

The background of the cover is a dark blue gradient with a grid of small, glowing squares in shades of blue and green. The squares are arranged in a pattern that appears to be receding into the distance, creating a sense of depth. There are also several bright blue light streaks or rays emanating from the right side of the image, adding a dynamic and futuristic feel.

Qisda

Corporate Sustainability Report

2018

Q Green

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:

<https://csr.qisda.com/en/index.asp>.



Front Cover
Design Concept



Innovation+Breakthrough =Growth+Transformation

We encourage employees to respond to the mission of continued breakthroughs and keep pushing the limits, using new methods to execute tasks. In the meantime, we combine our four winning strategies (optimizing existing business operations, rapidly expanding medical business, swiftly developing solutions, deploying key components). Qisda will keep challenging existing success while bringing the rapid growth and transformation for the group.

Release Date & Reporting Period

This report is published in June 2019. 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 head quarters in Taiwan and its main manufacturing site in Suzhou, China. Also, starting from 2018, the report added the content of subsidiaries** corporate social responsibilities and disclosed related information at the “Chapter 5 Hand in Hand and Create Growth Together”.

The time frame is from January 1 to December 31, 2018.

Data Collection & Calculation

The data collection in the year of 2018 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

After compiling the content of the report, related staff have launched internal audits, asking executives of various business units to add and confirm for omitted content. For external parts, 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 Addendum) 2008. With internal and external audit mechanisms, we ensure the information disclosure quality is fine. Also, the disclosure of the report meets the local and overseas standards of “Corporate Social Responsibility Best Practice Principles”, “ISO 26000 Social Responsibility Guidance”, etc.


Feedback & Contact Information


















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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. 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.






** 2 Included in this report are subsidiaries listed in our annual Financial Report: BenQ Dialysis Technology Co., BenQ Medical Technology Co., Lily Medical Co., Ltd., DFI Inc.

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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  Chapter 5 Hand in Hand and Create Growth Together 

2018 Sustainability Highlights



Economic/ Corporate Governance

- Consolidated sales hit record with annual improvement of 13.8 %.
- Projector shipments ranked the world's first
- LCD monitor shipments ranked number two globally
- Risk Kit Preparation Ratio reached 87%
- Won Top 100 Global Technology Leaders of Thomson Reuters in 2018
- Won Golden Award of "Taiwan Corporate Sustainability Report" and "Corporate Comprehensive Performance Award" of the 2018 Taiwan Corporate Sustainability Awards (TCSA)
- Component stock of the "TWSI Taiwan Sustainable Value Index"



Society

- Average customer satisfaction score of 94.6
- The local purchase proportion of Suzhou, China reached 73.6%
- 88% of suppliers had completed Qisda Supplier Social Responsibility Surveys and On-Site Audits
- The score of average annual events satisfaction reached 4.3 out of 5
- The overall average training hour was 84.76 hours Elected as one of the Taiwan High
- Compensation 100 Index
- Number of employees participating in the activities of innovation culture reached 3,038
- Number of essential patents increased 50.2%, as compared to 2015
- Total number of hours of employees participating in charity events reached 4,688
- Win isports certificate from Sports Administration, Ministry of Education (MOE)



Environment

- Each product line averagely reached energy saving 28.8%, material reduction 21.97%, carbon reduction 31.08% and eco-efficiency improving 70.91%, as compared to 2015
- Qisda received a A- score in CDP for three consecutive years
- Recyclable Waste Rate reached 93%
- Electricity Consumption per million US dollars of output revenues showed a decrease by 33%, as compared to 2009
- Water consumption per million US dollars of output revenues showed a decrease by 42.6%, as compared to 2009

Message from Our Chairman and CEO



Innovation+Breakthrough=Growth+Transformation

In 2018, the China/US trade war heat continued to grow. Amid such uncertainty, Qisda already started its risk management mechanism and prepared “three kits”, simulating every possibility and coping strategy. Facing the volatile external environment, Qisda started transformation in 2014, deploying business in terms of both width and depth. In 2018, Qisda’s revenues broke record again, with consolidated revenues growing 13.8% to NT\$1557.8 billion. This testifies that the group already sees the effect of “joint fleet”. We believe those react quickly can turn crisis into opportunities, innovate and break through results of growth and transformation. Therefore, we believe constant improvement of company values is the key to corporate sustainable developments.

Besides good news in terms of the economic aspect, Qisda was selected as one of the “Top 100 Technology Leaders” by Thomson Reuters in 2018 while winning “CSR Gold Award” for three consecutive years. In 2018, Qisda also discussed and communicated with stakeholders regarding the four aspects—economy/governance, environment, society and health/safety. A total of 16 major issues were identified with related management methods added in the report. The major sustainable strategy and management method are as follows:

Create the Fourth Foot, Start Group New Revolution

We believe that a car with a single wheel is hard to navigate while two wheels bring you to fall and three wheels is not fast enough. Only four wheels allow galloping with enjoyment. With three existing operational directions: optimizing existing business operation, rapidly expanding medical business and speeding up solution development, the resource integration performance continued to grow. We also started developing the fourth foot: deploying key components, shortening supply chain to strengthen control of the industry. In 2018, the performance of Qisda’s projector and LCD display is better than its peers, with shipment volumes at top and second of the world. Its medical and smart business units took up 13% of its revenues. In 2022, we aim to have the two units of transformational new businesses accounting for over half of its overall revenues. We believe resources are business opportunities. With core competitiveness resource integration and

added value, we can still run faster and better than others amid the competitive trend of red supply chain.

Energetic, Innovative Performance Breaks against the Peers, Pain Point is where it Grows Through

Amid the advance of Internet of Things (IoT), Qisda launched the “Eureka Program” activity each year, recruiting employees to brainstorm ideas about the core promotional business—AI X IoT at six smart fields to build up the innovative culture of the company. Besides encouraging the connection between employees’ creativity and business, we believe creativity comes from the pain points of daily life and vitality is the energy of employees investing in work. Building an atmosphere of energetic innovation can push employees to find new ways to work. In 2018, besides winning Taiwan isports certificate, Qisda selected 11 excellent AIoT ideas while overall good patents increased 50.2%. We ask employees to work smart, using methods of breakthrough and innovation to lead the company to grow and create new values.

Copy model of Success, Group Grow Together Sustainably

With the expansion of group “joint fleet”, the sustainable risks of the group also rise. We actively stay up to date of the impact of General Data Protection Regulation (GDPR) on our company that was launched by the European Union (EU) in 2018 while also setting up a project team to actively respond to and strengthen management. We also continued to establish the sustainability of group subsidiaries, expecting to cultivate the seeds of sustainability of each affiliate with copying successful experiences of Qisda while empowering the sustainable performance of the Qisda Group. In 2018, Qisda won for the third consecutive year the “Leadership” recognition of the Carbon Disclosure Project, showing its grades are at the top of the list in local industry while expecting to apply for the Science-Based Targets (SBT) in 2019. Additionally, we aim to finish implementing the ISO 45001 in 2019. For subsidiaries, we continue to implement related sustainable management system while cultivating new sustainable business model. The smart energy preservation solution of our affiliate has been successfully implemented in various chain stores and our environmental protection experiences can bring up values.

Rotate Positive Power, Form “Care and Devote” DNA

“Caring & Contribution” has always been the core value of Qisda. We believe the value of the enterprise is to devote to the human society. Qisda, therefore, builds up a caring platform and volunteer leave mechanism, allowing employees to devote themselves after work so that a positive power can rotate nonstop in the society. Qisda’s “HsinFu Q School” activity invites HsinFu Elementary School to visit the company each year, learning about the microscopic principle and green environmental protection knowledge; the company’s caring club holds various caring fundraising and volunteering activities; the foundation even hosts several small famer bazaars at the factory, allowing employees to purchase fresh vegetable and fruit from remote mountain areas. We believe that the positive power is contagious and expect to invite subsidiaries to participate in the future, transforming touched feelings into actions together, rotating the influence of truth, goodness and beauty.

Rely not on the Likelihood of Enemy's (Risk) not Coming, but on Readiness to Receive Him

From “Manufacturing” to “Smart manufacturing”, we have already been through five years. Besides creating a fine foundation, we prove that our operational direction is correct. What follows are the best moments of speeding up transformation and realizing our goals! However, at a time when the worlds run faster, we should stay calmer. Amid the threats of “Gray Rhino” and “Black Swan”, we should be better prepared for larger threats and challenges of the “joint fleet” in the future. Therefore, amid speeding up transformation, we should also continue to adjust our constitution while employing the method of “three kits” to prescribe for every risk of the company for future needs. The adjustment of constitution of the group can also display our growing power and focusing ability, speeding up the industry major league transboundary competitiveness. With the driving of the four wheels of winning strategies, we can run faster and better in the future!

Sustainable Development Key Performance Indicators at a Glance

2015~2018

Economic Performance Disclosures							
Category/Item	2015	2016	2017	2018	Note	GRI Disclosure	Corresponding Chapter
Economic Values							
Consolidated Revenues (100 million)	1,331	1,295.5	1,368.9	1,557.8	Unit: New Taiwan dollars.	201-1	Financial Performance
After-Tax Revenues/Loss (100 million)	21.7	43.4	56.6	40.3			
Number of Patents							
Accumulated Number of Patents Granted	1,126	1,111	1,117	1,144		N/A	N/A
Industrial Design Awards							
Number of Industrial Design Awards Earned	6	1	2	3	Awards include iF 、Red Dot 、iF China 、G-Mark 、Bio 、Golden Pin.	N/A	Qisda Corporation

Environmental Performance Disclosures*							
Category/Item	2015	2016	2017	2018	Note	GRI Disclosure	Corresponding Chapter
Use of Raw Materials							
Solder (paste, bar, wire) (tons)	231.6	219.6	252	215.9		301-1	N/A
Flux (tons)	128.5	80.3	138	178			
Iron (10,000 tons)	0.76	0.85	0.90	1.13			
Direct Energy Usage							
Natural Gas (1,000 cubic meter)	303	611.7	577.7	655.2		302-1	Greenhouse Gas Inventory
Petrol (tons)	26.42	24.21	24.95	22.4			
Diesel (tons)	6	11.19	15.58	14			

* 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	2015	2016	2017	2018	Note	GRI Disclosure	Corresponding Chapter
Indirect Energy Usage							
Externally Purchased Electricity (10,000 MWh)	9.08	8.87	10.14	11.49		302-2	Greenhouse Gas Inventory
Water Usage							
Taiwan (tons)	64.357	67.522	77.629	69.52		303-1	Water Resources Management
Suzhou, China (tons)	487.031	314.695	378.696	360.351			
Global Total (10,000 tons)	55.1	38.2	45.6	430			
GHG Emissions							
Direct and Indirect GHG Emissions (10,000 tons CO ₂ e)	7.27	7.16	8.19	9.36	The organizational GHG inventory has passed ISO 14064-1 third-party verification.	305-2	Greenhouse Gas Inventory
Other Indirect GHG Emissions (tons CO ₂ e)	910	746	867	241	Employee business travel. Before 2018, the calculation of distance did not include the difference of inland city air distances. After adjustments, the air distance now adopts the ICAO website criteria with coefficient also following the carbon emission of the website. This will stay more close to the actual situation.	305-3	Greenhouse Gas Inventory
Environmental Management Performance							
Total GHG Emissions / Total Output values (tons CO ₂ e / million)	21.65	23.38	21.52	20.5	A decrease of 41% compared 2018 to 2009 (38). Unit: United States dollars.	N/A	Greenhouse Gas Inventory
Total Electricity Consumption/ Total Output values (MWh / million)	25,624	25,231	24,555	23,283	A decrease of 34% compared 2018 to 2009 (35,219). Unit: United States dollars.	305-4	

Sustainable Development Key Performance Indicators at a Glance

2015~2018

Environmental Performance Disclosures							
Category/Item	2015	2016	2017	2018	Note	GRI Disclosure	Corresponding Chapter
Hourly GHG Emissions Per Employee (kg CO2e)	2.02	2.0	2.0	2.1	A decrease of 26% compared 2018 to 2009 (2.86).	305-4	Greenhouse Gas Inventory
Total Water Consumption / Total Output values (tons / million)	163	123	118	93.5	A decrease of 63% compared 2018 to 2009 (254). Unit: United States dollars.	303-1	Water Resources Management
Recyclable Waste Ratio (%)	88.8	90.8	91.1	93	An increase of 10.7% compared 2018 to 2009 (84).	306-2	Waste Management
Global Domestic Sewage Generated (10,000 tons)	441	306	365	344		306-1	Water Resources Management
Waste Materials							
Total Amount of Recyclable Waste – Taiwan (tons)	863	705	631	570		306-2	Waste Management
Total Amount of Recyclable Waste – Suzhou, China (tons)	21,037	19,166	22,697	31,208			
Total Amount of Recyclable Waste – Global Manufacturing Sites (tons)	21,899	19,871	23,328	31,778			
Total Amount of Unrecyclable Waste – Taiwan (tons)	94	73	75	85			
Total Amount of Unrecyclable Waste – Suzhou, China (tons)	2,667	1,922	2,201	2,198			
Total Amount of Unrecyclable Waste – Global Manufacturing Sites (tons)	2,761	1,995	2,276	2,283			
Chemical Leaks and Spills							
Total Number and Volume of Chemical Leaks and Spills	0	0	0	0		306-3	Safety & Health Management

Environmental Performance Disclosures

Category/Item	2015	2016	2017	2018	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	Legal Compliance
Total Environmental Protection Investment/ Expenditures (10 thousand)	63	70	99	175	Unit: United States dollars.	N/A	N/A

Social Performance Disclosures

Category/Item	2015	2016	2017	2018	Note	GRI Disclosure	Corresponding Chapter
Total Workforce							
Taiwan	1,589	1,653	1,666	1,616		401-1	Employee Profile
Suzhou, China	9,057	8,300	7,241	7,994			
Global Workforce	10,682	9,985	8,936	9,638			
Safety & Health Management Performance Indicators							
Injury Rate (IR)	0.078	0.076	0.074	0.088	The calculation is based on formula provided in GRI Standards.	403-2	Safety & Health Management
Lost Day Rate (LDR)	2.8	1.8	3.3	3.5			
Occupational Disease Occurrence Rate (ODR)	0	0	0	0			
Absence Rate (AR)	29.9	18.5	37.4	37.2			

Social Performance Disclosures

Category/Item	2015	2016	2017	2018	Note	GRI Disclosure	Corresponding Chapter
Average Training Hours Per Employee							
Direct Labor (All Sites)	57.41	82.26	143.80	114.92		401-1	Learning and Development
Indirect Labor (All Sites)	26.61	25.75	34.76	27.39			
Human Rights							
Incidents of Discrimination	0	0	0	0		406-2	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:100	IDL:100	IDL:100	IDL:100			
Suzhou, China (%)	DL:100	DL:100	DL:100	DL:100			
	IDL:100	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	90.5	94	92	94	Starting from 2018, the score of Special Display was combined into Monitor, and the score of Mobile Products Business Unit was combined into Manufacturing Service Business Unit.	N/A	Customer Commitment
Special Display	100	97.5	92	-			
Mobile Products Business Unit	90	94	90	-			

Social Performance Disclosures

Category/Item	2015	2016	2017	2018	Note	GRI Disclosure	Corresponding Chapter
Projector	93.5	90	94	94.5	Starting from 2018, the score of Special Display was combined into Monitor, and the score of Mobile Products Business Unit was combined into Manufacturing Service Business Unit.	N/A	Customer Commitment
Industrial Automation	94	88	93	-			
Monitor	95	97	94	93			
Manufacturing Service Business Unit	88	88	95	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	45	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.	414-2 302-2	Supply Chain Management
Percentage of Key Component Suppliers Completing Supplier Social Responsibility & Environmental, Safety and Health Survey and On-Site Audit	-	-	84%	84%		414-2 302-2	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.

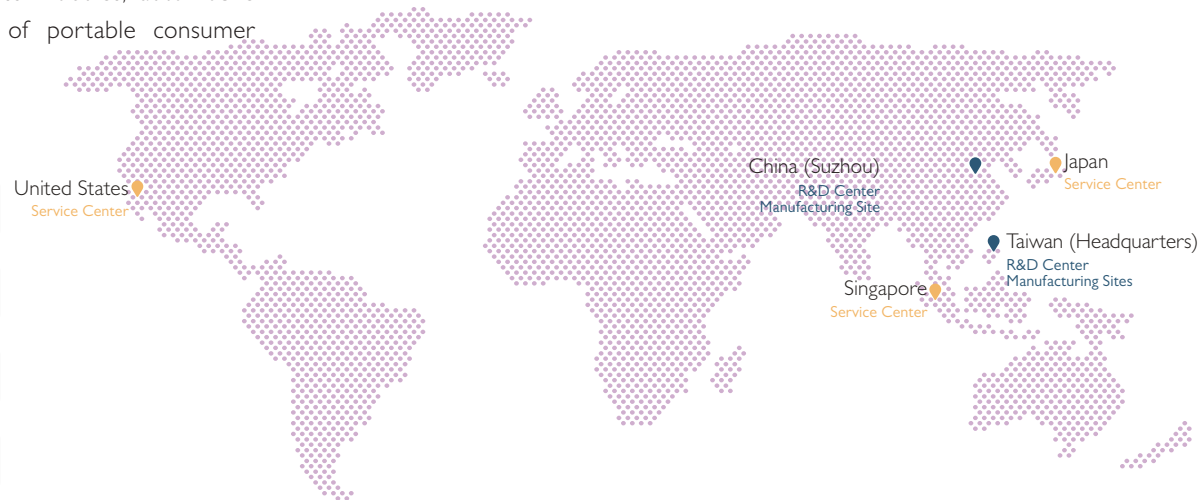
Qisda's product lines and technologies include LCD monitors, professional displays and e-signage, projectors, All-in-One PC, precise scanners, multifunctional printers, medical electronic devices, 3G/4G/smart phones, wireless modules, automobile infotainment devices, industrial automation, a variety of portable consumer 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 pieces of hardware equipment 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 9,638* employees around the world.

Qisda Today

Founded	1984
Paid-In Capital	NTD \$ 155.8 B
2018 Core Consolidated Revenues	NTD \$ 19.7 B
Number of Employees	Approx. 9,638



* The employee number in the chapter was based on the actually-hired employees (full time and cooperative education students) of Qisda on December 31st, 2018. 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: 37, Suzhou, China temporary worker number: 6,579).

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



Operation Profile and Organization Structure

Based in Taiwan, Qisda establishes 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.

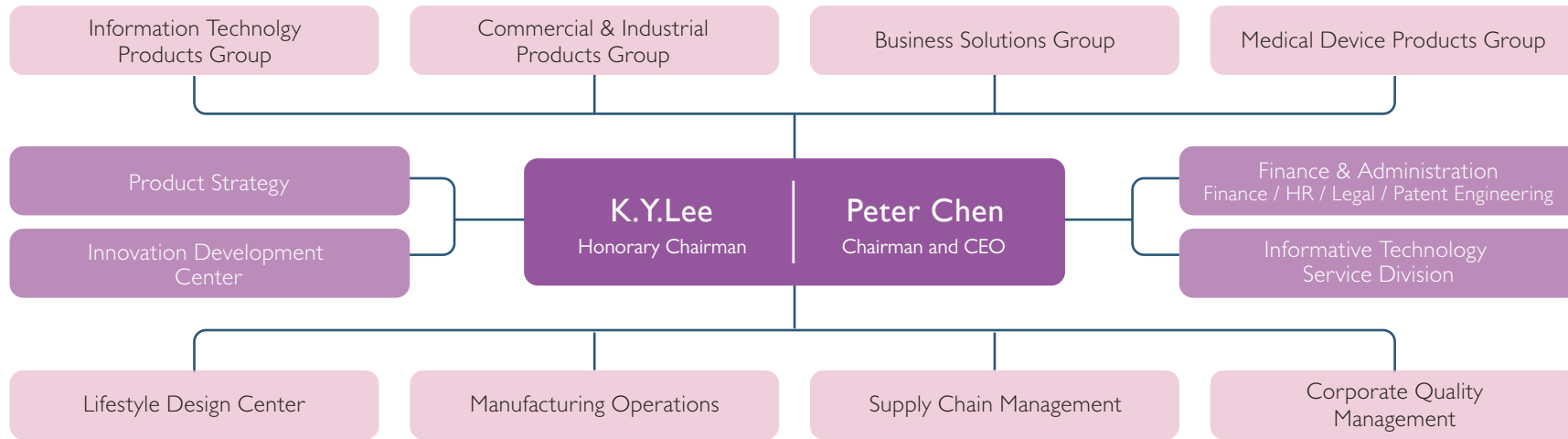
In addition to working with global branded customers of consumer electronics, Qisda aggressively develops products for commercial and industrial markets in recent years. To meet the needs for operational growth, Qisda structures four major product groups: Information Technology Products Group, Commercial & 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 27 years.

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



Company Organization Structure






- 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, opto-mechatronics, automotive solutions, IOT devices, healthcare solutions, industrial automation, medical equipment and business solutions. In 2018, Qisda saw its major products had strong performance. Display performs better than the overall industry and ranked the second spot globally. 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 reaching more than 40% 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  

 Industrial Automation  

 Opto-Mechanics  

 Healthcare Solutions  

 IOT devices  

 Medical Equipment  

 Automobile Solutions  

 Business Solutions  

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.

List of Affiliated Associations and Organizations

No.	Association and Organization	General Member	Council Member
1	Global Research and Industry 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.

Management Approach of Material Topic


Sustainable Strategy ● Surpassed ○ Achieved ○ Not Achieved

<p>Concerned Stakeholder</p> <p>Suppliers and employees</p>	<p>management approach</p> <p>Sustainable Sustainable CSR&RM office</p> <p>Resource Corporate Sustainable Development Committee (CSD)</p> <p>Action Deploy and promote cross-department corporate sustainable development matters</p> <p>Evaluation Report and review KPIs each quarter at Corporate Sustainable Development Committee</p>
<p>2018 Management Target</p> <p>Host Corporate Sustainable Development Committee (CSD Committee) each quarter and follow up KPIs.</p>	
<p>2018 Status</p> <p>Done ○</p>	
<p>2019 Management Target</p> <ol style="list-style-type: none"> Reset Corporate Sustainable Development Vision in order to meet company transformation trends. Host Corporate Sustainable Development Committee (CSD Committee) each quarter and follow up KPIs 	

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.



- Won Top 100 Global Technology Leaders of Thomson Reuters in 2018
- Won Golden Award of "Taiwan Corporate Sustainability Report" and "Corporate Comprehensive Performance Award" of the 2018 Taiwan Corporate Sustainability Awards (TCSA)
- One of the 30 benchmark companies in Taiwan of the "CSRone Sustainable Report Platform"
- Component stock of the "TWSI Taiwan Sustainable Value Index"
- We were invited to share "Integrative Design Management System" at the "Sustainable Industrial Development Journal" of the Industrial Development Bureau (IDB) under the Ministry of Economic Affairs and the experiences were collected in the sustainable innovation type in the Corporate Sustainable Development Stories.

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

Please refer to "Stakeholder Engagement" to check how we identify material topics. (P29)

For more details, please refer to "Qisda Product Designs and Services Correspond to SDGs" and "Qisda SDGs Index". (P154)

Qisda Value Creation Process

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.

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 Sustainable 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 Sustainable Development Committee (CSD Committee), Qisda strives to realize our corporate vision: Bringing Enjoyment and Quality to Life.

Output

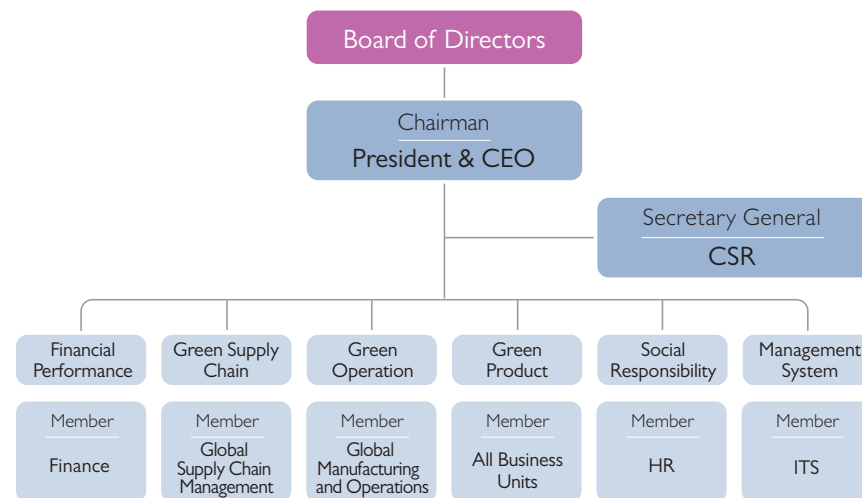
The five-dimensional architecture of Qisda Corporate Sustainable Development supports our implementation of sustainability development. We set long-terms goals in every aspect according to our core competencies to guide the implementation of each dimension and every task. Also, we further set short,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

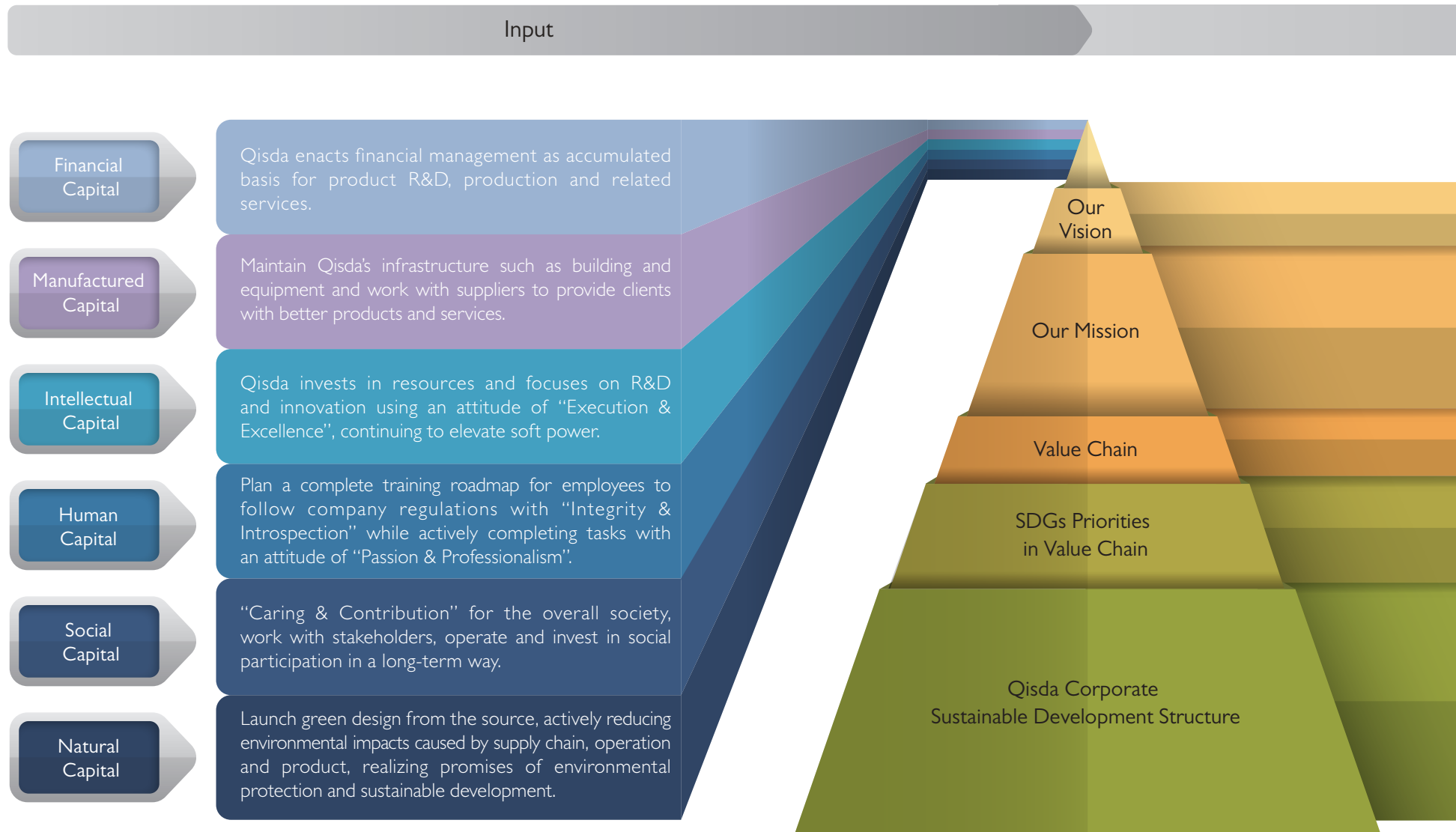
Qisda Corporate Sustainable Development Committee

In order to ensure smooth and seamless implementation of all corporate sustainable development operations and to build effective communication to address the opinions of our stakeholders, Qisda has integrated related departments to form the Corporate Sustainable 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)



For more details, please refer to “Corporate Governance Status”. (P42)



Value Creation

2018 Output

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



Involve process from production to disposal of products



Green Product	Energy Saving (%)	28.8%	SDG 12
	Material Reduction (%)	21.97%	SDG 13
	Carbon Reduction (%)	31.08%	SDG 13
	Eco-Efficiency Improving (%)	70.91%	SDG 13
Green Operation	Total Electricity Consumption/ Total Output values (MWh / million)*	6.3%	SDG 12 SDG 13
	Total Water Consumption / Total Output values (tons / million)*	42.6%	SDG 6
	Recyclable Waste Rate (%)	93%	SDG 12
Green Supply Chain	Percentage of Key Component Suppliers Completing Supplier Social Responsibility & Environmental, Safety and Health Survey and On-Site Audit	88%	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)	3,038	SDG 8
Economic Performance	Increase in the Number of Essential Patents (%)	50.2%	SDG 8
	Increased Percentage of Revenue (%)	13.8%	SDG 8
	Percentage of Revenues from Medical Segment (%)	6%	SDG 3
	Risk Kit Preparation Ratio (%)	87%	N/A
	Customer Satisfaction Survey Result (score)	93.8	N/A

* Unit: United States dollars.

