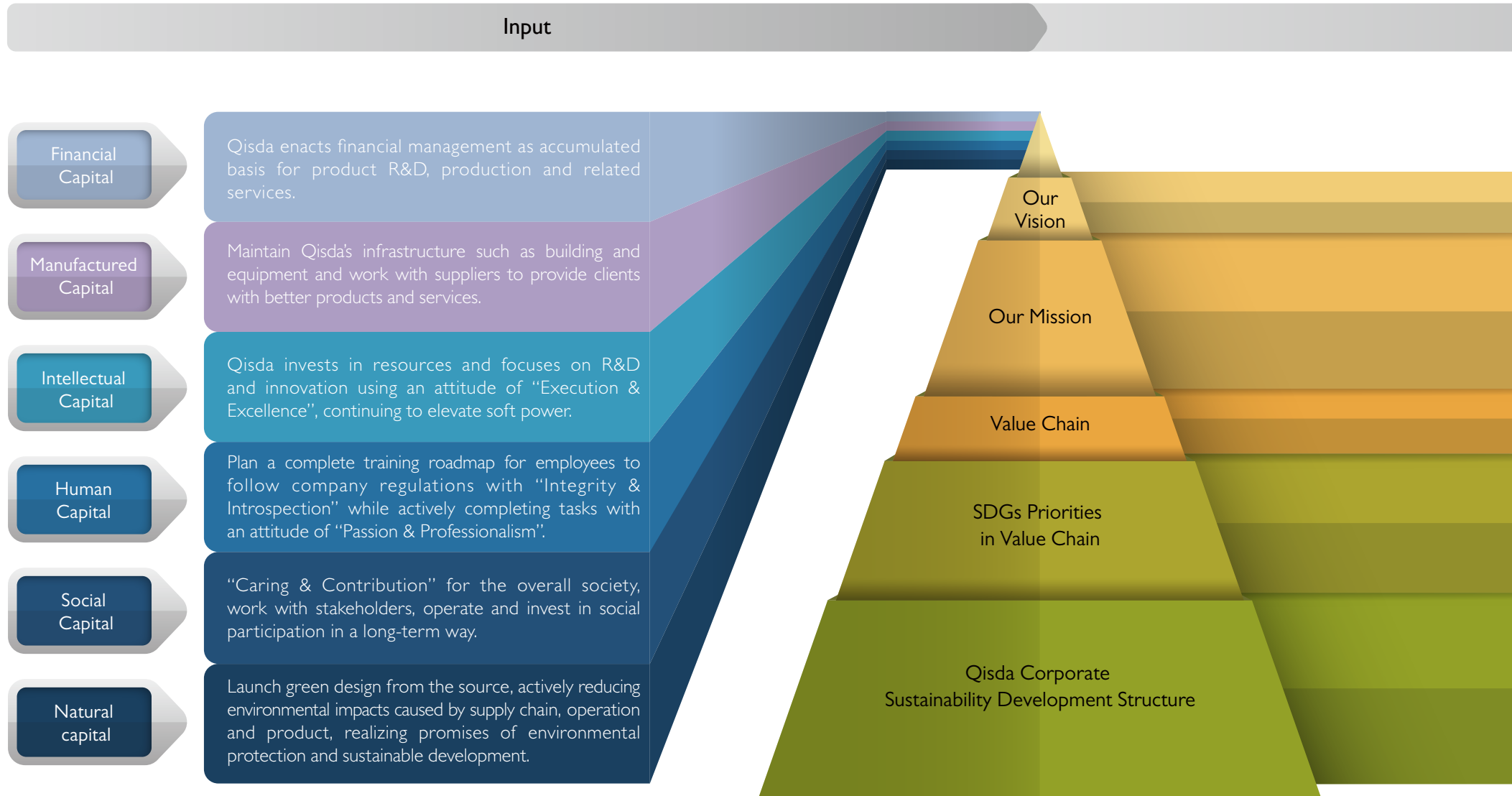
| The Five-Dimensional Goals of Qisda Corporate Sustainable Development

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

Environmental:
1. Green Product :
   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.

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

SDG Compass Guide: https://sdgcompass.org/download-guide/

For more details, please refer to the "Qisda SDGs Index"

Input

| Financial Capital | Qisda enacts financial management as accumulated basis for product R&D, production and related services. |

| Manufactured Capital | Maintain Qisda's infrastructure such as building and equipment and work with suppliers to provide clients with better products and services. |

| Intellectual Capital | Qisda invests in resources and focuses on R&D and innovation using an attitude of "Execution & Excellence", continuing to elevate soft power. |

| Human Capital | Plan a complete training roadmap for employees to follow company regulations with "Integrity & Introspection" while actively completing tasks with an attitude of "Passion & Professionalism". |

| Social Capital | "Caring & Contribution" for the overall society, work with stakeholders, operate and invest in social participation in a long-term way. |

| Natural capital | Launch green design from the source, actively reducing environmental impacts caused by supply chain, operation and product, realizing promises of environmental protection and sustainable development. |

Our Vision

Our Mission

Value Chain

SDGs Priorities in Value Chain

Qisda Corporate
Sustainability Development Structure

Be an innovator in designing and manufacturing of electronic products, elevate the life quality of our fellow humans, and be friendly to Mother Earth.

- 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.

Raw Materials — Suppliers — Company Operations — Product Use — Product End Life

15 LIFE ON LAND　8 DECENT WORK AND ECONOMIC GROWTH　13 CLIMATE ACTION　3 GOOD HEALTH AND WELL-BEING　12 RESPONSIBLE CONSUMPTION AND PRODUCTION

16 PEACE, JUSTICE AND STRONG INSTITUTIONS　6 CLEAN WATER AND SANITATION

Involve process from production to disposal of products

Social Responsibility

Green Products　Green Operation

Green Supply Chain

Financial Performance

Green Product	Energy Saving (%)	35.03%	SDG 12
	Material Reduction (%)	17.22%	SDG 12
	Carbon Reduction (%)	22.65%	SDG 13
	Eco-Efficiency Improving (%)	82.46%	
Green Operation	Injury Rate (IR) (%)	5.1%	SDG 8
	Total Electricity Consumption/ Total Output Values (MWh / million) *	2.8%	SDG 12 / SDG 13
	Total Water Consumption / Total Output Values (tons / million) *	27.6%	SDG 6
	Recyclable Waste Rate (%)	91.1%	SDG 12
Green Supply Chain	Percentage of Suppliers Completed Supplier Social Responsibility & Environmental, Safety and Health Survey and On-Site Audit	84%	SDG 8 / SDG 13 / SDG 15
Social Responsibility	Incidence of Child Labor	0	SDG 8
	Employee Code of Conduct Training (%)	100%	SDG 16
	Innovation Culture Participation (number of participants)	2,791	SDG 8
Economic Performance	Increase in the Number of Essential Patents (%)	14.9%	SDG 8
	Increased Percentage of Earnings per Share (%)	21.7%	SDG 8
	Percentage of Revenues from Medical Segment (%)	5%	SDG 3
	Risk Control Implementation Rate (%)	100%	N/A
	Customer Satisfaction Survey Result (score)	93	N/A
	Corporate Governance Evaluation (%)	Top 6~20%	N/A

* Unit: United States dollars.

Qisda Corporate Sustainability Development Committee

In order to ensure smooth and seamless implementation of all corporate sustainability development operations and to build effective communication to address the opinions of our stakeholders, Qisda has integrated related departments to form the Corporate Sustainability Development Committee (CSD Committee). Peter Chen, chairman and CEO, is the chairman of the committee while high-level executives of each department are members of various dimensions and secretary general is responsible to deploy and promote cross-department corporate sustainable development matters and convene quarterly meetings; members of each dimension update work status of the key performance indicators and corporate sustainability report. In addition, according to Qisda's "Principle of Corporate Social Responsibility", the committee regularly reports the management results and the material topics of the year to the Board of Directors each year.

| Corporate Sustainability Development Committee (CSD Committee)

```
                    Board of Directors
                           |
                        Chairman
                    President & CEO
                           |
                           |———————— Secretary General
                           |               ESH
  ┌────────┬────────┬──────┴──┬────────┬────────┐
Financial  Green    Green     Green    Social   Management
Performance Supply  Operation Product  Responsi- System
           Chain                       bility
Member     Member   Member    Member   Member   Member
Finance    Global   Global    All      HR       ITS
           Supply   Manufact- Business
           Chain    uring and Units
           Management Operations
```
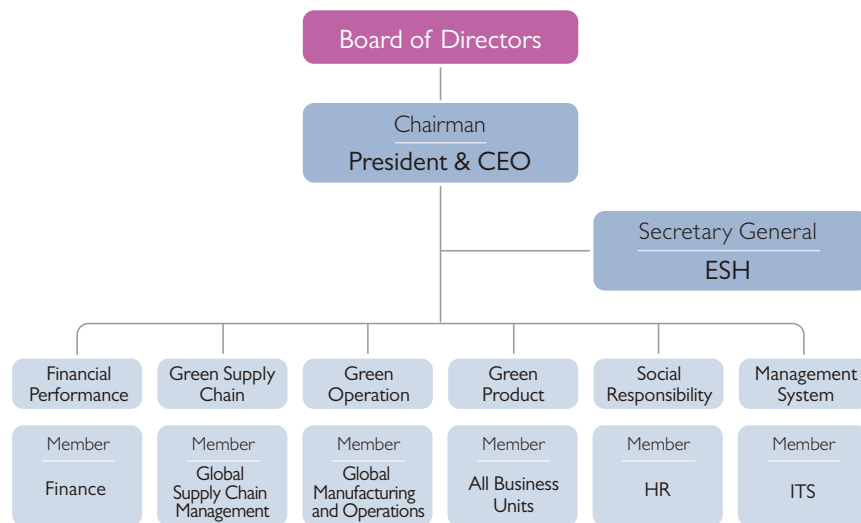
> ℹ For more details, please refer to "Corporate Governance Status".

- Won Golden Award of "Taiwan Top 50 Corporate Sustainability Report" and "Corporate Comprehensive Performance Award" of the 2017 Taiwan Corporate Sustainability Awards (TCSA)
- Won Best Business Continuity Approach of the Year of StrategicRISK
- Won Top 100 Global Technology Leaders of Thomson Reuters in 2018

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. In our performance of overall corporate sustainability development, Qisda won Golden Award of "Taiwan Top 50 Corporate Sustainability Report" and "Corporate Comprehensive Performance Award" of the 2017 Taiwan Corporate Sustainability Awards (TCSA), Best Business Continuity Approach of the Year of StrategicRISK in 2017 as well as won Top 100 Global Technology Leaders of Thomson Reuters in 2018.

| CSD 2030 Key Performance Indicators (KPIs) (2009 is the base year)
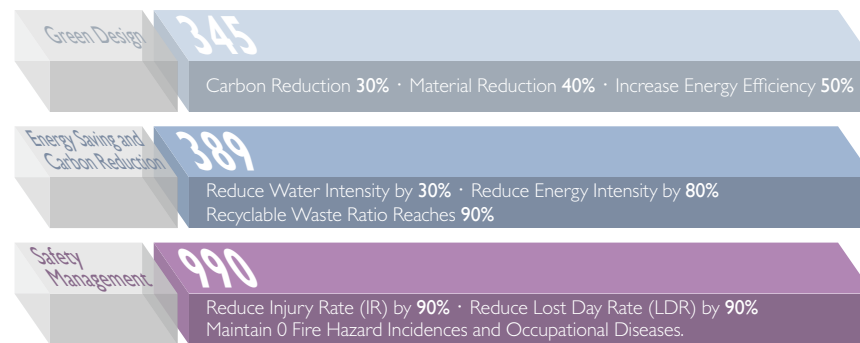
Green Design — 345
Carbon Reduction 30% · Material Reduction 40% · Increase Energy Efficiency 50%

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.

Green Product

SDG Mission

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.

Corresponding SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

Energy Saving (%)

2020 Target (5%)
2017 Target (2%)

35.03%
80.45%

2017 vs. 2015   2017 vs. 2009

Material Reduction (%)

2020 Target (5%)
2017 Target (2%)

17.22%
40.18%

2017 vs. 2015   2017 vs. 2009

Carbon Reduction (%)

2020 Target (5%)
2017 Target (2%)

22.65%
54.68%

2017 vs. 2015   2017 vs. 2011

Eco-Efficiency Improving (%)

2020 Target (5%)
2017 Target (2%)

82.46%

2017 vs. 2015
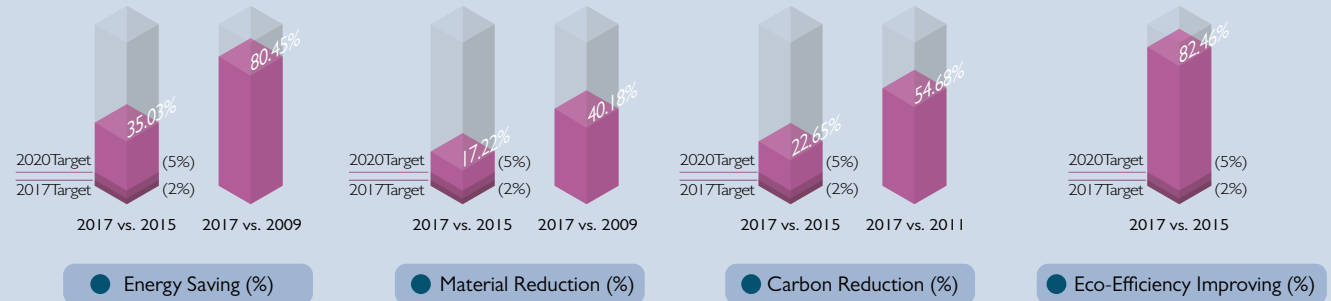
● Achieved   ○ Not Achieved

Green Operation

SDG Mission

Qisda strives to build a safety working environment for employees. Under this condition, every employee has the responsibility to finish work safely and execute each safety and health requirements.

Corresponding SDG

8 DECENT WORK AND ECONOMIC GROWTH

Lost Day Rate (LDR) Reduction (%)

2020 Target (30%)
2017 Target (12%)

-21.4%
62.2%

2017 vs. 2015   2017 vs. 2009

Corrective actions

1. Rapping tool, dies arrangement operational method improvements
2. Move, hang, rolling-over tool improvements
3. Safety awareness, on-site management improvements
4. Supply and add safety shoes
5. Production automation

Injury Rate (IR) Reduction (%)

2020 Target (10%)
2017 Target (4%)

5.1%
81.6%

2017 vs. 2015   2017 vs. 2009

● Achieved   ○ Not Achieved

Short-to-Medium-Term CSD Key Performance Indicators (KPIs) and 2017 Results

Green Operation

SDG Mission

Qisda promises to pour in resources for its manufacturing process to be even more energy-saving and environmental friendly while conforming to the requirements and specific demands from customers to ensure that the products received by our customers are free from health concerns.

Corresponding SDGs

6 CLEAN WATER AND SANITATION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

2020 Target (25%)
2017 Target 2.8% (10%)
30.3%

2017 vs. 2015   2017 vs. 2009

○ Total Electricity Consumption/
Total Output Values (MWh / million)
Unit: United States dollars.
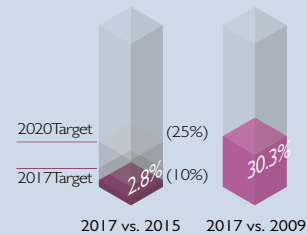
Corrective actions

1. Lighting switch automatic control (including office, meeting room and parking lot)
2. The evaluation and implementation of expanding solar panels.

2020 Target 27.6% (10%)
2017 Target (4%)
53.6%

2017 vs. 2015   2017 vs. 2009
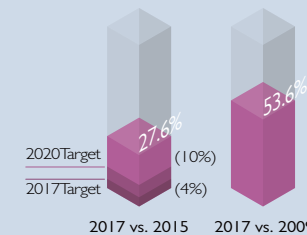
● Total Water Consumption /
Total Output Values (tons / million)
Unit: United States dollars.

2017~2020 Target 91.1% (90%)

2017
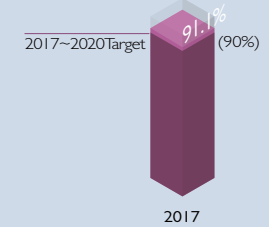
● Recyclable Waste Rate (%)

● Achieved ○ Not Achieved

Green Supply Chain

SDG Mission

Qisda requests that its suppliers follow local regulations, social standards and environmental plans and complete surveys and audits for both sides to fulfill promises to the environment and society and add values to products.

Corresponding SDGs
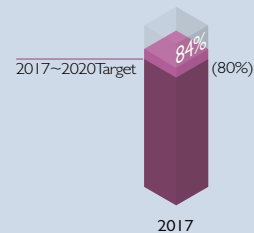
8 DECENT WORK AND ECONOMIC GROWTH

13 CLIMATE ACTION

15 LIFE ON LAND

2017~2020 Target 84% (80%)

2017

● Percentage of Key Suppliers Completing Social Responsibility & Environmental, Safety and Health Survey and On-Site Audit (%)

Economic Performance

SDG Mission

Qisda strives to increase the number of foreign patents to enhance the overall product performance with creative capabilities.

Corresponding SDG

8 DECENT WORK AND ECONOMIC GROWTH

2020 Target (20%)
2017 Target 14.9% (13.5%)

2017 vs. 2015
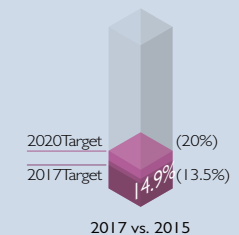
● Increase in the Number of Essential Patents (%)

● Achieved ○ Not Achieved

Short-to-Medium-Term CSD Key Performance Indicators (KPIs) and 2017 Results

Economic Performance

SDG Mission

Although the following indicators do not have corresponding SDGs, considering the following items all have major impacts on corporate management, we still set the indicators to regularly review and manage.

2017Result (100%)
2017Target (95%)
100%
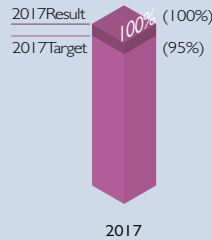
Note

This 2018~2020 indicator will be adjusted to >80% for risk kit preparation ratio, the ratio covers:
1. Reserve ratio=whether there is kit, weight 50%
2. Availability=Ratio of no red light, weight 50%

2017

● Risk Control Implementation Rate (%)

2020Target (90)
2017Target (88)
93

2017

● Customer Satisfaction Survey (Score)

2017~2020Target (Top 6%~20%)
Top 6%~20%

2017
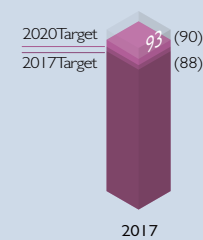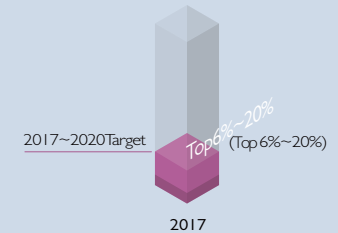
● Corporate Governance Evaluation (%)

● Achieved ○ Not Achieved

Social Responsibility

SDG Mission

Treating all customers, suppliers, creditors, shareholders, employees and the general public with honesty is Qisda corporate mission. We believe ethical management is the most basic social responsibility of the corporate and is beneficial for company operation and long-term development.

Corresponding SDG

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

2020Target
2017Target (100%)
100%

2017
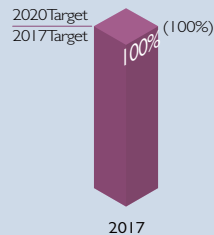
● Employee Code of Conduct Training (%)

SDG Mission

Qisda promotes creativity, offering a creative management planning system to decide on the development directions and investment of required creative resources and further offer clients with ground-breakingly products.

Corresponding SDG

8 DECENT WORK AND ECONOMIC GROWTH

2020Target (3,500)
2017Target (2,750)
2,791

2017
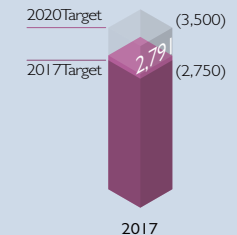
● Innovation Culture Participation (number of participants)

● Achieved ○ Not Achieved

Qisda Product Designs and Services Correspond to SDGs

Since the UN officially initiated year-2030 sustainable development goal agenda (Agenda 30) in 2016, its newest 17 Sustainable Development Goals (SDGs) have become 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 has referred to the

SDG Compass Guide procedure and further set targets for items of the corporate value chain bearing potential risks and requiring management in priority. 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		SDGs
Smart Energy	With years of experience in energy management, BenQ Business Solutions, a subsidiary of Qisda, is the only ADR 2.0 Ready-certified technology vendor in Taiwan. The company worked with Sino-American Silicon Products Inc. and Ardentec Corp. in 2017, helping to save tens of millions of electricity bill.	Hardware	PoE Switch	7 — Affordable and Clean Energy
		Software	Automatic Monitoring System of Air-Conditioning and Lighting	9 — Industry, Innovation and Infrastructure
Smart Manufacturing	Qisda delivers industry-leading manufacturing solutions and provides seamlessly integrated software/hardware platforms, and built the second phase of its smart factory at Qisda's Taoyuan headquarters, reducing 51% online manpower, boosting overall production benefits by over 74% while average sales per unit area of production were increased by 52%.	Hardware	Automated Guided Vehicle (AGV)	9 — Industry, Innovation and Infrastructure
		Software	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	12 — Responsible Consumption and Production

According to the SDGs targets setting and controlling, please refers to "Our Value Creation Process".

| Qisda Product Designs and Services Correspond to SDGs

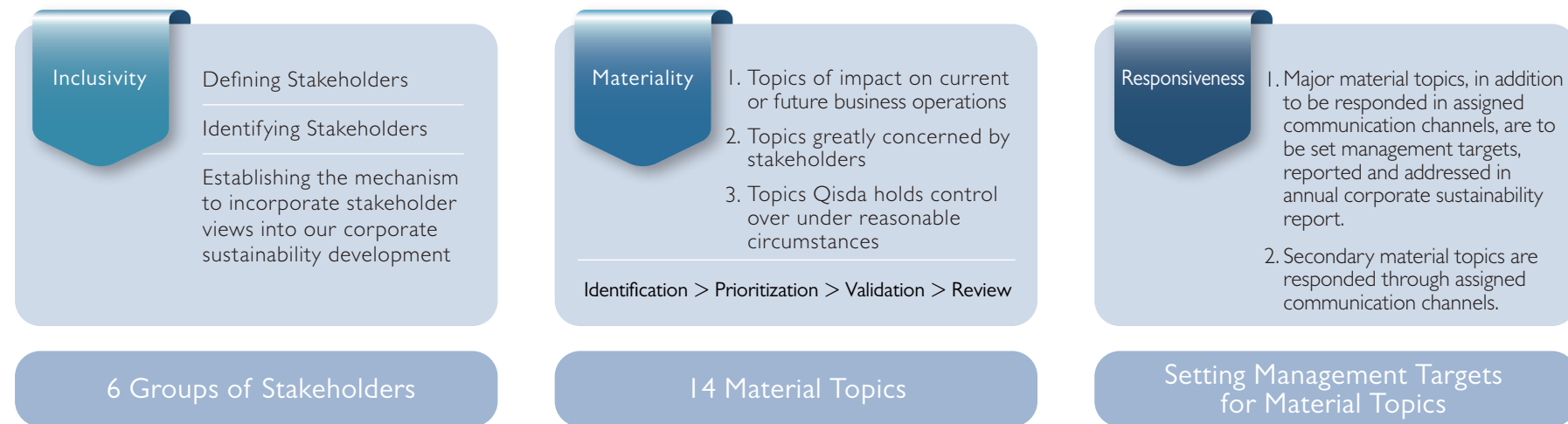| Smart Solution	Description	Product and Service		SDGs
Smart Education	Smart Education solution supports the "Flipped Classroom" and big data analysis. We provide seamless integrated software and hardware to support the teaching and learning scenarios through the cloud service.	Hardware	Interactive Flat Panel, Interactive White-board Series	Quality Education
		Software	Complete Teaching/Learning Software Solution	
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.	Hardware	Medical Display, Ultrasound System, Intraoral Scanner, Surgical Table	Good Health and Well-Being
		Software	Group Fitness System, Health Management System, iQOR Solution, 3D Integrated Implant Service	
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.	Hardware	POS Terminal, Mobile POS, Digital Signage, Projector, and so on	Industry, Innovation and Infrastructure
		Software	Content Management System (CMS), Electronic Shelf Label, Customer Traffic Analysis	
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.	Software	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 figure below shows Qisda's adherence to AA 1000APS, following three major principles: inclusivity, materiality, and responsiveness.