Short, Mid and Long-Term CSD Key Performance Indicators (KPIs) and 2018 Results

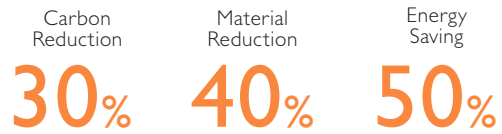
Dimension of Sustainable Development

Green Product Stakeholders : Customers

Long-Term

Enhance product sustainable value.

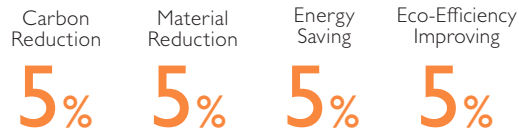
Reach the KPIs below by 2030



The base year of carbon reduction target is 2011, the others are 2009.

Mid-Term

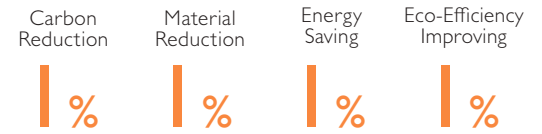
Reach the KPIs below by 2020



2015 is the base year

Short-Term

Reach the KPIs below each year

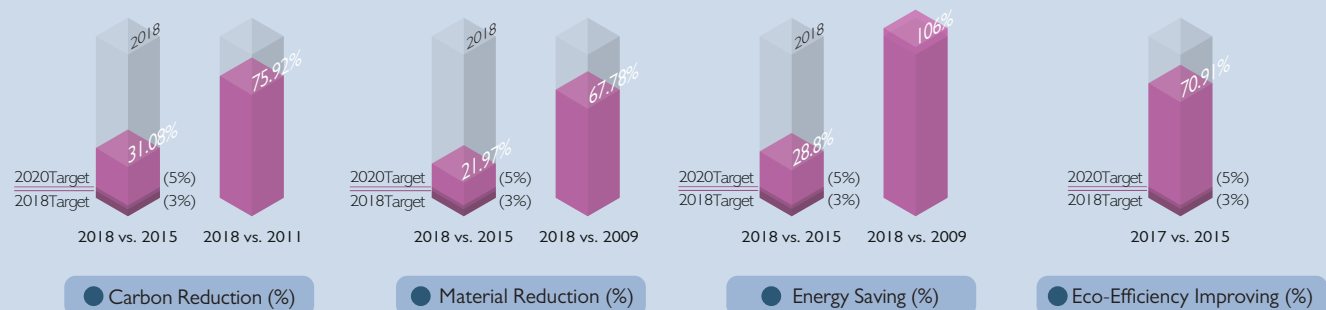


2015 is the base year

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 SDG

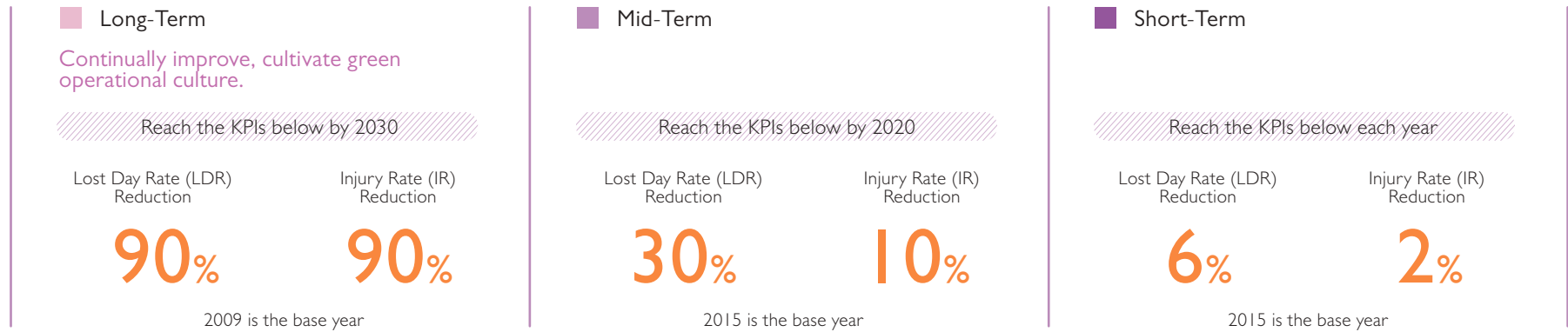


● Surpassed ◎ Achieved ○ Not Achieved

Short, Mid and Long-Term CSD Key Performance Indicators (KPIs) and 2018 Results

Dimension of Sustainable Development

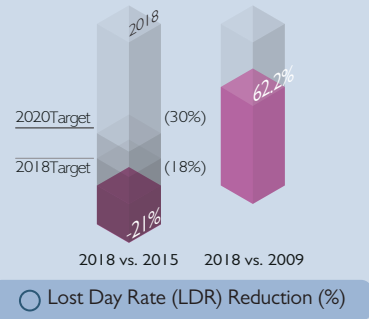
Green Operation (Safety Management) Stakeholders : The public, Customers, Employees, Government



SDG Mission

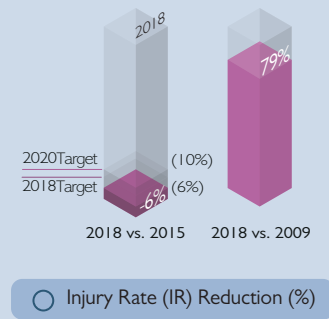
Qisda strives to build a safety working environment for employees. Under this condition, every employee has the responsibility to finish work safely and execute each safety and health requirements.

Corresponding SDG



Corrective actions

1. Strengthen operational area management
2. Accountability system establishment
3. Topical safety activities are the major project structure



● Surpassed ◎ Achieved ○ Not Achieved

Dimension of Sustainable Development

Green Operation (Energy Saving and Carbon Reduction)

Stakeholders : The public, Customers, Employees, Government

Long-Term

Continually improve, cultivate green operational culture.

Reach the KPIs below by 2030

Total Water Consumption / Total Output values Unit: United States dollars. Total Electricity Consumption / Total Output values Unit: United States dollars. Recyclable Waste Rate

30% 80% 90%

2009 is the base year

Mid-Term

Reach the KPIs below by 2020

Total Water Consumption / Total Output values Unit: United States dollars. Total Electricity Consumption / Total Output values Unit: United States dollars. Recyclable Waste Rate

10% 25% 90%

2015 is the base year

Short-Term

Reach the KPIs below each year

Total Water Consumption / Total Output values Unit: United States dollars. Total Electricity Consumption / Total Output values Unit: United States dollars. Recyclable Waste Rate

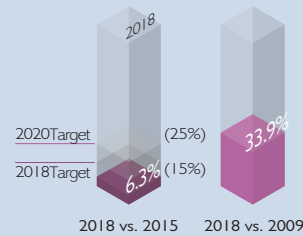
2% 5% 90%

2015 is the base year

SDG Mission

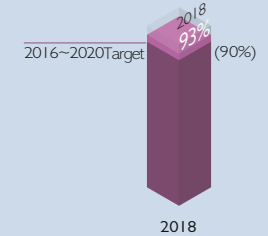
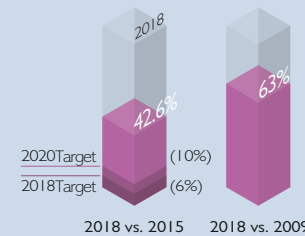
Qisda promises to pour in resources for its manufacturing process to be even more energy-saving and environmental friendly while conforming to the requirements and specific demands from customers to ensure that the products received by our customers are free from health concerns.

Corresponding SDG



Corrective actions

1. Factory lighting energy preservation renovation
2. Air-conditioning system off-peak time management (turn-off in advance/turn-on delay) are the major methods.



Total Electricity Consumption / Total Output values (MWh / million) Unit: United States dollars.

Total Water Consumption / Total Output values (tons / million) Unit: United States dollars.

Recyclable Waste Rate (%)

● Surpassed ◎ Achieved ○ Not Achieved

Short, Mid and Long-Term CSD Key Performance Indicators (KPIs) and 2018 Results

Dimension of Sustainable Development

Green Supply Chain Stakeholders : Suppliers, Customers

Long-Term

Enhance the independent management ability of corporate responsibility of suppliers.

Mid-Term

Reach the KPIs below by 2020

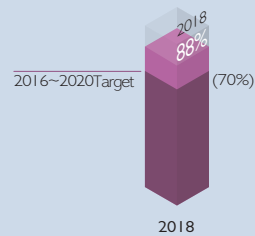
Percentage of Key Suppliers Completing Social Responsibility & Environmental, Safety and Health Survey and On-Site Audit each year

>=70%

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 SDG



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

● Surpassed @ Achieved ○ Not Achieved

Long-Term

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

Mid-Term

Reach the KPIs below by 2020

Employee Code of Conduct Training

100%

Innovation Culture Participation

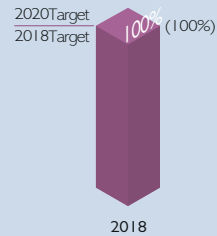
3,500

Local caring

840

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 operations and long-term developments.



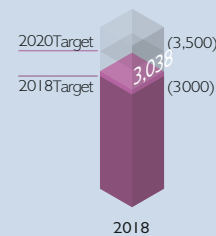
Corresponding SDG



● Employee Code of Conduct Training (%)

SDG Mission

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



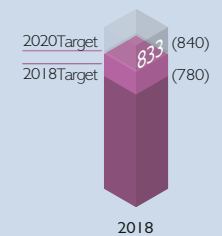
Corresponding SDG



● Innovation Culture Participation (number of participants)

SDG Mission

Qisda's "HsinFu Q School" activity invites HsinFu Elementary School to visit the company each year, learning about the microscopic principle and green environmental protection knowledge.



Corresponding SDG



● Local caring (number of participants)

● Surpassed ◎ Achieved ○ Not Achieved

Short, Mid and Long-Term CSD Key Performance Indicators (KPIs) and 2018 Results

Dimension of Sustainable Development

Economic Performance Stakeholders : Shareholders. The public

Long-Term

Strive to enhance corporate governance, continually improve

Mid-Term

Reach the KPIs below by 2020

Increase in the Number of Essential Patents

20%

Risk Kit Preparation Ratio

>80%

Customer Satisfaction

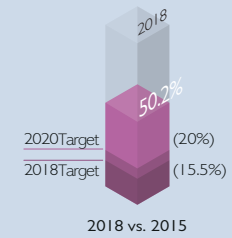
90

Corporate Governance Evaluation

6%~20%

SDG Mission

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



Corresponding SDG

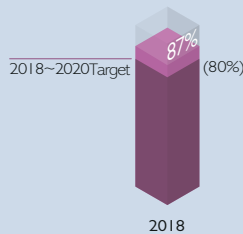


Increase in the Number of Essential Patents (%)

Note Essential patent: patents in the US or in at least two countries.

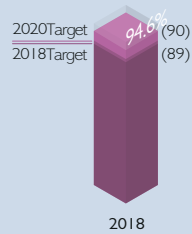
SDG Mission

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.

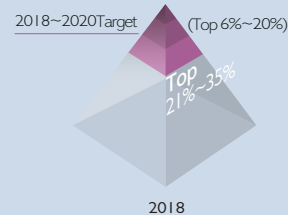


Risk Kit Preparation Ratio (%)

Note >80%the ratio covers:
1. Reserve ratio=whether there is kit, weight 50%;
2. Availability=Ratio of no red light, weight 50%



Customer Satisfaction



Corporate Governance Evaluation (%)

Corrective actions





- In 2018, we already set up staff for corporate governance and compiled the "Board of Directors Performance Evaluation Regulation" for performance evaluation operations.
- In 2019, we plan to strengthen the disclosure of financial information in English and compile the following content according to the rules of regulations:
 - Shareholders' Meeting notice in English
 - Shareholders' Meeting handbook in English
 - Shareholders' Meeting annual report in English
 - Financial report in English.

● Surpassed ◎ Achieved ○ Not Achieved

Qisda Product Designs and Services Correspond to SDGs

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
 <p>Smart Energy</p>	<p>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. In 2018, the unmanned store of President Chain Store Corporation offered energy preservation and IoT equipment full-time monitoring services, building smart green energy and smart management, offering the smart model of highly-efficient green operation of the retail industry.</p>	<p>Hardware PoE Switch Software Automatic Monitoring System of Air-Conditioning and Lighting</p>	
 <p>Smart Manufacturing</p>	<p>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 in 2017. Also, the company keeps implementing automation equipment. In 2018, Qisda's global factories housed nearly a thousand robotic arms.</p>	<p>Hardware Automated Guided Vehicle (AGV) 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</p>	

According to the SDGs targets setting and controlling, please refers to "Our Value Creation Process" (P18)

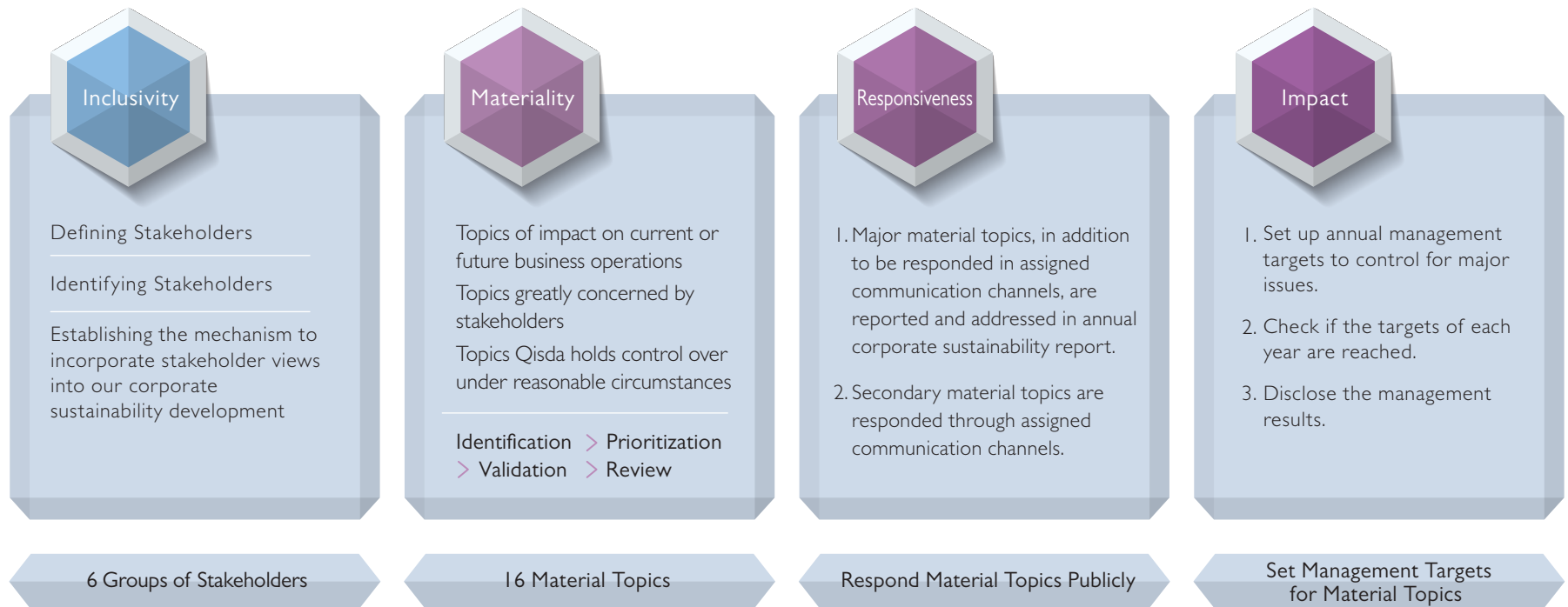
Qisda Product Designs and Services Correspond to SDGs

Smart Solution	Description	Product and Service	SDGs
	<p>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. In 2018, the company signed a MOU with National Cheng Kung University (NCKU) for smart campus, creating the future university town with NCKU as the micro experimental base for smart city.</p>	<p>Hardware Interactive Flat Panel, Interactive White-board Series</p> <p>Software Complete Teaching/Learning Software Solution</p>	
	<p>Qisda combines extensive clinical resources, professional medical equipment & materials, plus global design capabilities and software-hardware integration services for healthy and quality lives. In 2018, the company launched the new-generation smart IQOR solution, assisting medical staff to improve operating efficiency; medical carrier robots helped improve the transferring efficiency of the operating room of Yuanlin Christian Hospital.</p>	<p>Hardware Medical Display, Ultrasound System, Intraoral Scanner, Surgical Table</p> <p>Software Group Fitness System, Health Management System, iQOR Solution, 3D Integrated Implant Service</p>	
	<p>Our one-stop shop solutions address the dynamic needs of the retail industry, plus a wide range of integrated software system services. This enables precision marketing and interactive shopping experience. In 2018, we offered customers store traffic analysis services, assisting the customers to improve store revenues by 20%.</p>	<p>Hardware POS Terminal, Mobile POS, Digital Signage, Projector, and so on</p> <p>Software Content Management System (CMS), Electronic Shelf Label, Customer Traffic Analysis</p>	
	<p>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. The highly organized business flows enable efficient and smart enterprises.</p>	<p>Software Human Capital Management (HCM), Supplier Relationship Management (SRM), Business Process Management (BPM)</p>	

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, and impact.

Qisda AA 1000APS Compliance Approach



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 sustainable 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.

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 35 topics based on the topics cared by international society.

A total of 430 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. Also, we sort according to the average scores of various issues under the four aspects of economy/governance, environment, society and health/safety. We selected four each for the four aspects, totaling 16 major issues. Since we added issues for the

questionnaire for the year and the selection method was different, the results of the identification were different from that in the previous year. The overall sorting method of the previous year did not distinguish between different aspects. Therefore, the identified results can better display the focal points of the four aspects of economy/governance, environment, society and health/safety of stakeholders.

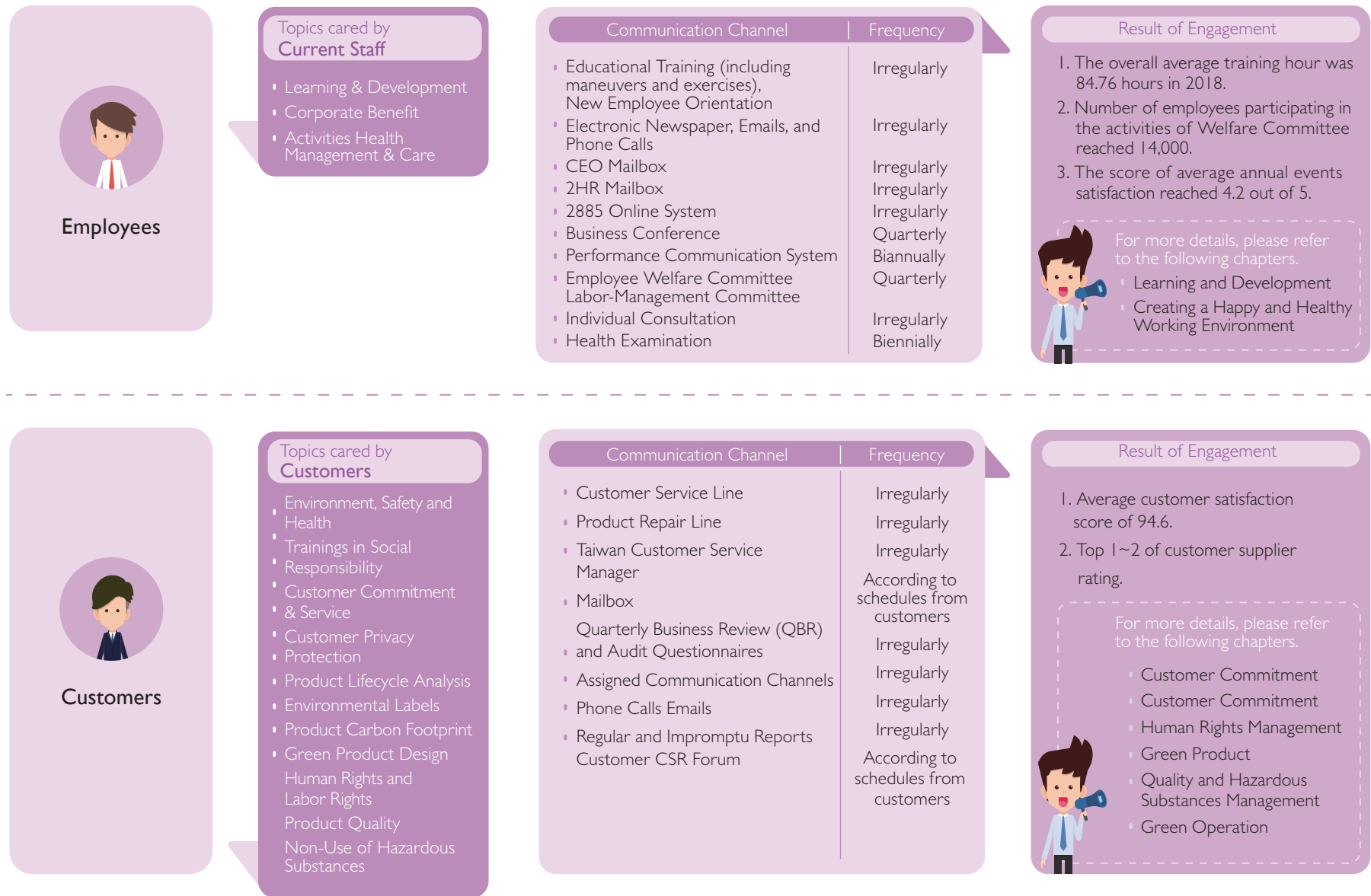
III. Responsiveness

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. In addition, 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.

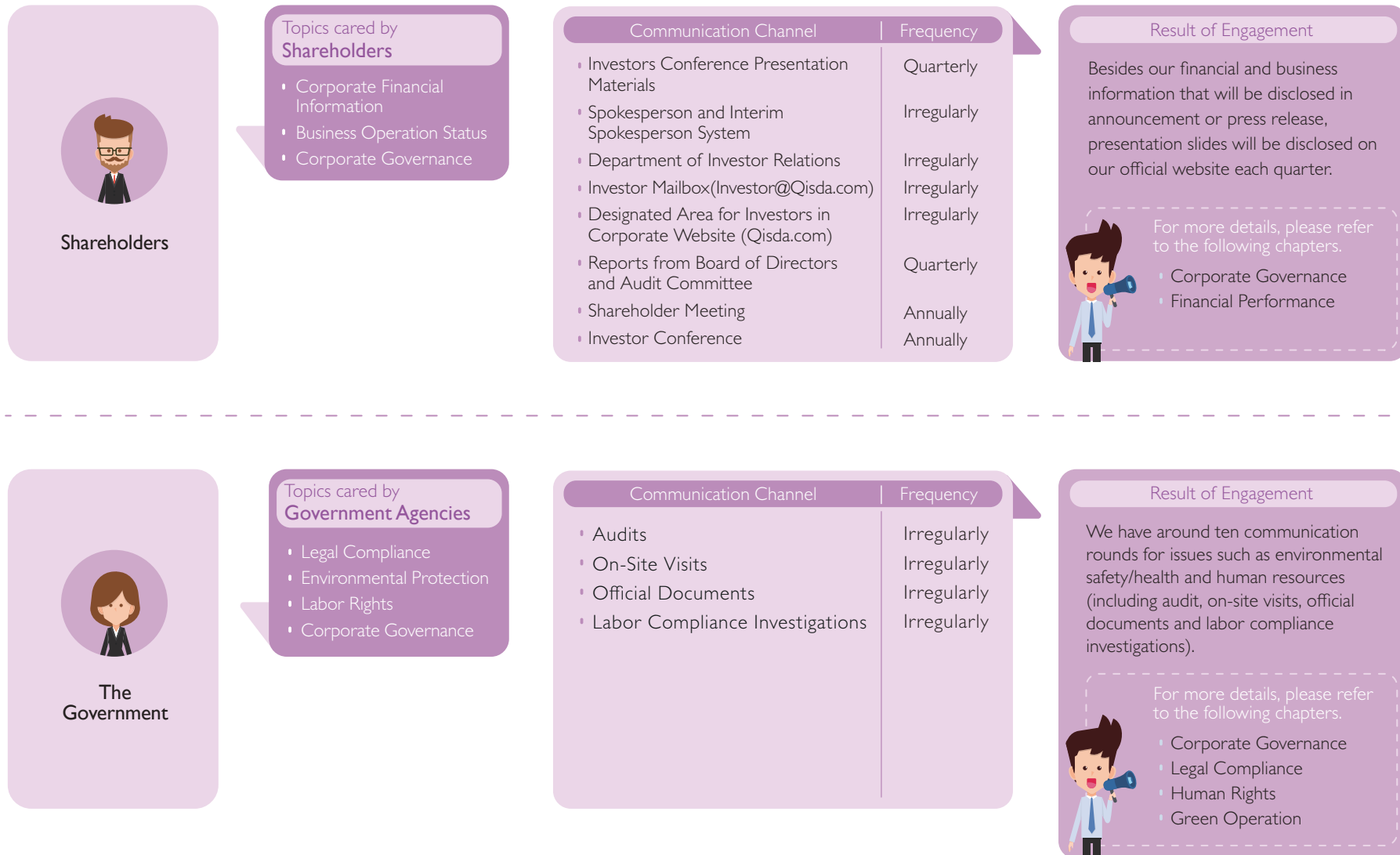
■ Qisda “Sustainability” website:
<https://csr.qisda.com/en/index.asp>



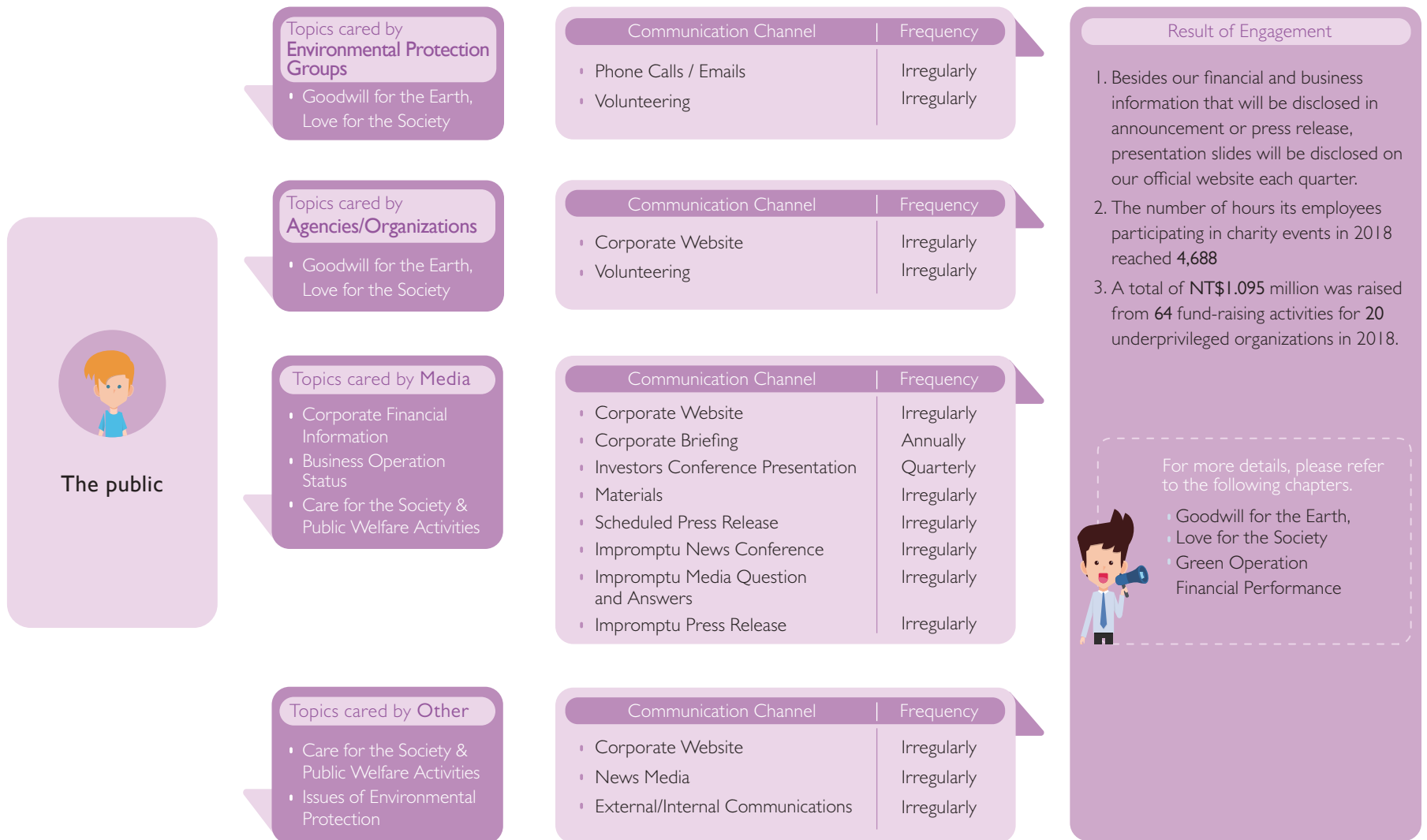
Stakeholder's Communication Channels



Stakeholder's Communication Channels



Stakeholder's Communication Channels



Stakeholder's Communication Channels



Table of Material Topics

No	Category	Material Topic	Meaning to Qisda	Boundary			GRI Disclosure	Corresponding Chapter	Page	Concerned Stakeholder*
				Inside	Outside Customer	Supplier				
1	Governance / Economy	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.	●	●	●	No corresponding disclosure, Qisda customized disclosing item: Qisda-1	Quality and Hazardous Substances Management	102	Customers, Suppliers, Employees
2	Governance / 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.	●	●		102-2.206-1.307-1. 417-2.417-3.419-1	Legal Compliance	52	Customers, Suppliers, Communities
3	Governance / Economy	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.	●	●		No corresponding disclosure, Qisda customized disclosing item: Qisda-2	Customer Satisfaction Survey	55	Customers, Suppliers, Communities
4	Governance / Economy	Sustainable Strategy	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.	●	●	●	No corresponding disclosure, Qisda customized disclosing item: Qisda-3	Qisda Corporate Sustainable Development	16	Suppliers, Employees
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.	●	●		418-1	Customer Privacy Protection	56	Customers, Suppliers, Communities, Employees

* The concerned stakeholder ranked this material topic in the Top 4 topics, while other stakeholders did not. For media and shareholders, it cannot be recognized as the top three ranking spots, it is not shown in the table.

Table of Material Topics

No	Category	Material Topic	Meaning to Qisda	Boundary			GRI Disclosure	Corresponding Chapter	Page	Concerned Stakeholder*
				Inside	Outside Customer	Supplier				
6	Society	Human Rights	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.	●	●	●	406-1.407-1.408-1.409-1.410-1.411-1.412-1.412-2	Green Supply Chain Human Rights Management	72	Customers, Suppliers, Communities, Employees
7	Society	Salary and Benefit	Qisda adheres to the concept of creating a happy and healthy working environment. We offer diversified employee benefits to fulfill the goal of providing a quality working environment and creating a corporate culture that values health and happiness of our employees.	●			102-2.206-1.307-1.417-2.417-3.419-1	Corporate Governance Status Fundamental Employee Guarantees	75	Employees
8	Society	Labor/ Management Relations	To sustain healthy relations between management and labor, Qisda has established various communication channels, for employees to learn about the latest management decision in person. Qisda welcomes employees' questions and suggestions on its business operations and developments. These comments and concerns from employees are sent to relevant departments for further considerations.	●			102-41	Building Smooth Communication Channels and Strong Labor Relatio	77	Communities, Employees
9	Environment	Waste Management	Qisda takes proactive approaches in managing wastes, continuously engaging in energy saving and waste reduction activities. Starting with the earliest stage of production, Qisda carries out substantial actions of waste classification and recovery in order to greatly reduce the generation of waste materials and increase the amount of recyclable materials.	●			306-2.4	Waste Management	104	Customers, Suppliers, Communities, Employees

Table of Material Topics

● Achieved ○ Not Achieved

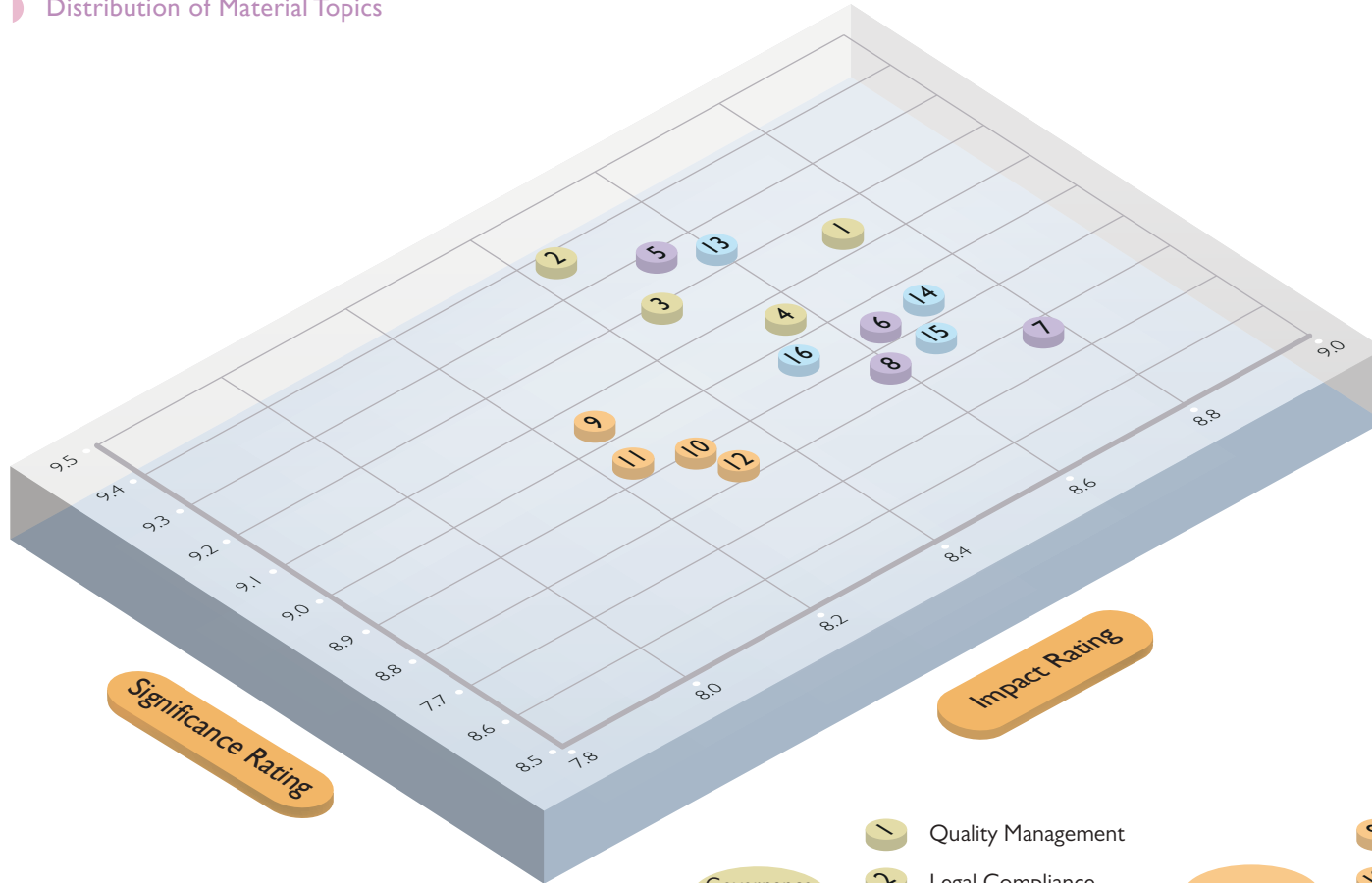
No	Category	Material Topic	Meaning to Qisda	Boundary			GRI Disclosure	Corresponding Chapter	Page	Concerned Stakeholder*
				Inside	Outside Customer	Supplier				
10	Environment	Product Life Cycle Assessment	Qisda puts emphasis on green design thinking from the preliminary stage of its product design. It is crucial to evaluate the environmental impacts and risks of products and components used in all stages of its life cycle. Therefore, we emphasize on simplified design to reduce impacts and risks to the lowest level.	●	●		302-5.417-1	Green Product	97	Customers, Suppliers, Employees
11	Environment	Water Resources Management	Qisda's production procedure requires no use of water, but it has to provide clean drinking water for employees. Each manufacturing site started to monitor its tap water usage since 2011, and the water risk will be further evaluated through the operation of CSD Committee.	●			303-1(2018, 306-5:2016) 303-2(2018) 303-3(2018, 303-1:2016) 303-4(2018, 306-1:2016) 303-5(2018)	Water Resources Management	106	Customers, Suppliers, Communities, Employees
12	Environment	Greenhouse Gas Emission and Energy Management	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.	●	●		302-1~4.305-1~7	Climate Policy and Carbon Management	91	Customers, Communities, Employees
13	Health and Safety	Customer Safety and Health	Qisda strives to pass a variety of management system to continuously design and manufacture products conforming to the requirements and specific demands from customers.	●	●		416-1.2	Quality and Hazardous Substances Management	102	Customers, Suppliers, Communities, Employees

Table of Material Topics

● Achieved ○ Not Achieved

No	Category	Material Topic	Meaning to Qisda	Boundary			GRI Disclosure	Corresponding Chapter	Page	Concerned Stakeholder*
				Inside	Outside Customer	Supplier				
14	Health and Safety	Health and Safety	To foster employee health, the Wellness Center provides a variety of programs and services in six areas, devoting to delivering mental and mood health concepts to keep the balance between workplace and life.	●			403-3.6.10(2018)	Employee Health Care Management	79	Customers, Suppliers, Employees
15	Health and Safety	Occupational Accident 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 requirements.	●	●		403-1.2.7.9(2018)	Employee Health Care Management Safety & Health Management	109	Communities, Employees
16	Health and Safety	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 we don't manage well, this will have negative impacts on the safety and health of factory workers and factory environment.	●	●		306-3	Safety & Health Management	109	Customers, Suppliers, Communities, Employees

Distribution of Material Topics



- | | |
|---|--|
| <p>Governance / Economy</p> <ul style="list-style-type: none"> 1 Quality Management 2 Legal Compliance 3 Customer Satisfaction 4 Sustainable Strategy <p>Society</p> <ul style="list-style-type: none"> 5 Customer Privacy 6 Human Rights 7 Salary and Benefit 8 Labor/Management Relations | <p>Environment</p> <ul style="list-style-type: none"> 9 Waste Management 10 Product Life Cycle Assessment 11 Water Resources Management 12 Greenhouse Gas Emission and Energy Management <p>Health and Safety</p> <ul style="list-style-type: none"> 13 Customer Safety and Health 14 Health and Safety 15 Occupational Accident Management 16 Chemical Management |
|---|--|

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, deploying key components 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 four 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.

In This Chapter

- Corporate Governance
- Financial Performance **SDG 3** **SDG 8**
- Code of Conduct **SDG 16**
- Risk Management **SDG 11**
- Information Security
- Legal Compliance **SDG 5** **SDG 16**

 Material topics concerned by stakeholders

According to the identification of material topics, please refer to "Stakeholder Engagement." (P29)



Corporate Governance



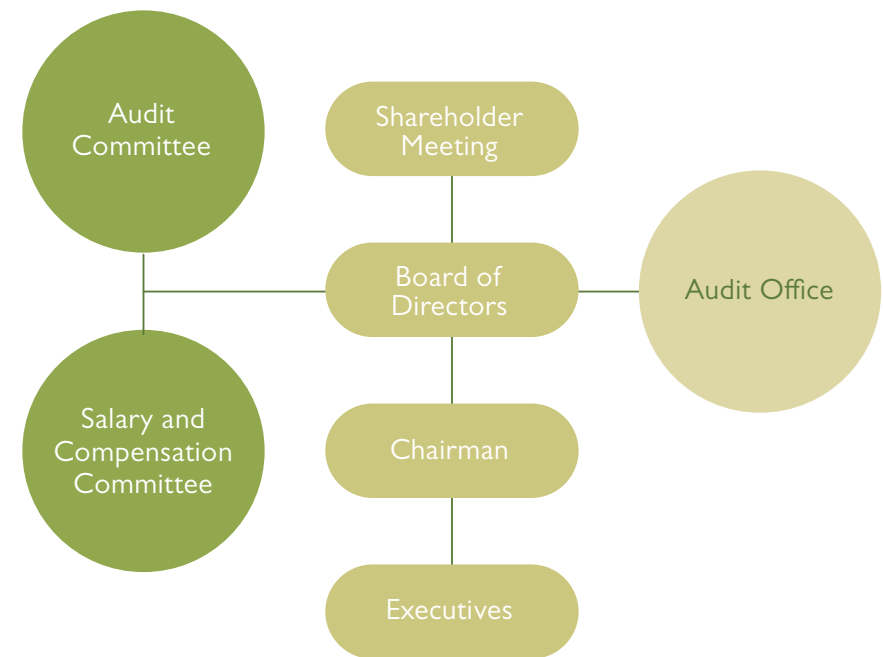
Organizational Structure of Corporate Governance

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. The following figure shows 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.

The articles of incorporation rule that when selecting members of Board of Directors, the company should adopt candidate nomination system. Also, according to the 20th article of the Corporate Governance Principles, the composition of the members of Board of Directors should consider the diverse principle. The percentage of directors serving as executives of the company should not exceed one third of the overall

► The Organizational Structure of Qisda Corporate Governance



members of Board of Directors. Also, the company should compile an appropriate diverse guidance according to operation, business type and development need.

Members of the Board of Directors are listed in the following table. The Board of Directors consists of 7 members (including 3 independent directors). Also, 100% of

the members of Board of Directors are male over 50 years old. 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.

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

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 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 related requirements 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. Our company finished evaluation of Board of Directors at the end of 2018. We convened a Board meeting in March, 2019 to report the result of evaluation with finish rate of over 90%. Our Board of Directors operates effectively.

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.

* 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.

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 and salary and compensation status of the senior managers, briefings are arranged for the committee. In addition, considering situations such as the industry risks, the duties of company owner, Board of Directors and independent directors as well as business scale, under the principle of uniformity between power and responsibility as well as reasonable basic remuneration, the remuneration appointment of employees and directors are agreed by the Salary and Compensation Committee and Board of Directors while providing for the Shareholders' Meeting to report 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.

For more details, please refer to the chapter of "Employee Salary and Pension" (P80)

For more details, please refer to the chapter of "Qisda Corporate Sustainable Development" (P17)

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 operations execution status of the year to the Board of Directors each year to communicate with the directors of related issues. The CSR activities in 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.

2018 Management Key Points and 2019 Plans



In 2018, we already set up staff for corporate governance and compiled the "Board of Directors Performance Evaluation Regulation" for performance evaluation operations. In 2019, we plan to strengthen the disclosure of financial information in English and compile the related content according to the rules of regulations.

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



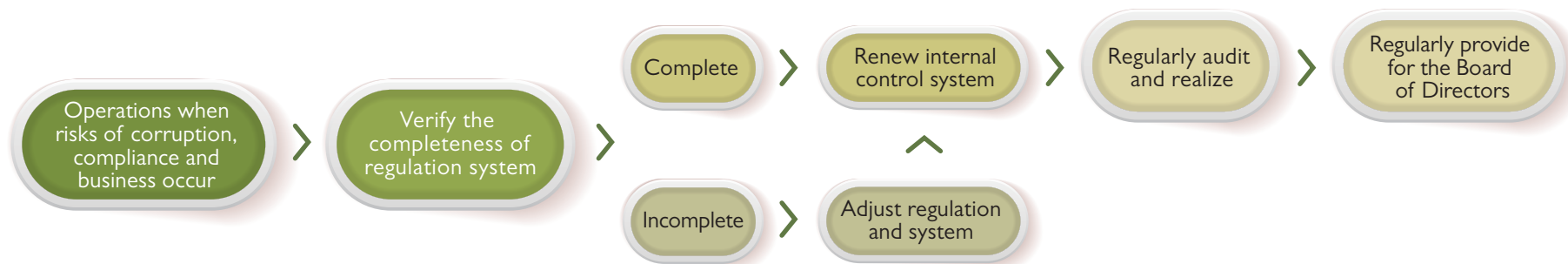
Conflict of Interest Management

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.

Internal Audit Mechanism

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. In 2019, we will strengthen auditing regarding key regulations to realize the demand of regulations such as the key reinforcing regulations responding to the case of Chunghwa Picture Tubes, Ltd.(CPT).

► The Process of Internal Audit



Financial Performance



- The four operational focuses are: improving existing business, rapidly expanding medical business, speeding up solution development and deploying key components
- Consolidated sales hit record hit with annual improvement of **13.8%**.

Qisda's 2018 consolidated revenues reached NT\$155.8 billion; the consolidated net income reached NT\$4.6 billion. The consolidated net profit after tax was NT\$4.5 billion, while the parent company in Taiwan accounted for the NT\$4.03 billion net profit; the earnings per share was NT\$2.05 dollar.

Qisda keeps pushing the military strategies of the joint fleet, assembling hidden champions of smaller scales in the industry, integrating group resources to push rapid growth. Amid the uncertainties of rapid changes of the industry, slowing display and projector demand as well as the warming up of global trade war, our consolidated revenues hit record high, proving the joint fleeting benefits are emerging. In 2018, we will continue to work toward the strategy of forming alliances to expand the business map of Qisda for our four operational guidelines.

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. We also invested in Data Image Corporation to enter the navigation display market. We keep our leading position for the global projector OEM industry while being the only manufacturer that possesses both the DLP and LCD projection technologies in Taiwan.

Rapidly Expand Medical Business

In 2018, the consolidated revenues of Qisda in medical field reached nearly 10 billion NT Dollars, with its revenues of two hospitals in Suzhou and Nanjing maintained rapid growth. For medical equipment and channel expansion, we invested in K2 International Medical Inc. for the dialysis channel, entering the cross Taiwan Strait dialysis and aesthetic medicine channels. BenQ Dialysis Technology Corp. obtained certificates from Taiwan Food and Drug Administration (TFDA) and Korea's Ministry of Food and Drug Administration (KFDA) while selling its products to Korea; we continue to explore the bedside care market with self-developed tablet and handheld ultrasonic; explore digital dental deployment, cultivate the hearing channel, satisfying the global demand for aging trend and long-term care.

Speed up Solution Development

Qisda works with partners such as DFI Inc. and Partner Tech Corp. to complete its hardware and channel deployment and is marching toward all-around system integrating software/hardware service provider. In 2018, the consolidated revenues of its smart solution reached NT\$11 billion. Qisda continues to satisfy demand of the six smart vertical markets, with the reach of smart energy expanded from manufacturing industry to service industry and its innovative energy storing solution implemented in convenience store chains; work with NCKU to build the smart campus; smart factory also entered fields such as semiconductor and automotive industries.

Deploy Key Components

Qisda invests in Yudi Optics and Alpha Networks Inc., deploying in advance the key application demand of future AI solution (AIoT) such as Internet of Vehicle (IoV) and 5G.

Qisda Taiwan Parent Company Economic Value Distribution

Item	Amount	Note
A. Direct Economic Value Generated		
a Revenues	NT\$99.0 billion	
B. Economic Value Distributed		
b Operating Costs	NT\$94.2 billion	
c Employee Wages and Benefits	NT\$2.9 billion	Employee salary
d Payments to Providers of Capital	NT\$3.01 billion	The net amount of paid interest expense was NT\$0.35 billion. Share dividends for shareholders was NT\$2.66 billion.
e Payments to Government by Country	NT\$0.09 billion	Income-tax
f Community Investments	N/A	
Economic Value Retained=A-b		
Total	NT\$4.8 billion	

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





2018 Management Key Points and 2019 Plans

The company continues to expand its medical and solution opportunities with the strategy of joint fleet while entering the key component area in 2019 to bring its value chain into full play.

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 2018 Qisda Financial Statement with regards to "Income Tax" disclosure.

Qisda Operational Performances for the Past Five Years*

Statement of Comprehensive Income - International Financial Reporting Standards

Unit: NT\$ Million

Item	Year	Financial Information for the past 5 Years				
		2018	2017	2016	2015	2014
Operating Revenues		155,783	136,862	129,554	133,102	133,511
Gross Profits		19,243	12,053	16,203	14,640	15,058
Operating Incomes (Losses)		4,576	3,401	4,487	2,598	2,928
Net Profits Generated from the Parent Company and Its Subsidiaries		4,035	5,291	4,342	2,169	2,971
Earnings per Share		2.05	2.69	1.10	1.5	0.36

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

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



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.

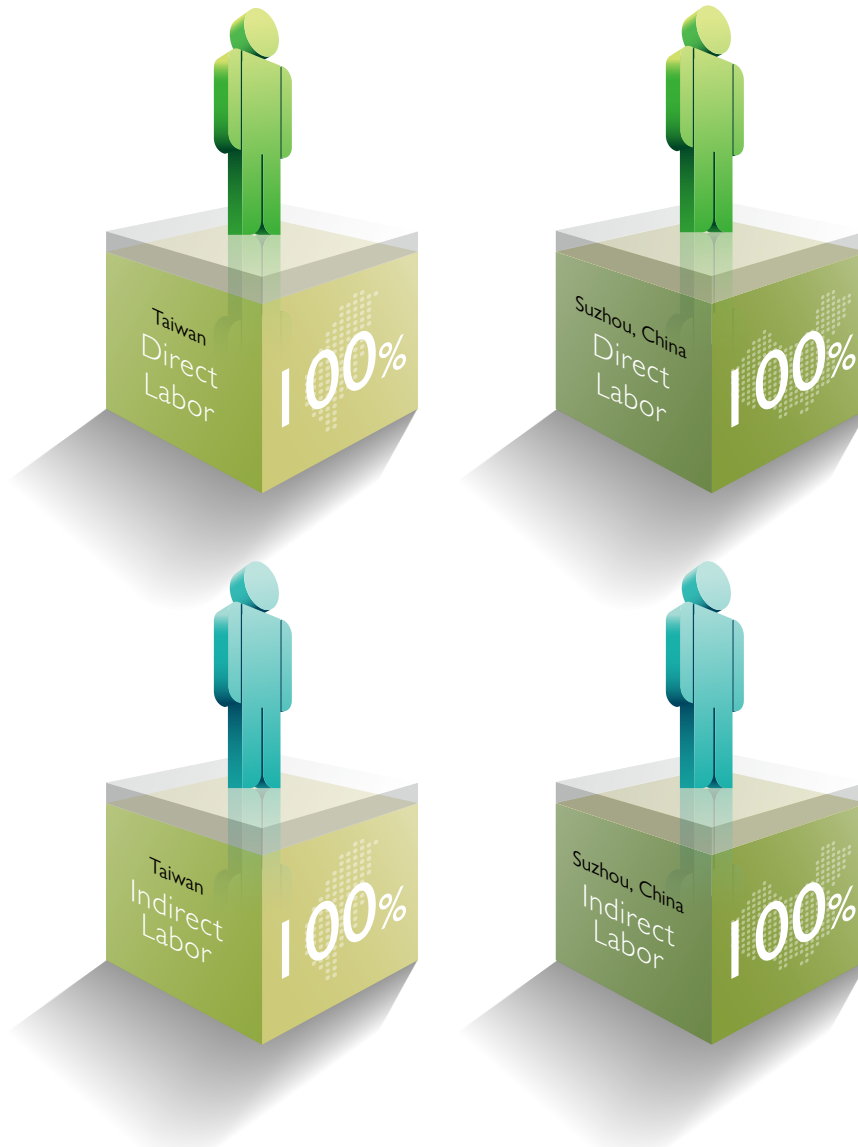
Integrity Handbook rules items we value such as integrity, anti-corruption, discrimination, harassment, anti-trust, patent and copyright laws, information protection, and political activity. Each item has concrete code of conduct and the code of conduct is the highest conduct principle for all company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

Trainings

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 2018 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 2018.

Besides launching integrity communications and trainings for employees, Qisda has delivered mails regularly for anti-corruption to all members of the Board of Directors (7 persons in 2018) since 2014 and added notes of anti-corruption clauses in agreements with all business partners (approximately 2,369 suppliers) for realizing the management goals of Qisda’s no-corruption incidents.

Percentages of Employee Code of Conduct Training*



Report and Communication Management

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, bribes and illegal payments or behaviors that are illegal or involve ill-treatment, we have a set of appeal, report, and recommended communication 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 2018, Qisda did not receive any reported cases.

Qisda Report and Appeal Management Guidelines available at Qisda website: <https://csr.qisda.com/ch/csr.asp?ca=4>



* In the fourth quarter of 2018, Qisda delivered and communicated the code of conduct to its employees via trainings, with overall sum of employees receiving trainings reaching 3,019.(Indirect Labor:2,821; Direct Labor:198) 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.

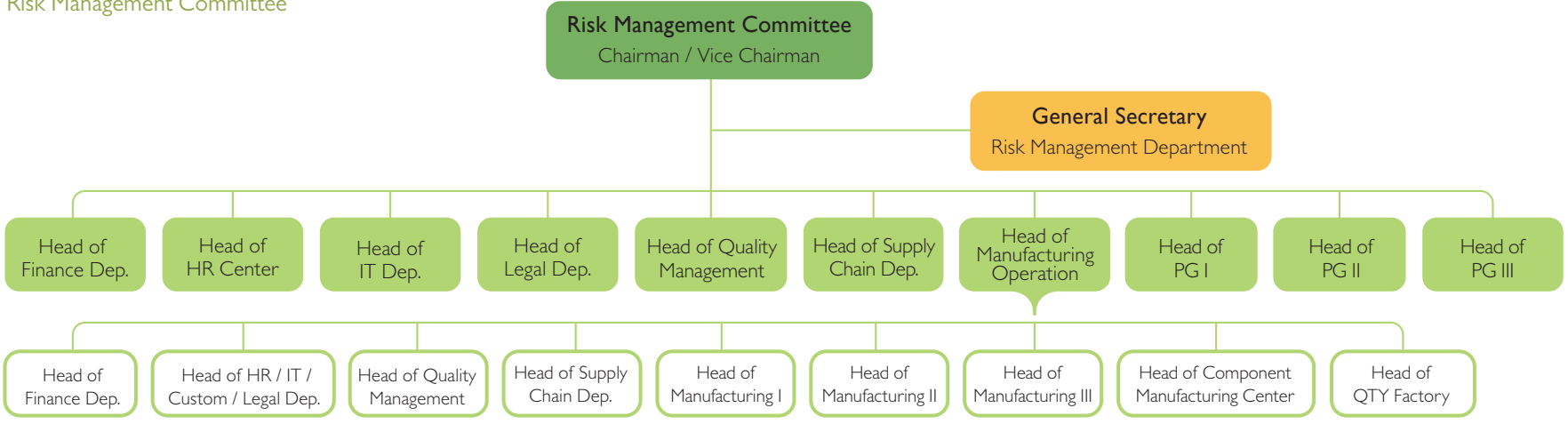
I. Risk Management Operations

Qisda conducts the Risk Management Committee quarterly. Action plans are proposed and carried out to improve the risk management. In terms of significant risk scenarios, relevant business continuity plans are created. Through constant revisiting the flow in the restoration plans and scheduled updates of the documentation, as well as field tests and drills, Qisda is able to ensure the effective operations of

2018 Management Key Points
We kick off the risk "three kits" management mechanism. This is just like the three kits of Zhuge Liang. We also set up three coping measures for each risk to complete the processing mechanism after the risk event occurs.

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.

Risk Management Committee





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 following figure demonstrates the organizational structure of the RMC. The committee is responsible for conducting self-evaluations of risk management, providing action plans for reducing the risk, monitoring the risk, and generating an annual report of risk management for analyzing risk distribution and relevant improvement plans. The operation of Risk Management Committee is supervised by the Audit Committee (Board of Directors) and the Risk Management Committee reports to the Audit Committee about risk management annual report at the end of each year.

Qisda Risk Management Committee (RMC) was established in June 2005. It conducts regular meetings to proceed with risk management so as to ensure the company's sustainable operations. RMC classified negative risks that may affect the company's ability to achieve its business goals into four categories: 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 2018, RMC and its working group conducted 6 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.

2018 Qisda Risk Management Radar



► Related Responses and Management of Top Three Risks in 2018

I. China/US trade war:

To cope with the China/US trade war, we already hosted two temporary meetings of Risk Management Committee members, ensuring the kick-off timings for the three kits. Currently, the first kit has been launched. We already proceeded with the smart manufacturing and optimization of Taiwan factory while pulling partial production in China back to Taiwan. Should this fail to have the expected effect, we will kick off the second kit, that is, to start the Malaysian plant. If this also fails, we already prepared to produce in the US and found local partner.

2. GDPR (General Data Protection Regulation):

In 2018, we set up the GDPR Committee regarding the GDPR that took effect in May. Members include those from the Risk Management Committee as well as those from affiliates of the group. With the monthly meeting platform, we identify the risks of business flows involving personal privacy right while evaluate, manage and cope with that.

3. Anti-trust:

In July, 2018, the EU anti-trust authority placed fines of significant amount on four consumer electronics makers in Taiwan, Japan and the Netherlands, with the famous Taiwanese electronics company fined around billions of NT Dollars. We immediately started checking internal risks and related agreements while launching educational trainings to ensure that we comply with the regulations.

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 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)

I. Business Continuity Management Policy

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

2. Business Continuity Management Results

Qisda has established various scenario-based Business Continuity Plans (BCP) since 2004. In response to the challenges posed by the reorganization of the company, restructure of product lines, growing customer demands for BCM auditing, Qisda has started updating or creating new BCM plans.

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. In 2018, we proceeded with the

business continuity—crisis simulation drill (crisis communication). With drill and actual scenario simulation, our top-level executives can feel the crisis in reality, become familiar with media communication techniques to improve their crisis awareness and strengthen their crisis coping ability. We further compiled company crisis management manual for reference and response when major events happen to our company.

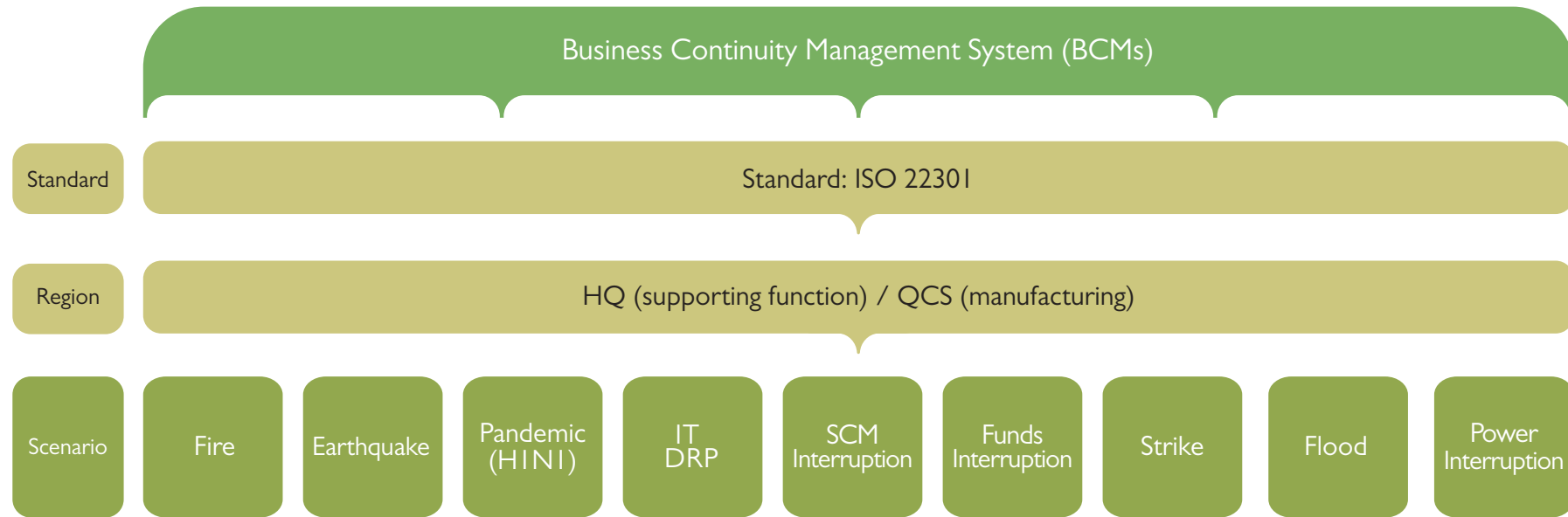
Also, we hold RMC—Risk Management Keynote Speeches, with topics including high-end commander coaching and risk management master panels. With various topics, executives can have different insights to prepare in advance useful kits.