I. Inclusivity

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

1. Define stakeholders: Those who have an impact on our business operations, 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.

| Qisda AA 1000APS Compliance Approach

Inclusivity

Defining Stakeholders

Identifying Stakeholders

Establishing the mechanism to incorporate stakeholder views into our corporate sustainability development

6 Groups of Stakeholders

Materiality

1. Topics of impact on current or future business operations
2. Topics greatly concerned by stakeholders
3. Topics Qisda holds control over under reasonable circumstances

Identification > Prioritization > Validation > Review

14 Material Topics

Responsiveness

1. Major material topics, in addition to be responded in assigned communication channels, are to be set management targets, reported and addressed in annual corporate sustainability report.
2. Secondary material topics are responded through assigned communication channels.

Setting Management Targets for Material Topics

II. 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 355 responses to the survey were received from the six groups—employees, customers, suppliers, media, shareholders and communities. Employees verified the impact rating of the topic on Qisda. Customers, suppliers, media, shareholders and communities 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. Only supplier social, environmental and safety assessment is new topic identified.

III. 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 material topics are to be set management targets, reported and addressed in the annual corporate sustainability report, in addition to the utilization of assigned communication channels; while secondary material 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.

| Stakeholder's Communication Channels

Employees

Topics cared by Current Staff
- Learning & Development
- Corporate Benefit Activities
- Health Management & Care

- Educational Training (including maneuvers and exercises), New Employee Orientation
- Electronic Newspaper, Emails, and Phone Calls
- CEO Mailbox
- 2HR Mailbox
- 2885 Online System
- Business Conference
- Performance Communication System
- Employee Welfare Committee, Labor-Management Committee
- Individual Consultation, Health Examination

For more details, please refer to the following chapters.
- Learning and Development
- Creating a Happy and Healthy Working Environment

Qisda"Sustainability" website: http://www.myqisda.com/csr/en/index.asp

| Stakeholder's Communication Channels

Customers

Topics cared by Consumers
- Customer Commitment & Service
- Customer Privacy Protection
- Product Quality

- Customer Service Line
- Product Repair Line
- Taiwan Customer Service Manager Mailbox

For more details, please refer to the following chapters.
- Customer Commitment
- Quality and Hazardous Substances Management

Topics cared by Branded Customers
- 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

- Quarterly Business Review (QBR) and Audit Questionnaires
- Assigned Communication Channels
- Phone Calls / Emails
- Regular and Impromptu Reports
- Customer CSR Forum

For more details, please refer to the following chapters.
- Customer Commitment
- Human Rights Management
- Green Products
- Quality and Hazardous Substances Management
- Green Operation

Shareholders

Topics cared by Shareholders
- Corporate Financial Information
- Business Operation Status
- Corporate Governance

- 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
- Investor Conference

For more details, please refer to the following chapters.
- 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.

Qisda Investor Relations: https://www.qisda.com/page.aspx?uid=82

Qisda Financial Results and Business Summary: https://www.qisda.com/page.aspx?uid=98

Stakeholder's Communication Channels

The Government

Topics cared by Government Agencies
- Legal Compliance
- Environmental Protection
- Labor Rights
- Corporate Governance

- Audits
- On-Site Visits
- Official Documents
- Labor Compliance Investigations

For more details, please refer to the following chapters.
- Corporate Governance
- Legal Compliance
- Human Rights
- Green Operation
- Supply Chain Management

Suppliers

Topics cared by Suppliers
- Supplier Corporate Social Responsibility
- Conflict Minerals
- 14064-1 GHG Inventory

- Supplier Social Responsibility & Environmental, Safety and Health Survey
- Internal Training Courses
- Phone Calls / Emails
- Green Product Management & Sample Approval System (GPM-SA System)
- On-Site Audit

For more details, please refer to the following chapters.
- Supply Chain Management

The public
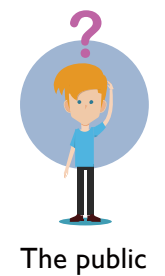
Topics cared by Environmental Protection Groups
- Care for the Society & Public Welfare Activities

- Phone Calls / Emails
- Volunteering

For more details, please refer to the following chapters.
- Goodwill for the Earth, Love for the Society

Stakeholder's Communication Channels

The public

Topics cared by Agencies/Organizations
- Care for the Society & Public Welfare Activities

- Corporate Website
- Volunteering

For more details, please refer to the following chapters.
- Goodwill for the Earth, Love for the Society

Topics cared by Media
- Corporate Financial Information
- Business Operation Status
- Care for the Society & Public Welfare Activities

- Corporate Website
- Corporate Briefing
- Investors Conference Presentation Materials
- Scheduled Press Release
- Impromptu News Conference
- Impromptu Media Question and Answers
- Impromptu Press Release

For more details, please refer to the following chapters.
- Financial Performance
- Goodwill for the Earth, Love for the Society

Besides our financial and business information that will be disclosed in announcement or press release, presentation slides will be disclosed on our official website each quarter.

Topics cared by Other
- Care for the Society & Public Welfare Activities
- Issues of Environmental Protection

- Corporate Website
- News Media
- External/Internal Communications

For more details, please refer to the following chapters.
- Goodwill for the Earth, Love for the Society
- Green Operation

Qisda Financial Results and Business Summary: https://www.qisda.com/page.aspx?uid=98

Table of Material Topics

No	Category	Material Topic	Meaning to Qisda	Boundary Inside	Boundary Outside Customer	Boundary Outside Supplier	2017 Management Target	2017 Status		GRI Disclosure	Corresponding Chapter	Concerned Stakeholder*
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 conforming to the requirements and specific demands from customers.	●	●	●	Obtain ISO9001, ISO13485, ISO/TS16949 certificates.	All manufacturing sites were verified.	●	No corresponding disclosure, Qisda customized disclosing item: Qisda-1	Quality and Hazardous Substances Management	Suppliers, Employees
2	Economy	Economic Performance	Qisda strives to improve manageability and profitability to meet the best interest of our stakeholders.	●			Growth in Group revenues.	Earnings per share increased 21.7% from that in 2017.	●	201-1.2.4	Financial Performance	Employees
3	Economy	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.	●			Strengthen internal anti-trust adherence: 1.E-newsletter delivery. 2.Online course training. 3.Poster education.	Done.	●	307-1.419-1	Legal Compliance	Media
4	Society	Customer Safety and Health	Qaida designs and manufactures products conforming to the requirements and specific demands from customers to ensure that the products received by our customers are free from health concerns.	●	●	●	1.Obtain IECQ QC 080000 certificate. 2.Pass the US Food and Drug Administration (FDA) medical equipment factory.	All manufacturing sites were verified.	●	416-1~2	Quality and Hazardous Substances Management	

| * The concerned stakeholder ranked this material topic in the Top 3 topics, while other stakeholders did not. For customers, shareholders, and communities, it cannot be recognized as the top three ranking spots, it is not shown in the table.

Table of Material Topics

● Achieved ○ Not Achieved

No	Category	Material Topic	Meaning to Qisda	Inside	Outside Customer	Outside Supplier	2017 Management Target	2017 Status		GRI Disclosure	Corresponding Chapter	Concerned Stakeholder
5	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.	○	○		No customer complaints about data loss.	No complaints.	●	418-1	Customer Privacy Protection	
6	Economy	Innovation	Facing global technology advancement and market requirement fast changes, it is vital for the industry development to continually launch business approaches and design/develop with a creative thinking.	○			Number of employee participating in the activities of creative culture reaches 2,780.	2,791.	●	No corresponding disclosure, Qisda customized disclosing item: Qisda-3	Innovation Culture	
7	Society	Customer Satisfaction	Qisda gives top priority to the satisfaction of our customers and business partners on delivery, cost, technology, quality, service, related regulations and overall evaluation to continuously sustain the satisfaction of customer needs.	○	○		The score of average customer satisfaction reaches 88.	Scored 92.6.	●	No corresponding disclosure, Qisda customized disclosing item: Qisda-2	Customer Satisfaction	
8	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.	○			1.Reduce injury rate (IR) by 4%. 2.Reduce lost day rate (LDR) by 12%.	1.A decrease of 5.1% in injury rate (IR). 2.A decrease of -21.4% in lost day rate (LDR).	○**	403-1~4	Employee Health Care Management Safety & Health Management	

* The management target setting of this material topic is based on the data in 2015. The result of 2017 is compared to that of 2015.

** Corrective actions: 1. rapping tool, dies arrangement operational method improvements; 2.move, hang, rolling-over tool improvements; 3.safety awareness, on-site management improvements; 4.supply and add safety shoes; 5.production automation.

Table of Material Topics

No	Category	Material Topic	Meaning to Qisda	Boundary Inside	Boundary Outside Customer	Boundary Outside Supplier	2017 Management Target	2017 Status	GRI Disclosure	Corresponding Chapter	Concerned Stakeholder*
9	Society	Code of Conduct	Ethical management is the most basic social responsibility of the corporate and is beneficial for company operations and long-term developments.	○			Percentage of employee Code of Conduct training reaches 100%.	100%.	●	102-16.17 205-1~3	Code of Conduct	
10	Economy	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 scheduling updates of the documentation, as well as field tests and drills, Qisda is able to ensure the effective operations.	○			Percentage of risk control implementation rate reaches 95%.	100%.	●	102-11.15.29.30	Risk Management	
11	Economy	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.	○			The ranking in Corporate Governance Evaluation maintains top 6%~20%.	Ranked top 6%~20%.	●	102-18~34	Corporate Governance	Employees

Table of Material Topics

● Achieved ○ Not Achieved

No	Category	Material Topic	Meaning to Qisda	Boundary			2017 Management Target	2017 Status		GRI Disclosure	Corresponding Chapter	Concerned Stakeholder*
				Inside	Outside							
					Customer	Supplier						
12	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.	●			1.Number of employee participating in the activities of Welfare Committee reaches 13,000. 2.The score of average events satisfaction reaches 4.1out of 5.	1.14,180 participants. 2. Scored 4.36.	●	102-35~39. 201-3.202-1. 401-2.405-2	Corporate Governance Status Fundamental Employee Guarantees	Employees
13	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.	●	●		Energy saving 2%, material reduction 2%, carbon reduction 2%, eco-efficiency improving 2%.	Energy saving 35.03%, material reduction 17.22%, carbon reduction 22.65%, eco-efficiency improving 82.46%.	●	302-5.417-1	Green Product	
14	Environment	Supplier Environmental and Social Assessment	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.	●	●	●	Percentage of key suppliers completing social responsibility & environmental, safety and health survey and on-site audit reaches 80%.	89%.	●	308-1~2.414-1~2	Green Supply Chain	Suppliers

* The management target setting of this material topic is based on the data in 2015. The result of 2017 is compared to that of 2015.

| Distribution of Material Topics

Significance Rating

Impact Rating

1 Quality
2 Financial Performance
3 Legal Compliance
4 Customer Safety and Health
5 Customer Privacy Protection
6 Innovation
7 Customer Satisfaction
8 Occupational Health and Safety
9 Code of Conduct
10 Risk Management
11 Corporate Governance
12 Salary and Benefit
13 Product Life Cycle Assessment
14 Supplier Environmental and Social Assessment

Realize Corporate Governance

Commitment and Management Strategies

Corporate governance is the foundation of enterprise operations. 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 revenues. In operations, 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.

Prospects

We continue to promote transformation with three operational policies and partner with other companies to enlarge our territory. Meanwhile, we offer resources with existing governance ability, educating and strengthening subsidiaries' related management abilities so that the Qisda/BenQ Group can grow together and bring the effects into full play.

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

Material Topic	2017 Management Target	2017 Status		2018 Management Target	Corresponding Chapter of Management Approach
Corporate Governance	The ranking in Corporate Governance Evaluation maintains top 6%~20%	Ranked top 6%~20%	●	The ranking in Corporate Governance Evaluation maintains top 6%~20%	Corporate Governance
Economic Performance	Growth in the Qisda/BenQ Group revenues	Earnings per share increased 21.7% from that in 2017	●	Optimizing existing business operation, rapidly expanding medical business, and speeding up solution development to continually improve revenues.	Financial Performance
Code of Conduct	Percentage of employee Code of Conduct training reaches 100%	100%	●	Percentage of employee Code of Conduct training reaches 100%	Code of Conduct
Risk Management	Percentage of risk control implementation rate reaches 95%	100%	●	Risk kit preparation ratio >80% (the ratio covers: reserve ratio and availability)	Risk Management
Legal Compliance	Strengthen internal anti-trust compliance plan 1.E-newsletter delivery 2.Online course training 3.Poster education	Done	●	1. Continue internal anti-trust trainings 2. Launch the GDPR compliance plan	Legal Compliance

Material topics concerned by stakeholders
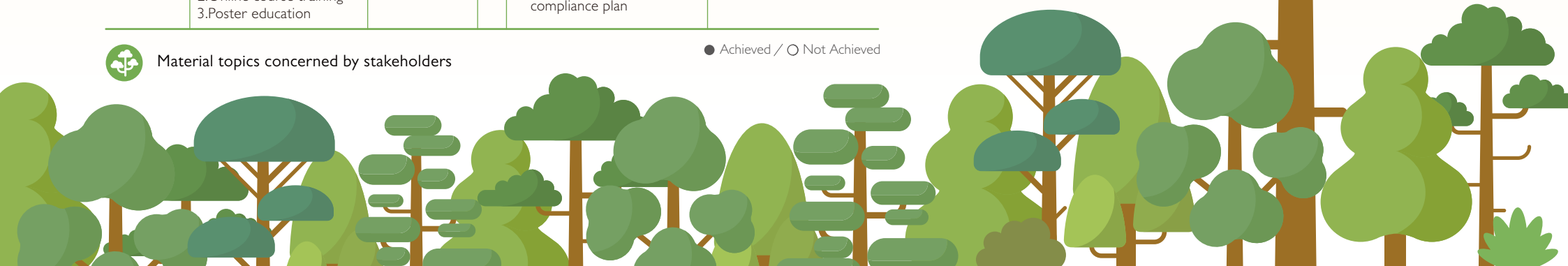
● Achieved / ○ Not Achieved

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, 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.

The Organizational Structure of Qisda Corporate Governance
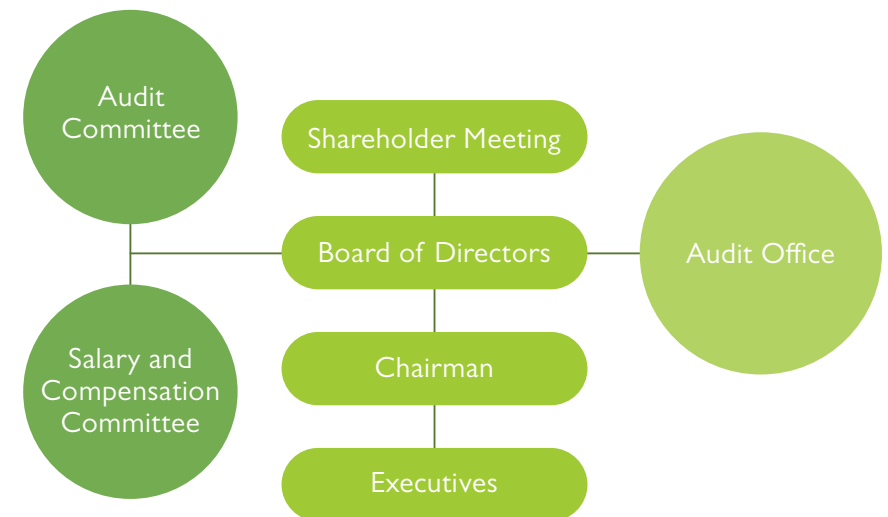
Protecting shareholders' rights and interests is one of the primary tasks of Qisda corporate governance. In the annual Shareholder Meeting of 2012, Qisda first adopted electronic voting system that shareholders can cast their votes on matters listed in the agenda. The e-voting system enables higher participation 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 operations. It also strives to maximize the benefits for the shareholders.

Members of the Board of Directors are listed in the following table. 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. 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.

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.

Board Members

Title	Name*,**	Gender	Age
Chairman	Peter Chen	Male	Over 50
Honorary Chairman	K. Y. Lee	Male	Over 50
Director	AU Optronics Corp: Paul S.L. Peng	Male	Over 50
Director	BenQ Foundation: Joe Huang	Male	Over 50
Independent Director	Kane K. Wang	Male	Over 50
Independent Director	Allen Fan	Male	Over 50
Independent Director	Jeffrey Y.C. Shen	Male	Over 50

Board of Directors Operations

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.

* Please refer to Annual Report for information on the education, experience, duration, current positions, board meeting attendance and controlling shareholder of the Board of Directors.
** The three members of the Board of Directors of the company's 100% controlled subsidiary Qisda (Suzhou) Co.Ltd. (QCS) were appointed by Qisda. The Board of Directors strives to maximize the benefits for the shareholders and operates in accordance with local relevant laws and regulations.

Audit Committee Operations

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 organization 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.

Salary and Compensation Committee Operations

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.

Corporate Sustainable Development Committee Operations

In 2015, the Board of Directors enacted the "Corporate Governance Best Practice Principles", the "Principle of Corporate Social Responsibility (CSR)", the "Principles for Ethical Management" and the "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 approaches and actual promotion plans. Starting from 2015, the committee has 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 are overseen by Mr. Peter Chen, Chairman and CEO of Qisda, as the Chairman of the Corporate Sustainable Development Committee, monitoring and managing the promotion of CSR activities.

For more details, please refer to the chapter of "Qisda Corporate Sustainable Development"

* 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.

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 CEO 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 Shareholder 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 Shareholder 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.

Annual Report available at Qisda corporate website: https://www.qisda.com/page.aspx?uid=94

Financial Performance

Qisda's 2017 consolidated revenues reached NT$136.9 billion; the consolidated net income reached NT$3.4 billion. The consolidated net profit after tax was NT$5.66 billion, while the parent company in Taiwan accounted for the NT$5.29 billion net profit; the earnings per share was NT$2.69 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 2017, 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:

- The three operational focuses are: improving existing business, rapidly expanding medical business and speeding up solution development.
- Revenues hit record high in 8 years.
- EPS hit record high in 10 years.

Optimize Existing Business

Two major product lines: display and projector, continue to win a steady result and a market leadership position. 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 2017, sales volume of high-end and professional displays exceeded 2.56 million units. Besides adding 10000-lumen lens-replaceable model to its volume production list, Qisda led 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 increasing of overall sales of its projectors.

Rapidly Expand Medical Business

In 2017, revenues from medical segment accounted for 5% of consolidated revenues, 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.

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 2017, we worked with channels to increase market sales and strengthen integrating relationship with software and hardware service providers, providing more various products and services while better meeting local market needs.

Refer to the table below for the operational performances of Qisda for the past five years. For more detailed presentations on the company's operational performance 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 subjected to applicable text-exemption and/or preferential/reduced tax rates. For detailed information, please refer to the appendix of the 2017 Qisda Financial Statement with regards to "Income Tax" disclosure.

| Qisda Taiwan Parent Company Economic Value Distribution

Item		Amount	Note
A. Direct Economic Value Generated			
a	Revenues	NT$88.9 billion	
B. Economic Value Distributed			
b	Operating Costs	NT$85.1 billion	
c	Employee Wages and Benefits	NT$3.1 billion	Employee salary
d	Payments to Providers of Capital	NT$2.89 billion	The net amount of paid interest expense was NT$0.23 billion. Share dividends for shareholders was NT$2.66 billion.
e	Payments to Government by Country	NT$0.23 billion	Income-tax
f	Community Investments	N/A	
Economic Value Retained=A-b			
Total		NT$3.8 billion	

Statement of Comprehensive Income - International Financial Reporting Standards

Unit: NT$ Million

Item \ Year	Financial Information for the past 5 Years				
	2017	2016	2015	2014	2013
Operating Revenues	136,862	129,554	133,102	133,511	119,231
Gross Profits	12,053	16,203	14,640	15,058	2,596
Operating Incomes (Losses)	3,401	4,487	2,598	2,928	1,561
Net Profits Generated from the Parent Company and Its Subsidiaries	5,291	4,342	2,169	2,971	709
Earnings per Share	2.69	1.10	1.51	0.36	(1.41)

Financial Report available at Qisda corporate website: https://www.qisda.com/page.aspx?uid=92

| * Statement of Comprehensive Income was presented using International Financial Reporting

Code of Conduct

- No corruption incidents
- The percentage of employee code of conduct training reached 100%

Ethical management is the most basic social responsibility of the corporate and is beneficial for company operations and long-term developments. 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, 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 forms 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.

VI.Political Activity

While protecting the freedom of employee participating in politics, we stipulate that political activity is strictly regulated by local laws to prevent from illegal incidents such as bribery and illegal lobbying.

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 emails to 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 related codes to 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 percentages of employee code of conduct training (including anti-corruption training) in 2017 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 2017.

Besides launching integrity communications and trainings for employees, Qisda has delivered mails regularly for anti-corruption to all members of the

Board of Directors since 2014 and added 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 have announced that on the website. For serious inappropriate behaviors such as ethical breaches, breaches of conflict of interest, violations of fair trade, briberies 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 employees can directly pass on the messages 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 suppliers, customers 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 2017, Qisda did not receive any reported cases.