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 2018, the Group performed a drill for operational persistence – risk simulation (drills for information security, fire, product deficiency...) and launched 18 experience and idea sharing meetings via group joint defense platform to reach the goal of disaster prevention.

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





Information Security



2018 Management Key Points and 2019 Plans

Prepare to implement information security international standard ISO 27001 and expect to form information security committee to strengthen the information security management mechanism in 2019

To ensure the confidentiality, completeness, usability and law-abiding quality of our information assets (hardware, software, data, document and staff relating to information processing) are not compromised by internal and external intentional or accidental threats while considering the business requirements of our company, we refer to the information security international standard ISO 27001 to compile our enterprise information security policy. Qisda realizes information security policy, protects customer information and company intelligent output, strengthens the coping ability of information security events, reaches information security policy evaluation indicators and meets the expectation of stakeholders of our company via establishing the information security management system. Also, with PDCA mechanism, we continue to improve our information security control mechanism and this helps with strengthening our competitiveness.

The information security control measures cover:

1. Set up information security management organization, supervise the operation of information security management system, identify internal and external issues of the information security management system and the requirements and expectations of stakeholders for our company.
2. Evaluation and management of the information security of the company's internal processes.
3. Employee information security awareness improvement and division of authority and responsibility.
4. The information security requirements of external companies.
5. Setting up of indicators for information security.
6. Information operation continuity plan and drill operation.
7. Information security events and coping measures.
8. Compliance of law and regulations.

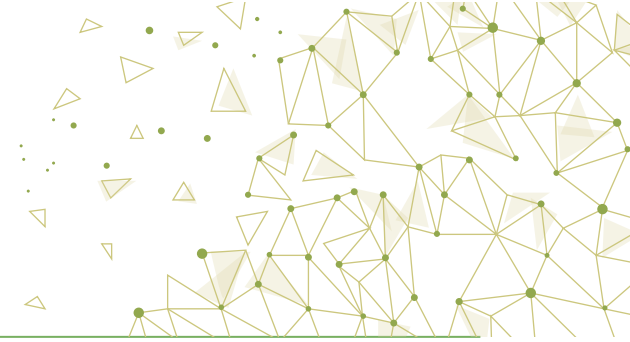
To protect the information assets within Qisda's IT information security management system, we set up and realize related regulations for information assets while executing risk assessment procedures to make sure the risk level of the assets. With the risk assessment result and coping measures of risk matters ruled by regular meetings, we effectively reduce, transfer, eliminate or even accept the risks. Qisda also establishes a set of internal scan and monitoring system to make sure the system operation has the newest operational updates, reducing the risks of


attacks. There are also annual check-ups of various regulations and evaluations of internal information security regulations to make sure we comply with the law and that they are effective. We regularly advertise related information security regulations to prevent our employees from violating internal regulations while causing company damages. In supply chain management, we ask third-party service companies to sign agreements, requiring them to abide by the confidential and internet security regulations. Also, when new employees arrive on board, besides performing for them basic related trainings for information security, our company holds email social engineering drills regularly for educational trainings of the employees for email delivery/receiving information security knowledge, so that the risks of their hitting by accident malicious emails can be reduced. With the proceeding of various courses, we not only increase the awareness of our employees for information security, but ensure the information security concept can be incorporated into daily operations.

Since July, 2017, Qisda has started having insurance for enterprise information security risk management for insurance claim for related expenses (such as business suspense and forensics) when information security incidents happen. This covers subsidiaries to reduce company losses. During establishing the information security management system, Qisda strengthens internal emergency coping process SOP and drills and will keep simulating various information security attack incident drills while arranging related staff to participate the drills to ensure we can kick off the emergency process when the incident happens, effectively lowering response time and company losses.



Legal Compliance





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



2018 Management Key Points and 2019 Plans

Continue to deepen the internal and external management mechanism of mechanism GDPR.

Management Approach of Material Topic

Legal Compliance

● Surpassed ◎ Achieved ○ Not Achieved

Concerned Stakeholder	management approach
Customers, Suppliers, Community	Responsibility Legal Office
2018 Management Target	Resource
1. Continue internal anti-trust trainings. 2. Launch the GDPR compliance plan.	1. Conduct compliance trainings and promotion with related departments. 2. Introduce external consulting resource for new compliance issue (GDPR).
2018 Status	Action
Done ◎	1. Conduct compliance trainings and promotion. 2. Build management mechanism for new compliance issue (GDPR).
2019 Management Target	Evaluation
1. Continue internal anti-trust trainings. 2. Launch the GDPR compliance plan.	Report and review KPIs each quarter at Corporate Sustainable Development Committee

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

According to the identification of material topics, please refer to "Stakeholder Engagement." (P29)

impacts. In 2018, 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, completed the checks of high risk departments, systems and procedures while keeping introducing related compliance measures. In 2019, we plan to deepen the compliance of GDPR, and further build personal data linkage notification process, standard contractual clauses template for cross-border transfer and personal information management system.



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 and plan to include all labor agent companies and factory on-site service companies in our social responsibility, environmental, safety and health investigation and on-site audit from 2019, expecting to better complete our management of suppliers.

In This Chapter

Customer Commitment

Supply Chain Management

SDG 12

SDG 15

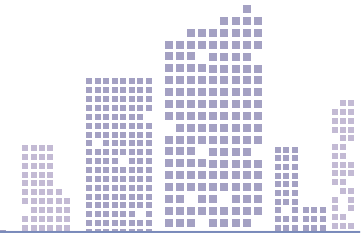
SDG 16

Material topics concerned by stakeholders

According to the identification of material topics, please refer to "Stakeholder Engagement."

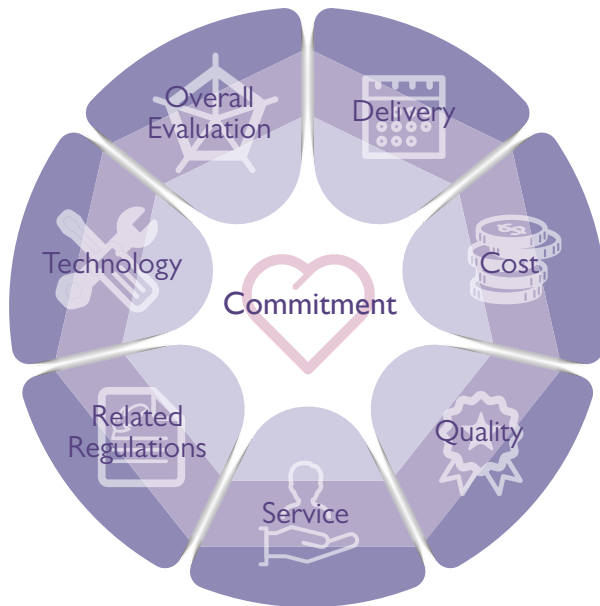
(P29)


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 **94.6**

Customer Satisfaction Survey

Management Approach of Material Topic

Customer Satisfaction ● Surpassed ○ Achieved ○ Not Achieved

Concerned Stakeholder	Management approach
Customers, Suppliers, Communitie	Responsibility Customer Service Division
2018 Management Target	Resource Cross-department cooperation to solve customer doubts
Scored 89	Action 1. Conduct customer satisfaction survey. 2. Consolidate the results to related departments and look for improvements.
2018 Status	Evaluation Report and review KPIs each quarter at Corporate Sustainable Development CommitteeCommittee
Scored 94.6 <input checked="" type="radio"/>	
2019 Management Target	
Scored 89	

According to the identification of material topics, please refer to “Stakeholder Engagement.” (P29)

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 2018, with average satisfaction score of 94.6, marking our positive performance in customer service and customer satisfaction.

Customer Satisfaction Survey Results (score)



Customer Privacy Protection

Management Approach of Material Topic

Customer Privacy Protection

● Surpassed ○ Achieved ○ Not Achieved

Concerned Stakeholder	Management approach
Customers, Suppliers, Communities, Employees	<p>Responsibility Customer Service Division</p> <p>Resource Integrate with online system, set access limitation.</p> <p>Action 1. Trainings. 2. Non-project related employee must obtain supervisor's approval for partial access.</p> <p>Evaluation Check if there are any incidents happened in the end of year.</p>
<p>2018 Management Target No customer complaints about data loss</p>	
<p>2018 Status No customer complaints about data loss</p>	
<p>2019 Management Target No customer complaints about data loss</p>	

According to the identification of material topics, please refer to "Stakeholder Engagement." (P29)

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 2018, 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

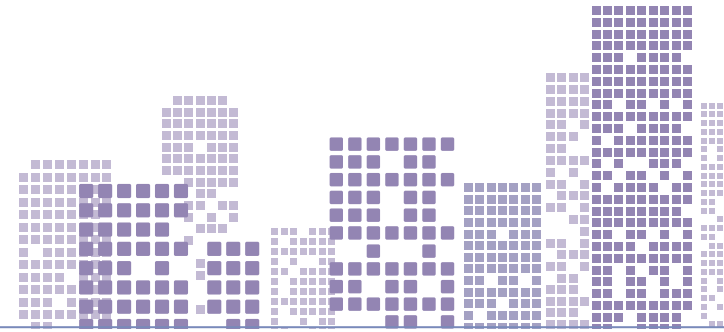
- Discretionary promulgation on the importance of information security.

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 China reached **73.4%**

As a cross-industry, comprehensive ODM/OEM leader in electronics, Qisda partners with over 873 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. For the procurement ratio of 2018, Qisda realized local procurement ratio of 73.4% in China, with that in Taiwan reaching 49.5%.

* Suppliers not listed in the BOM material lists.



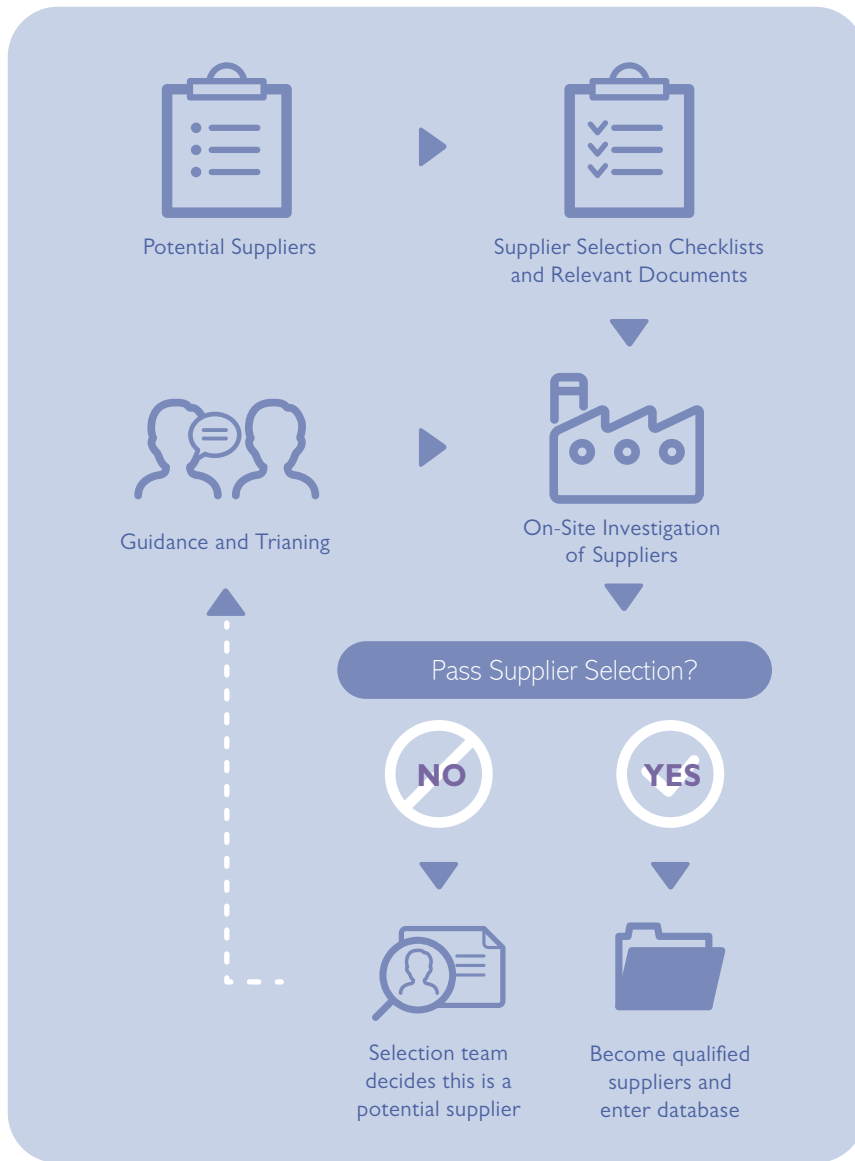
Investigation rate of the environment, human rights and labor practices of new suppliers reached **100%**

Supplier Selection and Qualification Procedures

Supplier selection is accomplished in accordance with Qisda's future product trends and purchasing strategies that assist our company to choose the right supplier based on its capacity, technical innovation ability, quality, 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, contracts fulfillment with Qisda regarding procurement responsibility and obligations, and non-use of hazardous substances documents. In addition, Qisda followed the Work Instruction of Supplier Survey revised in 2015 to upgrade its online system, adding three indicators about environment, human rights and labor practices to new supplier survey items. Until the end of 2018, the investigation rate of new suppliers reached 100%.

Supplier Selection and Qualification Procedures



Supplier Assessment

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

Supplier Evaluation QISDC Overview

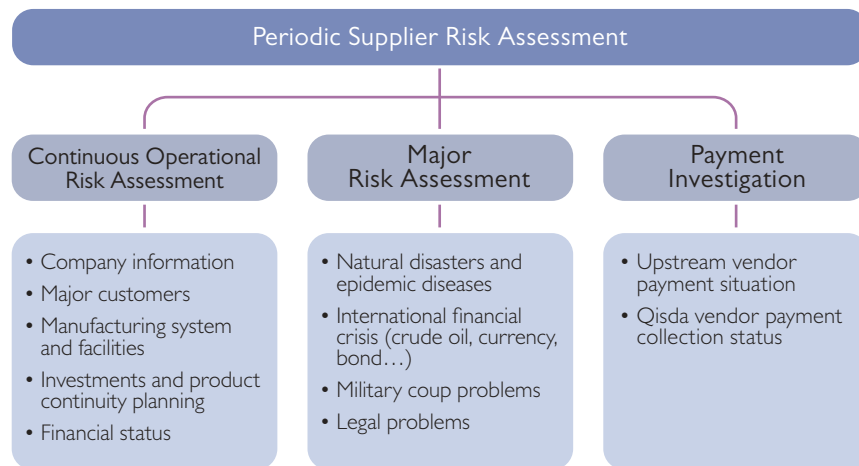


Supplier Risk Management

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 material risk assessments on its suppliers. For example, special incidents such as the layoff incident of HNA Group, US poses high customs tax on steel and aluminum products, passive component shortage, Taiwan Semiconductor Manufacturing Company (TSMC) equipment attacked by virus, companies at Shanghai's China International Import Expo asked to limit production, typhoon, blizzard, extremely heavy rain in Japan as well as earthquakes in Osaka and Hokkaido. 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



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

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,



As of the end of 2018, **88%** of suppliers had completed Qisda Supplier Social Responsibility Surveys and On-Site Audits.

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 2018, a total of 45 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 2018, 88% of suppliers had completed Qisda Supplier Social Responsibility Surveys and On-Site Audits. 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.

Also, since 2019, the company plans to cover all labor agent companies and factory on-site service companies for social responsibility, environmental, safety and health investigation and on-site audit.

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 :
<https://csr.qisda.com/en/csr.asp?ca=6>

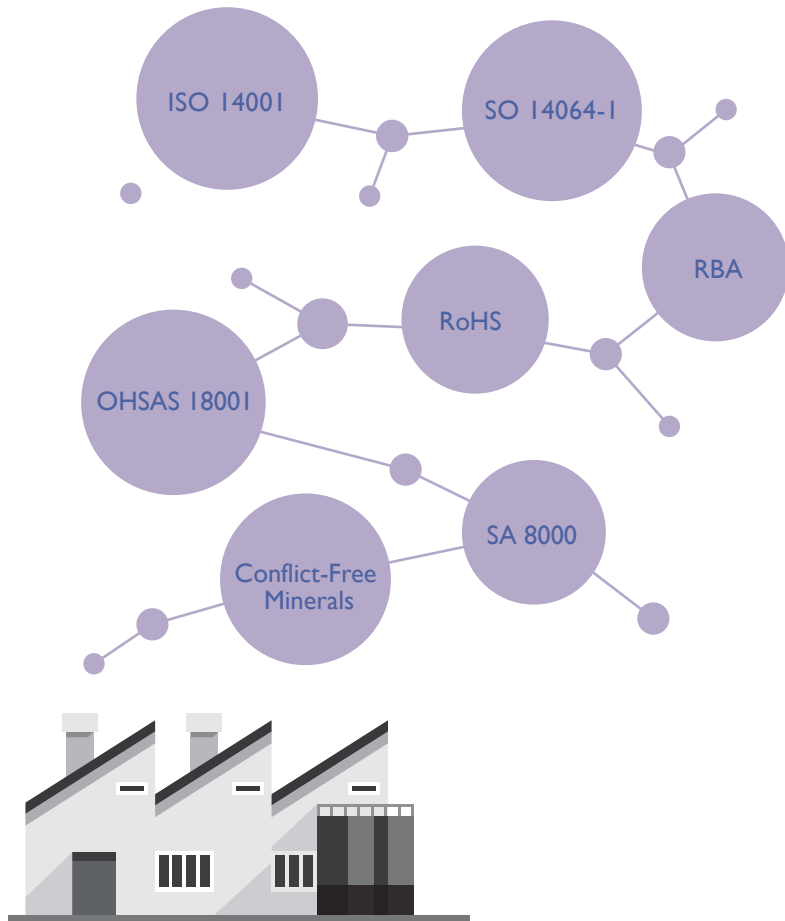




2019 Management Key Points

Social responsibility, environmental, safety and health investigation and on-site audit include labor agent companies and factory on-site service companies.

Supplier Social Responsibility & Environmental, Safety and Health Management Criteria



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. 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.

Qisda Conflict Minerals Policy



Qisda supports the global prohibition against the conflict minerals*, follows “OECD Due Diligence Guidance for Responsible Supply Chains of 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

* 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.

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. Furthermore, the procedure that Qisda has taken through the years is as follows:

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.

In This Chapter

- Employee Profile **SDG 4**
- Learning and Development **SDG 4**
- Human Rights Management **SDG 5** **SDG 8** **SDG 10**
- Creating a Happy and Healthy Working Environment **SDG 5** **SDG 8** **SDG 10**
- Goodwill for the Earth, Love for the Society **SDG 1** **SDG 2** **SDG 10**
SDG 12 **SDG 13** **SDG 17**

 Material topics concerned by stakeholders

According to the identification of material topics, please refer to "Stakeholder Engagement." (P29)



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, 2018, the number of permanent employees at Qisda was 9,638* with 1,616 stationed in Taiwan, 7,994 in China and the rest 28 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.

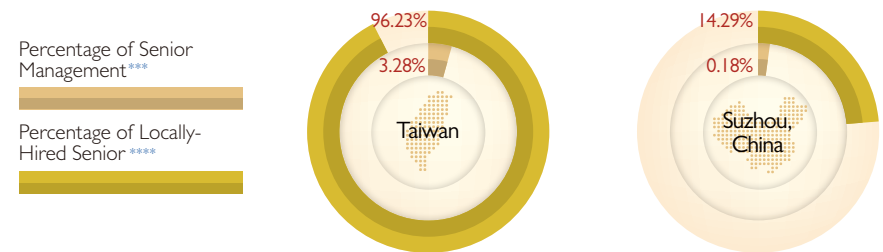
Workforce Distribution

Qisda gives priority to local candidates on recruiting. 2018 Qisda employee profiles are shown in the following table.

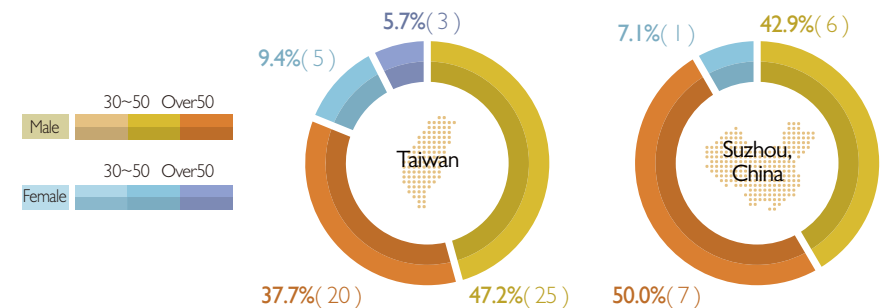
* The employee number in the chapter was based on the actually-hired employees (permanent employees and cooperative education students) of Qisda. Since the contract of temporary workers was at a third-party company while the real employer was not Qisda, the above-mentioned workforce did not include that of temporary workers (Taiwan temporary worker number: 37, Suzhou, China temporary worker number: 6,579).
 ** Senior management definition: Executive with director level (M8) and above.
 *** Percentage of senior management calculation: total number of senior management / total number of employees at the local site. Local indicates Taiwan and China.
 **** Percentage of locally-hired senior management calculation: total number of locally-hired senior management / total number of all governance bodies at the local site. Local indicates Taiwan and China.

 Manage employer brand: FB Facebook fan page viewer exceeds **12,000** per month

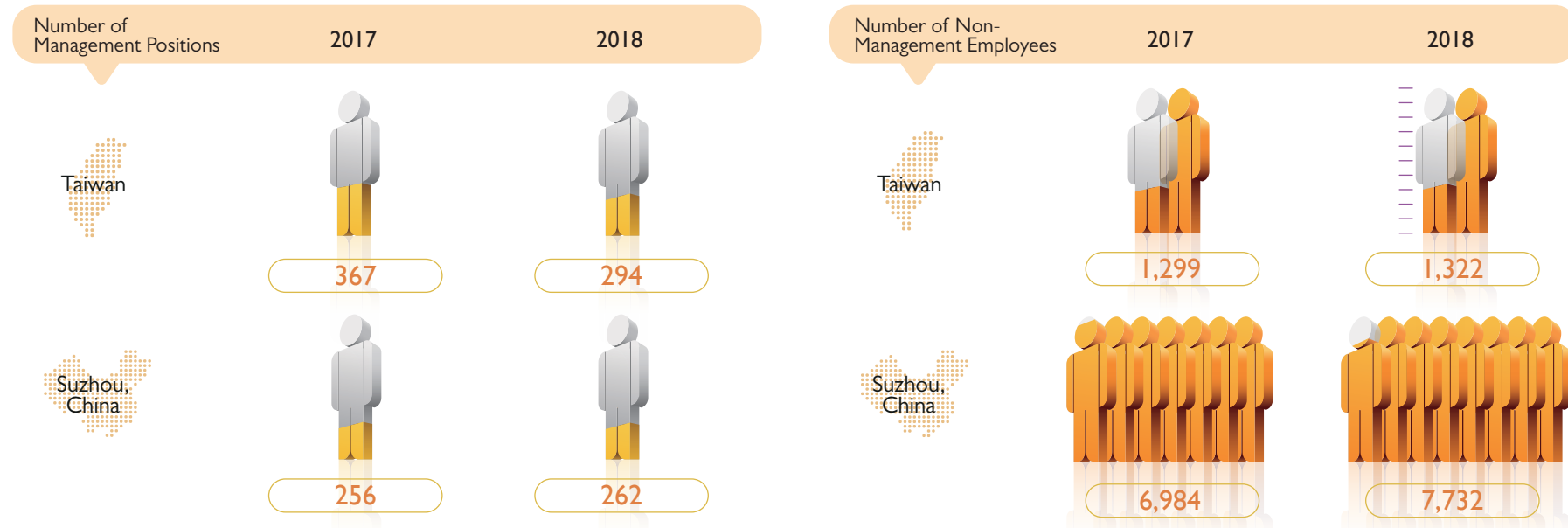
Percentages of Locally-Hired Senior Management **



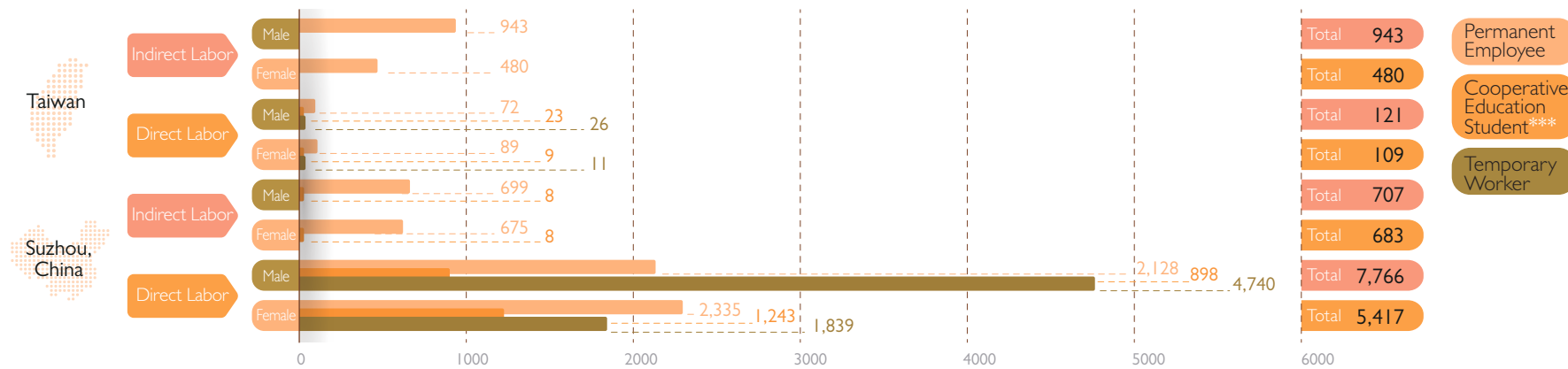
Senior Management by Gender and Age



Sum of Employee not Responsible for Management Level Work*



Employee Headcounts**

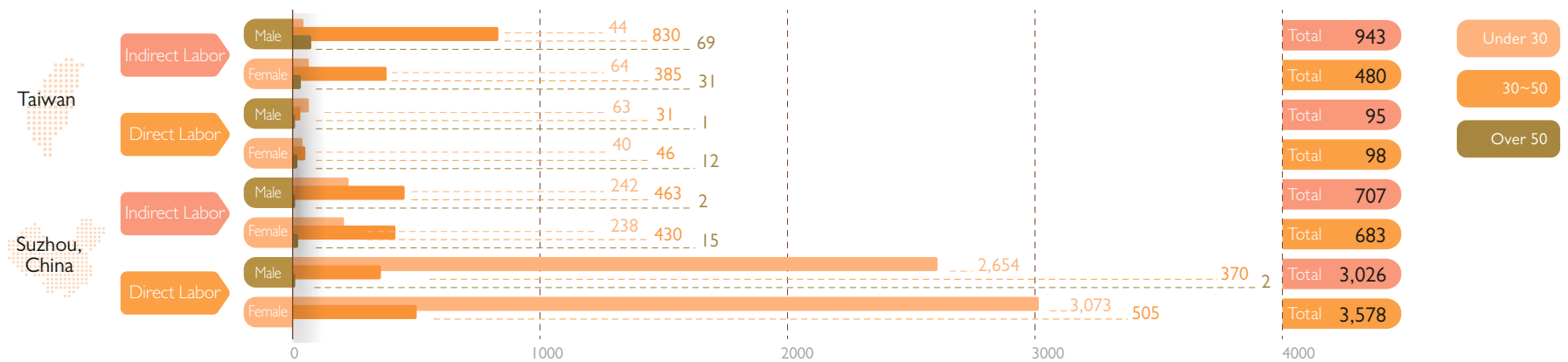


* Management level definition: Executive with the deputy manager level (M5) and above.

** According to the important noun definition of Directorate General of Budget, Accounting and Statistics (DGBAS) of Executive Yuan, full-time employees refer to those with working hours reaching the ruled normal working hours of the company or those determined by the law. Qisda rules that the number of normal working hour is 40, so that all employees at our company are full-time employees.

*** Cooperative Education Students signed fixed term contract with company.

Employee Age, Gender, and Labor Type Distribution



2018 Management Key Points

- Manage employer brand.
- Qisda manages employer brand promotion with on/off line methods.

Online

Make external fans and internal employees have higher connection and sense of identity of the company, and further increase company reputation and image.



<https://www.facebook.com/Qisdafans/?fref=ts>



- 2-3 pieces per week
- Number of monthly viewer exceeds 12,000

Corporate News

Work Benefits

Sidelights on Various Activities

Off-Line

Proceed with the method of school management for teachers and students of target schools to better understand the transformation of the group and corporate developments, further join the group in the future and bring out their best at suitable stage; industry/academy cooperation plan can shorten learning/application gap for students to learn and be familiar with the working place in advance while employer can find talents via internship and competition.

Campus Recruit

Lecture

Corporate Visit

Interns

Campus Competition

Employee Turnover Rate*



The average demission rate of Qisda in Taiwan was between **0.1%~1.37%**.

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 0.1%~1.37%. 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



	Under30		30~50		Over50		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
Indirect Labor	1.24% (20)	0.68% (11)	3.09% (50)	1.61% (26)	0.19% (3)	N/A	4.52% (73)	2.29% (37)
Direct Labor	1.05% (17)	0.56% (9)	0.25% (4)	0.12% (2)	0.06% (1)	0.06% (1)	1.36% (22)	0.74% (12)

	Under30		30~50		Over50		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
Indirect Labor	1.10% (88)	1.39% (111)	0.50% (40)	0.41% (30)	0.01% (1)	N/A	1.61% (129)	1.80% (144)
Direct Labor	79.95% (6,391)	38.78% (3,100)	2.93% (234)	1.59% (127)	N/A	N/A	82.87% (6,625)	40.37% (3,227)

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




	Under30		30~50		Over50		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
Indirect Labor	1.42% (23)	1.61% (26)	1.67% (27)	0.62% (10)	0.12% (2)	N/A	3.22% (52)	2.23% (36)
Direct Labor	1.36% (22)	1.42% (23)	0.12% (2)	0.31% (5)	N/A	N/A	1.49% (24)	1.73% (28)

	Under30		30~50		Over50		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
Indirect Labor	1.61% (129)	1.78% (142)	0.16% (13)	0.23% (18)	N/A	N/A	1.78% (142)	2.00% (160)
Direct Labor	110.41% (8,826)	50.28% (4,019)	5.15% (412)	2.00% (160)	0.01% (1)	N/A	115.57% (9,239)	52.28% (4,179)

* 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

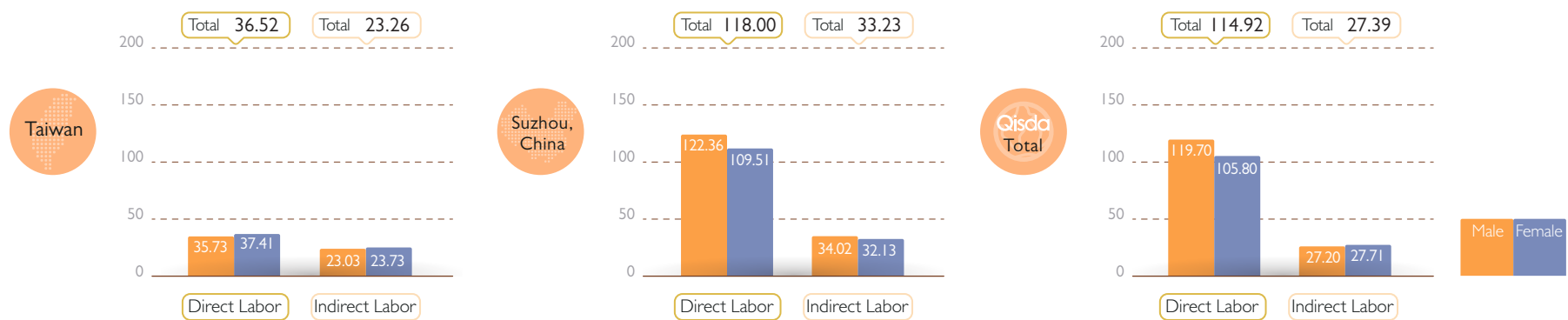

 The overall average training hour was **84.76** hours in 2018.

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 84.76 hours in 2018. The average training hours according to gender and employee types are shown in the following table.

For the future strategy development direction of the company, we will keep developing innovative programs and build related knowledge such as key component, medical and smart communication, offer talents for the organization while maintaining learning kinetic energy to meet needs of corporate development. Additionally, the company encourages talents to develop according to their temperaments and anticipate to push activation and innovation of the organization. Therefore, we regularly perform talent rotation; starting from 2018, for promoting sustainable growth and talent development of the company, we started the project of business talent pool to respond to the needs of business talents amid the strategy developments of the company. Through selecting potential talents, we proceeded with development solutions.

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



* Base of average training time per employee: Average number of people at the end of each quarter.

Qisda Employee Average Training Hours According to Positions (hour/per employee)

	Taiwan	Suzhou, China	Qisda Total
Management	14.80	28.37	20.73
Non-Management	27.25	105.95	90.48
Total	24.71	102.36	84.76



2018 Management Key Points and 2019 Plan

Employee Learning

1. In 2018, Qisda training APP went live for employees to learn new knowledge using spare time.
2. Develop shared occupational training map based on six occupational types while developing courses such as innovation, medical and smart communication.

Employee Career Development: Rotation Execution Plans

1. Define the job rotation terms for executives of various levels
2. Check those eligible for rotation each year and offer the list to executives for verification.
3. Communicate with the employee to be rotated and his/her supervisor to confirm appropriate rotation position and plan.
4. Perform rotation and plan to implement "Rotation Candidate on Board Plan" in 2019.

Employee Career Development: Business Talent Pool Executional Plan

1. Define the specifications for business talents
2. Define business operation talent pool with selection according to squared up (performance*potential)
3. Define appropriate development direction according to various talents under the squared up
4. Expect to convene Talent Development Committee in 2019 to discuss and decide on Individual Development Plan (IDP)
5. Perform Talent Development Plan

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. Starting from 2018, we started developing shared occupational training map of six occupational types (include R&D, marketing/sales, production operation, engineering technology, supply chain management, quality management), aiming to provide employees with more complete and timely training resources, helping them to better perform their tasks. Aside from classroom trainings, Qisda also provides its own internal e-learning platform for employees' enrichment needs. Since 2018, we promoted mobile learning, developing training APP, combining existing training resources and rich content of Harvard Business Review for employees to learn new knowledge with their phones at spare time.

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 in University 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. The School of Innovation and Continuous Improvement offers innovative development energy, introducing courses such as business model innovation and design thinking while designing the "Eureka



Up till now, over **3,377** CIP projects have been implemented around the world.

Program" for employees to bring creativity into full play and build up an innovative culture of the organization.

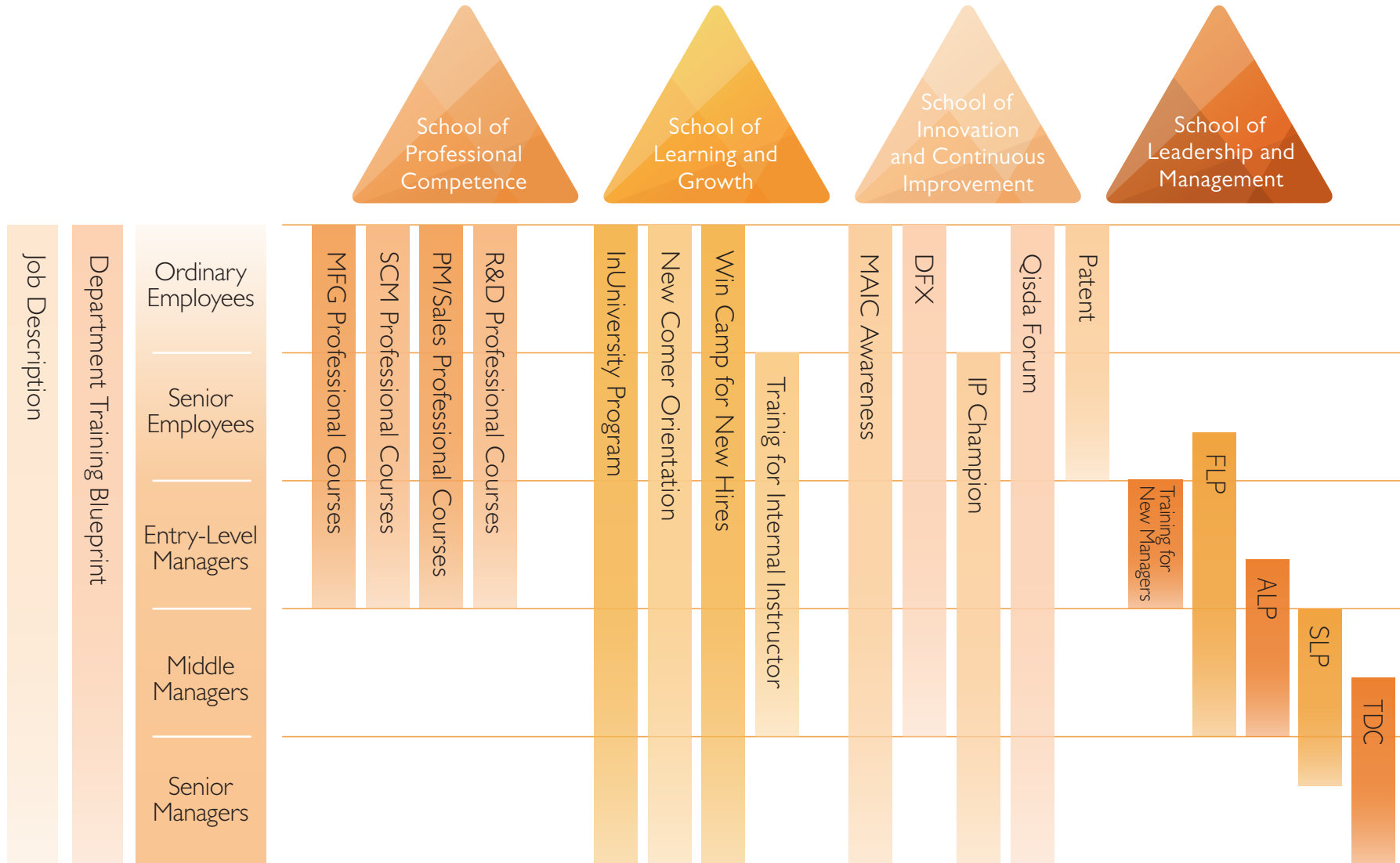
► The meaning of CIP



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 2018, the number of CIP projects was 454. Up till now, over 3,377 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 improvements. 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



Management Approach of Material Topic

Human Rights

● Surpassed ◎ Achieved ○ Not Achieved

Concerned Stakeholder

Customers, Suppliers, Communities

2018 Management Target

1. Obtain SA 8000 certificate.
2. No incidents of human rights violation.
3. Complete supplier survey and audit.

2018 Status

Done



2019 Management Target

1. Obtain SA 8000 certificate.
2. No incidents of human rights violation.
3. Complete supplier survey and audit.

management approach

Responsibility

CSR&RM office

Resource

1. Cross-department cooperation to implement management system and conduct supplier survey.
2. Third-party verification.

Action

1. Maintain SA 8000 certificate.
2. Plan and conduct supplier survey and audit.

Evaluation

Report and review KPIs each quarter at Corporate Sustainable Development Committee

Labor Rights Protection



- Obtained SA 8000 certificates.
- The total number of hours employees received human right-related trainings was **9,727** in 2018.

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.

> SA 8000

> RBA Code of Conduct

> UN Universal Declaration of Human Rights

> UN Human Rights Norms for Business

> UN Global Compact

> International Labour Organisation Conventions

> International Labor Office's Tripartite Declaration of Principles

> California Transparency Act

> UK Modern Slavery Act

According to the identification of material topics, please refer to "Stakeholder Engagement."

(P29)

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 California Transparency Act and UK Modern Slavery 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 2018, 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 74%* in 2018. 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%.

* The total number of hours employees received human right-related trainings was 9,727 in 2018.



2018 Management Key Points

We launched 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 2018, 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.

Qisda Report and Appeal Management Guidelines available at Qisda website: <https://csr.qisda.com/ch/csr.asp?ca=4>



CSR mailbox: <https://csr.qisda.com/ch/csr.asp?ca=14>



Creating a Happy and Healthy Working Environment



 Win sports certificate from Sports Administration, Ministry of Education (MOE)

 Elected as one of the Taiwan High Compensation 100 Index.

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.

To attract and retain excellent talents, 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. To provide competitive compensation policy for employees, Qisda adjusts employee salary according to personal academic/career experiences, professional skills and performances to ensure their salary meet the status and fairness of the industry. Qisda mainly refers to the salary investigation report from third-party independent compensation consulting companies and company operational status each year while inspects whether goals are reached at year-end to rule its annual remuneration. For compensation of high-end executive, Compensation Committee will inspect whether compensation-related performance indicators are reached and rule their compensation. Refer to the following for related salary data:

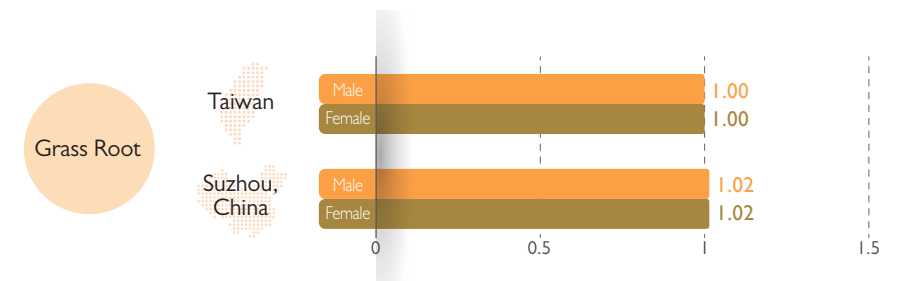
Employee Salary and Pension

Management Approach of Material Topic

Salary ● Surpassed ◎ Achieved ○ Not Achieved

Concerned Stakeholder Employees	Management approach Responsibility Human Resource Center <hr/> Resource 1. Salary investigation report from compensation consulting company 2. Compensation Committee <hr/> Action Adjust internal salary standard according to salary investigation report <hr/> Evaluation Review the status in the end of year.
2018 Management Target Maintain the salary standard of new employees of grass roots regardless of gender	
2018 Status Done ◎	
2019 Management Target Maintain the salary standard of new employees of grass roots regardless of gender	

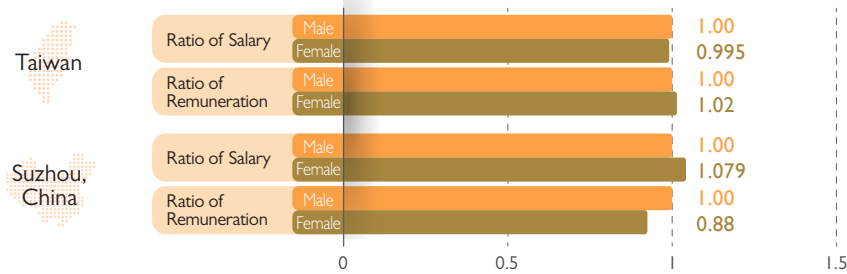
Ratio of Standard Salary Employees of Grass Roots versus Local Minimum Salary*



* The calculation method is the starting salary/legal monthly minimum wage for grass-roots employees.

According to the identification of material topics, please refer to "Stakeholder Engagement." (P29)

Ratio of Salary of Female Employees versus Male*



Salary of Non-Management Employees (NTD)**



Qisda follows related retirement laws and regulations of various countries to protect the retirement rights of employees. For detailed description, please refer to the following:

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 2018, the fair value of the planned asset was NT\$436.11 million. Qisda recognized NT\$17.95 million in 2018 according to related regulations. The insufficient amount was recognized as pension liabilities, with the amount at NT\$294.48 million by the end of 2018.

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 2018, the amount recognized was NT\$367, 2 million.

* The average salary for our "female employees" is around 103.7% of that of the male employees of the same job level.

** Calculated according to the formula and requirements of "Taiwan Stock Exchange Corporation Rules Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" by Taiwan Stock Exchange

Employee Benefits

- Number of employees participating in the activities of Welfare Committee reached **14,550**.
- The score of average annual events satisfaction reached **4.3** out of 5.

Management Approach of Material Topic

Benefits ● Surpassed ○ Achieved ○ Not Achieved

Concerned Stakeholder	Management approach
<p>Employees</p> <p>2018 Management Target</p> <ol style="list-style-type: none"> Number of employees participating in the activities of Welfare Committee reaches 14,000 The score of average annual events satisfaction reaches 4.2 out of 5 <p>2018 Status</p> <p>Done ●</p> <p>2019 Management Target</p> <ol style="list-style-type: none"> Number of employees participating in the activities of Welfare Committee reaches 14,000 The score of average annual events satisfaction reaches 4.2 out of 5 	<p>Responsibility</p> <p>Human Resource Center</p> <p>Resource</p> <ol style="list-style-type: none"> Welfare fund from company. Welfare fund from employee. External activity PR company. Welfare Committee meeting. <p>Action</p> <p>Each year, the company plans diverse activities to meet various needs of employees.</p> <p>Evaluation</p> <ol style="list-style-type: none"> Report activity plans and budgets each quarter at Welfare Committee meeting Inspect whether goals are reached at year-end each year

According to the identification of material topics, please refer to "Stakeholder Engagement." (P29)

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. Also, Qisda follows related social insurance laws and regulations at various countries to

protect the basic rights of employees while offering group insurance for family members of employees for them to be insured at their own will. We also arrange insurance company representatives to offer onsite insurance consulting and insurance claim application services.

Fundamental Employee Guarantees

 <p>Provided in accordance with relevant laws and regulations</p>	<p>Taiwan</p> <ol style="list-style-type: none"> 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. Parental leave and Paternity leave 	<p>Suzhou, China</p> <ol style="list-style-type: none"> 1. Social security (retirement, medical benefit, unemployment, work-related injuries, child birth) 2. Housing provident fund 3. Annual paid-leave
 <p>Standard definition of welfare*</p>	<p>Taiwan</p> <ol style="list-style-type: none"> 1. Annual bonus/performance bonus 2. Group insurance (life insurance, casualty insurance, catastrophic illness insurance, hospital medical insurance) 3. Family members of employees can pay for themselves to be included in the group insurance 4. Short-term business trip overseas travel insurance 5. Free health examination 6. Employee bonus (profit-driven) 7. Employee advanced study 8. Employee educational training 9. Bereavement system 10. Employee discount for company products 11. Weddings, funerals, and illness allowances 12. Welfare Committee activities 	<p>Suzhou, China</p> <ol style="list-style-type: none"> 1. Annual bonus/performance Bonus 2. Group insurance (life insurance, casualty insurance, catastrophic illness insurance, hospital medical insurance) 3. Short-term business trip overseas travel insurance 4. Free health examination 5. Employee educational training 6. Employee discount for company products 7. Weddings, funerals, and illness allowances 8. Financial support for clubs 9. Financial support for quarterly employee activities 10. Paid time off (PTO) 11. Welfare Committee activities
 <p>Ordinary welfare</p>	<p>Taiwan</p> <ol style="list-style-type: none"> 1. Meal subsidies 2. Corporate-contracted hospitals 3. Dormitories and uniforms 4. Sports center and fitness program 	<p>Suzhou, China</p> <ol style="list-style-type: none"> 1. In-house medical facility 2. Fitness center 3. Meal subsidy 4. Corporate-contracted stores 5. Dormitories and uniforms

* According to the welfare defined by GRI Standards 401-2, this excludes the welfare in kind.

Building Smooth Communication Channels and Strong Labor Relations




Management Approach of Material Topic

Labor / Management Relations	
● Surpassed ○ Achieved ○ Not Achieved	
Concerned Stakeholder Communities, Employees	Management approach Responsibility Human Resource Center <hr/> Resource Business Conference, Employee Welfare Committee, Labor-Management Committee <hr/> Action Offer employees diverse communication channels and let them know about company news with the channels <hr/> Evaluation 1. Report labor status each quarter at Labor-Management Committee 2. Report business overview each quarter at Business Conference.
2018 Management Target Hold Labor-Management Committee quarterly	
2018 Status Done ●	
2019 Management Target Announce labor status and business overview internally each quarter	

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 business 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 28 employee representatives (16 from the manufacturing site in Suzhou, China and 12 from headquarter in Taoyuan, Taiwan, accounting for 0.27% 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 communications 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



- Number of employees participating in the activities of innovation culture reached **3,038**.
- Number of essential patents increased **50.2%**.

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 inspect 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

According to the identification of material topics, please refer to "Stakeholder Engagement." (P29)

2018, the number of innovation culture participation reached 3,038 and the number of essential patents increased 50.2%.

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



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.



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. In 2018, 906 ideas had been accumulated while 11 outstanding ideas had been selected by company employees. We expect them to be favored by business units and developed into products in the future. In the following phase, we will investigate on the user research plan, value proposition design, idea ripening, and planning activities with regard to developing business model innovation.

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 planned for following educational training class developments.

Employee Health Care Management

Management Approach of Material Topic

Health Management		● Surpassed ○ Achieved ○ Not Achieved
Concerned Stakeholder	Customers, Suppliers, Communities	
2018 Management Target	Health examination participation rate reached 92%	
2018 Status	Done ○	
2019 Management Target	Health examination participation rate reached 92%	
Management approach	Responsibility Human Resource Center <hr/> Resource External hospital <hr/> Action Work with external hospitals to execute health examination projects <hr/> Evaluation Inspect whether goals are reached at year-end each year	

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.

According to the identification of material topics, please refer to "Stakeholder Engagement." (P29)

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.

Qisda Health Management Model



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 protection. For pregnant, one-year after giving birth or breastfeeding female employees, we adopted necessary maternal labor health protection and caring management. There were 20 such employees in 2018. 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 continued to open two consecutive years of rotational trainings for employees arriving on board during January, 2007 and December, 2011 as well as new employees (220 in total) to finish the American Heart Association (AHA) first aid training courses.

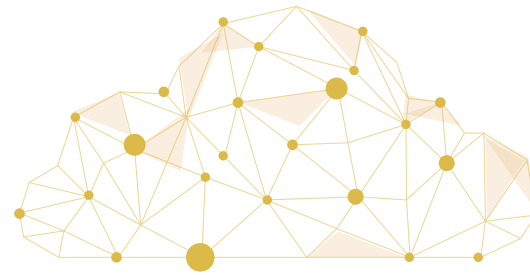
5. Health Management Tracking System

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. We screen those with high risks and finish their patient instruction and tracking rate of 60% of the sub-health group while ensuring their personal privacy.

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 (EAP)". In 2018, we continued to promote DIY needle felting courses that can help one feel one's body/heart/spirit and relax so that their work and life can maintain balanced. Also, we appointed related lectures with topics such as emotional management and emotion risk pressure for current trends, creating online lectures for more participation and improving coverage rate of EAP activities.



► We Care—Employee Assistant Program

柔性小團體課程
療癒手作-羊毛氈

想要抒發、抒發心情的朋友們，透過手工羊毛氈製作療癒課程，進行抒發情緒，並可透過羊毛氈製作自己心中的理想，將抽象的情感具象化——用毛針織出一件專屬自己的——療癒品。

這課程/你透過羊毛氈製作，將會發現自己心中隱藏、深埋了記憶！

日期	時間	地點	會議費
4/14(二) 4/18(四)	14:30-16:30	桃園	000
4/19(三) 6/7(五)	14:30-16:30	臺北	750
6/12(日)	14:00-16:30	新竹	450

— 羊毛氈製作 —
— 羊毛氈製作課程 —

專業羊毛氈師
快來挑戰吧！

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近行戀愛很難談

【下集】
**解鎖危險情人
之處理技巧篇**

09/17
10/05

新開講
以遊戲教學·案例拆解
給予實用商品

連結

主講人：林麗芬 資深諮商心理師

過去一段戀情人關係的結束往往不是人願以爲的出於無奈狀態，型別關係破裂常因為小矛盾而導致雙方關係好壞人門關係破裂。



Goodwill for the Earth, Love for the Society



Total number of hours of employees participating in charity events in 2018 reached **4,688**.

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 self-motivated 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 2018 reached 4,688.

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 2018, 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.

Visit feedback from teachers of HsinFu Elementary School

Thank you with all our heart that Qisda allowed our students to experience the convenience and future possibility of technology. During the interaction with professional lecturer and practice, our students learned to realize the dream of becoming small scientists with actions of caring for the earth.

Principal, teachers and students of HsinFu Elementary School

Hsin-Fu Q School, Happy Science Experience Class



In 2018, a total of 123 elementary students participated in the “Hsin-Fu Q School” with accumulated number of students experiencing the activity since the onset of the event reaching 956 while teachers provided positive feedbacks and hoped the event can continue to be held in the future, creating more chances for children to enjoy.

II. Earth Day

To raise the environmental protection awareness of employees, Qisda responds to the World Earth Day every April. In 2018, Qisda combined the popular “plastic reduction” issue during the World Earth Day and planned a series of activities of “No Plastic Train” in April, with garbage reduction and classification from the source, to the understanding of basic knowledge of environmental protection and apply what we have learn in real life.

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.

In 2018, two welfare clubs assisted social welfare groups to hold 27 caring activities, with diverse caring activities, employees can be more active and care for those in need such as intellectually-disabled children, elderly people living alone, children afflicted by the typhoon in August 8, 2009 in Meinong Dist., Kaohsiung City, Taiwan, farmers, earth environmental protection, stray animals, etc. A total of NT\$1.095 million was raised from 64 fund-raising activities for 20 underprivileged organizations in 2018.

Four major themes of caring activities



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. In 2018, our office in Suzhou, China focused on the heart of intellectually disabled children. When giving the material and spiritual care for them, our Suzhou office invited baking teachers to teach them techniques of making cookies and helped them to expand selling channel in the early stage while letting them to independently sell later on. They can taste the fruit of their own labor, earning a technique to live on their own and become the truthful member of the society.

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 2018, 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. Workshop of Intelligence with Integrity Character

The BenQ Foundation plans the “Workshop of Intelligence with Integrity Character”, asking youths to participate each summer to learn together. In 2018, we recruited volunteers from universities, designing “Integrity and honest, smart and creative” course, accompanying 168 underprivileged students from the Taiwan Route 3 Elementary School in Hsinchu County to enrich their summer vacation. Happily, they learned to cooperate, having integrity and brainstormed creative ideas.

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



Workshop of Intelligence with Integrity Character—Summer Learning Camps of Students in Remote Areas



2. Dream Action—Campus Lectures

We invited youthful role models to act as dream diplomats, visiting remote mountain areas and seaside campus of Taiwan, sharing the realization process of dreams with senior high school and vocational school students, delivering active and positive powers, encouraging youths to be courageous to dream and realize their own boundless possibilities. In 2018, the workshop recruited for the first time group volunteers, with 19 enthusiastic employees assisted in carrying out and recording the events, experiencing the touching charms of dream realization at campus with the speeches of Shen Xinling, a Ten Outstanding Young Persons, Mr. Candle Huang Ming-Zeng, Hsing-Ho Chen, the former member of Cirque du Soleil, Yoyo Yang, a yoyo ball professional, Po-Han Huang, the magician of Hollywood “The Magic Castle”, and Jeff Lee, the champion of The Grand Master Asia with more than 80,000 students and teachers from 91 senior high schools and vocational schools.

▶ “Dream Action—Campus Lecture” Delivered Active and Positive Influence



3.Coding Program

“Technology changes life, the industry is transforming, education needs shift”. The AI smart era has come and programming has become the trend for future language communication. To cultivate the communication ability of the new generation, the BenQ Foundation works with Coding Nations to promote programming courses at remote and underprivileged areas, hoping to place root for information technology when one is still young and deepens the education of popular science.

In 2018, we poured in funds to support 50 elementary schools from remote and underprivileged areas in Taoyuan, Hsinchu and Taichung counties while offering the recruiting activities of “Coding Coaches” for group employees to participate, training 80 volunteers to become coding coaches. Qisda volunteers joined the group to teach at elementary schools, helping students to learn programming languages, feeling the heated onsite demand.

▶ 「“Coding Program” Recruited Coding Coaches from the Group to Assist Elementary School Students to Learn Programming Languages



「Coding Program」 Recruited Coding Coaches from the Group to Assist Elementary School Students to Learn Programming Languages



“BenQ International Sculpture Workshop” Donated “The space between” Sculpture to the Hsinchu City Government to Promote Public Art



“BenQ Chinese Cinema Fiction Award” Encourages the Waves for the Chinese Cinema Literature Creation



II. Elevate Original Cultural Values

I. BenQ International Sculpture Workshop

“BenQ International Sculpture Workshop” lets students and citizens interested in sculpture to interact closely with artists by offering a platform for sculpture arts with a one-month on-site creation for promoting local and overseas sculpture art exchanges. This also helps to cultivate Taiwan’s modern sculpture and open a diverse vision of cross fields. The workshop has been held for five years starting from 2010, successfully establishing fine Taiwan experience and image for the international artistic fields while leaving 78 sculpture treasures for Taiwan at public spaces, enriching the daily beauty experiences for citizens.

2. 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.

3. 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 2018, original music touches continued to be carried forward. Leon Cheng, winner of the honorable mention of the second-year competition, was a nominee of the 29th Golden Melody Awards in 2018 for "Best Mandarin Album" and "Best New Artist"; the award-winning piece "Lover" of the camp was also listed in the album.

► Leon Cheng, Winner of the Honorable Mention of the "BenQ East Coast Music Workshop", Was a Nominee of the 29th Golden Melody Awards in 2018



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 eleven 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.

► Contract Farming and Adoption "My Homeland"—Hsichou, Changhua autumn harvest labor experience



Contract Farming and Adoption “My Homeland”—Hsichou, Changhua autumn harvest labor experience



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 six 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

“DOC Small Bazaars” Qisda Employees Supported Pure Fine Goods of Small Farmers



and enough appreciation towards the rich humanity landscape of Hsinchu and Miaoli DOCs. Furthermore, from 2015 to 2018, we launched the “DOC Small Bazaars” for four years consecutively. Qisda employees care for the environment, support local agricultural products and learn about the small farmer brands and their attentiveness in pure farming as well as guarding the land via the bazaars. We use

enterprise group purchase to support agricultural products to directly connect with the economic benefits of the real demand of local people. We also gradually assist DOCs to cultivate small farmer brands, improving the product value and exposure rate, establishing the Internet marketing platform of “Dream Contract Farming”, recommending the small farmers to shoot films of “DOC Professional Website” to share the beautiful people and feelings, land and food source stories of Taiwan.

DOC Operational Performance and Influence

Qisda uses the power of BenQ Foundation and Qisda volunteers to assist DOC 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”. Additionally, “DOC Volunteer Trip”, “DOC Small Bazaar” and group employee purchase support helped poured in around NT\$1.5 million economic revenues for remote areas in 2018. This has a great influence and benefits various people and further encourages us to continue planting roots and expand the digital power of DOC.