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 a 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.

| Percentages of Employee Code of Conduct Training*

100% Direct Labor Taiwan

100% Direct Labor Suzhou, China

100% Indirect Labor Taiwan

100% Indirect Labor Suzhou, China

* In the fourth quarter of 2017, Qisda delivered and communicated the code of conduct to its employees via trainings, with overall sum of employees receiving trainings reaching 4,108.(Indirect Labor:3,847; Direct Labor:261) 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.
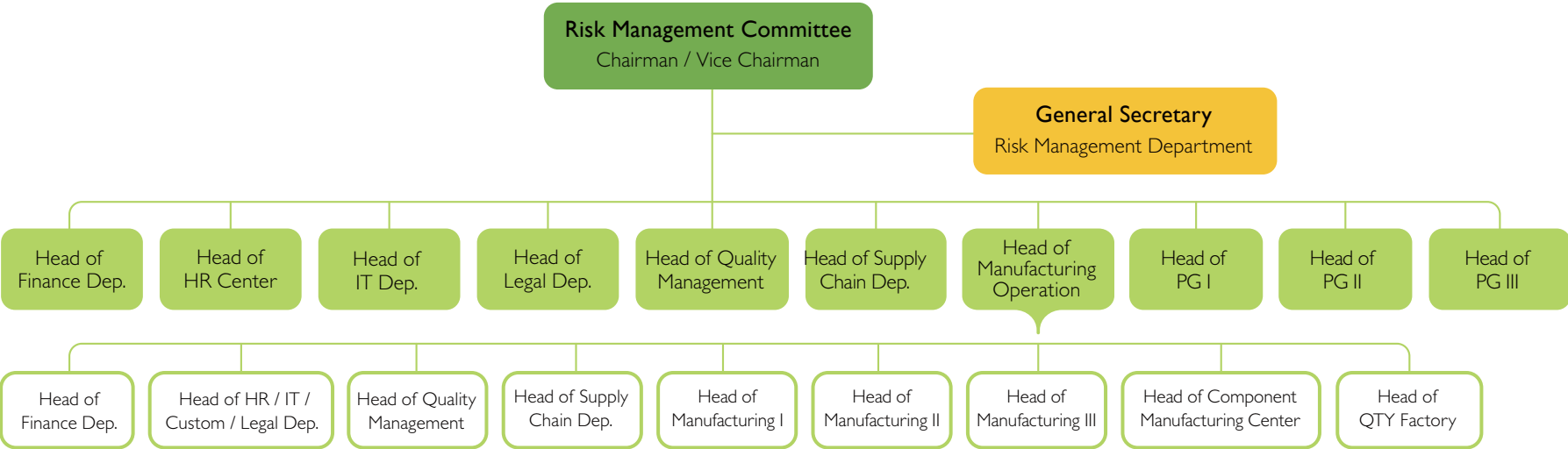
Risk Management

Qisda's risk management policy provides solutions for the company's risk management system and risk transfer planning. Risk Management Committee (RMC) manages the risks of strategy, operation, finance and hazard, and defines the vision and strategy of Qisda's risk management. We use these to effectively manage risks exceeding our tolerated risk level while using risk management tools to optimize total costs of risk management.

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 business continuity plans are created. Through constant revisiting the flow in the restoration plans and scheduled updates of the

| Risk Management Committee

Risk Management Committee
Chairman / Vice Chairman

General Secretary
Risk Management Department

Head of Finance Dep.

Head of HR Center

Head of IT Dep.

Head of Legal Dep.

Head of Quality Management

Head of Supply Chain Dep.

Head of Manufacturing Operation

Head of PG I

Head of PG II

Head of PG III

Head of Finance Dep.

Head of HR / IT / Custom / Legal Dep.

Head of Quality Management

Head of Supply Chain Dep.

Head of Manufacturing I

Head of Manufacturing II

Head of Manufacturing III

Head of Component Manufacturing Center

Head of QTY Factory

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 maintenance of the risk management plans. The figure in the previous page demonstrates the organizational structure of the RMC. The committee is responsible for conducting self-evaluations of risk management, providing action plans for reducing the risk, monitoring the risk, and generating an annual report of risk management for analyzing risk distribution and relevant improvement plans. 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: strategical risks, operational risks, financial risks, and hazardous risks. Each category is further divided into internal and external risks. A risk management radar illustration is hence created.

In 2017, RMC and its working group conducted 4 meetings (each overseas operation site held its own RMC meetings) to track the performance of risk management. The agenda was as follows: the implementation results of the risk improvement plans, 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. Meanwhile, we launched the key risk indicators 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.

In the aspect of strengthening risk management mechanism, we implemented risk culture educational trainings for all employees this year for them to understand the operations of risk management and improve the sense of risk for them, cultivating risk culture and incorporating that into work life, so that our risk
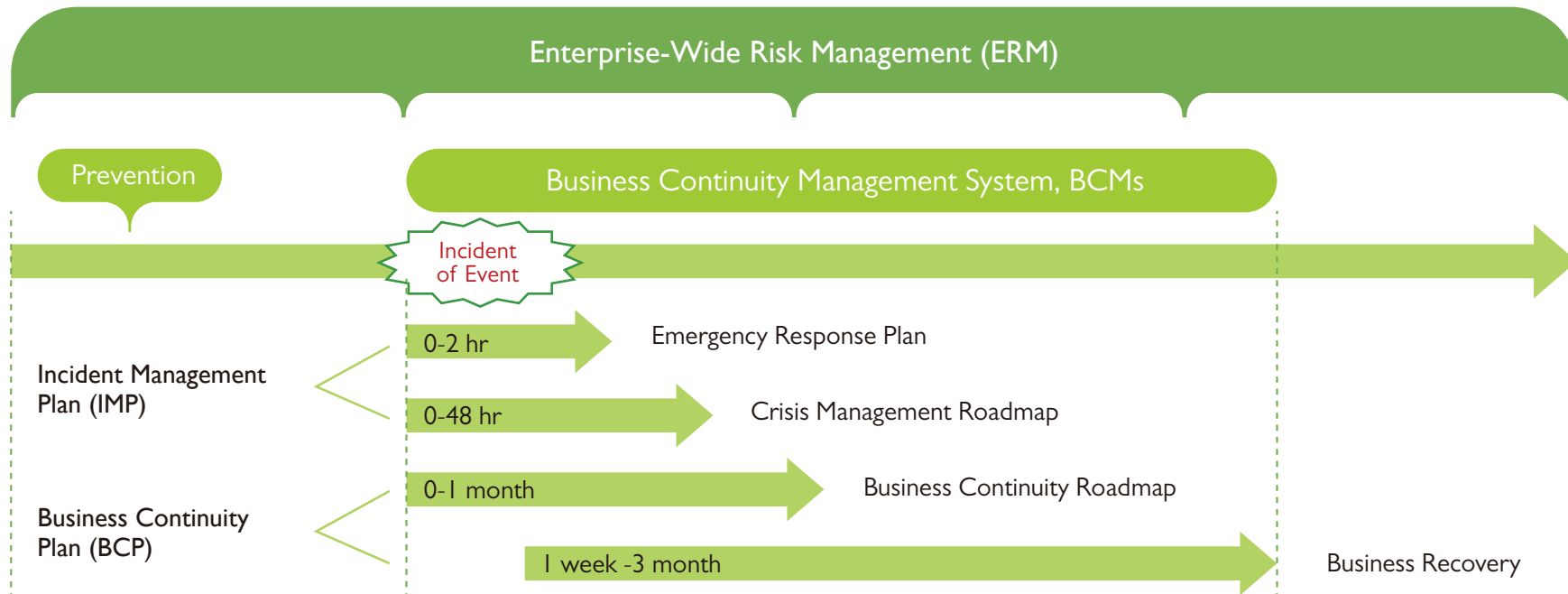
2017 Qisda Risk Management Radar
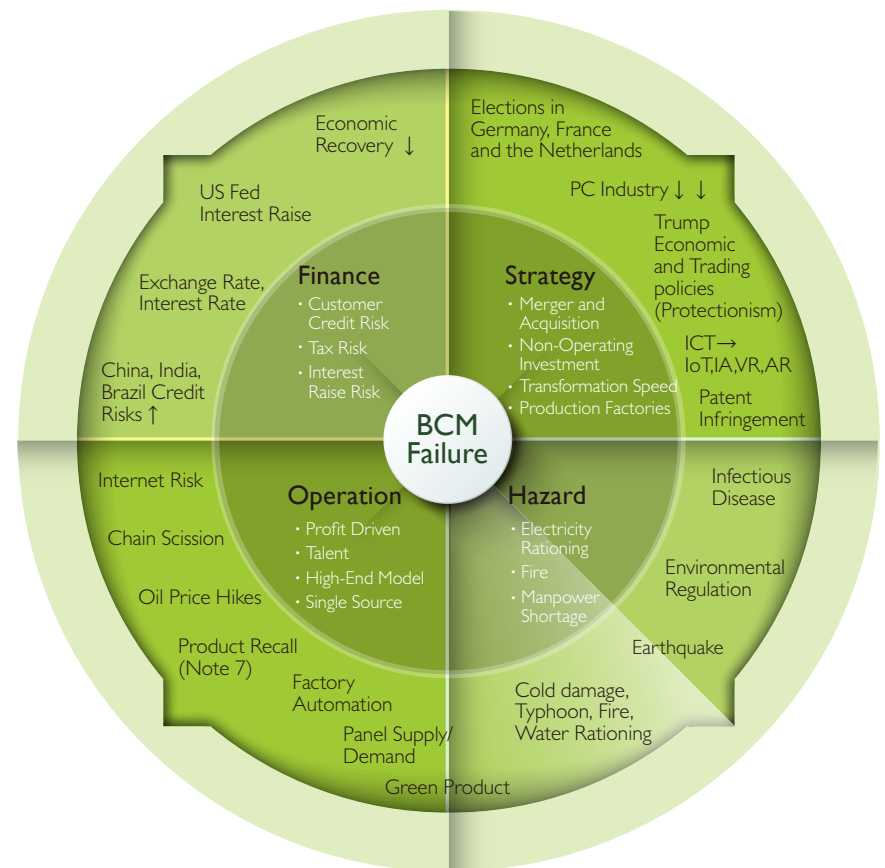
management basis is strongly planted and everyone is aware of risks. In addition, we hosted speeches about strategic deployment and risk processing topics. The speeches involved national-level strategic deployment and application in election examples for executives to have various inspirations. They now can put risk into consideration when designing future visions and goals of their departments, accelerating kit preparations.

III. Business Continuity Management System (BCMs)

1. 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 shortening the time of production halt.

The Structure of Qisda Corporate Risk Management and Business Continuity Management

Enterprise-Wide Risk Management (ERM)

Prevention

Business Continuity Management System, BCMs

Incident of Event

Incident Management Plan (IMP)

0-2 hr → Emergency Response Plan

0-48 hr → Crisis Management Roadmap

Business Continuity Plan (BCP)

0-1 month → Business Continuity Roadmap

1 week -3 month → Business Recovery

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, restrucuture of product lines, growing customer demands for BCM auditing, Qisda has started updating or creating new BCM plans.

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

Won Best Business Continuity of the Year of StrategicRISK

The judges specifically recognized the projects and achievements of Qisda Business Continuity Management (BCM) operational system made according to the ISO 22301 standard such as smart inspection App, electricity checking system, disaster recovery plan and epidemic drill hosted by the company's president in 2016; they all shown actual benefits that can be measured.

	Business Continuity Management System (BCMs)							
Standard	Standard: ISO 22301							
Region	HQ (supporting function)						QCS (manufacturing)	
Scenario	Fire	Earthquake	Pandemic (H1N1)	IT DRP	Funds Interruption	SCM Interruption	Strike	Fire
Ref.	ISO 14001 / OHSAS 18001			ISO 27000	ISO 28000	Corporate Governance	SA 8000	OHSAS
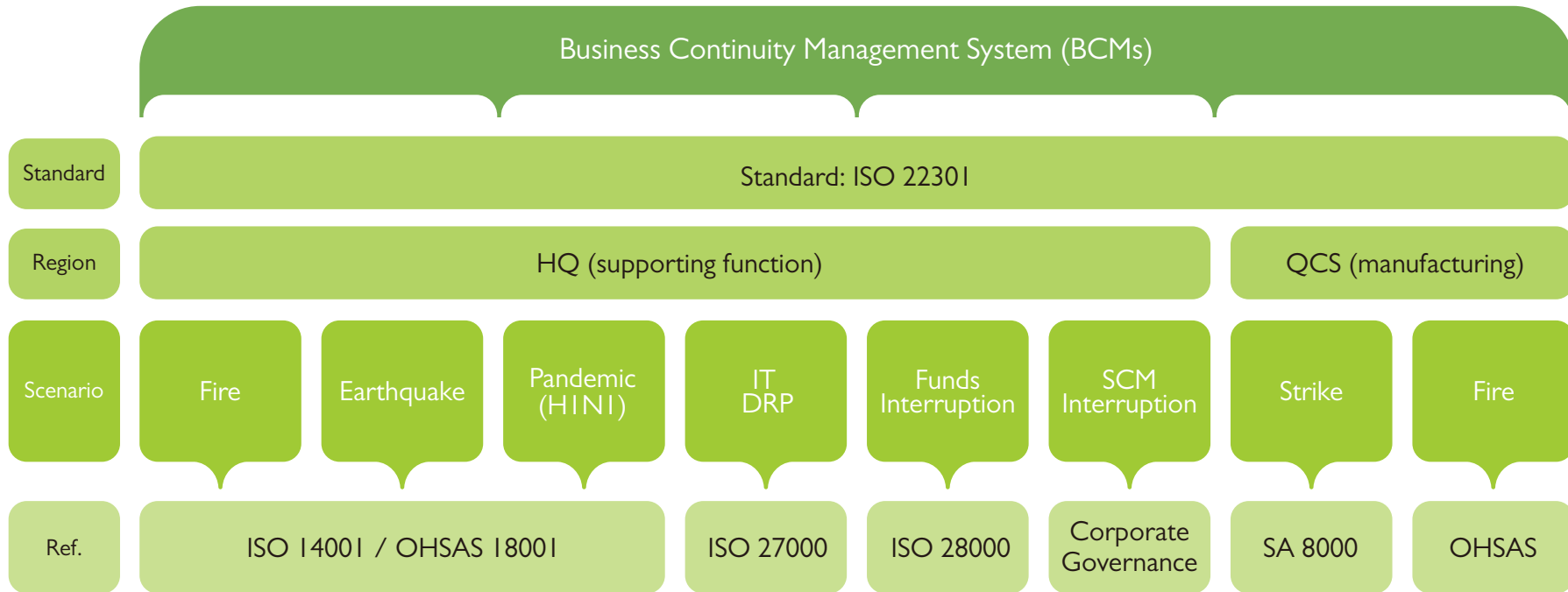
IV. Emergency Response Joint Defense Mechanism

For group joint defense of emergency response, since BenQ Group and Qisda have a key partnering supply chain relationship, 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 2017, the Group performed a drill for operational persistence – risk simulation (epidemic scenario) and launched 18 experience and idea sharing meetings via group joint defense platform to reach the goal of disaster prevention.

Legal Compliance

- No incidents of violation of regulations
- Conducted internal anti-trust trainings

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. In 2017, Qisda did not violate any regulations or fines and continued to conduct internal anti-trust trainings. In response to the EU General Data Protection Regulation, GDPR, we have launched the GDPR compliance plan in the fourth quarter of 2017, with the plan to be finished in 2018.
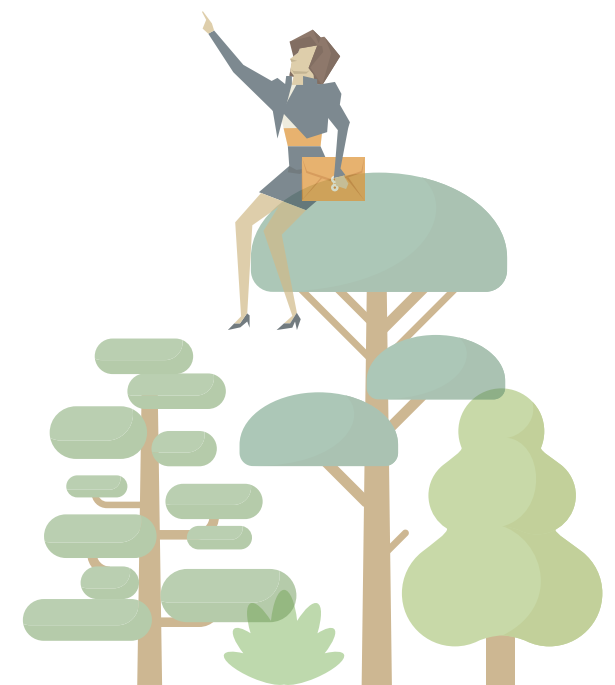
2 | Operate Partner Relationship

Commitment and Management Strategies

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 delivery, cost, technology, quality, service, related regulations and overall evaluation, 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.

Prospects

We continue to execute customer and supplier management according to plans and expect to finish supplier social responsibility & environmental, safety and health online survey system in 2018 to integrate and improve supplier management efficiency.

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

Material Topic	2017 Management Target	2017 Status	2018 Management Target	Corresponding Chapter of Management Approach
Customer Satisfaction	The score of average customer satisfaction reaches 88	Scored 92.6 ●	The score of average customer satisfaction reaches 89	Customer Satisfaction
Customer Privacy	No customer complaints about data loss.	No complaints ●	No customer complaints about data loss.	Customer Privacy Protection
Supplier Environmental and Social Assessment	Percentage of key suppliers completing social responsibility & environmental, safety and health survey and on-site audit reaches 80%	89% ●	Percentage of key suppliers completing social responsibility & environmental, safety and health survey and on-site audit reaches 80%	Green Supply Chain

● Achieved / ○ Not Achieved

Material topics concerned by stakeholders

Customer Commitment

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

| Customer Commitment

Average customer satisfaction score of **93**

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 seven key aspects: delivery, cost, technology, quality, service, related regulations, and overall evaluation.

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 requirements. 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 2017, with average satisfaction score of 93, marking our positive performance in customer service and customer satisfaction.

94
Monitor

90
Mobile Products Business Unit

95
Manufacturing Service Business Unit

94
Projector

92
Medical Imaging Business Unit

92
Special Display

93
Industrial Automation

No data loss incidents

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 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 2017, there were no incidents of data loss, leakage and threat as well as reports from authority reported by external customers.

Customer Privacy Protection Structure

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

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

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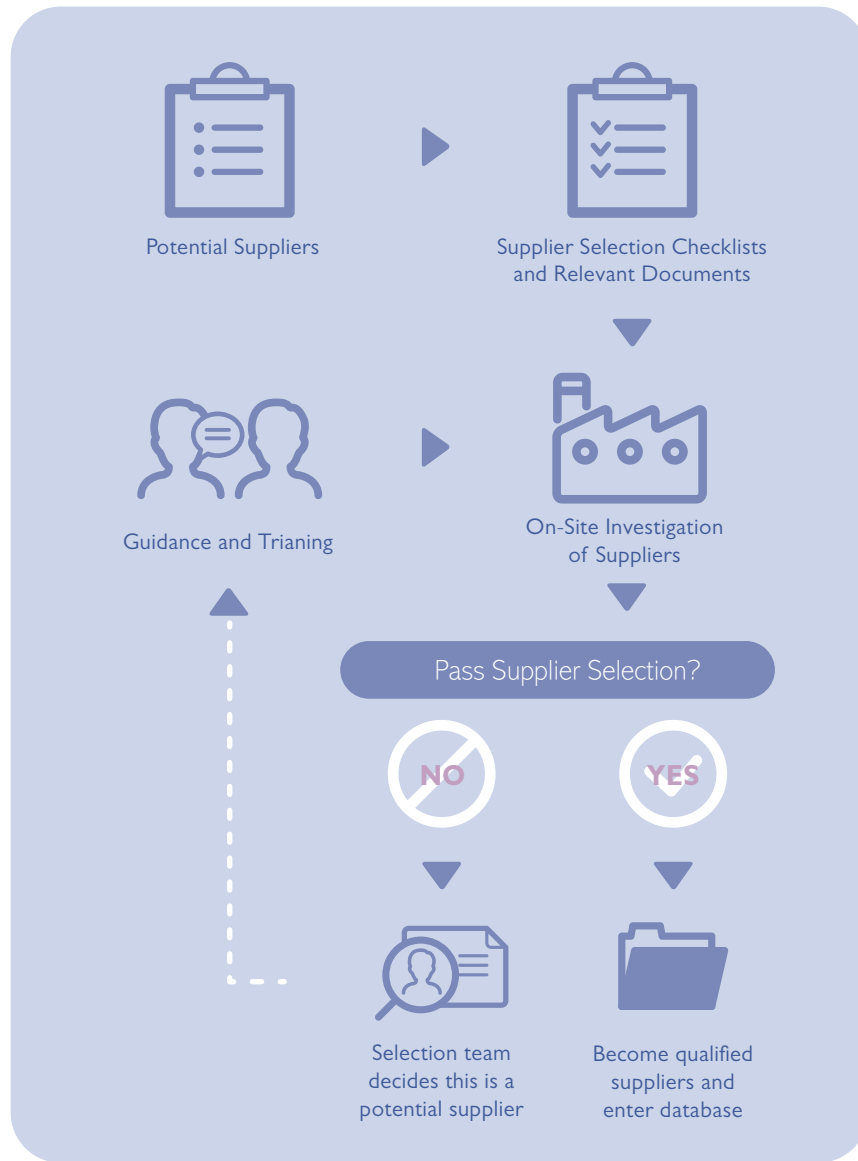
Supply Chain Management

The local purchase proportion of Suzhou, China reached **73.6%**

Investigation rate of the environment, human rights and labor practices of new suppliers reached **100%**

As a cross-industry, comprehensive ODM/OEM leader in electronics, Qisda partners with over 787 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 2017, the local purchase proportion of Suzhou, China reached 73.6%.

Supplier Selection and Qualification Procedures

Supplier selection is accomplished in accordance with Qisda's future product trends and purchasing strategies that assist our company to choose the right supplier based on its capacity, technical innovation ability, quality, service, 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 contract of responsibilities and obligations with Qisda, and non-use of hazardous substances documents. In addition, Qisda followed the Work Instruction of Supplier Survey revisioned in 2015 to upgrade its online system, adding three indicators about environment, human rights and labor practices to new supplier survey items. Until the end of 2017, the investigation rate of new suppliers reached 100%.

Supplier Selection and Qualification Procedures

Potential Suppliers

Supplier Selection Checklists and Relevant Documents

Guidance and Trianing

On-Site Investigation of Suppliers

Pass Supplier Selection?