「DOC Volunteer Trip」



「DOC Volunteer Trip」



► “Sky is My Home—Seeing Hsinchu and Miaoli” Records Homeland Humanity Landscapes with the Viewing Angle of a Flying Bird



累積觀看次數 **12,230** 次



累積觀看次數 **10,156** 次

“Sky is My Home—Seeing Hsinchu and Miaoli” imports emerging technology camera drone filming, leading local students to view our homelands with the angle of a flying bird. We compiled years of counseling resources, collecting special stories of various DOCs, summing up to record filming key points while brainstorming various creative viewpoints with extensions of vision and imagination to “see” the beauty of the unique landscape, scenery and human feelings of homelands. We have finished 13 series of camera drone films for Hengshan, Maliguang, Wufeng, Xinpu, Beipu and Cyonglin Townships of Hsinchu County, as well as Tongluo, Gongguan, Sanwan, Yuanli, Tongxiao and Taian Townships of Miaoli County.



《 Sky is My Home—Seeing Hsinchu and Miaoli 》 https://www.youtube.com/playlist?list=PL5W5zHMjCSmEWGwUrk-vDHwp_XEx6dsKQ



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 submit Science-Based Target (SBT) by 2019. 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.

Climate Policy and Carbon Management **SDG 7** **SDG 12** **SDG 13**

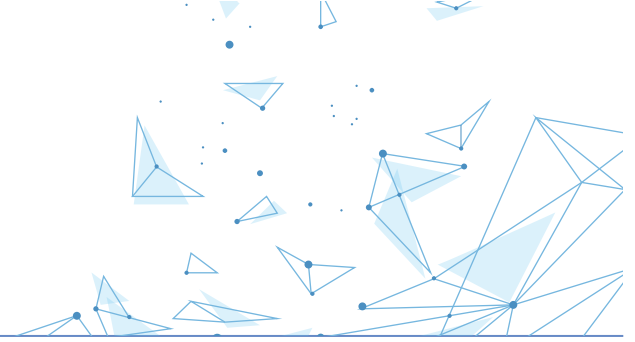
Green Product **SDG 7** **SDG 12** **SDG 13** **SDG 14**

Green Operation **SDG 6** **SDG 8** **SDG 11**

Material topics concerned by stakeholders

According to the identification of material topics, please refer to "Stakeholder Engagement." (P29)

Climate Policy and Carbon Management



Management Approach of Material Topic

Greenhouse Gas Emission and Energy Management*

● Surpassed ◎ Achieved ○ Not Achieved

Concerned Stakeholder

Customer, Communities, Employees

2018 Management Target

Electricity consumption per million US dollars of output value reduced **15%**

2018 Status

A **6.3%** decrease | ○**

2019 Management Target

Electricity consumption per million US dollars of output value reduced **20%**

Management approach

Responsibility

CSR&RM office

Resource

Cross-department cooperation, perform energy-saving project

Action

1. Continue to perform energy-saving project
2. Underground parking lot lighting changed to smart lighting

Evaluation

Report and review KPIs each quarter at Corporate Sustainable Development Committee



2018 Key Points and 2019 Plan

Qisda set Science-Based Targets(SBT) in 2018 and further expect to submit SBT by 2019.

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 products, green operation, and green supply chain. For each category, we have defined individual

According to the identification of material topics, please refer to "Stakeholder Engagement."

(P29)

* The targets is set based on the achievement of 2015 and the status is compared to that of 2015.

** Correction plan is mainly based on 1. Factory lighting energy-saving renovation 2. Air-conditioning off peak-time management (turn off in advance/turn on later)

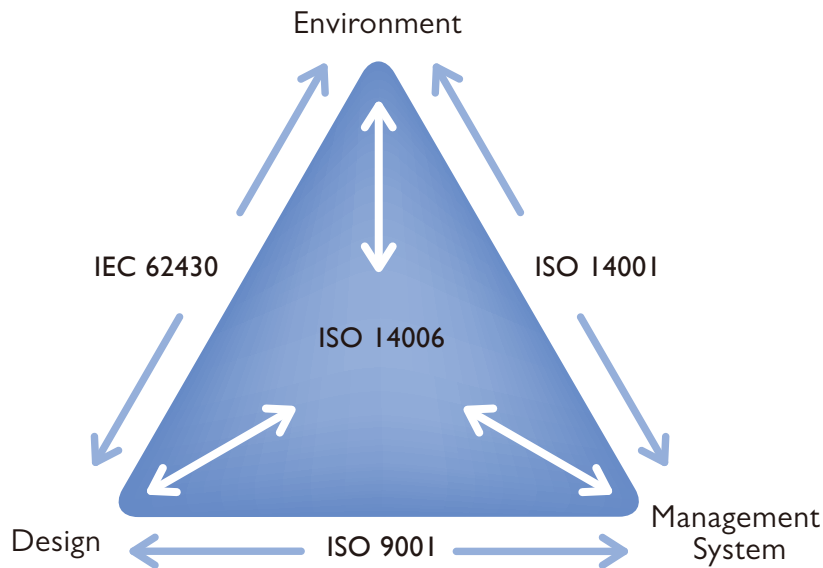
development strategy and set management targets to be assessed by using Key Performance Indicators (KPIs).

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 submit a science-based target for carbon reduction in 2019.

I. Green Products

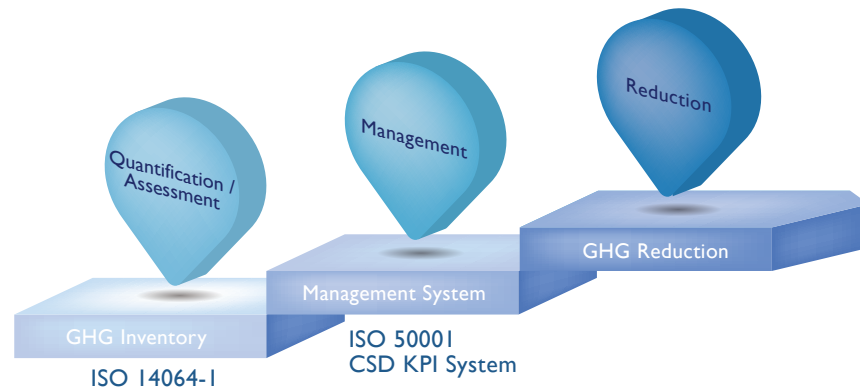
Qisda has utilized life cycle thinking to examine and quantify the carbon emissions impacts from each phase of our products' life cycle to further identify opportunities

Green Product Management Structure



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.

Green Operation Management Structure



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.

Green Supply Chain Management Structure



Climate Change: Risks, Opportunities and Further Actions

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

I. Risks

1. Risks driven by changes in regulations

The Greenhouse Gas Reduction Act was officially passed in 2015 and major emitters of domestic greenhouse gases have been required to regularly record their volumes of greenhouse gas emissions. Additionally, with the ratification of Paris Agreement by 151 parties, both the government and international clients have more requirements on carbon reduction. Therefore, Qisda will continue to monitor the trend to respond to related issues as soon as possible such as cap and trade and carbon tax. In addition, positioned as a design and manufacturing company of electronic products, Qisda is determined to abide by the international laws of product efficiency. We also ensure that we are up to date of current provisions of product labeling laws in our retail markets, such as product carbon footprint label.

2. Risks driven by changes in physical climate parameters

The global warming and dramatic climate change brought by the greenhouse effect will become threats to corporate sustainable 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

I. 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. 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 execute supply chain GHG management and carry out its corporate sustainability development tasks.

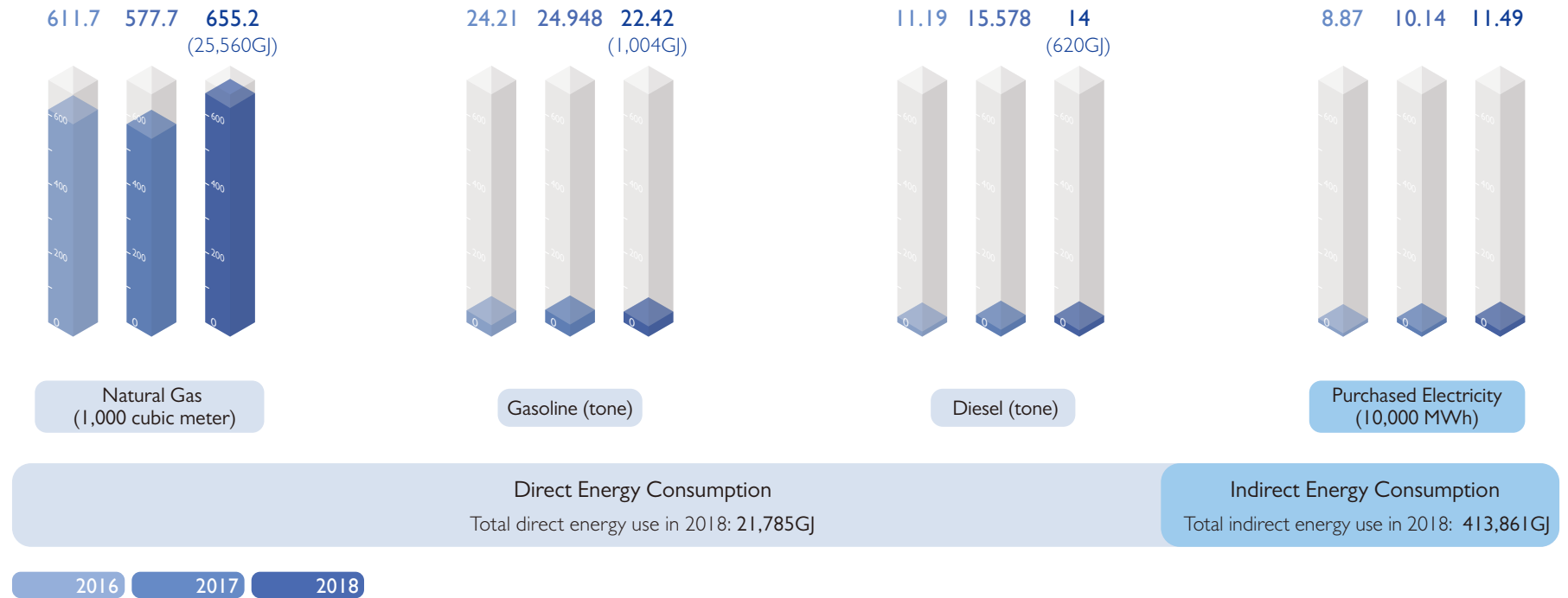
Greenhouse Gas Inventory

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 2018 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.

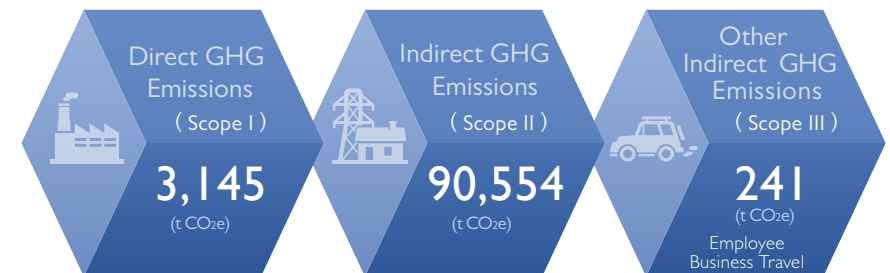
The energy resources utilized within Qisda include fossil fuels (natural gas, gasoline and diesel) and electricity used in manufacturing operations. Among them, electricity used in manufacturing operations accounts for the major energy consumption. Take the site in Suzhou, China as an example, the energy intensity (strength) is about 22,420 MWh per million US dollar of output value. The corporate internal energy consumption details in 2018 are as shown as below.

According to 2018 GHG inventory results, the global GHG emissions of Qisda are 93,699 t CO₂e. 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.

2018 Direct and Indirect Energy Use*



Greenhouse Gas Emissions**

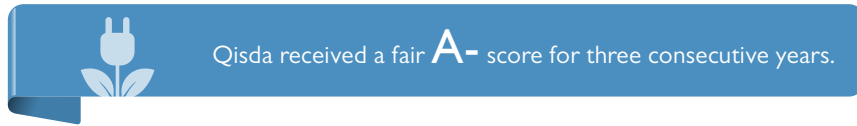


* 1. The standard, methodology and assumption used for calculating internal energy consumption: total energy consumption is added up by the volume of electricity recorded on the electricity bills.
 2. Joule conversion: the conversion table offered by GRI Disclosure 302-1.
 3. The unit of energy intensity is million US dollar of output value.
 4. The direct energy consumption of refrigerant and stream was 0 in 2018.

** 1. The standard, methodology and hypothesis of other indirect greenhouse gas 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 2018 by UK's Department for Environment, Food & Rural Affairs (DEFRA).

Carbon Disclosure Achievements

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 changed its scoring method in 2016 to A to D-, Qisda still received a fair A- score for three 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 issue while recognized by various groups.

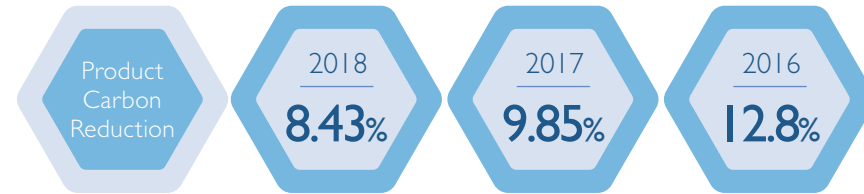
Qisda Carbon Disclosure Scores



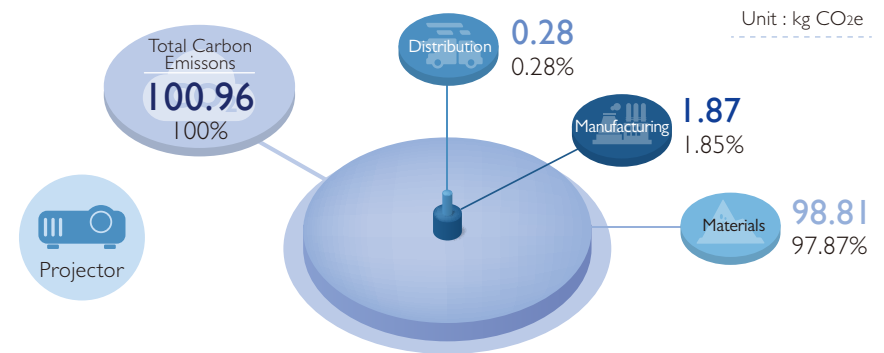
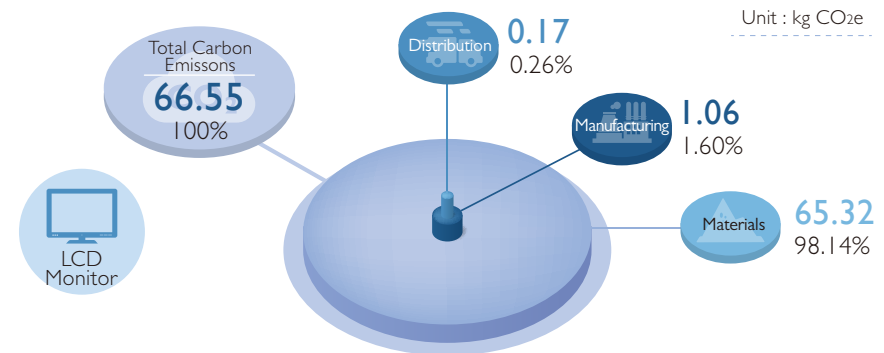
II. Carbon Footprint of Product

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 product carbon footprint listed in the table refers to the emission volume of B2B.

Performances on Product Carbon Reduction




Examples of Qisda Product Carbon Footprint Calculation






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.

GHG Emission Reduction Program






Engineering Improvement

	Energy Savings on Lighting	<ul style="list-style-type: none"> a. Use of energy efficient lighting in manufacturing facilities b. Use of LEDs in emergency escape lighting c. Underground parking lot lighting changed to smart lighting
	Energy Savings of Air Conditioner	<ul style="list-style-type: none"> a. Chiller equipment to improve and increase performance b. Air handling unit with variable frequency drive
	Others	<ul style="list-style-type: none"> a. Installation of solar power system b. Fixed and controlled exhaust for dormitory and underground parking facilities




Administrative Management

	People	<ul style="list-style-type: none"> a. Energy saving activities in the office
	Equipment	<ul style="list-style-type: none"> a. Compressor and chiller equipment operations management b. Increasing manufacturing process efficiency c. Energy use monitoring to control or shut down electricity
	Methods	<ul style="list-style-type: none"> a. Independent, area-specific air conditioning management b. Night-time energy management c. Concentrated manufacturing to reduce overtime d. Air conditioning synchronized with production start and end times


IV. GHG Reduction Performances*

Through various energy saving initiatives, the global hourly GHG emissions per employee was 2.1 kg CO₂e in 2018, in comparison to 2009's 2.86 kg CO₂e, there has been a 26% reduction.



Qisda has installed one solar panel in the top of office buildings in Taiwan site since 2011. The total electricity generation is **9,978** kWh per year. The amount of carbon reduction is **5.52** t CO₂e per year.

GHG Reduction Performances

	2009 Base Year	2015	2016	2017	2018	Reduction Rate (Compared to 2009)
Total GHG Emissions (10,000 tons CO ₂ e)	6.49	7.27	7.16	8.19	9.36	-
Hourly GHG Emissions Per Employee (kg CO ₂ e)	2.86	2.02	2.0	2.0	2.1	26
Total Electricity Consumption/ Total Output Values** (MWh / million)	35,219	25,624	25,231	24,555	23,283	34
Total GHG Emissions/ Total Output Values** (tons CO ₂ e / million)	35.01	21.65	23.38	21.52	20.63	41

* 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



Management Approach of Material Topic

Product Life Cycle Assessment*

● Surpassed ◎ Achieved ○ Not Achieved

Concerned Stakeholder

Customers, Suppliers, Employees

2018 Management Target

Energy saving **3%**, material reduction **3%**, carbon reduction **3%**, eco-efficiency improving **3%**

2018 Status

Done



2019 Management Target

Energy saving **4%**, material reduction **4%**, carbon reduction **4%**, eco-efficiency improving **4%**

Management approach

Responsibility

CSR&RM office

Resource

1. Cross-department cooperation, perform green design project
2. External audit unit performs verification
3. Corporate Sustainable Development Committee (CSD)

Action

1. Product R&D process adopts green design thinking
2. Internal system platform connection, improve information flow efficiency
3. Keep effectiveness of certificates of related systems (IEC 62430, ISO 14006) each year

Evaluation

Report and review KPIs each quarter at Corporate Sustainable Development Committee



In 2018, each product line averagely reached energy saving **28.8%**, material reduction **21.97%**, carbon reduction **31.08%** and eco-efficiency improving **70.91%**

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.

According to the identification of material topics, please refer to “Stakeholder Engagement.”

(P29)

* The targets is set based on the achievement of 2015 and the status is compared to that of 2015.

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 second spot of Channel News Asia Sustainability Ranking. In 2018, we were also invited to share our practice experiences at the “Sustainable Industrial Development Journal” of the Industrial Development Bureau (IDB) under the Ministry of Economic Affairs and the experiences were collected in the sustainable innovation type in the Corporate Sustainable Development Stories.

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 further building product sustainable value. The performance in 2018 achieved energy saving by 28.8%, material reduction by 21.97%, carbon reduction by 31.08%, and eco-efficiency improving 70.91%.

► The Advancement of Green Products of Qisda



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.

^{*} 2016~2020 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.

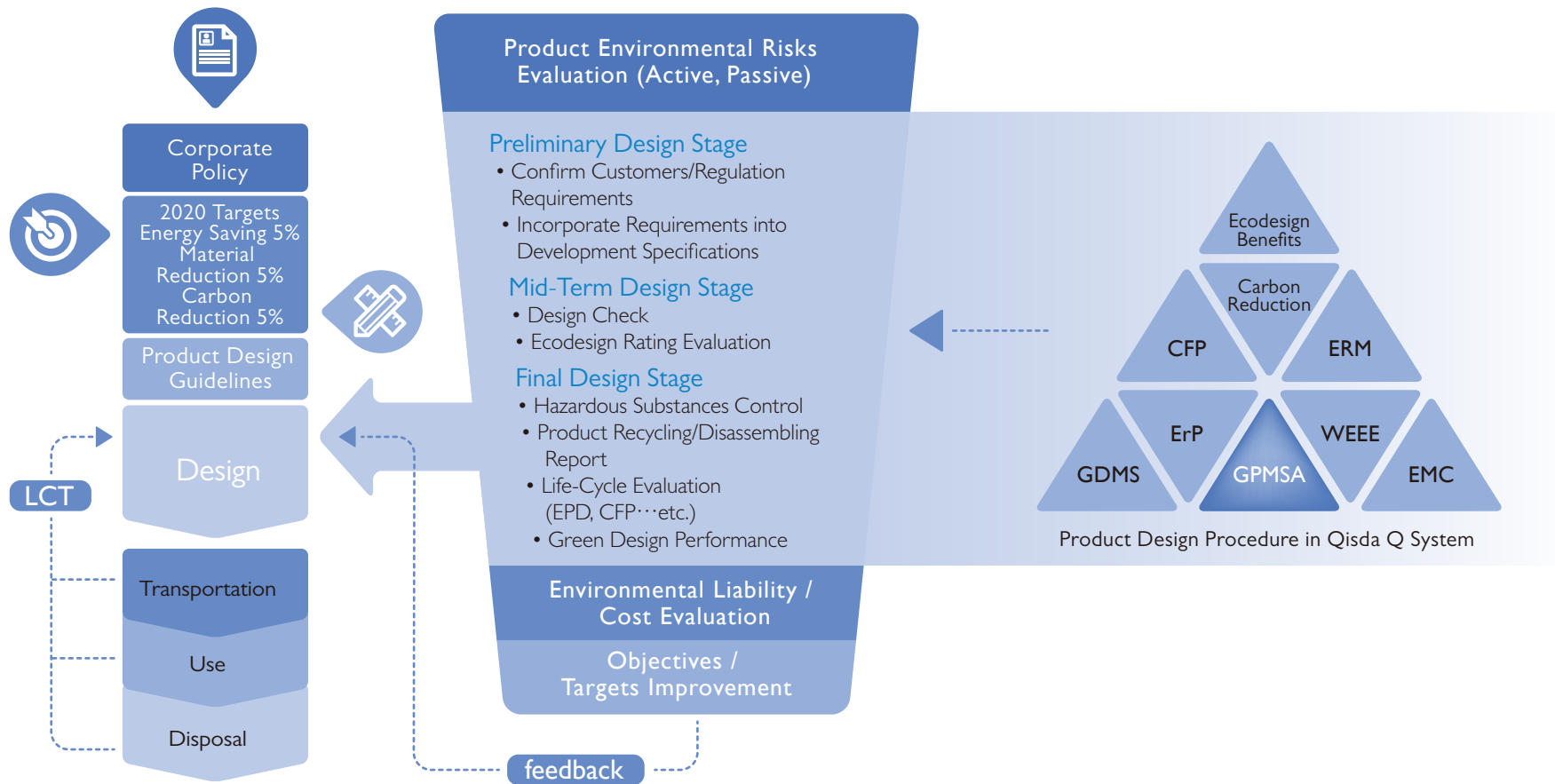
I. Ecodesign Guidelines/Directions

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.

Qisda Incorporating Ecodesign Structure



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 2018, the average weight reduction rate achieved 21.97% 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 2018, an increase of 28.8% in energy efficiency was observed for all production lines

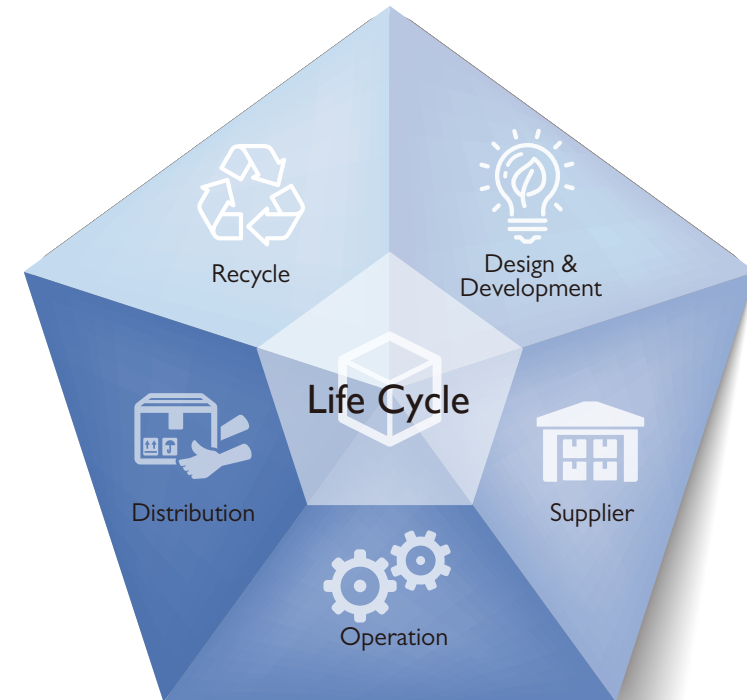
4.Product Disposal

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.

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

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.

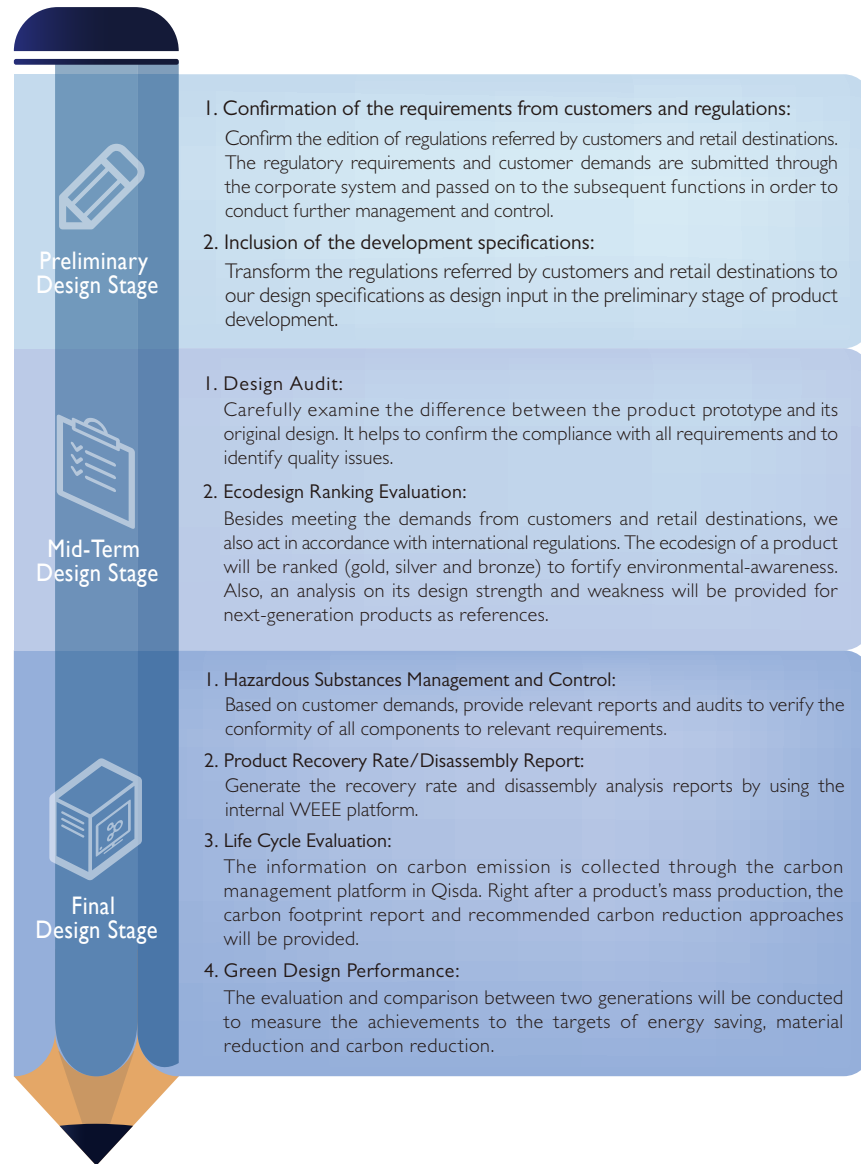
Qisda Product Life Cycle Thinking



II. Ecodesign 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:

For more information, please refer to "Quality and Hazardous Substances Management". (P112)



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-Efficiency

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. In 2018, an increase of 70.91% in eco-efficiency was observed for all production lines.

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.

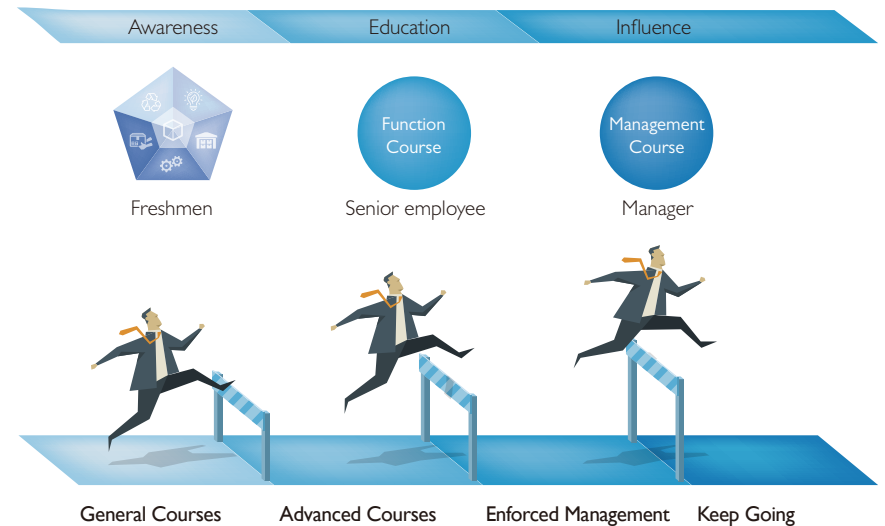
Green Talent Training and Development

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



Quality and Hazardous Substances Management

/ Management Approach of Material Topic

Quality/ Product Safety and Health ● Surpassed ○ Achieved ○ Not Achieved

Concerned Stakeholder	Management approach
Customers, Suppliers, Communities, Employees	Responsibility Quality Management
2018 Management Target Quality: Obtain ISO9001, ISO13485, IATF 16949 version change certificates. Product Health: Maintain IECQ QC080000 certificate. Product Safety: Meet customers' requirements, products meet and apply for the US Energy Star	Resource 1. Cross-department cooperation performing management system 2. External audit unit performs verification
2018 Status Done ○	Action Effectiveness of management system certificate each year
2019 Management Target Quality: 1. Maintain ISO9001, ISO13485, IATF 16949 certificates. 2. Pass audit and receive certificate of GMP new product type 3. EU CE-certified Medical Device Directive (MDD) shifted to Medical Devices Regulation (MDR) certificate Product Health: Maintain IECQ QC080000 certificate Product Safety: Meet customers' requirements, products meet and apply for the US Energy Star	Evaluation Inspect whether goals are reached at year-end each year



Obtained ISO 9001, ISO 13485, IATF 16949, IECQ QC 080000 certificates.