NO

YES

Selection team decides this is a potential supplier

Become qualified suppliers and enter database

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 Evaluation QISDC Overview

Innovation Technology

Cost Leadership

QISDC

Quality

Delivery

Speed / Response

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 materiel risk assessments on its suppliers. For example, special incidents such as bad debts of China/South America, oil price fluctuations, material price increase, electricity rationing, water rationing, panel maker operations and OLED technology challenges, and extreme weather (drought, flood). 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 operations in order to protect the benefits and rights of its stakeholders.

Supplier Risk Assessment Structure

Periodic Supplier Risk Assessment

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

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, implementation and sustainability to execute green supply chain management. The details are as follows.

Green Supply Chain Management

Awareness
• Social Responsibility & Environmental, Safety and Health Survey
• Responsible Business Alliance (RBA) Code of Conduct Self-Assessment
• Key Supplier Greenhouse Gas (GHG) Inventory Trainings

Implementation
• Social Responsibility & Environmental, Safety and Health On-Site Audit
• RBA Code of Conduct Implementation
• GHG Self-Disclosure and Reduction

Sustainability
• Self-Management Capability
• Corporate Sustainability Report Practices
• Expansion to Tier 2 Suppliers

As of the end of 2017, **84%** of suppliers had completed Qisda Supplier Social Responsibility Surveys and On-Site Audits.

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 impacts on ecology. In 2009 and 2010, Qisda held several supplier workshops to advise suppliers on carrying out life cycle inventory for carbon footprint. Moreover, since China is relatively slower in issues such as labor rights, environmental protection and social responsibility, violation incidents, if any, will have serious impacts on corporate operations 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 RBA Code of Conduct, the progress of the U.S. legislation of conflict minerals, corporate sustainability report practices and GHG 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 RBA Code of Conduct 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 RBA Code of Conduct. In 2010, Qisda further included GHG inventory item in the survey in response to the international trends and customer requirements. Since 2013, we have selected specific suppliers to fill out the Self-Assessment Questionnaire (SAQ) announced by the RBA each year to understand the compatibility of the suppliers in meeting the RBA Code of Conduct for the reference of executing RBA Code of Conduct on-site audit of the next phase.

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 suppliers, service providers, human agencies, 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 refer to RBA Code of Conduct audit manual to include five aspects: labor, environmental protection, safety and health, ethics, and management system.Qisda will request its suppliers to provide corrective plans if any requirements are not met after audit. It will also track the corrective results of the suppliers by the end of the year to improve supply chain social responsibility and environmental, safety and health performances.

In 2017, a total of 16 suppliers received surveys and on-site audits on social responsibility & environmental, safety and health. All suppliers do not use child labor or have forced labor and other responses showed that they all meet the requirements of Qisda; therefore, there are no high-risk suppliers. As of the end of 2017, 84% of suppliers had completed Qisda Supplier Social Responsibility Surveys and On-Site Audits and 19% of suppliers had obtained SA 8000 certificates or conducted third-party certifications of RBA Code of Conduct. In addition, Qisda makes use of on-site audit to teach suppliers how to launch GHG inventory calculation and compile reduction plans, 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 Surveys by 2020.

III.Sustainability

Future management methods include targeting tier-one suppliers to receive trainings 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-tier suppliers, Qisda is capable of creating a strong green supply chain.

Supplier Social Responsibility and Business Ethics Code of Conduct：http://www.myqisda.com/csr/en/csr.asp?ca=6

ISO 14001

SO 14064-1

Supplier Corporate
Social Responsibility
Management

RoHS

RBA

OHSAS 18001

SA 8000

Conflict-Free
Minerals

Conflict Minerals Management

Research findings from international non-governmental organizations (NGOs) 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.

* 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.

Therefore, the Responsible Business Alliance (RBA) and Global e-Sustainability Initiative (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 the benefits of illegal armed groups or to 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 Responsible Minerals Assurance Process List (RMAP List), Qisda will ask the supplier to offer a plan of working with a conformant smelter and notify the supplier of related risks.

Qisda Conflict Minerals Management

1	In 2010, Qisda for the first time required suppliers to sign a Conflict-Free Minerals Supply Agreement.
2	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 RBA and the GeSI.
3	In 2012, Qisda took a further step by establishing a Conflict Minerals Survey (CMS) system to address the future requirements caused by the passage of Conflict Minerals Legislation that companies must disclose if the minerals used in their products sourced from conflict areas.
4	Starting from 2013, Qisda has launched the CMS system to conduct supply chain conflict minerals survey.
5	Starting from 2016, Qisda has further added the content of encouraging suppliers to participate in the Responsible Minerals Assurance Process (RMAP) of Responsible Minerals Initiative (RMI) in its purchase orders.

3 | Create Shared Value

Commitment and Management Strategies

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 rights, 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.

Prospects

We strive to create a diversified creative working atmosphere to continue improve employees' innovative thinking, instigating new product imagination while continue to implement related ISO management measures for subsidiaries with a systematic approach and invite them to join social caring activities, expanding value chain influence power.

The shared value, concerned material topics of stakeholders and the management targets of Qisda are as follows:

Material Topic	2017 Management Target	2017 Status		2018 Management Target	Corresponding Chapter of Management Approach
Salary and Benefit	1. Number of employees participating in the activities of Welfare Committee reaches 13,000 2. The score of average annual events satisfaction reaches 4.1out of 5	1.14,180 employees participated 2.Scored 4.36	●	1. Number of employees articipating in the activities of Welfare Committee reaches 14,000 2. The score of average annual events satisfaction reaches 4.2 out of 5	Creating a Happy and Healthy Working Environment
Innovation	Number of employees participating in the activities of innovation culture reaches 2,780	2,791	●	Number of employees participating in the activities of innovation culture reaches 3,000	Innovation culture

📖 Material topics concerned by stakeholders

● Achieved / ○ Not Achieved

Employee Profile

Employees are the long-term capital of the company and the cornerstone of innovation of the company. At Qisda, we realize that improper human resource management will result in a permanent loss of human power and therefore lose our competitive advantage over time. Therefore, Qisda also strives to provide a fair working environment for its employees and regularly evaluates and audits, adjusting employee management regulations according to local regulations and company status. Qisda effectively improves the working efficiency of its employees via fine working conditions and atmosphere. As of December 31, 2017, the number of permanent employees at Qisda was 8,936* with 1,666 stationed in Taiwan, 7,241 in China and the rest 29 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 22.03% of its total workforce in Taiwan, of which 98.53% were hired locally. In Suzhou, China, managers accounted for 3.55% of its total workforce, while 93.33% of managers were local hires.

Percentages of Locally-Hired Managers**

Percentage of Management Positions

Percentage of Locally-Hired Managers**

98.53%
22.03%
Taiwan

93.33%
3.55%
Suzhou, China
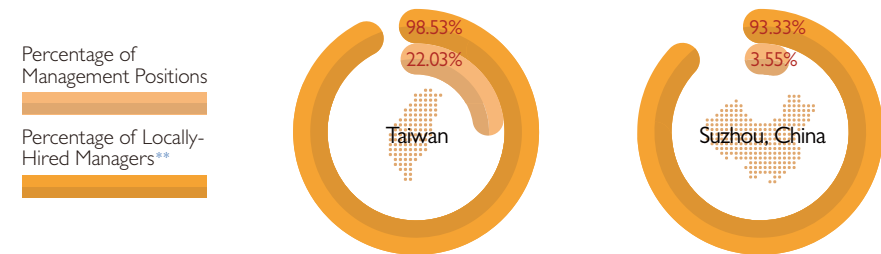
Governance Bodies by Gender and Age

Male 30~50 Over50

Female 30~50 Over50

10.3% (7)   2.9% (2)
Taiwan
42.6% (29)
44.1% (30)

6.7% (1)
Suzhou, China
40.0% (6)
53.3% (8)
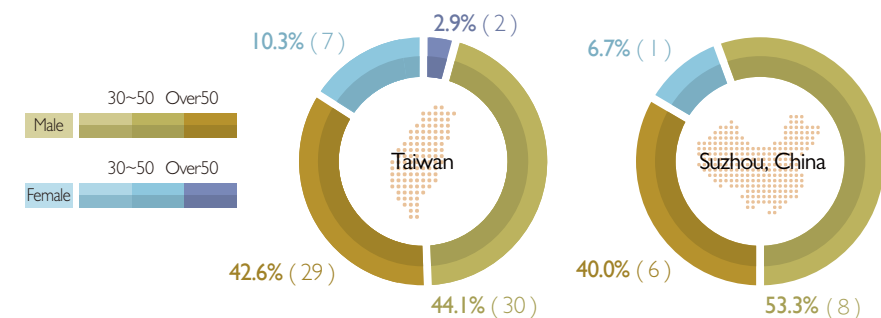
* The employee number in the chapter was based on the actually-hired employees (permanent employees and cooperative education students) of Qisda. Since the contract of temporary workers was at a third-party company while the real employer was not Qisda, the above-mentioned workforce did not include that of temporary workers (Taiwan temporary worker number: 63. Suzhou, China temporary worker number: 7,001).

** 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).

Employee Headcounts

Location	Labor Type	Gender	Value	Total	Legend
Taiwan	Indirect Labor	Male	978	Total 978	Permanent Employee
		Female	499	Total 499	
	Direct Labor	Male	70 / 39 / 28	Total 108	Cooperative Education Student
		Female	75 / 5 / 35	Total 144	
Suzhou, China	Indirect Labor	Male	605	Total 605	Temporary Worker
		Female	429	Total 429	
	Direct Labor	Male	4,061 / 5,217	Total 9,278	
		Female	2,146 / 1,784	Total 3,930	

(x-axis: 0, 1000, 2000, 3000, 4000, 5000, 6000)

Employee Age, Gender, and Labor Type Distribution

Location	Labor Type	Gender	Value	Total	Legend
Taiwan	Indirect Labor	Male	74 / 839 / 65	Total 978	Under30
		Female	64 / 410 / 25	Total 499	30~50
	Direct Labor	Male	78 / 29 / 2	Total 109	Over50
		Female	28 / 42 / 10	Total 80	
Suzhou, China	Indirect Labor	Male	207 / 389 / 9	Total 605	
		Female	156 / 273	Total 429	
	Direct Labor	Male	3,558 / 496 / 7	Total 4,061	
		Female	1,585 / 560 / 1	Total 2,146	

(x-axis: 0, 1000, 2000, 3000, 4000)

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

Location	Labor Type	Gender	Value
Taiwan	Indirect Labor	Male	2.09
		Female	2.09
	Direct Labor	Male	1.12
		Female	1.12
Suzhou, China	Indirect Labor	Male	1.8
		Female	1.8
	Direct Labor	Male	1.03
		Female	1.03

(x-axis: 0, 1, 2, 3)

Employee Turnover Rate*

The average demission rate of Qisda in Taiwan was between **0.3%~1.3%**

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 was between 0.3%~1.3%. Affected by the situations in the local labor markets, the average demission rate was higher in China.

| Demission Rates by Age, Gender, and Labor Types

Taiwan

	Under30 Male	Under30 Female	30~50 Male	30~50 Female	Over50 Male	Over50 Female	Total Male	Total Female
Indirect Labor	1.1% (19)	0.8% (14)	3.7% (62)	1.4% (23)	N/A	N/A	4.9% (81)	2.2% (37)
Direct Labor	1.2% (20)	0.4% (7)	0.4% (7)	0.1% (2)	N/A	N/A	1.6% (27)	0.5% (9)

Suzhou,China

	Under30 Male	Under30 Female	30~50 Male	30~50 Female	Over50 Male	Over50 Female	Total Male	Total Female
Indirect Labor	0.9% (64)	0.5% (39)	0.7% (50)	0.3% (22)	0.0% (1)	N/A	1.6% (115)	0.8% (61)
Direct Labor	128.6% (9,315)	53.6% (3,880)	5.7% (416)	2.8% (202)	N/A	N/A	134.4% (9,731)	56.4% (4,082)

| Rates of New Employee Hires by Age, Gender, and Labor Types

Taiwan

	Under30 Male	Under30 Female	30~50 Male	30~50 Female	Over50 Male	Over50 Female	Total Male	Total Female
Indirect Labor	3.1% (52)	1.5% (25)	2.3% (39)	2.2% (37)	0.1% (2)	N/A	5.6% (93)	3.7% (62)
Direct Labor	0.8% (13)	0.8% (14)	0.5% (8)	0.3% (5)	N/A	N/A	1.3% (21)	1.1% (19)

Suzhou,China

	Under30 Male	Under30 Female	30~50 Male	30~50 Female	Over50 Male	Over50 Female	Total Male	Total Female
Indirect Labor	1.4% (104)	0.8% (58)	0.5% (34)	0.2% (12)	N/A	N/A	1.9% (138)	1.0% (70)
Direct Labor	128.6% (9,315)	52.3% (3,788)	6.1% (441)	3.0% (219)	0.0% (1人)	N/A	134.7% (9,757)	55.3% (4,007)

| * 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 professionals 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 RBA, IECQ QC 080000, and Environmental, Safety and Health-related courses. The overall average training hour was 108.619 hours in 2017. 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

	Direct Labor	Indirect Labor
Total 32.59 (Male)	31.69	31.28
Total 31.26 (Female)	33.83	32.45

Suzhou, China

	Direct Labor	Indirect Labor
Total 148.11 (Male)	156.80	45.37
Total 39.45 (Female)	131.89	31.26

Qisda Total

	Direct Labor	Indirect Labor
Total 143.80 (Male)	152.62	36.38
Total 34.76 (Female)	127.53	31.90

Male　Female
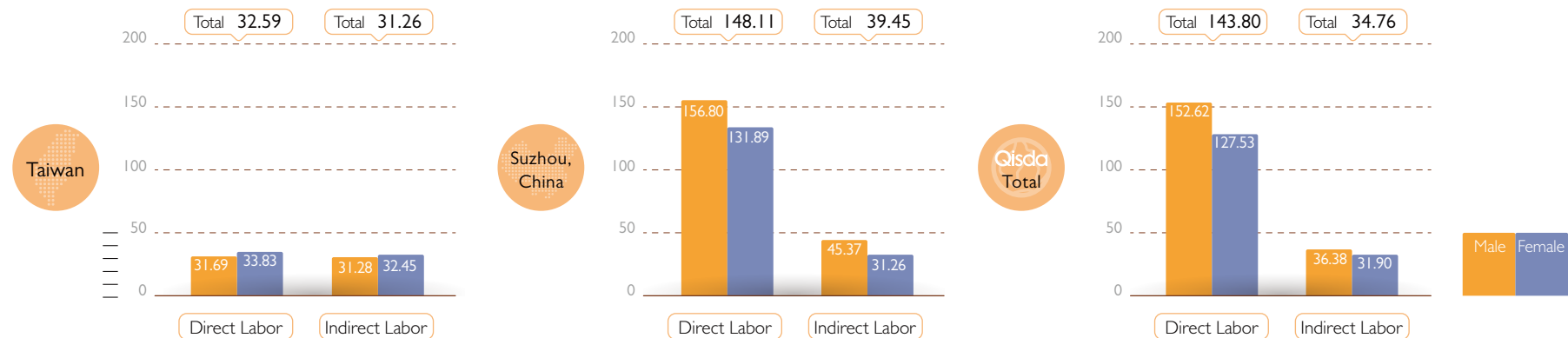
Qisda Academy

Qisda's employee training program is offered through Qisda Academy, which is composed of four schools: the School of Professional Competence, the School of Learning and Growth, the School of Innovation and Continuous Improvement, and the School of Leadership and Management, 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 figure below, 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 creates relevant training blueprints to guide employees in their professional development. The School of Learning and Growth provides trainings for new hires and internal instructors for corporate in-house trainings. To tie in with the government's industry professional training initiatives, the inUniversity Program has been 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-development and leadership skills for company success.

| Qisda Academy
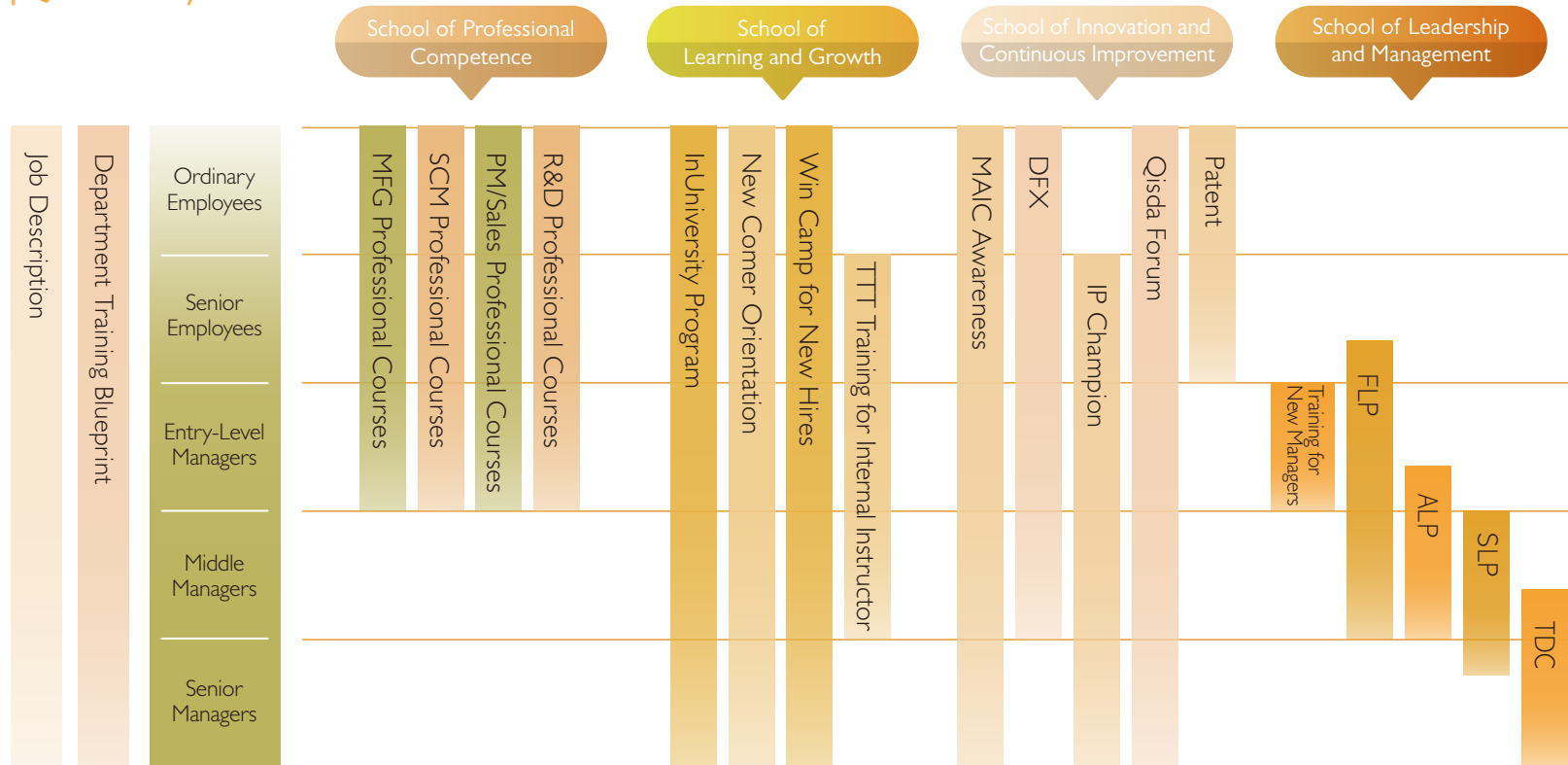
The percentages of Qisda Academy Training Hours

School of Innovation and Continuous Improvement ▼
accounted for **2.43%** of total learning hours

School of Leadership and Management ◄
accounted for **1.14%** of total learning hours

School of Learning and Growth ▲
accounted for **63.5%** of total learning hours

School of Professional Competence ▲
accounted for **32.93%** of total learning hours
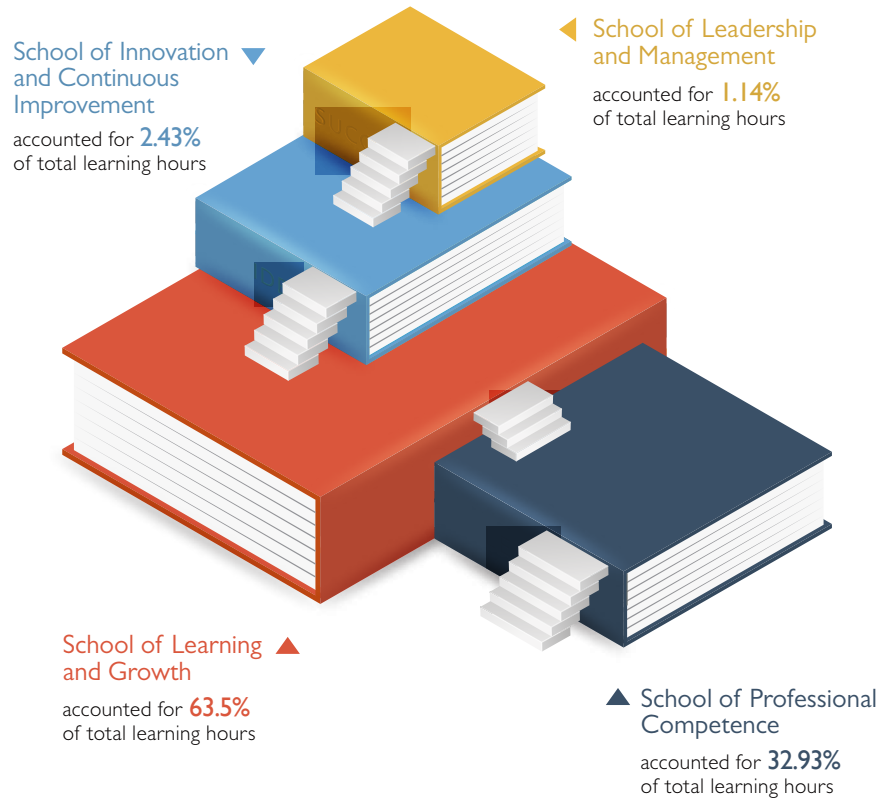
Up till now, over **2,916** CIP projects have been implemented around the world.

In addition, starting in 2007, Qisda has introduced Six Sigma strategies into company operations, 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 improvements. In 2017, the number of CIP projects was 438. Up till now, over 2,916 CIP projects have been implemented around the world, indicating impressive improvements in corporate-wide performance.

The CIP Program is designed to achieve corporate-wide continuous improvements, 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.
- Performed RBA Code of Conduct and SA 8000 educational trainings for all employees.

Labor Rights Protection

To achieve well corporate social responsibility management and protect labor human rights, Qisda pledges to protect the labor rights of its employees. All labor rights managements must be in compliance with local laws and regulations, SA8000, Responsible Business Alliance (RBA) Code of Conduct, UN Universal Declaration of Human Rights, UN Human Rights Norms for Business, UN Global Compact, International Labour Organisation Conventions, and International Labor Office's Tripartite Declaration of Principles.

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 cooperative education 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 contracts 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 RBA Code of Conduct and promises it will not let elements such as race (including aborigine), 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 ensures execution of the above-mentioned flow is without flaw via internal and external audits of SA 8000 each year. In 2017, 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 RBA Code of Conduct and SA 8000 educational trainings each year, with the rate of employee receiving trainings reached 81%* in 2017. Additionally, we launched RBA Code of Conduct 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 Human Resources Center. 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 2017, 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.

Responsible Business Alliance (RBA) Code of Conduct Implementation

Qisda has integrated Responsible Business Alliance (RBA) Code of Conduct into its ethics management system since 2007. Educational trainings on RBA 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 RBA.

SA 8000 Certificate

CSR mailbox: http://www.myqisda.com/csr/en/csr.asp?ca=14

Creating a Happy and Healthy Working Environment

- Elected as one of the Taiwan High Compensation 100 Index.
- Number of employees participating in the activities of Welfare Committee reached 14,180.
- The score of average annual events satisfaction reached 4.2 out of 5.

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

Fundamental Employee Guarantees

Qisda currently provides primary benefits to all employees as the 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 workers 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.

Fundamental Employee Guarantees

Provided in accordance with relevant laws and regulations	Taiwan	Suzhou, China
	1. Health insurance and labor insurance 2. Retirement funds* 3. Unpaid wage compensation fund 4. Occupational disease insurance 5. In-house medical facilities and medical staff 6. Paternity leave (male employee)	1. Social security (retirement, medical benefit, unemployment, work-related injuries, child birth) 2. Housing provident fund 3. Annual paid-leave

* 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 2017, the fair value of the planned asset was NT$454.1 million. Qisda recognized NT$3.6 million in 2017 according to related regulations. The insufficient amount was recognized as pension liabilities, with the amount at NT$271.8 million by the end of 2017.

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 2017, the amount recognized was NT$367,1 million.

Exclusively provided by Qisda

Taiwan

1. Annual bonus/performance bonus
2. Group insurance*
3. Free health examination
4. Employee bonus (profit-driven)
5. Meal subsides
6. Employee advanced study
7. Employee educational training
8. Bereavement system
9. Corporate-contracted hospitals
10. Employee discount for company products
11. Weddings, funerals, and illness allowances
12. Dormitories and uniforms
13. Sports center and fitness program

Suzhou, China

1. Annual bonus/performance bonus
2. Group insurance
3. Free health examination
4. In-house medical facility
5. Fitness center
6. Meal subsides
7. Employee educational training
8. Corporate-contracted stores
9. Employee discount for company products
10. Weddings, funerals, and illness allowances
11. Dormitories and uniforms
12. Financial support for clubs
13. Financial support for quarterly employee outings
14. Paid time off (PTO)

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 Conference, Employee Welfare Committee, Labor-Management Committee, for employees to learn about the latest management decision in person. Qisda welcomes employees' questions and suggestions on its operations and developments. 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 standard with regards to labor-management communication. A total of 26 employee representatives (14 from the manufacturing site in Suzhou, China and 12 from headquarter in Taoyuan, Taiwan, accounting for 0.24% and 0.72% 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 Committees and Labor-Management Committees to engage in two-way communication with the management representatives to address the issues regulated by SA 8000 standard. Specifically, quarterly Labor-Management Committees 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.

Innovation Culture

Facing global technology advancement and market requirement fast changes, it is vital for the industry development to continually launch business approaches and design/develop with a innovative thinking. Qisda promotes innovation, offering an innovation management planning system to decide on the development directions and investment of required resources. Through understanding the user requirements and technology applications and raising employee innovation powers, we would like to satisfy and offer clients with ground-breakingly innovative and cost-effective solutions or products. To ensure that the innovation culture can be passed on in the company, the Human Resource Center arranges related trainings and activities according to company policies; R&D Department sets the patent number KPI with performance evaluation while regularly inspects the progress at meetings. Qisda also sets aside Patent Award and Annual Innovation Master Award to encourage employees to offer innovation ideas. Starting from 2016, the innovation culture has been included in the Qisda Corporate Sustainability Development (CSD) KPIs. In 2017, the number of innovation culture participation reached 2,791 and the number of essential patents increased 14.9%.

Innovation culture should be delivered to each member of the organization. The characteristics of innovation events are that all members can participate in the activities. Qisda has systematically enabled each person to feel that innovation is omnipresent with the following activities since 2015. Furthermore, the company combines corporate R&D functions to create more society-friendly products in the future.

| Innovative Culture Promotional Strategies

Innovative Atmosphere	Innovative Behavior	Business Opportunities
Encourage company employees to participate	Stimulate employee innovative thinking	Ideas become new business model

| Innovative Culture Promotional Process

2016 · 2017 · 2018

Push · Pull

Innovation Competition
Personal Innovation
Training
Ability Cultivation
Organizational Innovation
Innovative Environment
Innovative Ability Assessment
Incentive
Start-Up Plan
Culture Establishment
Innovation
Coaching & Mentoring
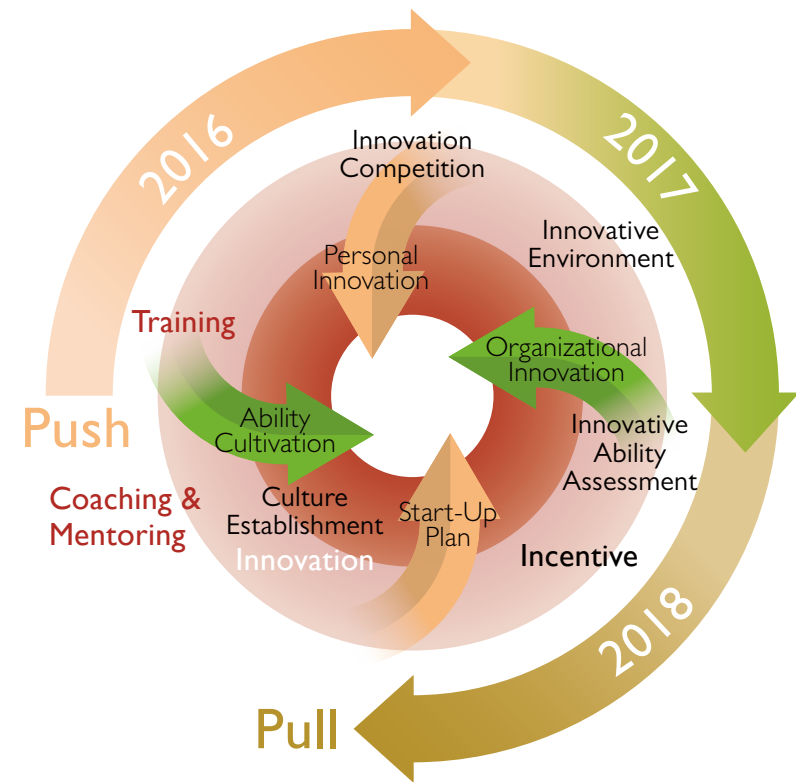
I. Ability Cultivation and Culture Establishment

1.Thinking Stimulation—Celebrity Lectures

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

2.Innovation Tool Learning—Innovation Classes

Qisda lets employees to systematically create and possess innovative thinking methods that meet client requirements with classes such as design thinking and innovation tool.

II.Personal Innovation

1.Brainstorming of Creativity—Innovation Competitions

Qisda launches various innovation activities so that its employees can express their creativity. Amid the activities, the Dominoes Design Contest required employees to use various arrangements and heights to let employees to use their brain, bring creativity into full play and increase team chemistry.

2.Online Election of Good Innovation Ideas—Eureka Program (Million Dollar Innovation Competition)

Since 2015, Qisda has let employees to offer innovation ideas related to company products and let all employees to elect which is the best to garner feasible innovation ideas for the organization. Comparing to appointing project staff to proceed with innovation task, this can enlarge the innovation atmosphere while stimulating all employees to participate via the award design.

III. Organizational Innovation—Innovative Ability Assessment

We used test tool for the innovative ability characteristics assessment of all of our employees. For those scoring lower and higher, we proceeded with data analysis and planed for following educational training class developments.

Eureka Program (Million Dollar Innovation Competition)

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. From 2015 to 2017, 1,358 ideas had been accumulated while 24 outstanding ideas had been selected by company employees. In 2017, we even had innovative ideas favored by business units to develop into products in the future. 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 activities with regard to developing business model innovation.

VI. Internal Start-Up Plan

For the company to continue to grow, we need incessant new water to stimulate the business to grow. In 2018, so long as employees have new product, service and business model ideas, they can deliver proposals. If the proposals pass evaluation, the company is willing to offer resources to help the idea-bearer to start up a new business. Furthermore, if the project works, new business unit is likely to be established to create a new blue sea. With the internal start-up plan, we expect to meet the start-up ambitions of our employees while this can create performance for the company, reaching a win-win purpose.

Employee Health Care Management

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

I. The Wellness Center in Suzhou, China

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

II. The Wellness Center in Taiwan

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

1. 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. Qisda recruits did not have any tasks bearing high-risk or highly rate of specific diseases.

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. In 2017, we launched maternal health

Qisda Health Management Model

protection. For pregnant, one-year after giving birth or breastfeeding female employees, we adopted necessary maternal labor health protection and caring management. There were 35 such employees. According to the connection between their health status and operations, we executed health risk assessment for high health risk employees and adopted necessary prevention and health promotional measures.

3. Disease Prevention, Cure and Care

The e-health management system provides information on domestic and international pandemic and infectious diseases, 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. Meanwhile, we irregularly provide epidemic prevention and health-related e-newsletters to remind employees the importance of health and epidemic prevention.

4. Emergent Medical Care

Qisda 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. We also installed Automated External Defibrillator (AED) at the public area and trained seed staff. Continuing the first aid training plan in 2016, we focused on employees entering the company later than January 2012 (231 in total) and new employees to finish the American Heart Association (AHA) first aid training courses in 2017.

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 Adult Treatment Panel III of National Cholesterol

Educational Program 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 continues to promote health screening activities such as health anti-cancer screening, special health prophylactic and actively realizing the "We Care–Employee Assistant Program", opening workshops to inspire executives to lead in bringing a healthy heart life attitude in working environment and elevating their ability in coping with employees' emotional problems while promoting mindfulness yoga that helps feeling one's body, heart and spirt while relieving stress and the health concept that aromatherapy affects the emotions. We devote to delivering mental and mood health concepts to keep the balance between workplace and life.

| We Care–Employee Assistant Program
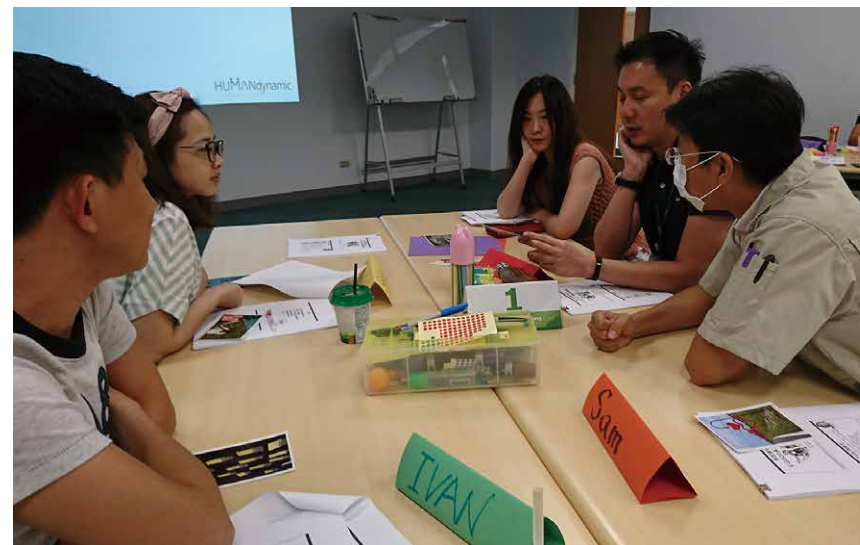
Goodwill for the Earth, Love for the Society

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, executes various local care plans and promotes activities to realize the role as responsible corporate to give back to the society. The number of hours its employees participating in charity events in 2017 reached 5,037.5.

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 2017, the program–Hsin-Fu Q School, Happy Science 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 introducing our green products to them, teaching them how to reduce carbon and love the planet. Besides, they became small engineers and were taught how to easily make 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 2017, a total of 112 elementary students participated in the "Hsin-Fu Q School" with accumulated number of students experiencing the activity since the onset of the

Total number of hours of employees participating in charity events in 2017 reached **5,037.5**.

event reaching 712 while teachers provided positive feedbacks and hoped the event can continue to be held in the future, creating more chances for children to enjoy.

Hsin-Fu Q School, Happy Science Experience Class

II.Earth Day

To raise the environmental protection awareness of employees, Qisda responds to the World Earth Day every April and lets employees to learn various environmental protection knowledge in an easy atmosphere with various theme activities and educating through entertainment methods. In 2017, the theme was "Cherish Food and Resources". Activities included online games, cabbage plant DIY, used-goods donation, goods bazaar, etc. With imperceptible influence, employees can learn more deeply about environmental protection and seize the opportunities in giving more care for the Earth.

| World Earth Day—Cabbage Plant DIY

III.Qisda Caring Club

Starting from 2006, Qisda Caring Club has held over 300 public welfare activities and strives to become a various public welfare platform between employees and social welfare groups. We hope everyone can disregard his/her age, work, position, etc. and can call friends to give more and care for the society. Besides loving oneself, one can start to love others. This is where the name of Caring Club comes from.

In 2013, Qisda Caring Club officially joined the Peaceful Plan of the Ministry of Interior, becoming a part of the over-200 authorized volunteering teams and receiving supervision and guidance of the Department of Social Welfare, Taoyuan, this can not only let the club become more systematic while it allows our main concern and priority with the helpful aid by the Department of Social Welfare for employees' donations can be even more transparent and employees' care can be delivered to the greater Taoyuan region. In the same year, the club worked with Ukulele Social Welfare Club, so that music can achieve the effect of soothing one's heart. Using music to deliver care, sharing music and love are the main ideas of the 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. Two charity clubs focus on local care considering the allocation application of resources and company policies.

Through various caring activities, employees can freely choose whom to care for such as local solitary elderly, homeless and stray animals. In 2017, club members held over 62 caring activities while our employees voluntarily donated a total of NT$1.12 million dollars of small-quantity donation. In addition, the company worked with CommonWealth Magazine. Employees gave feedbacks to the remote schools in greater Taoyuan and junior, senior high schools as well as elementary schools near our company with real actions via the charity platform. This platform helps employees to again feel the joyfulness of loving others and sharing.

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

Deliver Care by Music
Charity concert support, music education for intellectually disabled children

Deliver Care at Pay Day
Online charity sale, fundraising, resource raising

Deliver Care by Drawing
Volunteering to paint walls of education and nursing institute

Deliver Care at Month End
Various caring Volunteer recruits such as accompanying elderly and intellectually disabled

Deliver Care at Factory
Charity sale at factory

Deliver Care at Birthday
Blood donation activity

Deliver Care by Haircut
Charity haircut activity

Suzhou, China

Suzhou, China combines corporate social responsibility and continues to focus on those in need of help. Since 2013, Suzhou, China had 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. Also, it has offered a lunch plan for students having trouble living. In 2016, Suzhou, China site launched the Disabled Person Handmade Flower Startup Project. We provided start-up trainings for the disabled to help them gain life skills and

earn food with one's own hands, feeling the meaning and joyfulness of life. In 2017, Suzhou, China focused on those around itself, caring for those in need at nearby communities, welfare houses and clubs. The company constantly visited poor elderlies in the community, helped sell products for mentally retarded children in public welfare clubs and led public welfare house children to stay close to the nature at outdoors while giving presents and best wishes during holidays. Qisda employees not only helped them materially, but accompanied them to let them feel the warmth of love as well as the happiness and blessing of ordinary people.

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 2017, 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 well as Chung Yuan Christian University and Asia University to hold summer camps for underprivileged schoolchildren.

BenQ Foundation ：http://www.benqfoundation.org/

3.Dream Action—Campus Lectures

BenQ Foundation visited 58 high schools and vocational schools in 2017, entering campus and 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 Ed Wu with 5,900 teachers and students. The stories encouraged students to realize their own boundless possibilities.

| Dream Action-Campus Lectures

II.Elevate Original Cultural Values

1.BenQ Chinese Cinema Fiction Award

To promote the development of cinematic industry content and find good manuscript, the "BenQ Chinese Cinema Fiction Award" article-soliciting activity was first created in 2010, winning support from the cinematic and literary territories of the Chinese and greater China regions. The event has been held for seven consecutive years, accumulating a total of 33 award-winning works. Part of award-winning works either received key recommendation by Ministry of Culture or successfully authorized to be revised into films. The award has won acknowledgements from Taiwan's major players in cinematic and cultural fields and writers.

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. The award-winning pieces were collected and published in the music albums, awarded the 2015 and 2016 Red Dot Design Award and collected in the Germany Red Dot Essen Museum. In 2017, we received invitation from the Taiwan Design Center to participate in the exhibition of Taiwan Design Hall of Sungshan Cultural Park.

BenQ Chinese Cinema Fiction Award

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

Contract Farming and Adoption "My Homeland"—
Daxi in Taoyuan, Beipu in Hsinchu, Xizhou in Changhua

81

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 ten 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 has continued to guide 21 counties in Hsinchou and Miaoli in the ability of DOC digital application, market local agricultural products and souvenirs and record humanity history of communities and cultural treasures. The foundation promotes the digital learning of children, young people, elderly and new immigrants of remote countryside via three aspects—caring education, culture and industry. Starting from 2013 in five consecutive years, the foundation has executed "DOC Volunteer Trip". This said activity encourages Qisda employees and families to keenly participate and offer labor services to experience the value of self-less labor and enough appreciation towards the rich humanity landscape of Hsinchu and Miaoli DOCs. Furthermore, since 2015, it has hosted DOC Small Bazaar events at its Taiwan site, so that its employees can learn about small farmer brands and pure planting efforts via bazaars. Also, enterprise group purchase is adopted to support farmers' products; this directly connects to the actual beneficial needs of local communities. Therefore, we can gradually assist the Digital Opportunity Center (DOC) to cultivate small farmer brands, sharing stories of fair human feelings, land and food sources in Taiwan.

We also value the powers of story and culture. In 2017, we led trainees to follow memory imprints or old pictures, oral interviews, old rhymes, or collecting artwork culture, historical sites and character figures of remote countries while working with director Jing-jie Lin and finishing "Shih-Wei-Chiang Village Story" documentary. With walking and reading historical sites, collecting typical characters, the film records the 200-year of historical millstone of building the Shih-Wei-Chiang Village of Gongguan Township via the DOC.

DOC Operational Performance and Influence

Qisda uses the power of BenQ Foundation and Qisda volunteers in executing the most appropriate feature tasks for local developments and combining local needs and various developments, which is based on gradual accumulation to grow with local community step by step. We start from implementation to daily basis operations, opening basic and advanced information programs and assisting DOC to develop culture and characteristics. This has accumulated quite much effect. The long-term cultivation also lets us to deeply realize that DOC plays multiple roles in the local community, covering educational, cultural and industrial executional promotion and application while even gradually forming a model of "homeland economy". In addition, the influences of "DOC Volunteer Trip" and "DOC Small Bazaar" are significant and help lots of people. This encourages us to continue planting roots and expand the digital power of DOC.
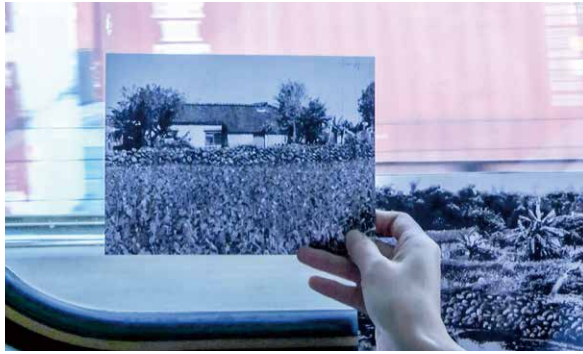
Painter principle
Chiu-Tai Chang
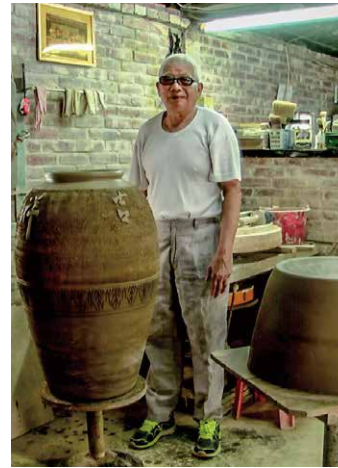
Pottery artist
Hou-Mu Chang

Straw shoe weaver
Ching-Yu Xu Lin

Mountain village doctor
Chun-Mei Xie

Stiff neck photographer
Qi-Jiong Xie

4 | March toward Sustainable Environment

Commitment and Management Strategies

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 energy saving, material reduction and carbon reduction in product design and manufacturing management for its product and manufacturing process to be even more energy-saving and environmental friendly while conforming to the requirements 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.

Prospects

We continue to execute environmental management according to plans and expect to finish Science-Based Target (SBT) setting by 2018 while adding more solar panels. Meanwhile, we continue to educate subsidiaries, copying successful certification experiences, improving the management abilities of environment and safety to gradually receive certificates of related ISO standards.

The environmental management, concerned material topics of stakeholders and the management targets of Qisda are as follows:

Material Topic	2017 Management Target	2017 Status		2018 Management Target	Corresponding Chapter
Product Life Cycle Assessment*	Energy saving 2%, material reduction 2%, carbon reduction 2%, eco-efficiency improving 2%	Energy saving 35.03%, material reduction17.22%, carbon reduction 22.65%, eco-efficiency improving 82.46%	●	Energy saving 3%, material reduction 3%, carbon reduction 3%, eco-efficiency improving 3%	• Green Product
Quality Customer Safety and Health	1.Obtain ISO9001, ISO13485, ISO/TS16949, IECQ QC 080000 certificates 2.Pass the US Food and Drug Administration (FDA) medical equipment factory check	All manufacturing sites were verified	●	1.Obtain ISO9001, ISO13485, ISO/TS16949, IECQ QC 080000 version change cerificates. 2.Obtain Medical Device Single Audit Program (MDSAP) certificate	• Quality and Hazardous Substance Management
Occupational Health and Safety**	1.Reduce injury rate (IR) by 4% 2.Reduce lost day rate (LDR) by 12%	1.A decrease of 5.1% in injury rate (IR) 2.A decrease of -21.4% in lost day rate(LDR)	●	1.Reduce injury rate (IR) by 6% 2.Reduce lost day rate (LDR) by 18%	• Health and Safety Management • Employee Health Care Management

💧 Material topics concerned by stakeholders

● Achieved / ○ Not Achieved

*   For this material topic, the targets are set based on the achievement of 2015 and the statuses are compared to that of 2015.