Qisda does its utmost to comply with ISO 9001 Quality Management Standards, ISO13485 Medical Device Quality Management System, IATF 16949 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.

According to the identification of material topics, please refer to "Stakeholder Engagement." (P29)

In 2018, there were no violations of laws or voluntary standards for those influencing health or safety during product lifecycle, nor were there violations of regulations or voluntary regulations for information and marking of products and services. We also cooperated with clients and products met while applying for new-version Swedish Federation of Professional Employees (TCO) display voluntary standards, totaling 15 models.

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

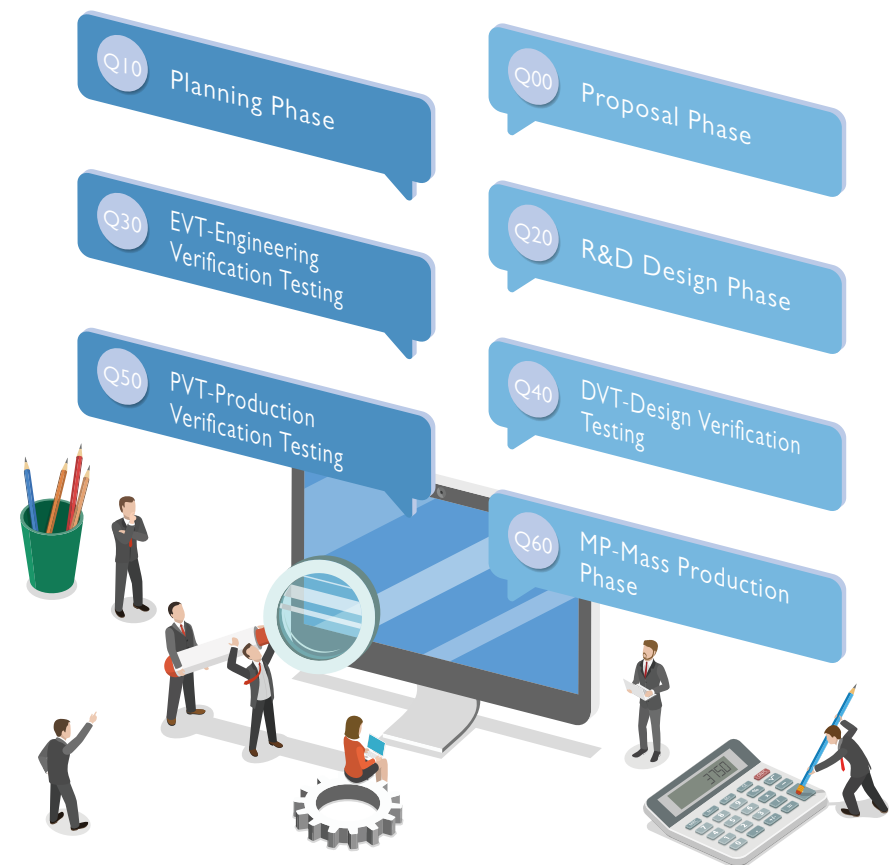
Qisda's product prototype must pass following tests and must obtain related product safety certificates of each region or country before able to be volume produced to ensure that the products received by our customers are free from safety concerns.

1. **Product safety:** Reduce and prevent dangers such as heat, chemical and radiation caused by energy and operation of product electricity leakage and short circuit fires such as Taiwan BSMI, US UL standards (UL60950-1 Ed. 2/UL60065 Ed. 7), China CCC standards (GB 4943.1-2011/GB8898-2011) and so on.
2. **Electromagnetic compatibility (EMC):** Inspect the influences of the electromagnetic radiation generated out of electronic products on human body, public electric grid and other normally-operating electronic products and check the stability of electronic products in the electromagnetic environment such as the US FCC, CE Marking (EMC Directive 2004/108/EC, Low Voltage Directive 2006/95/EC and so on.
3. **Energy consumption:** Reduce energy consumption waste during product lifecycle, improve efficiency, reduce energy waste such as the US Energy Star and China Energy Label (CEL).

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 18001 Occupational 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 certification 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



Management Approach of Material Topic

Waste Management ● Surpassed ○ Achieved ○ Not Achieved

<p>Concerned Stakeholder</p> <p>Customers, Suppliers, Communities, Employees</p>	<p>Management approach</p> <p>Responsibility CSR&RM office</p> <hr/> <p>Resource Contractors</p> <hr/> <p>Action</p> <ol style="list-style-type: none"> Promote recycle and waste-reduction activities Outsourcing companies assist to launch garbage classification <hr/> <p>Evaluation Report and review KPIs each quarter at Corporate Sustainable Development Committee</p>
<p>2018 Management Target</p> <p>Recyclable waste rate reaches 90%</p>	
<p>2018 Status</p> <p>93% ●</p>	
<p>2019 Management Target</p> <p>Recyclable waste rate reaches 90%</p>	

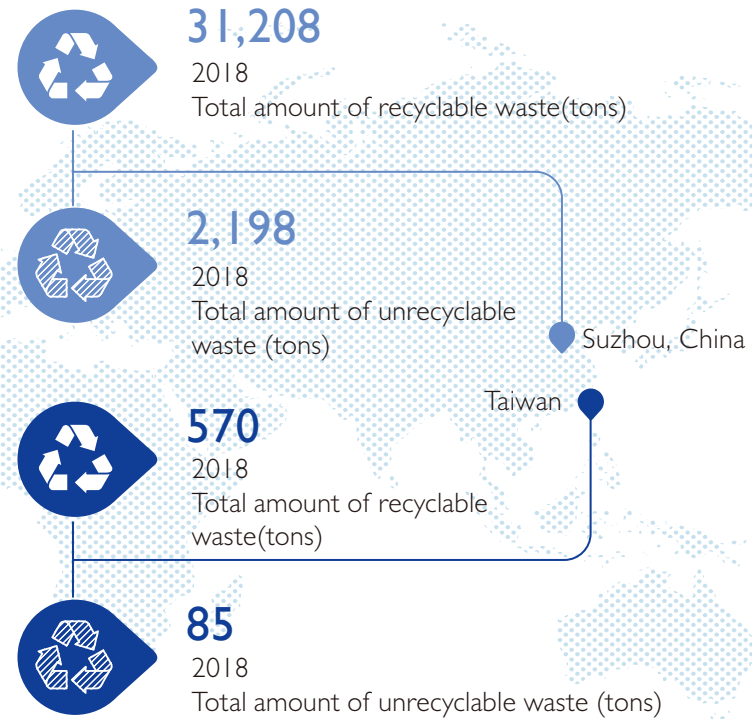
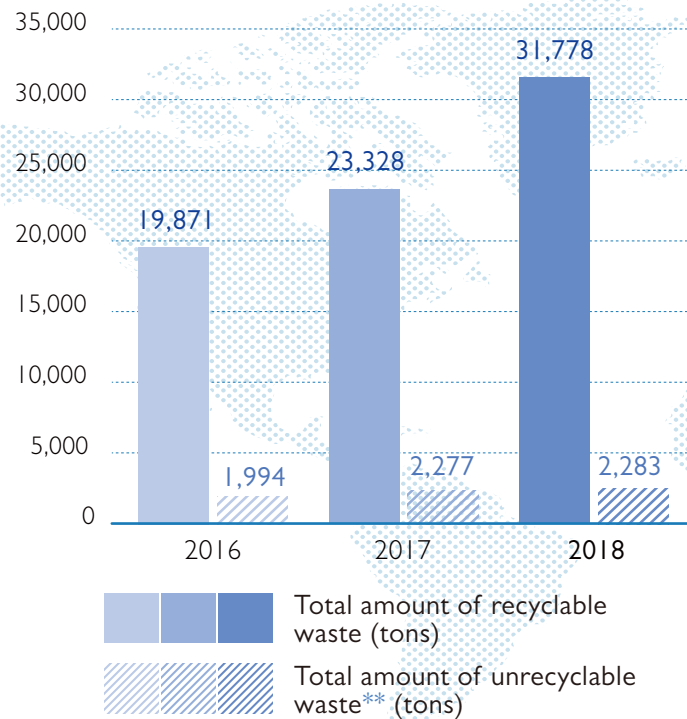
According to the identification of material topics, please refer to "Stakeholder Engagement." (P29)

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.

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 2018 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 93 % by 2018. To sum up, the accumulated amount of recyclable wastes has totaled 186,296 tons since 2009, of which 178,235 tons were generated in the manufacturing site of Suzhou, China.

Waste Management Comparisons*



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

Water Resources Management

 Total water consumption per million US dollars of revenues showed a decrease by **62.7%** in 2018, as compared to 2009.

Management Approach of Material Topic

Water Management * ● Surpassed ◎ Achieved ○ Not Achieved

Concerned Stakeholder Customers, Suppliers, Communities, Employees	Management approach Responsibility CSR&RM office
2018 Management Target Water consumption per million US dollar of of output value (tonnes) reduced 6%	Resource Cross-department cooperation, perform water-saving project
2018 Status A decrease of 42.6% ●	Action 1. Promote water saving activities 2. Use sewage recycle system, recycling and reusing living sewage
2019 Management Target Water consumption per million US dollar of of output value (tonnes) reduced 8%	Evaluation Report and review KPIs each quarter at Corporate Sustainable Development Committee

According to the identification of material topics, please refer to "Stakeholder Engagement." (P29)

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 429 megaliters in 2018, with total volume of water discharges of 344 megaliters. 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 2018, water consumption per million US dollars of output revenues was 94.9 tons, which has decreased by 62.7% 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 5.9% of its total water consumption.

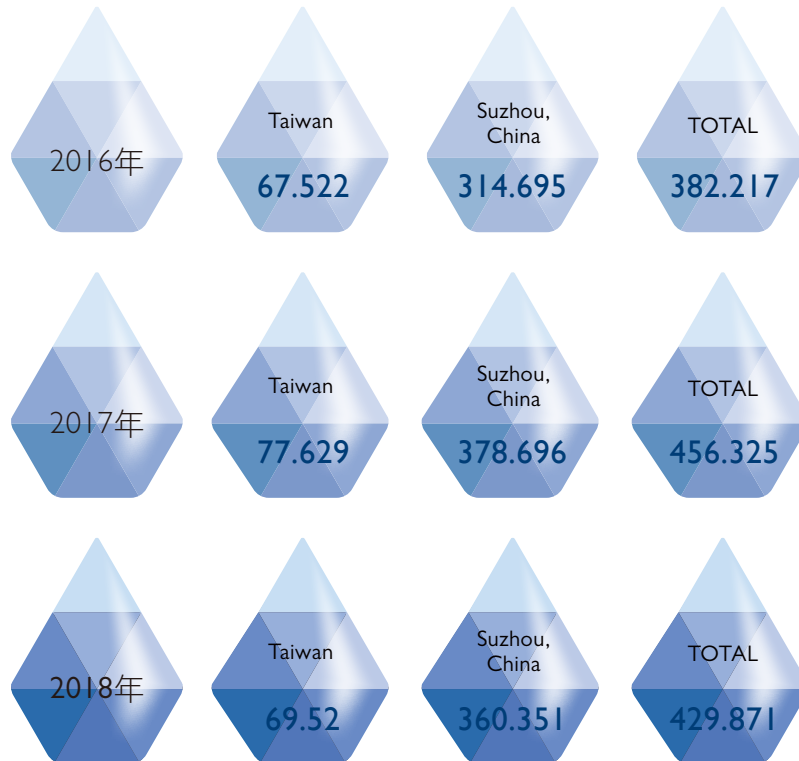
For domestic sewage control, Qisda has hired specialized personnel to operate and maintain installed wastewater treatment system in Taiwan and used bio-film treatment system to process domestic sewage. Domestic sewage generated in this site all discharges into municipal sewage system. The wastewater 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*** while our Suzhou factory meets the mixed sewage emission standard****. Water discharge is regularly monitored and is not reused by other organizations.

With all of Qisda's manufacturing sites located within industrial parks, the company does not own, lease, or manage any manufacturing facility located within ecological

* The targets is set based on the achievement of 2015 and the status is compared to that of 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).
 *** 1.Incoming waste water standard for industrial zones adopts the maximum value of the bill of service center of the Ministry of Economic Affairs in 2018.
 2.Taiwan: The minimum standard of effluent quality are COD:480 mg/L, SS:200mg/L. The actual value is the maximum value of the Guishan Industrial Park Service Center. In 2018 the value for COD was 57.45 mg/L while that for SS was 20.95 mg/L.
 **** Suzhou, China: The minimum standard of effluent quality are COD:500 mg/L, SS:400mg/L. The actual value is the maximum value of the inspection report value. In 2018 the value for COD was 404 mg/L while that for SS was 97 mg/L.

conservation areas or water conservation areas. It does not engage in any kind of activity that creates a negative influence toward biodiversity. It is Qisda's commitment to ensure that during its product manufacturing and service process, it does not present a negative influence on the ecology.

▶ Total Water Consumption in Global Manufacturing Sites (1,000 tons)*



* 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).
 3.According to the World Resources Institute Aqeduct "Water Risk Atlas", Suzhou, China is the pressure area for water resources.

▶ Water Withdrawal, Water Discharge and Water Consumption (1,000 tons)



Water Withdrawal		All areas	Areas with water stress
Water withdrawal by source	Surface water (total)		
	Freshwater (≤ 1,000 mg/L Total Dissolved Solids)	429.871	360.351
	Other water (≤ 1,000 mg/L Total Dissolved Solids)	0	0
	Groundwater (total)		
	Freshwater (≤ 1,000 mg/L Total Dissolved Solids)	0	0
	Other water (≤ 1,000 mg/L Total Dissolved Solids)		
	Seawater (total)		
	Freshwater (≤ 1,000 mg/L Total Dissolved Solids)	0	0
	Other water (≤ 1,000 mg/L Total Dissolved Solids)		
	Produced water (total)		
	Freshwater (≤ 1,000 mg/L Total Dissolved Solids)	0	0
	Other water (≤ 1,000 mg/L Total Dissolved Solids)		
Third-party water (total)			
Freshwater (≤ 1,000 mg/L Total Dissolved Solids)	0	0	
Other water (≤ 1,000 mg/L Total Dissolved Solids)			
Total third-party water withdrawal by withdrawal source			
Surface water ∨ Groundwater	0	0	
Seawater ∨ Produced water			
Total water withdrawal	Surface water (total) + groundwater (total) + seawater (total) + produced water (total) + third-party water (total)	429.871	360.351

Water Withdrawal, Water Discharge and Water Consumption (1,000 tons)



Water Discharge		All areas	Areas with water stress
Water discharge by destination	Surface water	343.9	288.281
	Groundwater	0	0
	Seawater	0	0
	Third-party water (total)	0	0
	Surface water + groundwater + seawater + third-party water (total)	0	0
Water discharge by freshwater and other water	Freshwater (≤ 1,000 mg/L Total Dissolved Solids)	0	0
	Other water (≤ 1,000 mg/L Total Dissolved Solids)	0	0









Water Consumption		All areas	Areas with water stress
Total water consumption		85.971	72.07

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

Item	Content	Risk Level
 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 this site all discharges into municipal sewage system. The wastewater generated in the manufacturing site in Suzhou, China discharges to the municipal drainage system, while the emission destinations are all 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 disaster. Before the upcoming typhoon, Qisda will ask its cleaning staff to especially clean the ditch for drainage of water, preventing flood at the manufacturing sites due to insufficient drainage. The company also prepares emergency equipment such as earth bag and water gate to prevent sudden damages.	Low Risk
 Legal Compliance	At the end of each quarter, the company inspects whether the status of its water meets related regulations and immediately responds to new updates of regulations. In recent years, no violation of water regulations is found at its sites.	Low Risk
 Cost	Whether in Suzhou, China or Taiwan, water expenses are inexpensive. In addition, we have insignificant water consumption at the site, eventhough Taiwan plans to collect water consumption fee, this has extremely low impact on the company's costs.	Low Risk

Safety & Health Management

Management Approach of Material Topic

Occupational Accident Management* / Chemical Management

● Surpassed ○ Achieved ○ Not Achieved

Concerned Stakeholder	Management approach
Customers, Suppliers, Communities, Employees	Responsibility CSR&RM office
2018 Management Target	Resource
Occupational Accident Management: 1.Reduce injury rate (IR) by 6% . 2.Reduce lost day rate (LDR) by 18% .	1. Cross-department cooperation, perform projects 2. External audit unit performs verification 3. Social Responsibility and Environmental, Safety and Health Management Committee
Chemical Management: 0 incidents of chemical, oil, fuel spills or leaks.	Action
2018 Status 1.Reduce injury rate (IR) by 6% . 2.Reduce lost day rate (LDR) by -21% .	1. Maintain the effectiveness of Occupational Health and Safety Assessment Series (OHSAS) certificate (OHSAS 18001: 2009) 2. Launch educational trainings 3. Work injury incident analysis and improvement
2019 Management Target Occupational Accident Management: 1.Reduce injury rate (IR) by 8% . 2.Reduce lost day rate (LDR) by 24% .	Evaluation
Chemical Management: 0 incidents of chemical, oil, fuel spills or leaks.	Report and review KPIs each quarter at Social Responsibility and Environmental, Safety and Health Management Committee

According to the identification of material topics, please refer to "Stakeholder Engagement." (P29)

* The targets is set based on the achievement of 2015 and the status is compared to that of 2015.

** Correction plan is based on the project structure of 1. Strengthen operational area management 2. Duty system establishment 3. Topical safety activities.

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, proceed with hazard identification and risk evaluation while continuing to proceed with verification each year. In 2019, we will implement Occupational Health and Safety Management System (ISO 45001:2018), expanding the management range of workers.

2018 Management Key Points and 2019 Plan
 We collect information about Occupational Health and Safety Management System (ISO 45001:2018) and expect to implement it in 2019. Also, to respond to our company's introduction of automation equipment, considering the safety issue of human/equipment collaboration, we expect to meet requirements of local/overseas safety standards in 2019.

I. Occupational Safety and Health Management






Injury rate reduction **79%**, lost day rate reduction **62.2%**, as compared to 2009.

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 2018, Qisda's average lost day rate was 3; the rate of occurrence of occupational disease was 0; the injury rate was 0.088.







































Statistics demonstrates a decrease of 62% in lost day rate of 2018, as compared to 2009. The injury rate of 2018 also dropped 79%, 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 Taiwan, the working hour of non-occupational injury and disease was around 2.5 million hours in 2018.

Global Safety and Health Management Performance Comparisons(2016~2018)*

Safety & Health Performance Indicator	Global Manufacturing Sites		
	2016	2017	2018
 Injury Rate (IR)	0.076	0.074	0.088
 Lost Day Rate (LDR)	1.8	3.3	3.5
 Occupational Diseases Rate (ODR)	0	0	0
 Absentee Rate (AR)	18.5	37.4	37.2
 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 (2018)

2018		 Taiwan	 Suzhou, China	 Global Manufacturing Site
	Injury Rate (IR)	 0	 0.15	 0.13
		 0	 0	 0
Total		0	0.1	0.08
	Lost Day Rate (LDR)	 0	 6	 5.47
		 0	 0	 0
Total		0	3.96	3.38
	Occupational Diseases Rate (ODR)	 0	 0	 0
		 0	 0	 0
Total		0	0	0
	Absentee Rate (AR)	 0	 6.14	 5.47
		 0	 0	 0
Total		0	3.96	3.52
	Total Sum of Deaths Caused by Work	 0	 0	 0
		 0	 0	 0
Total		0	0	0

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 2018, 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 2018.

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.

5 Hand in Hand and Create Growth Together

Commitment and Management Strategies

Qisda continues to speed up its industry transformation plan, expecting its sales of new business under transformation such as smart solution and medical business to account for more than half of its revenues by 2022. With hidden champions from various target fields, Qisda expands its joint fleet. With cooperation of subsidiaries and Qisda, we expect to expand the influence of Qisda by pushing growths in aspects such as economy, society and environment.

Prospects

Under the leadership of Qisda, we continue to share group resources and bring the benefits of professional responsibility assignment into full play. In recent years, we have already pushed economic benefits of subsidiaries gradually. Also, we continue to strengthen the sustainable performance of our subsidiaries while expecting to lead subsidiaries to obtain the greenhouse gas inventory (ISO 14064-1:2018) certificate in 2020.

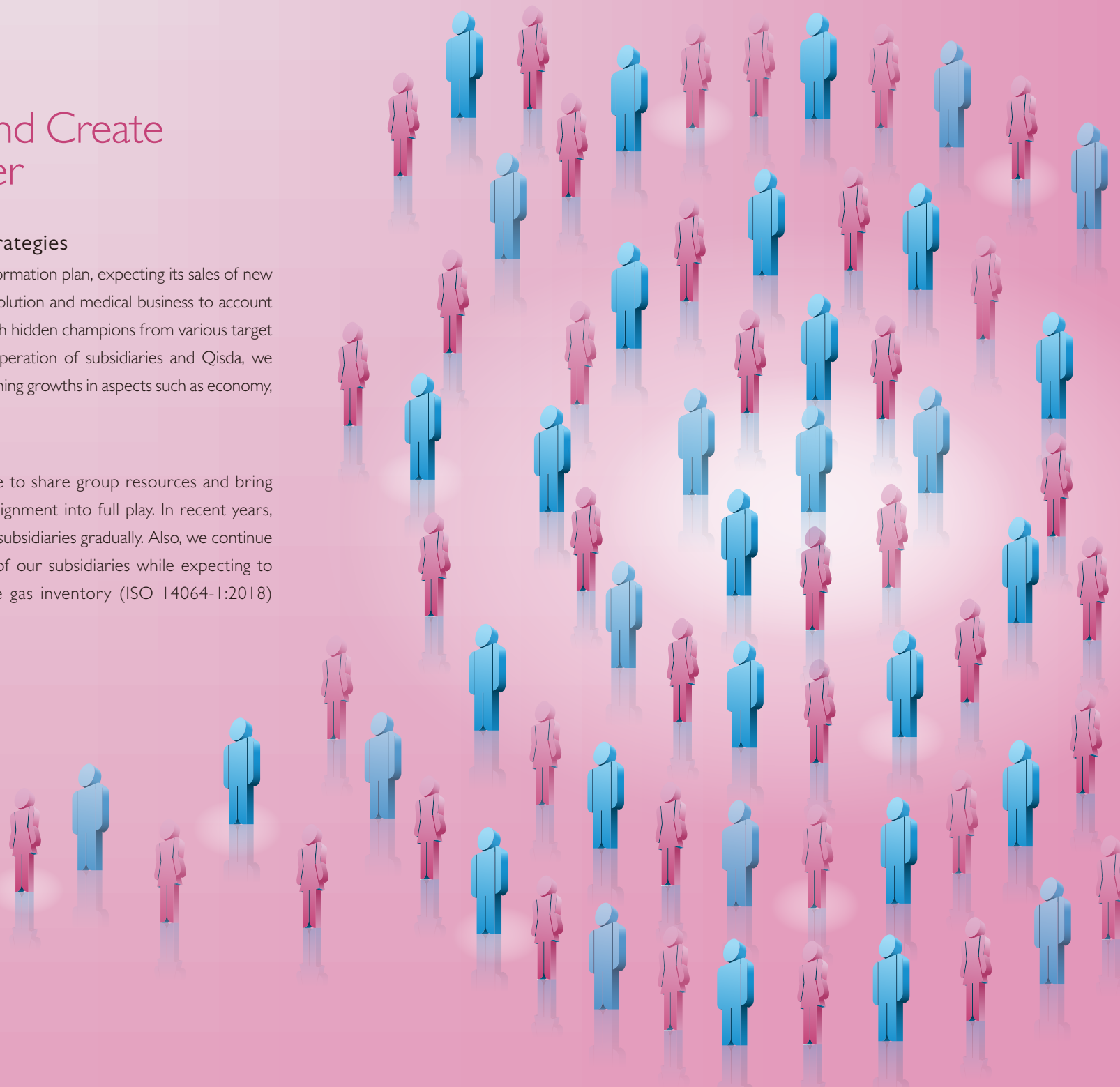
In This Chapter

BenQ Dialysis Technology Co.

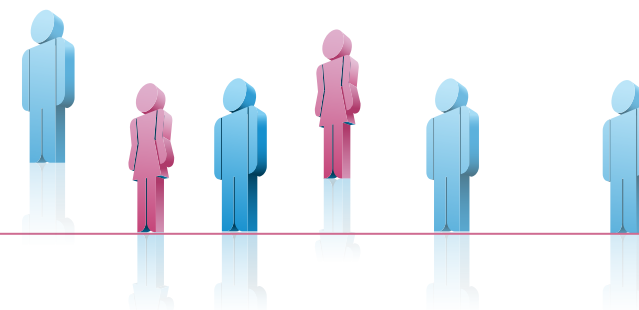
BenQ Medical Technology Co.

Lily Medical Co., Ltd.

DFI Inc.



BenQ Dialysis Technology Co.



I. Basic Information

Basic Information

1. Name of organization	BenQ Dialysis Technology Co.
2. Establishment time	2014
3. Chairman	Harry Yang
4. Headquarter	Taoyuan, Taiwan
5. Employee number	23
6. 2018 revenues	NTD \$ 0.28 B
7. Global business locations	a. R&D Centers: Taiwan b. Manufacturing Sites: Taiwan c. Service Centers: Taiwan
8. Major products and services	Medical equipment, electrical equipment and electronic products

Environmental Aspect

1. Procured electricity	600,892 MWh, 2163.2 GJ
2. Direct greenhouse gas emission	0 tons CO ₂ e
3. Indirect greenhouse gas emission	333 tons CO ₂ e
4. Water consumption	1661 tons
5. Sox.NOx	None
6. Chemical leakage	None
7. GRI Injury Rate (IR)	None
8. GRI Lost Day Rate (LDR)	None
9. GRI Occupational Occurrence Rate (ODR)	None
10. Death in line of duty sum	None
11. Violation of environmental regulations	None
12. Environmental appeal cases	None

Social Aspect

1. Employee number classification	Number and percentage of male: 18 (75%) Number and percentage of female: 5 (25%)
2. Employment rate	17.4%
3. Turnover rate	17.4%
4. Equal wages for equal work	Ratio of basic salary of male/female: same as Qisda Ratio of compensation of male/female: same as Qisda
5. Non-discrimination	We promise we 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.
6. Child labor	Production areas promise not to hire child labor and no forced labor.
7. Forced labor	
8. Anti-corruption training	100%
9. Violation of social regulations	None
10. Labor, human right appeal incidents	None

BenQ Dialysis Technology Co. :
<http://www.benqdialysistech.com/index.html>



2. Material Issues

We investigated 35 issues in total, issuing questionnaires to suppliers, customers and employees while retrieving 15 answered copies. In 2018, we already set up related KPIs for major issues identified by stakeholders. In 2018, the KPI goal-reaching status and management guidelines were as follows:

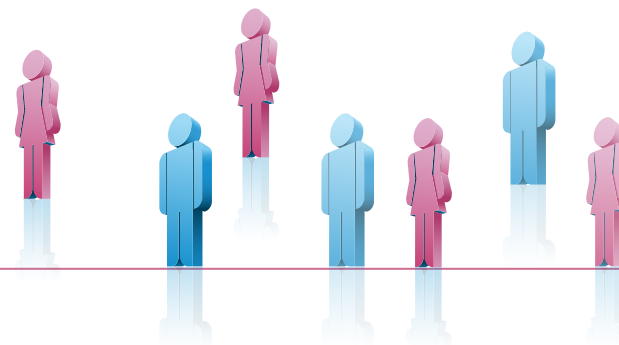
● Surpassed ◎ Achieved ○ Not Achieved

Category	Material Topic	Boundary	2018 Management Target	2018 Status	Management Approach
Governance/ Economy	Quality	Inside	Medical Device Quality Management System Certificate (ISO 13485) version change completed	Done ◎	BenQ Dialysis Technology Corp is a medical devise manufacturing company, with safe and effective being the highest principles of its R&D/production processes. It stressed also on product quality. Therefore, it has finished Medical Device Quality Management System Certificate (ISO 13485) version change in 2018. In the same year, it smoothly obtained Korea's MFDS (formerly named KFDA) certificate for quality governed by international authorities.
	Supplier Social Assessment	Outside	Key component supplier survey rate 100%	100 % ◎	For medical device industry, materials that touch human bodies should undergo tests and certifications for related materials in early-stage according to the Biological Evaluation of Medical Devices (ISO 10993). Therefore, BenQ Dialysis launches evaluation and audit for key material suppliers each year to ensure the key materials are produced under strict control. In 2018, key components all passed audit.
Society	Recruiting and Retention	Inside	Indirect Labor (IDL) turnover rate =7%	Indirect Labor (IDL) turnover rate =0 % ●	BenQ Dialysis, a member of the BenQ Qisda Group, also stays true to its happy enterprise culture and stresses on training its talents. Therefore, when the company was initially created, it hired various professional talents of biotechnology medical business. Currently, employees all deeply trust the policies and direction of the company; there was no IDL turnover in 2018.
	Salary and Benefit	Inside	Activities held by the Welfare Committee have a satisfaction score of >= 4.0 out of 5 for the year.	Scored 4.2 ●	We comply with labor acts, offering employees competitive compensation and there is no difference in rewards because of gender, religion, race, nationality and political party. Also, we have the philosophy of a happy and healthy workplace, planning diverse and equal employee welfare activities for employees to experience a fair workplace and happy corporate culture. In 2018, the average satisfaction score of welfare activities reached 4.2 out of 5.