** Corrective actions: 1. rapping tool, dies arrangement operational method improvements; 2. move, hang, rolling-over tool improvements.

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 impacts over the ecosystems.

Climate change is a focus of great concern because of its adverse impacts on the humankind and the surrounding environment for all living things in nature. With the ratification of domestic law, Greenhouse Gas Reduction Act, and international one, Paris Agreement, there will be more and more emphasis on the carbon management issues. At Qisda, we recognize the potential threats to our corporate operation imposed by climate change, thus we have planned and implemented climate policy and carbon management as part of our corporate sustainability initiatives.

Policy and Initiatives

Through Qisda's proactive corporate sustainability development measures, we divide our efforts in environmental protection in the following areas: green product, 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, 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 in 2018.

| Green Product Management Structure

Environment

IEC 62430

ISO 14001

ISO 14006

Design   ISO 9001   Management System
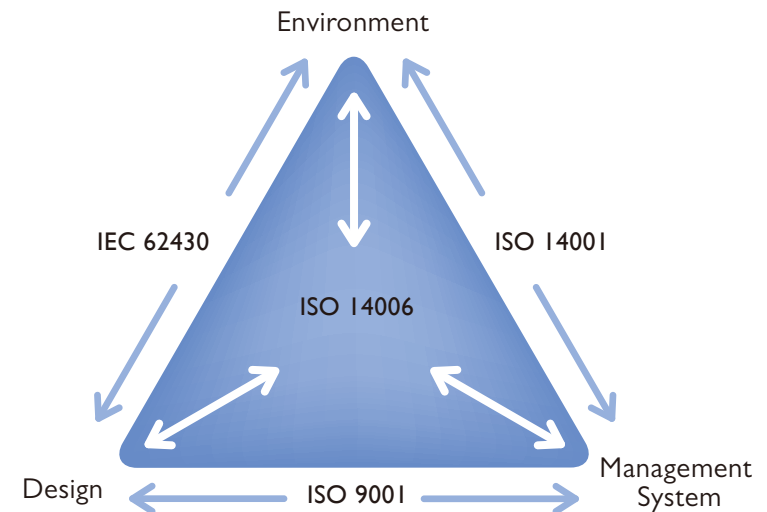
I. Green Product

Qisda has 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.
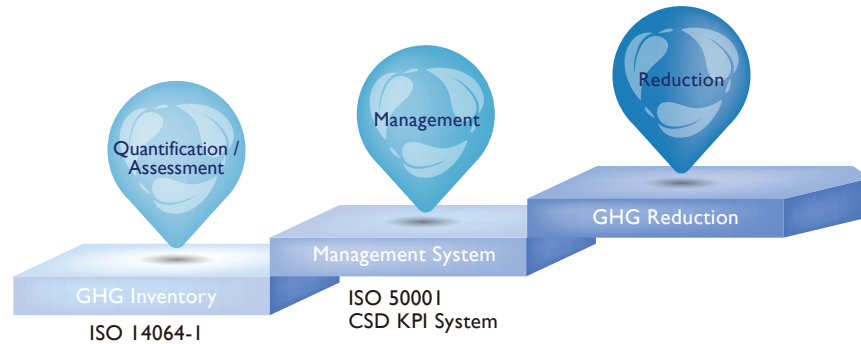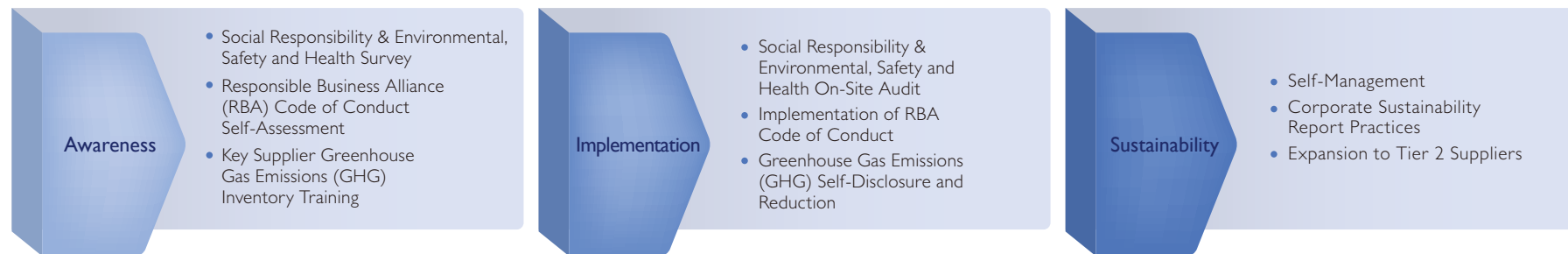
II. Green Operation

Qisda has identified the three foremost approaches in maintaining its green operation: quantification/ assessment, management, and reduction. With this blueprint in hand, Qisda has established a comprehensive greenhouse gas inventory in accordance with the ISO 14064-1 in its global manufacturing sites. In addition to reflect our mission accomplished through CSD KPI management system, we have also launched ISO 50001 energy management system to adequately monitor our performances in energy saving and carbon reduction initiatives.

III. Green Supply Chain

The supply chain management at Qisda is defined in three phases: awareness, implementation and sustainability. In the phase of awareness, Qisda took the initiative to provide educational trainings on GHG inventory to its suppliers. During the phase of implementation, Qisda has continuously requested its key component suppliers to provide GHG emission data and reduction results. 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.

| Green Operation Management Structure

Quantification / Assessment
GHG Inventory
ISO 14064-1

Management
Management System
ISO 50001
CSD KPI System

Reduction
GHG Reduction

| Green Supply Chain Management Structure

Awareness
- Social Responsibility & Environmental, Safety and Health Survey
- Responsible Business Alliance (RBA) Code of Conduct Self-Assessment
- Key Supplier Greenhouse Gas Emissions (GHG) Inventory Training

Implementation
- Social Responsibility & Environmental, Safety and Health On-Site Audit
- Implementation of RBA Code of Conduct
- Greenhouse Gas Emissions (GHG) Self-Disclosure and Reduction

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

I. Risks

1.Risks driven by changes in regulations

The Greenhouse Gas Reduction Act was officially passed in 2015 and major emitters of domestic greenhouse gas have been required to regularly record their volumes of greenhouse gases 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 operations. 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 demands for green products. To meet this trend that presents another prominent risk for companies, Qisda is striving to develop green product design capability that would satisfy clients' needs. On the other hand, Qisda is aware that both consumers and clients have higher expectations toward green businesses, and it deserves our efforts to equip us well in this aspect.

II. Opportunities

1.Opportunities driven by changes in regulations

Qisda launches greenhouse gas inventory every year and convenes meetings each quarter to inspect the status of energy reduction targets 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 footprint 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 system 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 Group to launch evaluation and analysis. For example, in 2013, it employed software simulation to analyze possible flooding scenarios. Therefore, two crucial figures: maximum possible loss (MPL) and probable maximum loss (PML) were generated and taken into account when decisions must be made for risk management of significant natural disasters. In 2015, Qisda also conducted an investigation of water usage in Group to simulate the supporting scenario of water shortage in case of drought happened.

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. In 2018, we plan to add more solar panels to increase the electricity volume generated from renewable energy. Furthermore, our subsidiary BenQ ESCO continues to develop energy saving service. Currently, the smart energy-saving solution has been successfully implemented at various chain stores.To not only meet our clients' expectations but also follow the international trend of minimizing the environmental impacts from Qisda as an organization and from our products, Qisda will continue to excute supply chian GHG management and carry out its corporate sustainability development tasks.
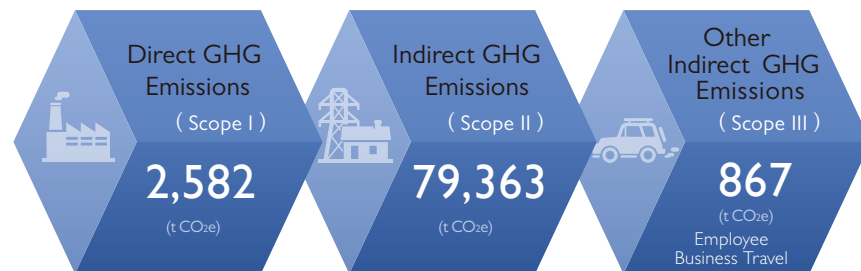
Greenhouse Gas Inventory

Confronted by the ever-increasing threats 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 inventory in accordance with the ISO 14064-1 and GHG protocol for its global manufacturing sites. Since then, annual greenhouse gas inventory verification is performed by an independent third party. The 2017 result of greenhouse gas inventory of its global manufacturing sites has passed ISO 14064-1 third-party verification. The certificate is shown in the following figure.

The energy resources utilized within Qisda include fossil fuels (natural gas, gasoline and diesel) and electricity used in manufacturing operations. 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 22,420 MWh per million US dollar of output value. The corporate internal energy consumption details in 2017 are as shown as below.

According to 2017 GHG inventory results, the global GHG emissions of Qisda are 81,945 t CO_2e. In addition to the greenhouse gases generated in the use of gas and petroleum from our in-house business operations, the primary source of Qisda's greenhouse gases 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.

| Greenhouse Gas Emissions*

Direct GHG Emissions
（Scope I）
2,582
(t CO₂e)

Indirect GHG Emissions
（Scope II）
79,363
(t CO₂e)

Other Indirect GHG Emissions
（Scope III）
867
(t CO₂e)
Employee Business Travel

| 2017 ISO 14064-1 Verification Statement

VERIFICATION STATEMENT
GREENHOUSE GAS EMISSIONS

This is to verify that

Qisda Corporation

157 SHAN-YING ROAD, GUEISHAN TAOYUAN 333, TAIWAN

Holds Statement No: TWN3894537GHG/2

Bureau Veritas Certification (Taiwan) Co., Ltd. was engaged to conduct an independent verification of the greenhouse gas (GHG) emissions reported by Qisda Corporation for the period stated below. This Verification Statement applies to the related information included within the scope of work described below.

The determination of the GHG emissions is the sole responsibility of Qisda Corporation. BVC's sole responsibility was to provide independent verification on the accuracy of the GHG emissions reported, and on the underlying systems and processes used to collect, analyze and review the information.

Boundaries of the reporting company GHG emissions covered by the verification:

- Qisda Corporation at 157 SHAN-YING ROAD, GUEISHAN TAOYUAN 333, TAIWAN.
- Operational Control
- Period covered by GHG emissions verification: January 1,2017 to December 31, 2017

Emissions data verified:

- **Total greenhouse emissions : 5,318.890** metric tons of CO_2 equivalent
- **Scope 1:** 272.9172 metric tons of CO_2 equivalent; **Scope 2:** 5,045.9723 metric tons of CO_2 equivalent
- **Scope 3:** 1,892.4922 metric tons of CO_2 equivalent (include **business travel:** 867.6013 metric tons of CO_2 equivalent and **downstream leased assets:** 824.8909 metric tons of CO_2 equivalent)

Level of Assurance and Qualifications:

- Reasonable (Scope 1 and 2)
- This verification used a materiality threshold of 5% for aggregate errors in sampled data for each of the above indicators

Assurance Opinion:

Based on the process and procedures conducted, we conclude that the Scope 1 and 2 GHG emissions assertion shown above:

- is materially correct;
- is a fair representation of the GHG emissions data and information; and
- is prepared in accordance with the ISO 14064-1:2006.

It is our opinion that Qisda Corporation has established appropriate systems for the collection, aggregation and analysis of quantitative data for determination of these GHG emissions for the stated period and boundaries.

Limitation: BOE official announced 2016 Taiwan Electricity Emission Factor is used, which is latest factor.

Ryan Man, Lead Verifier
Originally Issue: 28/03/2018

Andrew Lee, Technical Reviewer
Latest Issue: 28/03/2018

VB005

Greenhouse Gas Assertion

Bureau Veritas Certification (Taiwan) Co., Ltd.
3F-B, No. 16, Nanjing E. Rd., Sec. 4, Taipei 10553, Taiwan R.O.C.
+886-2-2570 7655

Page 1 of 1
Ver.20170817

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* 1.The standard, methodology and hypothesis of other indirect greenhouse gas emission calculation adopt Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard to calculate the greenhouse gas emissions generated by employee business travels (aviation).

2. The source of coefficient used for the other indirect greenhouse gas emission calculation adopts the coefficient chart announced in 2017 by UK's Department for Environment, Food & Rural Affairs (DEFRA).

Natural Gas (1,000 cubic meter)			Gasoline (tone)			Diesel (tone)			Refrigerant (tone)			Steam (tone)			Purchased Electricity (10,000 MWh)		
303	611.7	577.7 (22,538GJ)	26.42	24.21	24.948 (1,117GJ)	6	11.19	15.578 (690GJ)	0	0	0	0	0	0	9.08	8.87	10.14

Direct Energy Consumption
Total direct energy use in 2017: **24,345GJ**

Indirect Energy Consumption
Total indirect energy use in 2017: **365,326GJ**

2015 2016 2017

Carbon Disclosure Achievements
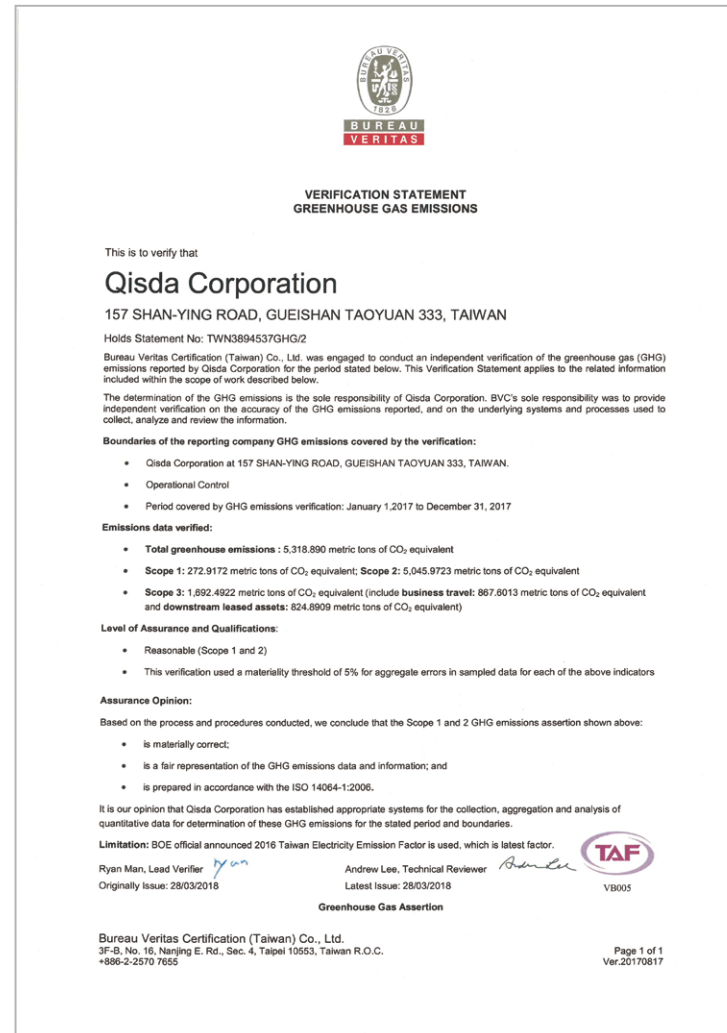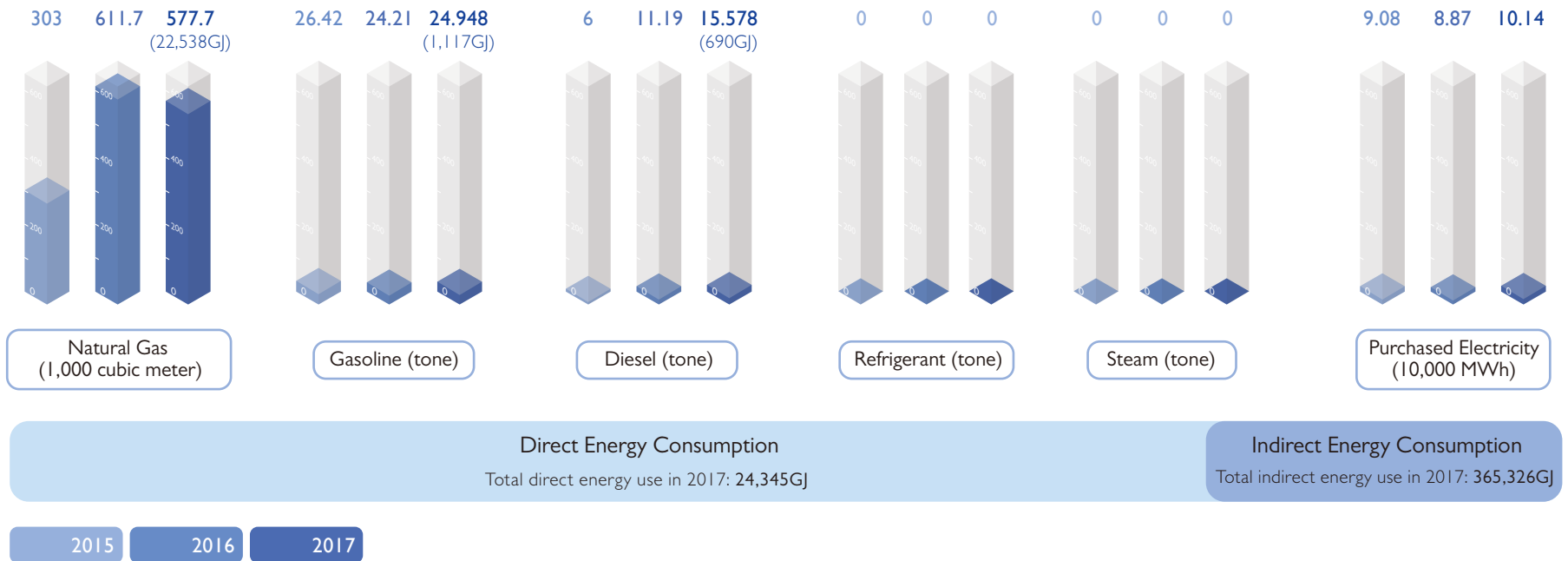
Qisda received a A− score in CDP for two consecutive years.
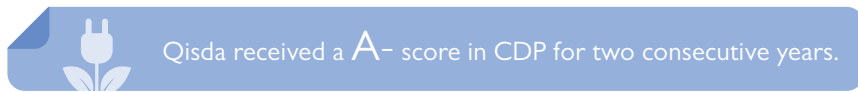
I. International Carbon Disclosure Project

As it is so important to share our works 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 has changed its scoring method since 2016 to A to D-, Qisda still received a fair A- score for two consecutive years, which is among the top ten of disclosed scores of Taiwan-based companies, indicating the emphasis and management of Qisda on the climate change issues while recognized by various groups.

* 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.

2017
A-

2016
A-

2015
97/B

Unit : kg CO₂e

Total Carbon Emissons
70.85
100%

Manufacturing
0.25
0.36%

Distribution
0.88
1.24%

Materials
69.73
98.41%

LCD Monitor

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 reports (CFP reports). The methodology acts in accordance with PAS 2050 and ISO 14067. The examples of product carbon footprint in the right figure refer to the emission volume of B2B.

| Performances on Product Carbon Reduction

Unit : kg CO₂e

Total Carbon Emissons
84.78
100%

Distribution
0.01
0.01%

Manufacturing
1.90
2.25%

Materials
82.86
97.74%

Projector

2017
9.85%

2016
12.8%

2015
32.03%

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.

| * 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.
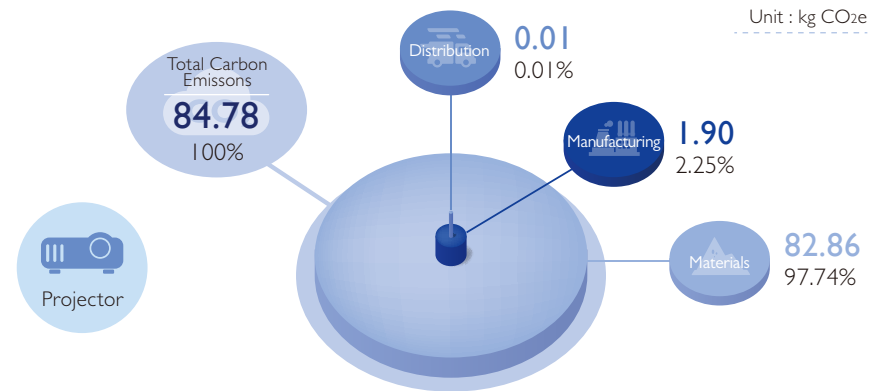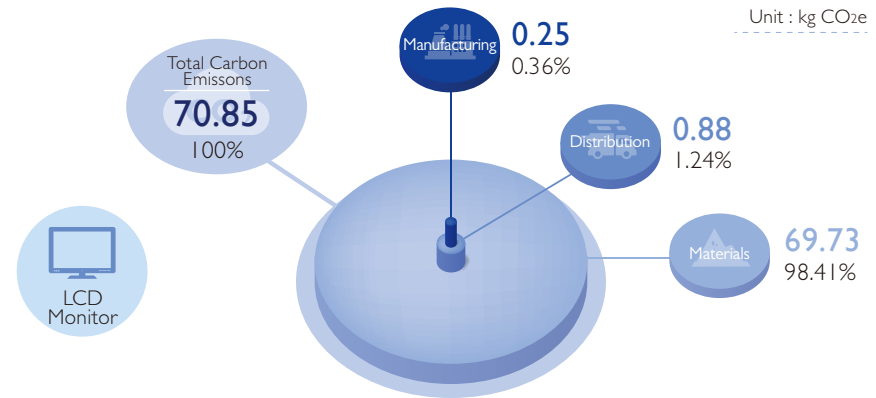
GHG Emission Reduction Program

Engineering Improvement

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

Energy savings of Air Conditioner
a. Chiller equipment to improve and increase performance
b. Air handling unit with variable frequency drive

Others
a. Installation of solar power system
b. Fixed and controlled exhaust for dormitory and underground parking facilities

Administrative Management

People
a. Energy saving activities in the office

Equipments
a. Compressor and chiller equipment operations management
b. Increasing manufacturing process efficiency
c. Energy use monitoring to control or shut down electricity

Methods
a. Independent, area-specific air conditioning management
b. Night-time energy management
c. Concentrated manufacturing to reduce overtime
d. Air conditioning synchronized with production start and end times

Qisda has installed one solar panel in the top of office buildings in Taiwan site since 2011. The total electricity generation is 12,036 KWh per year. The amount of carbon reduction is 6.37 t CO_2e per year.

IIV. GHG Reduction Performances[*]

Through various energy saving initiatives, the global hourly GHG emissions per employee was 2 kg CO_2e in 2017, in comparison to 2009's 2.86 kg CO_2e, there has been a 30% reduction. The original indicator "the GHG emissions per 100 million dollars of revenues" is slightly obsolete comparing to the reality after evaluation and rough calculation. For the data to stay closer to the reality, we adopt the indicator of GHG emissions per million US dollars of output values this year.

GHG Reduction Performances

	2009 Base Year	2014	2015	2016	2017	Reduction Rate (Compared to 2009)
Total GHG Emissions (10,000 tons CO_2e)	6.49	7.48	7.27	7.16	8.19	-
Hourly GHG Emissions Per Employee (kg CO_2e)	2.86	2.1	2.02	2.0	2.0	30
Total Electricity Consumption/ Total Output Values[**] (MWh / million)	35,219	28,361	25,624	25,231	24,555	30
Total GHG Emissions/ Total Output Values[**] (tons CO_2e / million)	35.01	21.59	21.65	23.38	21.52	38

[*] 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.
[**] Unit: United States dollars

Green Product

> In 2017, each product line averagely reached energy saving **35.03%**, material reduction **17.22%**, carbon reduction **22.65%** and eco-efficiency improving **82.46%**.

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. With continuous improvements, we have won evaluation and award recognition several times both domestically and globally such as the top award of Environmental Friendly Segment from the Global Views Monthly and the fifth spot of Channel News Asia Sustainability Ranking.

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%. Qisda expects to keep elevating eco-efficiency and futher building product sustianable value. The performance in 2017 achieved energy saving by 35.03%, material reduction by 17.22%, carbon reduction by 22.65%, and eco-effiency improving 82.46%.

| The Advancement of Green Products of Qisda

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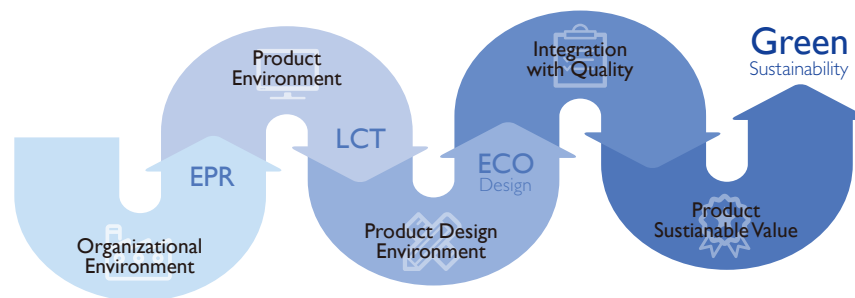
*   22016~2020 targets and results are set based on the achievements of 2015. (The performance in 2015 achieved energy saving by 45.42%, material reduction by 22.96%, and carbon reduction by 32.03%, comparing to the performance of the base year 2009.)

**   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.

Qisda integrates the lifecycle thinking into product design procedure. At the initial design stage, we include green design targets to be checked at various design stages, verifying the products meet regulations of customers and countries sold to while self-improving and increasing the product energy efficiency and reducing resource wastes. When lowering environmental burdens, we also improve product efficiency, offering customers with better products.

Incorporating Design Concepts

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

In 2013, several of our products have been certified with ISO 14006 and IEC 62430, including monitors, projectors, smart phones, scanners, multimedia players, and lighting devices.

| Qisda Incorporating Ecodesign Structure
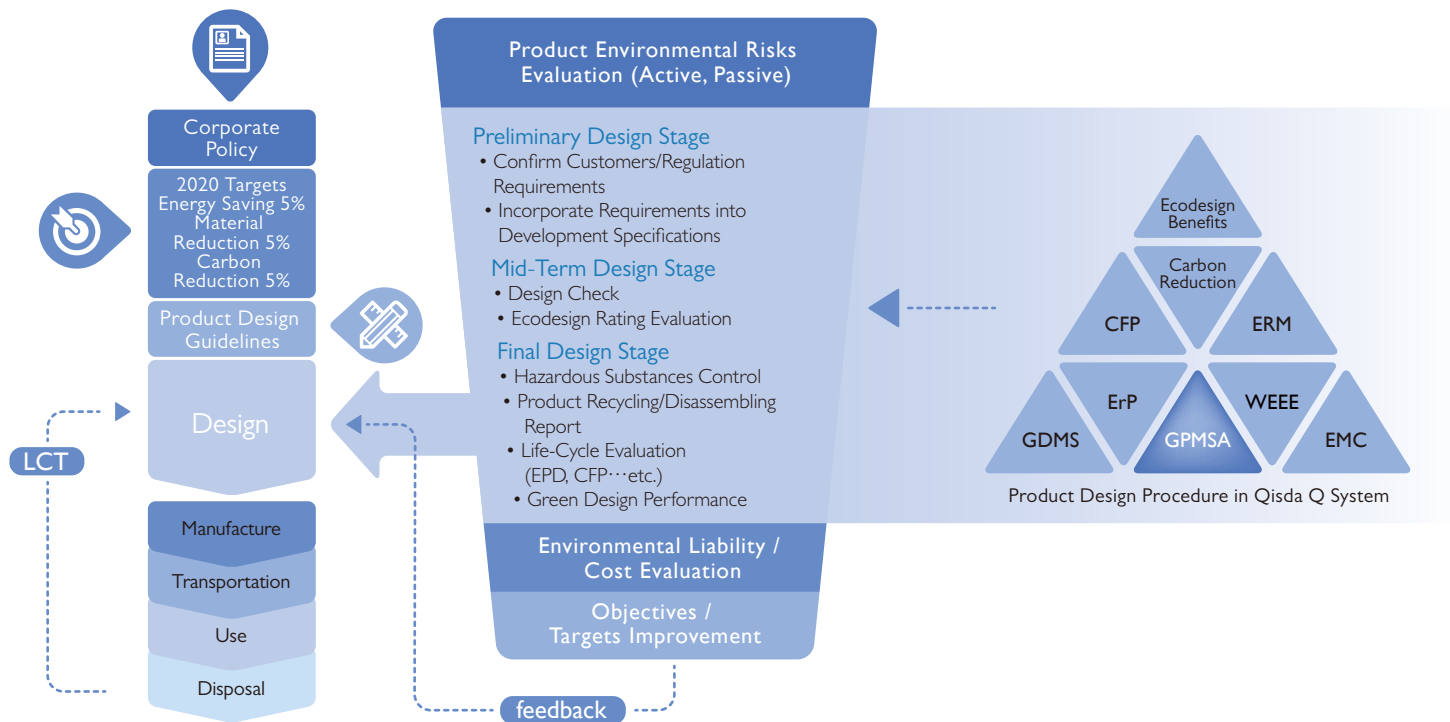
I. Ecodesign Guidelines/Directions

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 2017, the average weight reduction rate achieved 17.22% 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.

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

2017, an increase of 35.03% 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 WEEE 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

Recycle

Design & Development

Supplier

Operation

Distribution

Life Cycle
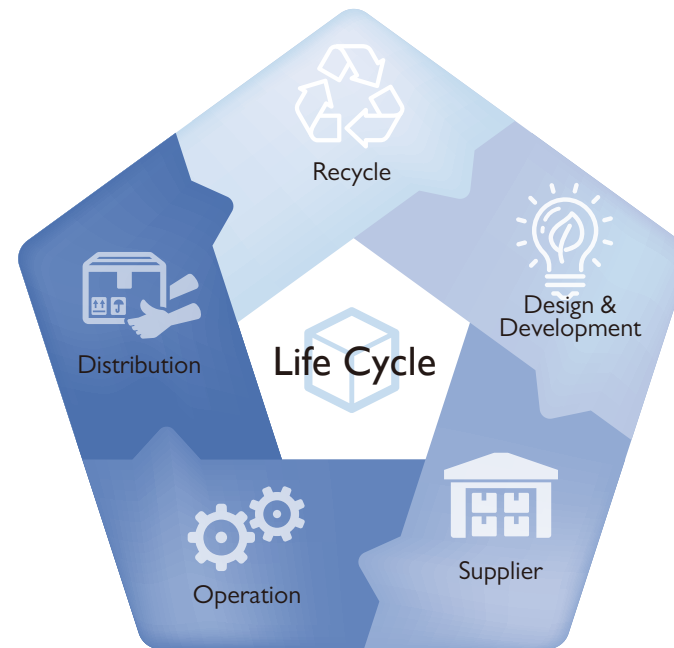
> For more information, please refer to "Quality and Hazardous Substances Management".

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

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II. Ecodeisgn Procedure

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

| Ecodeisgn Procedure

Preliminary Design Stage

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

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

Mid-Term Design Stage

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

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

Final Design Stage

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

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

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

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

III. Environmental Risk-Assessment of Products

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

IV. Eco-Effiency

Since 2010, we have compiled green design targets. Entering the eighth year, we discovered levels of bottlenecks will be encountered amid continued material reduction, energy saving and improving recycling rate and this may affect the product itself. The surviving condition of an enterprise is profitability; it must survive so that it can continue to promote sustainability. Therefore, we have reconsidered the original meaning of sustainable development, anticipating our products to gain a balance between environment and economy. When being friendly to the environment, we need to have enough profits. As a result, we adopt the thinking of eco-efficiency, continuing to improve product efficiency on condition that no burden is added on the environment. We also strive to lower burden on the environment for existing products while further set the target at 5% in 2020 for increasing the sustainable value of products.

V. 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 reports, 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 reports across product lines and generations. As a result, we have been able to include carbon footprint reports 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 sections 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 needs of each product line.

| Green Talent Training and Development Plan

| Awareness | Education | Influence |

Freshmen — Senior employee (Function Course) — Manager (Management Course)

General Courses | Advanced Courses | Enforced Management | Keep Going
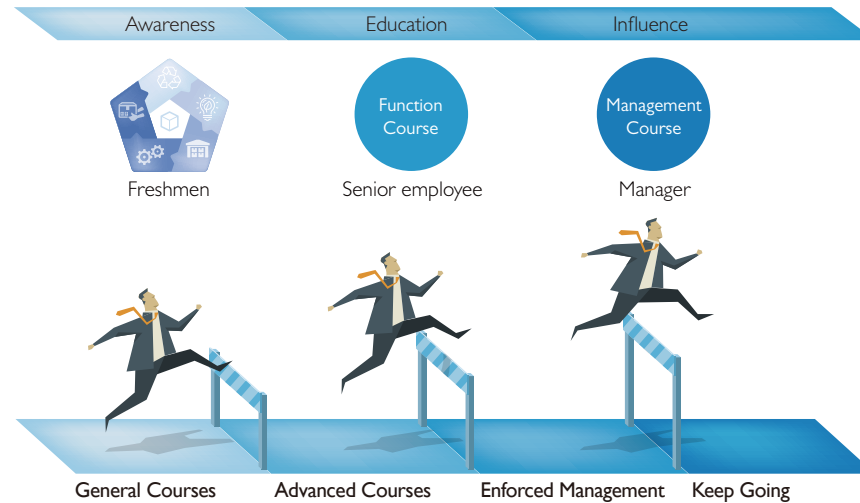
Quality and Hazardous Substances Management

- Obtained ISO9001, ISO13485, ISO/TS16949, IECQ QC 080000 certificates
- Passed the US Food and Drug Administration (FDA) medical equipment factory check

Qisda does its utmost to comply with ISO 9001 Quality Management Standards, ISO13485 Medical Device Quality Management System, ISO/TS16949 Automotive Quality Management and IECQ QC 080000 Hazardous Substances Process. Qaida designs and manufactures products conforming to the requirements 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 at the "Quality/Non-Use of Hazardous Substances Manual" while

obtaining third-party verification and passing the US Food and Drug Administration (FDA) medical equipment factory check.

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 trainings, website announcements 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 improvements and problem preventions 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. There were no violations of product health and safety regulations or voluntary standards in 2017.

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 reliability 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.

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

Before a product can be mass-produced, Qisda complies with RoHS (2011-65-EU) and REACH SVHCs (Substances of Very High Concern) in European Union, and explicit hazardous substances requirements 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.

| New product development system
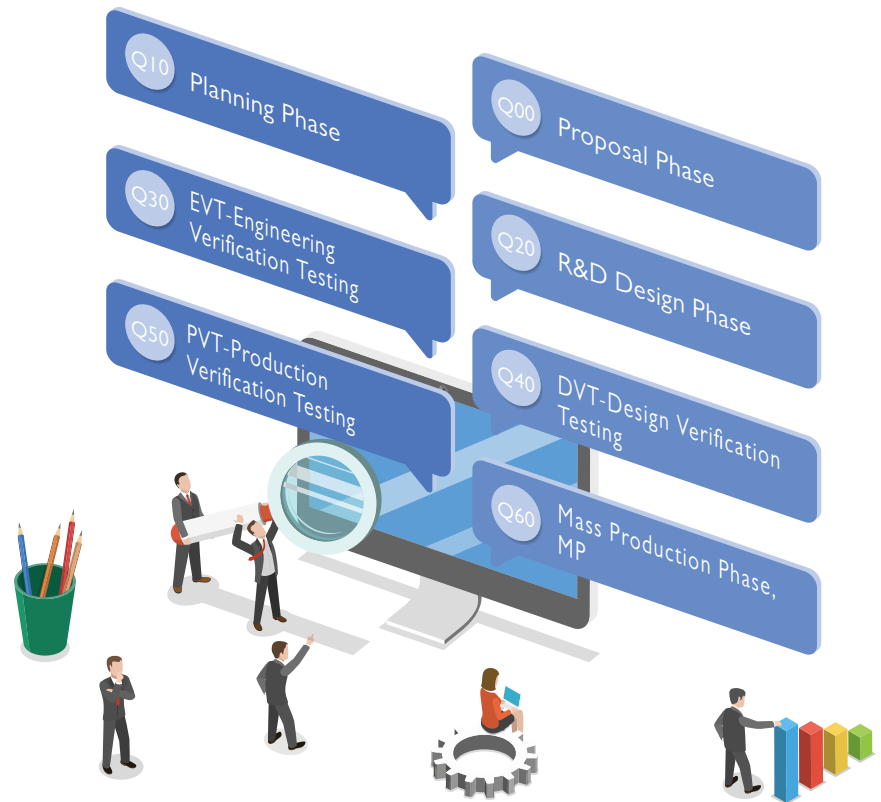
Green Operation

Green operation plays an essential part of Qisda's corporate sustainability development strategy - with environment, safety and health as the cores of green operation management, also promising to constantly improve the performance of pollution prevention, waste reduction as well as safety and health. In addition, to raise the environmental awareness of our employees, Qisda also introduced ISO 14001 Environmental Management System and OHSAS 18001Occupational Health and Safety Management System to provide relevant trainings 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 obtained Green Factory Label. In 2017, we have finished 14001 version change cerification and 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 electricity consumption per million US dollars of output revenues. As such, the company's energy saving and carbon reduction benefits 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 its goals via changing human concept and operational methods, and improving machinery equipment and operational environment.

Waste Management

Recyclable Waste Rate reached **91.5%**

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 wastes defined in the Basel Convention during its business operations and manufacturing process. Waste is managed mainly by Environmental, Safety and Health staff while recyclable waste is removed to recycling area and categorized by outsourced companies.

* 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.

In order to increase the ratio of recyclables vs. wastes, Qisda defines Waste Management Procedure and recyclable wastes management performance targets. The company also examines action plans and targets each quarter during Corporate Sustainability Development (CSD) meetings for long-term monitoring effect. The performance of waste management of 2017 is shown as below. The overall manufacturing capacity has increased significantly in comparison to 2009; as a result, the types and amount for recyclable wastes have also increased. Since the implementation of energy saving and waste reduction actions, Qisda recyclable waste rate reached 91.1 % by 2017. To sum up, the accumulated amount of recyclable wastes has totaled 154,070 tons since 2009, of which 147,027 tons were generated in the manufacturing site of Suzhou, China.

| Waste Management Comparisons*

22,697
2017
Total amount of recyclable waste(tons)

2,202
2017
Total amount of unrecyclable waste (tons)

Suzhou, China

Taiwan

631
2017
Total amount of recyclable waste(tons)

75
2017
Total amount of unrecyclable waste (tons)

Total amount of recyclable waste (tons)

Total amount of unrecyclable waste** (tons)
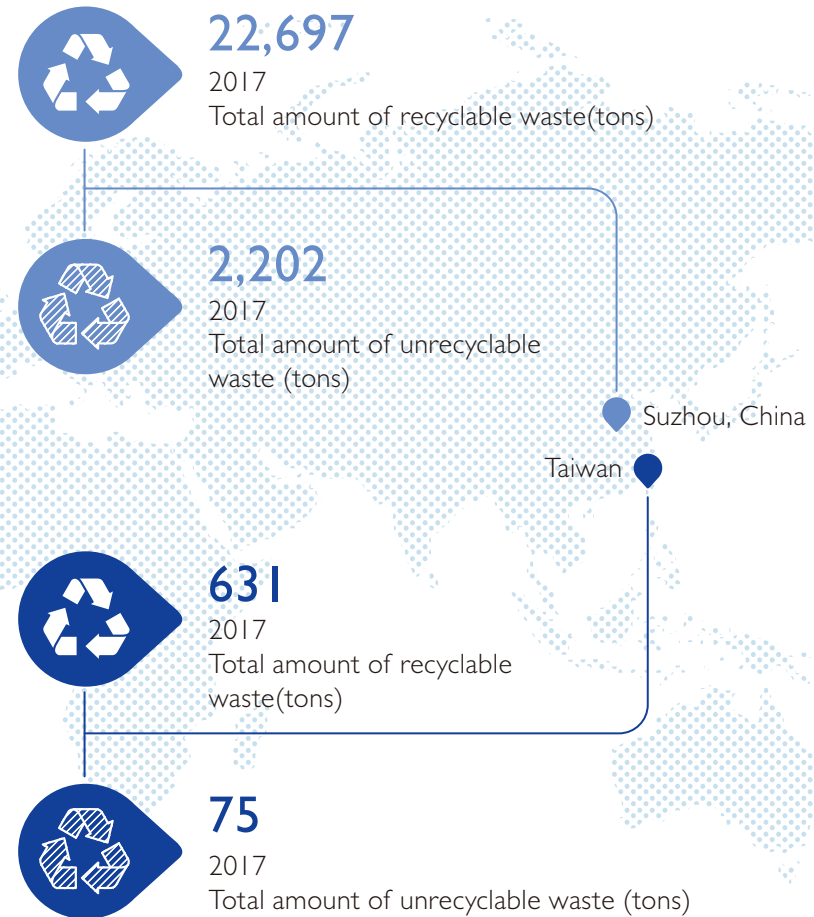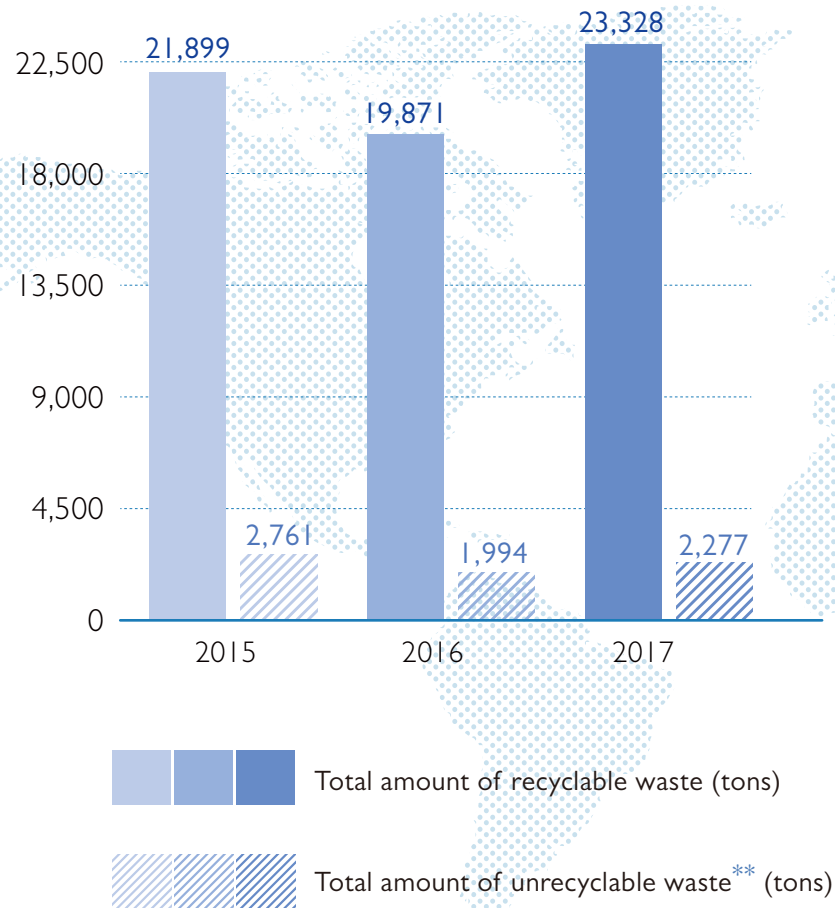
*   Recyclable waste percentage = total recyclable waste (tons) / total waste (tons) * 100
**   Most of non-recyclable waste is household rubbish.

Water Resources Management

Water consumption per million US dollars of output revenues showed a decrease by **53.6%** in 2017, as compared to 2009.

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 totaled 456,325 tons in 2017, with total volume of water discharges of 365,000 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 2017, water consumption per million US dollars of output revenues was 392 tons, which has decreased by 53.6% since 2009. In addition, Qisda does not pump underground water in any of its global operations.

Each manufacturing site around the globe is equipped with waste water recycling and reuse systems to control its domestic sewage. Recycled domestic sewage is reused to irrigate green areas on manufacturing site grounds. Take the manufacturing site in Taiwan for instance, the amount of reused water for landscape irrigation is 101 tons/day , about 5.5% 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 the sewer management systems, which do 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:55.05 mg/L，SS:13mg/L), is regularly monitored and is not reused by other organizations.

iWith 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 processes, it does not present a negative influence on the ecology.

Total Water Consumption in Global Manufacturing Sites (tons)****
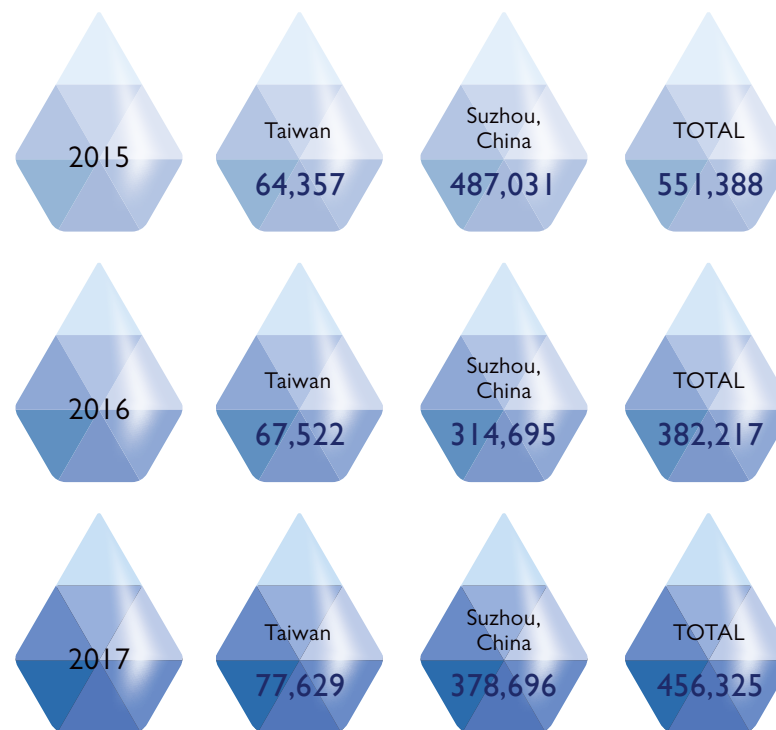
	Taiwan	Suzhou, China	TOTAL
2015	64,357	487,031	551,388
2016	67,522	314,695	382,217
2017	77,629	378,696	456,325

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*   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.
**   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 2017.
**** 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 tenants.)

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.

| Water Risk Assessments

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 operations. 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 Taiwan 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 the sewer management systems, which do 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 disasters. 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 has started 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 trainings 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 cerification every year.

> Injury rate reduction **81.6%**, lost day rate reduction **62.2%**, as compared to 2009.

1.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 2017, Qisda's average lost day rate was 3; the rate of occurrence of occupational disease was 0; the injury rate was 0.074.

Global Safety and Health Management Performance Comparisons (2015~2017)*

Safety & Health Performance Indicator	Global Manufacturing Sites		
	2015	2016	2017
Injury Rate (IR)	0.078	0.076	0.074
Lost Day Rate (LDR)	2.8	1.8	3.3
Occupational Diseases Rate (ODR)	0	0	0
Absentee Rate (AR)	29.9	18.5	37.4
Total Sum of Deaths Caused by Work	0	0	0

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

Safety and Health Management Performances by Genders (2017)

2017	Taiwan	Suzhou, China	Global Manufacturing Sites
Injury Rate (IR) — male	0	0.11	0.10
Injury Rate (IR) — female	0	0.02	0.02
Total	0	0.08	0.07
Lost Day Rate (LDR) — male	0	4.41	3.94
Lost Day Rate (LDR) — female	0	2.43	2.17
Total	0	3.72	3.33
Occupational Diseases Rate (ODR) — male	0	0	0
Occupational Diseases Rate (ODR) — female	0	0	0
Total	0	0	0
Absentee Rate (AR) — male	0	34	29.9
Absentee Rate (AR) — female	0	9.9	8.4
Total	0	44	37.4
Total Sum of Deaths Caused by Work — male	0	0	0
Total Sum of Deaths Caused by Work — female	0	0	0
Total	0	0	0

Statistics demonstrates a decrease of 62.2% in lost day rate of 2017, in comparison with 2009. The injury rate of 2017 also dropped 81.6%, as compared to 2009. The injury rate of 2016 also dropped 81.2%, as compared to 2009. There has been no death incident. Contractors were responsible for no work-related injuries and deaths during on-site works.

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 2017, 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 targets. With reinforcing promotional activities, Qisda continued to score over 90 in 2017.

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	12		●
	102-2	Activities, primary brands, products,and/or services.	Qisda Corporation	12		●
	102-3	Location of organization's headquarters.	Qisda Corporation	12		●
	102-4	Number of countries where the organization operates, and names ofcountries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Qisda Corporation	12		●
	102-5	Nature of ownership and legal form.	Qisda Corporation	13		●
	102-6	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Qisda Corporation	13		●
	102-7	Scale of the reporting organization.	Qisda Corporation	12		●
	102-8	Total number of employees by employment type and employment contract brokendown by gender and region.	Workforce Distribution	62		●
	102-9	Describe the organization's supply chain.	Supply Chain Management	55		●
	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	46~50		●
	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	16		●

General Disclosures

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
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 ofsustainability to the organization and the organization's strategy for addressing sustainability.	Message from our Chairman and President, Qisda Corporate Sustainable Development	4~5 17~19		●
	102-15	Description of key impacts, risks, and opportunities.	Message from our Chairman and President, Stakeholder Engagement, Risk Management, Climate Policy and Carbon Management	4~5 26~35 46~50 86~87		●
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	44~45		●
	102-17	Report the internal and external mechanisms for seeking advice and reporting concerns about ethics.	Code of Conduct	45		●
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	20 39		●
	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	39		●
	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	39		●

GRI Standards Index(version 2016)

General Disclosures

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Governance	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	39 70		●
	102-22	Report the composition of the highest governance body and its committees.	Organizational Structure of Corporate Governance	37~38	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	40		●
	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	37		●
	102-25	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Corporate Governance Status	40		●
	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	39		●
	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	38		●
	102-28	Report the processes and frequency for evaluation of the highest governance body's	Corporate Governance Status	39		●

General Disclosures

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Governance	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	39 47		●
	102-30	Report the highest governance body'srole in reviewing the effectiveness of theorganization's risk management processes for economic, environmental and social topics.	Corporate Governance Status, Risk Management	39 47		●
	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	39		●
	102-32	Report the highest committee or position that formally reviews andn approves the organization's sustainability report.	Qisda Corporate Sustainable Development	20		●
	102-33	Report the process for communicating critical concerns to the highest governance body.	Corporate Governance Status	39		●
	102-34	Report the process for communicating critical concerns to the highestgovernance body.	Corporate Governance Status	39		●
	102-35	Report the remuneration policies for the highest governance body and senior executives.	Corporate Governance Status	39		●
	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	39		●

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General Disclosures

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Governance	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	39		●
	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: 7.49 Suzhou, China: 10.5	●
	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: 1.4 Suzhou, China: 0.33	●
Stakeholder Engagement	102-40	List of stakeholder groups engaged by the organization.	Stakeholder Engagement	27		●
	102-41	Percentage of employees covered by collective bargaining agreements.	Building Smooth Communication Channels and Strong Labor Relations	70	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	17 26		●
	102-43	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Stakeholder Engagement	27~30		●
	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	Stakeholder Engagement	27~35		●

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	1		●
	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	1 31~34		●
	102-47	List all the material topics identified in the process for defining report content.	Stakeholder Engagement	31~34		●
	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	27		●
	102-50	Reporting period (e.g., fiscal/calendar year) for information provided.	About This Report	1		●
	102-51	Date of most recent previous report (if any).	About This Report	1		●
	102-52	Reporting cycle (annual, biennial, etc.)	About This Report	1		●
	102-53	Contact point for questions.	About This Report	1		●
	102-54	Claims of reporting in accordance with the GRI Standards.	About This Report	1		●
	102-55	GRI content index	GRI Standards Index	104~120		●
	102-56	External assurance	About This Report	1		●

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Economic Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Economic Performance	201-1	Direct economic value generated anddistributed, including revenues,operating costs, employee compensation,donations and other community investments, retained earnings, and payments to capital providers andgovernments.	Financial Performance	42		●
	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 2017. 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	69~70		●
	201-4	Financial assistance received from government	Financial Performance	42		●
Market Presence	201-1	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Workforce Distribution	62		●
	202-2	Proportion of senior management hired from the local community at significant locations of operation.	Workforce Distribution	61		●
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	75~83		●
	203-2	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Goodwill for the Earth, Love for the Society	75~83		●

Economic Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Procurement Practices	204-1	Proportion of spending on local suppliers at significant locations of operation.	Supply Chain Management	55		●
Corruption	205-1	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	Code of Conduct	45		●
	205-2	Communication and training on anti-corruption policies and procedures.	Code of Conduct	45		●
	205-3	Confirmed incidents of corruption and actions taken.	Code of Conduct	45		●
Anticompetitive Behavior	206-1	Legal actions for anti-competitive behavior,	N/A	N/A	None	●

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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 (2014~2017)	6		●
	301-2	Percentage of materials used that are recycled input materials.	N/A	N/A	Recycled plastic utilization rate for 2017：74.4%.	●
	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 theorganization.	Greenhouse Gas Inventory	89		●
	302-2	Energy consumption outside of the organization	Greenhouse Gas Inventory	89		●
	302-3	Energy intensity.	Greenhouse Gas Inventory	88		●
	302-4	Reduction of energy consumption.	Carbon Disclosure Achievements	90~91		●
	302-5	Reductions in energy requirements of products and services.	Green Product	94		●
Water	303-1	Total water withdrawal by source.	Water Resources Management	100		●

Environmental Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Water	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	100		●
Biodiversity	304-1	Location and size of land owned, leased, anaged in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Water Resources Management	100		●
	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	100		●
	304-3	Habitats protected or restored.	Water Resources Management	100		●
	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	100		●
Emissions	305-1	Direct greenhouse gas (GHG) emissions (scope 1)	Greenhouse Gas Inventory	88		●
	305-2	Energy indirect greenhouse gas (GHG) emissions (scope 2)	Greenhouse Gas Inventory	88		●
	305-3	Other indirect greenhouse gas (GHG) emissions (scope 3)	Greenhouse Gas Inventory	88		●
	305-4	Greenhouse gas (GHG) emissions intensity.	Greenhouse Gas Inventory	88		●
	305-5	Reduction of greenhouse gas (GHG) emissions.	Carbon Disclosure Achievements	90~91		●

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Environmental Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Emissions	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_2 emissions from refrigerants of air conditioning and fire extinguishers (R123, R404a, R22…etc) of its global manufacturing sites were 260 tons CO_2e in 2017.	●
	305-7	Ox, SOx, and other significant air emissions.	N/A	N/A	Qisda mainly specifies in assembly operation. The manufacturing processes do not use diesel or heavy fuels as indirect materials used in production, only the emergency power generators and forklifts in Suzhou manufacturing site are powered by diesel. As the amount of SOx generated when burning diesel is slight and does not have significant impacts on the environment, no further analysis on tracing SOx and NOx is required. For related aerial contaminant, Qisda has air pollution filtering equipment so that the aerial contaminant is only emitted to the air after filtered with first-level filter and active carbon.	●

Environmental Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Effluents and Waste	306-1	Total water discharge by quality and destination.	Water Resources Management	100		●
	306-2	Total weight of waste by type and disposal method.	Waste Management	99		●
	306-3	Total number and volume of significant spills.	Health and Safety Management	103		●
	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	98		●
	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	100		●
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	51		●
Supplier Environmental Assessment	308-1	Percentage of new suppliers that were screened using environmental criteria.	Supplier Selection and Qualification Procedures	55		●
	308-2	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	Green Supply Chain	57~59		●

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Social Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Emissions	401-1	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Employee Turnover Rate	63		●
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fundamental Employee Guarantees	69~70		●
	401-3	Return to work and retention rates after parental leave, by gender.	N/A	N/A	1.Return to Work Rate Female: 100% (number of employees expected to return to work after leave: 6, application submitted: 6, number of employees returned to work: 6) Male: 100% (number of employees expected to return to work after leave: 1, application submitted: 1, number of employees returned to work: 1) 2.Retention Rate Female: 100% (number of employees returned to work: 6) Female: 100% (number of employees returned to work: 1) Note: a.The employees who return to work and stay at the current posts after 12 months returning will be included in the calculation. b.It is hard to count the sum of the number of those are on maternal/paternal leaves. Therefore, they are no calculated.	●

Social Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
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	Qisda makes every effort to protect labor rights defined by laws. The laidoff employee is notified before the date regulated by Labor Standards Act. 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.	●
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	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	102~103		●
	403-3	Workers with high incidence or high risk of diseases related to their occupation.	Employee Health Care Management	73		●
	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.	●

GRI Standards Index(version 2016)

Social Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Training and Education	404-1	Average hours of training per year per employee by gender and by employee category.	Learning and Development	64		●
	404-2	Programs for skills management and lifelong learning that support the continued employability of employees.	Learning and Development	64~66		●
	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 2017, the percentage of indirect male/female labor who completed performance evaluation is 98.5% and 98.4% 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.	●
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	61~62	The senior executives are not part of the minority group; therefore, no figures belong to this category.	●
	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:1:0.99 Suzhou, China male/female ratio: 0.95:1 Ratio of remuneration: Taiwan male/female ratio:1:1.01 Suzhou, China male/female ratio: 1.1:1	●

Social Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Non-discrimination	406-1	Total number of incidents of discrimination and corrective actions taken.	Human Rights Management	67		●
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	67~68 57~58		●
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	67		●
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	67		●
Security Practices	410-1	Security personnel trained in human rights policies or procedures.	Human Rights Management	68		●
Indigenous Rights	411-1	Total number of incidents of violations involving rights of indigenous people and actions taken.	Human Rights Management	68	No violation involving rights of indigenous people occurred in 2017.	●
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	68		●
	412-2	Employee training on human rights policies or procedures.	Human Rights Management	68		●
	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 theboard of directors.	●

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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	75~83	100%(Taiwan and Suzhou, China are included).	●
Supplier Social Assessment	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.	●
Public Policy	414-1	Percentage of new suppliers that were screened using social criteria.	Supplier Selection and Qualification Procedures	55		●
	414-2	Significant actual and potential negative social impacts in the supply chain and actions taken.	Green Supply Chain	57~59		●
Customer Health and Safety	415-1	Total value of political contributions by country and recipient/beneficiary.	N/A	N/A	None	●
	416-1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	Customer Health and Safety	97		●
Product and Service Labeling	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	96~97	None	●
	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	92~97	The following information is required by Qisda's procedures forall products: 1. Content. 2. Safe use of the product or service. 3. Disposal of the product and environmental/social impacts.	●

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.	N/A	N/A	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	54		●
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 areas.	Legal Compliance	51		●

Other Topic

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Quality Management	Qisda-1	Quality certificates.	Quality and Hazardous Substance Management	96~97		
Customer Satisfaction	Qisda-2	Customer satisfaction survey result.	Customer Satisfaction Survey	53~54		
Innovation	Qisda-3	Number of employee participating in the activities of innovation culture.	Innovation Culture	71~72		

ISO 26000 Index

Core subjects and issues		Report Section	Page	Note
Organizational Governance	Decision-making processes and structures	Message from our Chairman and President Qisda Corporate Sustainable Development CH1Corporate Governance	4~5 17~23 37~40	
Human Rights	Due diligence	Human Rights Management	67~68	
	Human rights risk situations	Human Rights Management	67~68	
	Avoidance of complicity	Supply Chain Management Human Rights Management	55~69 67~68	
	Resolving grievances	Human Rights Management Building Smooth Communication Channels and Strong Labor Relations	67~68 70	
	Discrimination and vulnerable groups	Workforce Distribution Human Rights Management	61~62 67~68	
	Civil and political rights	Human Rights Management	67~68	
	Economic, social and cultural rights	Goodwill for the Earth, Love for the Society Green Operation	75~83 98~103	
	Fundamental principles and rights at work	Workforce Distribution Human Rights Management	61~62 67~68	
Labour Practices	Employment and employment relationships	Supply Chain Management Workforce Distribution Employee Turnover Rate Human Rights Management	55~59 61~62 63 67~68	
	Conditions of work and social protection	Workforce Distribution Fundamental Employee Guarantees	61~62 69~70	

Core subjects and issues	Report Section	Page	Note
Labour Practices			
Social dialogue	Qisda Corporation GRI Standards Index: 402-1	12~16 117	
Health and safety at work	Health and Safety Management	102~103	
Human development and training in the workplace	Learning and Development	64~66	
The Environment			
Prevention of pollution	Waste Management Water Resources Management Health and Safety Management GRI Standards Index: 305-6,305-7	98~99 100 102~103 114	
Sustainable resource use	Climate Policy and Carbon Management Water Resources Management GRI Standards Index: 301-2	85~91 100 112	
Climate change mitigation and adaptation	Climate Policy and Carbon Management	85~91	
Protection of the environment, biodiversity and restoration of natural habitats	Water Resources Management	100	
Fair Operating			
Anti-corruption	Integrity and Anti-corruption	44~45	
Responsible political involvement	N/A	N/A	No participation in political activities
Fair competition	Legal Compliance	51	
Promoting social responsibility in the value chain	Goodwill for the Earth, Love for the Society Supply Chain Management	75~83 55~59	
Respect for property rights	Legal Compliance	51	

ISO 26000 Index

Core subjects and issues		Report Section	Page	Note
Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	Legal Compliance Green Product	51 92~97	
	Protecting consumers' health and safety	Green Product	92~97	
	Sustainable consumption	Green Product	92~97	
	Consumer service, support, and complaint and dispute resolution	Customer Commitment	53~54	
	Consumer data protection and privacy	Customer Privacy Protection	54	
	Access to essential services	Goodwill for the Earth, Love for the Society	75~83	
	Education and awareness	Green Product	92~97	
Community Involvement and Development	Community involvement	Financial Performance Human Rights Management	41~43 67~68	
	Education and culture	Human Rights Management	67~68	
	Employment creation and skills development	Supply Chain Management Learning and Development Goodwill for the Earth, Love for the Society	55~59 64~66 75~83	
	Technology development and access	Goodwill for the Earth, Love for the Society	75~83	
	Wealth and income creation	Financial Performance Supply Chain Management Goodwill for the Earth, Love for the Society	41~43 55~59 75~83	
	Health	Health and Safety Management	102~103	
	Social investment	Goodwill for the Earth, Love for the Society	75~83	

SDGs Index

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	82~83	
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	82~83	
3	Good Health and Well-being	3.8	Make investments in health a priority in business operations.	Financial Performance Qisda Product Designs and Servies Correspond to SDGs	41~43 24~25	
4	Quality Education	4.4	Provide employees with continuous opportunities to improve their (job) skills for their current and future employment.	Learning and Development	64~66	
4	Quality Education	4.A	Develop education products and services that eliminate barriers to access and improve the quality of learning.	Qisda Product Designs and Servies Correspond to SDGs	24~25	
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	44~55 67~68 69~70	
6	Clean Water and Sanitation	6.1	Reduce the likelihood of groundwater contamination by treating and processing all waste with exceptional precaution. Ensure that all employees have ample access to safe drinking water and adequate sanitation.	Waste Management Water Risk Assessment and Further Actions	98~99 101	

SDGs Index

NO.	Topic	SDG Targets	SDG Compass Recommendation	Report Section	Page	Note
7	Affordable and Clean Energy	7.2	Commit to sourcing 100% of operational electricity needs from renewable sources.	Carbon Disclosure Achievements	89~91	Although we do not 100% use renewable energy source, we have constructed solar energy system since 2011. In 2018, we plan to expand the scale.
		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	85~88 93~96	Qisda also expects to adapt a science-based target setting method in 2018.
		7.A	Invest in R&D related to sustainable energy services.	Qisda Product Designs and Servies Correspond to SDGs	24~25	
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	41~43	
		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	67~68 69~70	
		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	57~58	
		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	102~103	

NO.	Topic		SDG Targets	SDG Compass Recommendation	Report Section	Page	Note
9		Industry, Innovation and Infrastructure	9.4	Invest in new, resilient infrastructure or retrofit existing infrastructure to make it more sustainable.	Qisda Product Designs and Servies Correspond to SDGs	24~25	
			N/A	Establish standards and promote regulation that ensure company projects and initiatives are sustainably managed.	Qisda Corporate Sustainable Development	17~23	
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	67~68 69~70	
			N/A	Partner with civil society networks to provide education and entrepreneurial skills training	BenQ Foundation	82~83	
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	98~99 114	
			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	46~50	
12		Responsible Consumption and Production	12.2 12.4	Implement product portfolio analysis tools to understand environmental footprint of products within lifestyles as well as production.	Greenhouse Gas Inventory Green Product Waste Management Water Resources Management	88~89 92~97 98~99 100	
			12.A	Enable sustainable consumption by developing innovative solutions can reduce energy need in usage and educate consumers about these benefits.	Qisda Product Designs and Servies Correspond to SDGs	24~25	
			12.2	Reduce manufacturing impacts by substituting virgin raw materials in products.	GRI Standards Index: 301-2	111	

SDGs Index

NO.	Topic	SDG Targets	SDG Compass Recommendation	Report Section	Page	Note
12	Responsible Consumption and Production	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	93~96	
		12.5	Significantly reduce waste.	Waste Management	98~99	
		12.6	Adopt sustainable practices and to integrate sustainability information into their reporting cycle.	About This Report	I	
		12.7	Promote public procurement practices that are sustainable.	Supplier Selection and Qualification Procedures / Green Supply Chain	55~56 / 57~58	
		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	75~76	
13	Climate Action	N/A	Source all electricity the company consumes at its facilities from renewable sources.	Carbon Disclosure Achievements	89~91	Although we do not 100% use renewable energy source, we have constructed solar energy system since 2011. In 2018, we plan to expand the scale.
		N/A	Retrofit the lighting systems of the company's facilities to energy efficient LED lighting.	Carbon Disclosure Achievements	89~91	
		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	92~97	
		13.1 13.2	Understand climate risk and build resilience into the company's assets and supply chain.	Climate Policy and Carbon Management	85~91	
		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	75~83	

NO.	Topic	SDG Targets	SDG Compass Recommendation	Report Section	Page	Note
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. 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	92~97	
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	55~56 57~58 59	
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	51 51~58	
		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	44~45	
17	Partnerships for the Goals	7.3	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	75~83	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 "2017 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 "2017 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 2017 Corporate Sustainability Report - for the year 2017.

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.

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:

* Interviews with relevant personnel of QISDA - 16 employees interviewed;
* Review of documentary evidence produced by QISDA.;
* Review performance data listed in report with sampling basis;
* Site visit to headquarter in Taipei City and Taoyuan City, Taiwan;
* Review of QISDA data and information systems for collection, aggregation, analysis and review.

Our work was conducted against Bureau Veritas' standard procedures and guidelines for external Assurance of Sustainability Reports, based on current best practice in independent assurance. For this assignment, we have used the International Standard on the GRI Reporting Framework and of AA1000 Type 2.

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

Our findings

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

* The information and data included in the scope of our assurance are accurate, reliable and free from material mistake or misstatement.
* The information is presented in a clear, understandable and accessible manner.
* The "2017 Corporate Sustainability Report" provides a fair and balanced representation of activities during the year 2017.
* The information in"2017 Corporate Sustainability Report" allows readers to form a balanced opinion of Qisda Corporation activities and performance during the year 2017.
* Qisda Corporation has established appropriate systems for the collection, aggregation and analysis of relevant information.
* 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 "2017 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:

- CSR responsibility in highest governance body could be more specific. (RESPONSIVENESS)
- Extend report scope to other group entities with well plan to provide more clear information to stakeholder. (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 more than 180 years history in providing independent assurance services. Bureau Veritas is also listed on the Euronext Paris stock exchange (Stock symbol: BVI), and 2017 revenue is Euros 4.69 billion.

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.

Independent Assurance Statement

Bureau Veritas Certification Taiwan

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15th June, 2018

AA1000
Licensed Assurance Provider
000-76

Technical Reviewer:_____ Date: 15/June/2018

Assurer   :_____ Date: 15/June/2018

ALL ROADS LEAD TO

GREEN HOPES