● Surpassed ◎ Achieved ○ Not Achieved

Category	Material Topic	Boundary	2018 Management Target	2018 Status	Management Approach	
Environment	Water	Inside	Baseline data collection	Done	●	BenQ Dialysis records water consumption status each month. In total, each dialyzer consumed 9.32 (L/pcs) in 2018.
	Waste	Inside	Data collection	Done	◎	BenQ Dialysis records waste status each quarter. Each dialyzer produces waste of 0.0324 kg in average, totaling 173,121 pcs in 2018. The overall weight of dialysis waste in 2018 reached 6.2 tonnes.
Health and Safety	Toxic Chemical Substances Management	Inside	0 leakage	0 leakage	◎	BenQ Dialysis cares for the working safety of employees and manages it through Occupational Health and Safety Management Systems (OHSAS 18001). Each year, we have external verification. There was no chemical leakage in 2018.
	Health Management	Inside	Health examination of once in two years, better than regulations	Done	◎	A healthy employee is the most precious asset of the company. BenQ Dialysis launches at least twice a year health examination to track and manage the health of employees. In 2018, 92% of employees received health examination.

BenQ Medical Technology Co.



I. Basic Information

Basic Information

1. Name of organization	BenQ Medical Technology Co.
2. Establishment time	1989
3. Chairman	Peter Chen
4. Headquarter	Taipei, Taiwan
5. Employee number	135
6. 2018 revenues	NTD \$ 1.2 B
7. Global business locations	a.R&D Centers: Taiwan b.Manufacturing Sites: Taiwan c.Service Centers: Taiwan
8. Major products and services	Gynecology and obstetrics operating tables and accessories, automatic surgery operating tables and accessories, manual surgery operating tables and accessories, surgery operating lamp, optic fiber dentistry light source (examination lamp) , dentistry planning software, operating room integration solution series products (iQOR)

Environmental Aspect

1. Procured electricity	2,870,588 MWh, 10,334 GJ
2. Direct greenhouse gas emission	25 tons CO2 e
3. Indirect greenhouse gas emission	1,950 tons CO2 e
4. Water consumption	3,055 tons
5. Sox.NOx	None
6. Chemical leakage	None
7. GRI Injury Rate (IR)	None

8. GRI Lost Day Rate (LDR)	None
9. GRI Occupational Occurrence Rate (ODR)	None
10. Death in line of duty sum	None
11. Violation of environmental regulations	None
12. Environmental appeal cases	None

Social Aspect

1. Employee number classification	Number and percentage of male: 81 (60%) Number and percentage of female: 54 (40%)
2. Employment rate	18.32%
3. Turnover rate	24.43%
4. Equal wages for equal work	Ratio of basic salary of male/female: 1:1 Ratio of compensation of male/female: 1:1
5. Non-discrimination	None
6. Child labor	None
7. Forced labor	None
8. Anti-corruption training	100%
9. Violation of social regulations	None
10. Labor, human right appeal incidents	None

BenQ Medical Technology Co. :
<https://www.benqmedicaltech.com/webs-en-us/product.html>



2. Material Issues

We investigated 34 issues in total, issuing questionnaires to suppliers, customers and employees while retrieving 23 answered copies. In 2018, we already set up related KPIs for major issues identified by stakeholders. In 2018, the KPI goal-reaching status and management guidelines were as follows:

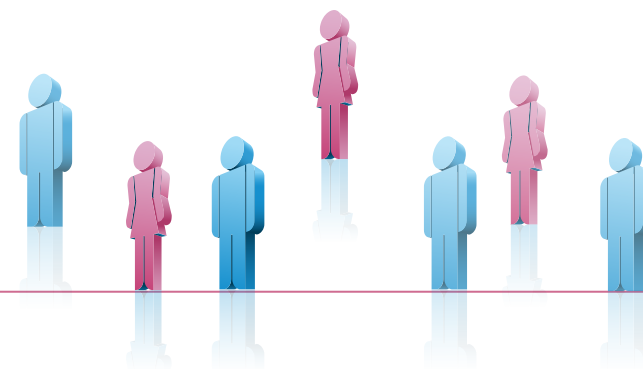
● Surpassed ◎ Achieved ○ Not Achieved

Category	Material Topic	Boundary	2018 Management Target	2018 Status	Management Approach
Governance/ Economy	Quality	Inside	Dead of arrival, DOA = 0	IDOA = 2~3 ○	Although we didn't reach the DOA indicator in 2018, there were no major illegal and product safety issues.
	Customer Satisfaction	Outside	Scored >= 85	Scored 90 ●	To understand the customer satisfaction rate of using our products, we regularly collect customer satisfaction survey results each year for internal improvement opportunities. The average satisfaction rate in 2018 was 90.
Society	Human Rights	Inside	No labor right, human right issue appeal incidents	0 ◎	BenQ Medical Technology Corporation (BMTC) stresses the labor and human rights of employees and collect related messages via employee appeal emails. There were no appeal cases in 2018.
	Salary and Benefit	Inside	Activities held by the Welfare Committee have a satisfaction score of >= 4.0 out of 5 for the year.	4.5 ●	BMTC stresses the leisure activities of employees during holidays and holds related trips by the Welfare Committee for employees to participate to bring them closer with each other while performing satisfaction survey after the activities as a reference for future improvements. The result is 4.5 out of 5.
Environment	Product Life Cycle Assessment	Inside	Reduce the usage area of PCBA for operating tables by more than 15%	15.25 % ●	We continued to reduce impacts on the environment with source design of the products and streamline design. This has always been the design concept for the products of BMTC. In 2018, the PCBA usage area reduction goal of operating tables were reached.
	Greenhouse Gas Emission and Energy Management	Inside	Reduce oil consumption of company car by >= 5%	12 % ●	BMTC started greenhouse gas inventory in 2018 each year for internal resource usage. In 2018, the oil consumption of company car reduced around 95 liters.

● Surpassed ◎ Achieved ○ Not Achieved

Category	Material Topic	Boundary	2018 Management Target	2018 Status	Management Approach
Health and Safety	Chemical Management	Inside	Consumption of cleaning naphtha per table reduced by 5% at least	Increased by 40% ○	Only by establishing an appropriate safe storage environment for dangerous article can effectively prevent them to have impact on the environment when being leaked and the safety of related operating staff of the factories can be ensured. In the fourth quarter of 2018, due to more frequent abnormal incidents of the production procedure, the level of cleaning naphtha was too high and we have controlled the abnormality later on.
	Customer Safety and Health	Inside	Non-qualified rate of hazardous materials of products = 0	0 ●	BMTC prioritizes compliance and reexamines, renews and adjusts according to the EU's RoHS instructions to ensure our products meet the instructions. In 2018, the examination for incoming materials all meet the instructions.

Lily Medical Co., Ltd.



I. Basic Information

Basic Information

1. Name of organization	Lily Medical Co., Ltd.
2. Establishment time	1984
3. Chairman	Harry Yang
4. Headquarter	Miaoli, Taiwan
5. Employee number	96
6. 2018 revenues	NTD \$ 0.3 B
7. Global business locations	a. R&D Centers: Taiwan b. Manufacturing Sites: Taiwan c. Service Centers: Taiwan
8. Major products and services	Major products of sales, OEM and design medical consumables: Fluid infusion type (products that can help control the medicine infusion volume and density entering the human bodies such as precise fluid infusion set and extension tube), injection without needle type (for medical staff to conveniently perform injection for applying medicine without needle, reducing the danger of medical staff being stung by needles), drainage type, bag type, semi-finished goods and components

Environmental Aspect

1. Procured electricity	1,560,400 MWh, 5,617 GJ
2. Direct greenhouse gas emission	32 tons CO ₂ e
3. Indirect greenhouse gas emission	864 tons CO ₂ e
4. Water consumption	5,015 tons
5. Sox,NOx	Diesel for emergency generator, small boiler and stacker. Only small-quantity volatile for filler level, already underwent voluntary greenhouse gas inventory.

6. Chemical leakage	None
7. GRI Injury Rate (IR)	None
8. GRI Lost Day Rate (LDR)	None
9. GRI Occupational Occurrence Rate (ODR)	None
10. Death in line of duty sum	None
11. Violation of environmental regulations	None
12. Environmental appeal cases	None

Social Aspect

1. Employee number classification	Number and percentage of male: 38 (40%) Number and percentage of female: 58 (60%)
2. Employment rate	2%
3. Turnover rate	2%
4. Equal wages for equal work	Ratio of basic salary of male/female: 4:3 Ratio of compensation of male/female: 4:3
5. Non-discrimination	None
6. Child labor	None
7. Forced labor	None
8. Anti-corruption training	100%
9. Violation of social regulations	None
10. Labor, human right appeal incidents	None

Lily Medical Co., Ltd. :
<https://www.lily-medical.com/>



2. Material Issues

We investigated 33 issues in total, issuing questionnaires to suppliers, customers and employees while retrieving 10 answered copies. In 2018, we already set up related KPIs for major issues identified by stakeholders. In 2018, the KPI goal-reaching status and management guidelines were as follows:

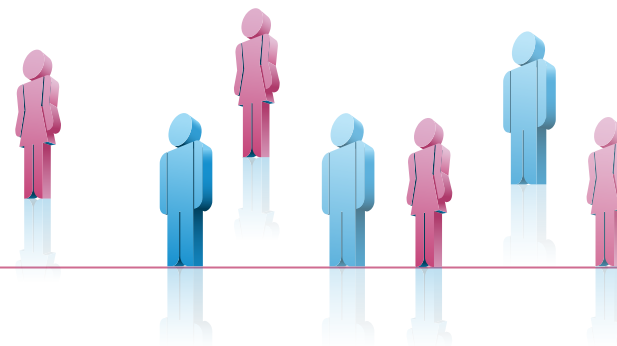
● Surpassed ◎ Achieved ○ Not Achieved

Category	Material Topic	Boundary	2018 Management Target	2018 Status	Management Approach
Governance/ Economy	Customer Satisfaction	Outside	Average customer satisfaction score of ≥ 90 for the year	Done ●	We have set up satisfaction survey procedures to rule that processing methods for feedbacks regarding products by customers either in written or oral formats. In 2018, the customer satisfaction score exceeded 90.
	Quality	Outside	Number of monthly customer complaints in 2018 ≤ 4	Done ●	Lily Medical Corporation strives to promote the Medical Device Quality Management System (ISO 13485), designing and producing products and services that meet expected performance and safety for customers' needs. Under this policy, the monthly customer complaint case number was fewer than 4 in 2018.
Society	Salary and Benefit	Inside	Activity satisfaction score averaged 4 out of 5 for the year	Done ●	Lily considers employees the most important asset of the company. The Welfare Committee convenes quarterly. With employee feedbacks, we can better ourselves, so that employees can reach a balance between work, family and life. The satisfaction score of each activity exceeds 4.
	Customer Privacy Protection	Outside	No data leakage, theft or customer data loss incidents	Done ◎	Lily emphasizes the most customer privacy. We abide by business morals and personal data protection, safeguard customer information and there were no leakage of data, theft or customer data loss incidents.

● Surpassed ◎ Achieved ○ Not Achieved

Category	Material Topic	Boundary	2018 Management Target	2018 Status	Management Approach	
Environment	Product Life Cycle Assessment	Inside	Needle-free fluid infusion access site of current products reduced by 20%	Undone	○	Already introduced the product by not yet mass produced. In 2019, we will further minimize the product size for next-generation needle-free fluid infusion access site. Therefore, we continue to adopt this KPI.
	Greenhouse Gas Emission and Energy Management	Inside	Electricity consumption (kilowatt-hour) per million set of products reduced by 5% each year	Undone	○	The company's capacity increases, so that electricity consumption is hard to lower. However, with controlling factory electricity consumption via management of air-conditioning fix-point inspection coupled with light off for one hour during noon break and turning off computer when leaving one's seat can all help saving energy and electricity in daily life.
Health and Safety	Machinery and Equipment Safety	Inside	Zero disaster FR=0 (not including traffic accident)	Done	●	Lily emphasizes employee health/safety and offers a fine working environment, devoted to promoting Occupational Safety and Health Management System (OSHMS 18001) and Environmental Management System (14001). Also, the company and employees comply with regulations and keep improving oneself, so that the machine/equipment safety section all witnessed zero disaster in 2018.
	Chemical Management	Inside	Zero accident	Done	●	Lily emphasizes employee health/safety and offers a fine working environment, devoted to promoting Occupational Safety and Health Management System (OSHMS 18001) and Environmental Management System (14001). Also, the company and employees comply with regulations and keep improving oneself, so that the chemical management section all witnessed zero disaster in 2018.

DFI Inc.



I. Basic Information

Basic Information

1. Name of organization	DFI Inc.
2. Establishment time	1981
3. Chairman	Peter Chen
4. Headquarter	Xizhi, Taiwan
5. Employee number	623
6. 2018 revenues	NTD \$ 5.2 B
7. Global business locations	a.R&D Centers: Taiwan b.Manufacturing Sites: Taiwan, Suzhou, China c.Service Centers: Taiwan
8. Major products and services	Technical motherboard, imbedded computer module, technical system, technical touch computer and display

Environmental Aspect

1. Procured electricity	5,362,514 MWh, 19,305 GJ
2. Direct greenhouse gas emission	25 tons CO ₂ e
3. Indirect greenhouse gas emission	2,971 tons CO ₂ e
4. Water consumption	24,790 tons
5. Sox.NO _x	Diesel for emergency generator, small boiler and stacker. Only small-quantity volatile for filler level, already underwent voluntary greenhouse gas inventory.
6. Chemical leakage	None
7. GRI Injury Rate (IR)	None
8. GRI Lost Day Rate (LDR)	None
9. GRI Occupational Occurrence Rate (ODR)	None

10. Death in line of duty sum	None
11. Violation of environmental regulations	None
12. Environmental appeal cases	None

Social Aspect

1. Employee number classification	Number and percentage of male: 287 (46.14%) Number and percentage of female: 336 (53.86%)
2. Employment rate	18.65%
3. Turnover rate	16.62%
4. Equal wages for equal work	Ratio of basic salary of male/female: 1:1 Ratio of compensation of male/female: 1:1
5. Non-discrimination	None
6. Child labor	None
7. Forced labor	None
8. Anti-corruption training	100%
9. Violation of social regulations	None
10. Labor, human right appeal	None

DFI Inc. : <https://www.dfi.com/>



2. Material Issues

We investigated 36 issues in total, issuing questionnaires to suppliers, customers and employees while retrieving 196 answered copies. In 2018, we already set up related KPIs for major issues identified by stakeholders. In 2018, the KPI goal-reaching status and management guidelines were as follows:

● Surpassed ◎ Achieved ○ Not Achieved

Category	Material Topic	Boundary	2018 Management Target	2018 Status	Management Approach	
Governance/ Economy	Quality	Inside	1. Quality-related management system (ISO 9001 and ISO 13485) certificates finished version changes 2. First Pass Yield Rate (FPYR) motherboard: 97.68%; finished products after assembly: 98.71%	FPYR M/B: 98.18%, System: 99.10%	●	DFI strives to promote the Quality Management System (ISO 9001) and Medical Device Quality Management System (ISO 13485), designing and producing products and services that meet expected performance and safety for customers' needs. The company checked that its certificates of quality-related management system (ISO 9001 and ISO 13485) finished version changes in 2018. The FDYR of motherboard and finished products after assembly were 98.18% and 99.10%, respectively, reaching set goals.
	Legal Compliance	Inside	No illegal incidents	Done	◎	To make sure our company and employees follow related policies and regulations of various laws in Taiwan, we ask employees to actively maintain integrity and ethic while providing a safe and healthy working environment, launching pollution prevention to improve labor safety. In 2018, DFI had no illegal incidents or fines and realized internal Antitrust Law advertisement.
Society	Local Purchasing	Inside	Percentage of procurement of package material in Taiwan reached 85%	Done	◎	DFI has the duty to actively form with suppliers a supply chain that protects the environment, human right, safety, health and sustainable development. To more closely work together with suppliers, DFI also strives to realize local procurement to increase material supply efficiency and support local economic growth. The 2018 procurement percentage in Taiwan in 2018 was 85.
	Conflict Minerals	Inside	For specific customer demand, the supplier investigation return rate reached 75%.	Done	◎	DFI strives to investigate the supply chain in detail, ensuring metals such as gold, tantalum, tungsten, tin and cobalt are not obtained from mines of anarchy military groups, illegal groups, Democratic Republic of Congo conflict areas or illegally. The return rate of the models investigated in 2018 was 75%.

● Surpassed ◎ Achieved ○ Not Achieved

Category	Material Topic	Boundary	2018 Management Target	2018 Status	Management Approach
Environment	Greenhouse Gas Emission and Energy Management	Inside	Business car and diesel generator emission inventory	Done ◎	With the worsening of the global warming issue, as the member of the earth, DFI launched greenhouse gas inventory each year since 2018 to check the energy consumption including fuel (gasoline and diesel) and factory electricity consumption. Amid them, the major energy consumption focused on factory electricity. The needed procured electricity generated over 95% of overall carbon dioxide emission. After calculation, the carbon emission of 2018 was as follows: business car emit 22,144 kg CO ₂ e, Sijhih factory emit 2,740,050 kg CO ₂ e.
	Product Life Cycle Assessment	Inside	New model in July, 2018 100% introduced RoHS 2.0	Done ◎	Compliance is top priority. We follows the RoHS instructions to check again, renew and adjust to ensure DFI products all comply with the instructions. Therefore, the new models after July, 2018 all introduced the RoHS standard.
Health and Safety	Health Management	Inside	Health examination rate of employees >80%	Done ●	Manpower is the most important asset of the company. To take care of the employees, we remind them of their abnormal items in their health examination reports by highlight and group methods, helping them to learn about their body conditions and providing follow-up medical consultancy services, DFI plans employee health examination each year and regularly track employee body status. The examination rate of 2018 reached 91%.
	Customer Safety and Health	Inside	Passed annual external and revision audits of Hazardous Material Management System (IECQ QC 080000)	Done ◎	We strive to promote Hazardous Material Management System (IECQ QC 080000), design and produce products that comply with regulations and meet requirements of the health and safety of customers while passing third-party audit. Each year, DFI launched external or version-renew audit for hazardous management system. In November, 2018, we proceeded and passed annual version renew audit of that year.

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General Disclosures

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Organizational Profile 2016	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 of countries 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	12		●
	102-6	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Qisda Corporation	12		●
	102-7	Scale of the reporting organization.	Qisda Corporation	12		●
	102-8	Total number of employees by employment type and employment contract broken down by gender and region.	Workforce Distribution	71~72		●
	102-9	Describe the organization's supply chain.	Supply Chain Management	63		●
	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	50~54		●
	102-12	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	N/A	N/A	Qisda did not subscribe or endorse any charters, principles or initiatives.	●
	102-13	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Qisda Corporation	16		●

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General Disclosures

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Strategy 2016	102-14	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	Message from our Chairman and President, Qisda Corporate Sustainable Development	4~5 17~20		●
	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 29~39 50~54 101~102		●
Ethics and Integrity 2016	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	48		●
	102-17	Report the internal and external mechanisms for seeking advice and reporting concerns about ethics.	Code of Conduct	49		●
Governance 2016	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	18 42~43		●
	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	42~43		●
	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	42~43		●

GRI Standards Index

General Disclosures

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Governance 2016	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	42~43 83		●
	102-22	Report the composition of the highest governance body and its committees.	Organizational Structure of Corporate Governance	42~43	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	44		●
	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	41		●
	102-25	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Corporate Governance Status	44		●
	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	42~43		●
	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	42		●
	102-28	Report the processes and frequency for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics.	Corporate Governance Status	42~43		●

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General Disclosures

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Governance 2016	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	42~43 50~51		●
	102-30	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	Corporate Governance Status, Risk Management	42 50~51		●
	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	42~43		●
	102-32	Report the highest committee or position that formally reviews and approves the organization's sustainability report.	Qisda Corporate Sustainable Development	18		●
	102-33	Report the process for communicating critical concerns to the highest governance body.	Corporate Governance Status	42~43		●
	102-34	Report the process for communicating critical concerns to the highest governance body.	Corporate Governance Status	42~43		●
	102-35	Report the remuneration policies for the highest governance body and senior executives.	Corporate Governance Status	43		●
	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	43		●

General Disclosures

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Governance 2016	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	43		●
	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: 8.75 Suzhou, China: 9.4	●
	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: 1.1 Suzhou, China: -0.5	●
Stakeholder Engagement 2016	102-40	List of stakeholder groups engaged by the organization.	Stakeholder Engagement	30		●
	102-41	Percentage of employees covered by collective bargaining agreements.	Building Smooth Communication Channels and Strong Labor Relations	83	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	21~26 30		●
	102-43	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Stakeholder Engagement	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.	Stakeholder Engagement	29~39		●

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General Disclosures

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Report Profile 2016	102-45	List all entities included in the organization's consolidated financial statements or equivalent documents.	About This Report	I		●
	102-46	a. Explain the process for defining the report content and the topic Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	About This Report, Stakeholder Engagement	I 29~39		●
	102-47	List all the material topics identified in the process for defining report content.	Stakeholder Engagement	29~39		●
	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	30		●
	102-50	Reporting period (e.g., fiscal/calendar year) for information provided.	About This Report	I		●
	102-51	Date of most recent previous report (if any).	About This Report	I		●
	102-52	Reporting cycle (annual, biennial, etc.)	About This Report	I		●
	102-53	Contact point for questions.	About This Report	I		●
	102-54	Claims of reporting in accordance with the GRI Standards.	About This Report	I		●
	102-55	GRI content index	GRI Standards Index	134~150		●
	102-56	External assurance	About This Report	I		●

Economic Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Economic Performance 2016	201-1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Financial Performance	46		●
	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 2018. 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.	Employee Salary and Pension, Employee Benefits	80~81 81~82		●
	201-4	Financial assistance received from government	Financial Performance	46		●
Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Employee Salary and Pension	80~81		●
	202-2	Proportion of senior management hired from the local community at significant locations of operation.	Workforce Distribution	70		●
Indirect Economic Impacts 2016	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	88~97		●
	203-2	Understanding and describing significant indirect	Goodwill for the Earth, Love for the Society	88~97		●

Economic Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Procurement Practices 2016	204-1	Proportion of spending on local suppliers at significant locations of operation	Supply Chain Management	62		●
Corruption 2016	205-1	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	Internal Audit Mechanism	44		●
	205-2	Communication and training on anti-corruption policies and procedures.	Code of Conduct	48~49		●
	205-3	Confirmed incidents of corruption and actions taken.	Internal Audit Mechanism	44		●
Anticompetitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices.	N/A	N/A	None	●

Environmental Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Materials 2016	301-1	Materials used by weight or volume.	Sustainable Development Key Performance Indicators at a Glance (2015~2018)	6		●
	301-2	Percentage of materials used that are recycled input materials.	N/A	N/A	Recycled plastic utilization rate for 2018 : 72.47%.	●
	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.	●

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Environmental Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Energy 2016	302-1	Energy consumption within the organization.	Greenhouse Gas Inventory	103		●
	302-2	Energy consumption outside of the organization	Greenhouse Gas Inventory	103		●
	302-3	Energy intensity.	Greenhouse Gas Inventory	102		●
	302-4	Reduction of energy consumption.	Carbon Disclosure Achievements	105		●
	302-5	Reductions in energy requirements of products and services.	Green Product	109		●
Water 2016	303-1	Interactions with water as a shared resource	Water Resources Management	116~117		●
	303-2	Management of water discharge-related impacts	Water Resources Management	116~117		●
	303-3	Water withdrawal	Water Resources Management	117		●
	303-4	Water discharge	Water Resources Management	118		●
	303-5	Water consumption	Water Resources Management	118		●
Biodiversity 2016	304-1	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Water Resources Management	116~117		●
	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	116~117		●
	304-3	Habitats protected or restored.	Water Resources Management	116~117		●
	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	116~117		

Environmental Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Emissions 2016	305-1	Direct greenhouse gas (GHG) emissions (scope 1)	Greenhouse Gas Inventory	103		●
	305-2	Energy indirect greenhouse gas (GHG) emissions (scope 2)	Greenhouse Gas Inventory	103		●
	305-3	Other indirect greenhouse gas (GHG) emissions (scope 3)	Greenhouse Gas Inventory	103		●
	305-4	Greenhouse gas (GHG) emissions intensity.	Greenhouse Gas Inventory	102		●
	305-5	Reduction of greenhouse gas (GHG) emissions.	Carbon Disclosure Achievements	105		●
	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 142tons CO ₂ e.	●
	305-7	Ox, SO _x , and other significant air emissions.	N/A	N/A	Qisda mainly specifies in assembly operation. The manufacturing processes do not use diesel or heavy fuels as indirect materials used in production, only the emergency power generators and forklifts in Suzhou manufacturing site are powered by diesel. As the amount of SO _x generated when burning diesel is slight and does not have significant impacts on the environment, no further analysis on tracing SO _x and NO _x 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. aeriacontaminant 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 2016	306-1	Total water discharge by quality and destination.	Water Resources Management	116		●
	306-2	Total weight of waste by type and disposal method.	Waste Management	115		●
	306-3	Total number and volume of significant spills.	Health and Safety Management	121		●
	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	115		●
	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	116		●
Environmental Compliance 2016	307-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Legal Compliance	57~58		●
Supplier Environmental Assessment 2016	308-1	Percentage of new suppliers that were screened using environmental criteria.	Supplier Selection and Qualification Procedures	63		●
	308-2	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	Green Supply Chain	65~66		●

GRI Standards Index

Environmental Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Employment 2016	401-1	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Employee Turnover Rate	72		●
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Employee Benefits	81~82		●
	401-3	Return to work and retention rates after parental leave, by gender.	N/A	N/A	<p>1. Number of employees eligible for parental leave: 1,553</p> <p>2. Number of applicants for parental leave: Female: 12 Male: 2</p> <p>3. Reinstatement rate: Female: 82% (11 applicants, 9 reinstated the posts) Male: 100% (2 applicants, 2 reinstated the posts)</p> <p>4. Retention rate: Female: 100% (5 reinstated the posts, 0 resigned) Male: 100% (1 reinstated the post, 0 resigned)</p> <p>Note:</p> <p>1. The above calculation refers to GRI Standards.</p> <p>2. Definition of employees eligible for paternal leave: According to Taiwan's "Act of Gender Equality in Employment" and "Regulations for Implementing Unpaid Parental Leave for Raising Children", employees can apply for unpaid parental leave for raising children after working for one company for over half a year; there is no related regulations for parental leave in China.</p> <p>3. Calculation of employees eligible for parental leave: According to number of Taiwanese employees on December 31, 2018, deducted by the number of employees arriving on post during July-December 2018.</p>	●

Social Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Labor/ Management Relations 2016	402-1	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	N/A	N/A	1. None, there are no related regulations now 2. Although there are labor union organizations in Suzhou, China, there are no related group agreements.	●
Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Safety & Health Management	120		●
	403-2	Hazard identification, risk assessment, and incident investigation	Safety & Health Management	120		●
	403-3	Occupational health services Employee Health Care Management	Employee Health Care Management	85~87		●
	403-4	Worker participation, consultation, and communication on occupational health and safety	N/A	NA		●
	403-5	Worker training on occupational health and safety	Safety & Health Management	120		●
	403-6	Promotion of worker health	Employee Health Care Management	85~87		●
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Safety & Health Management	120		●
	403-8	Workers covered by an occupational health and safety management system	Safety & Health Management	120		●
	403-9	Work-related injuries	Employee Health Care Management, Safety & Health Management	85~87 120~121		●
	403-10	Work-related ill health	Employee Health Care Management	86		●

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Social Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Training and Education 2016	404-1	Average hours of training per year per employee by gender and by employee category.	Learning and Development	74~75		●
	404-2	Programs for skills management and lifelong learning that support the continued employability of employees.	Learning and Development	74~77	Also, when employees retire or end their relationship with the employer, we offer pension and severance pay according to law.	●
	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 2018, the percentage of indirect male/female labor who completed performance evaluation is 98.3% and 99.17% 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 2016	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.	Organizational Structure of Corporate Governance Workforce Distribution	42 70~72	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.	Employee Salary and Pension	80~81		●
Non-discrimination 2016	406-1	Total number of incidents of discrimination and corrective actions taken.	Human Rights Management	79		●

Social Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Freedom of Association and Collective Bargaining 2016	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	78~79 65~66		●
Child Labor 2016	408-1	Operations of Qisda and its suppliers identified as having significant risk for incidents of child labor, and measures taken to the effective abolition of child labor.	Human Rights Management, Green Supply Chain	78~79 65~66		●
Forced and Compulsory Labor 2016	409-1	Operations of Qisda and its suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Human Rights Management Green Supply Chain	78~79 65~66		●
Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures.	Human Rights Management	78~79		●
Indigenous Rights 2016	411-1	Total number of incidents of violations involving rights of indigenous people and actions taken.	Human Rights Management	78~79	No violation involving rights of indigenous people occurred in 2018.	●
Human Rights Assessment 2016	412-1	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Human Rights Management	78~79		●
	412-2	Employee training on human rights policies or procedures.	Human Rights Management	78~79		●
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	N/A	N/A	No significant investments have undergone human rights screening. Note: Significant investment agreement refers to agreement signed and has to be agreed by the board of directors.	●

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Social Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Community 2016	413-1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Goodwill for the Earth, Love for the Society	88~97	100%(Taiwan and Suzhou, China are included).	●
	413-2	Operations with significant potential or actual negative impacts on local communities.	Green Operation	N/A	Regarding the potential environmental impacts brought upon by our operations in the local community, we have carefully examined the coating procedure employed in Suzhou, China. Equipped with an activated carbon filtration system, Qisda is able to reduce the potential environmental impacts from the waste gas generated in this procedure with low probability and seriousness.	●
Supplier Social Assessment 2016	414-1	Percentage of new suppliers that were screened using social criteria.	Supplier Selection and Qualification Procedures	63		●
	414-2	Significant actual and potential negative social impacts in the supply chain and actions taken.	Green Supply Chain	65~66		●
Public Policy 2016	415-1	Total value of political contributions by country and recipient/beneficiary.	N/A	N/A	None	●
Customer Health and Safety 2016	416-1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	Quality and Hazardous Substances Management	113		●
	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.	Quality and Hazardous Substances Management	113	None	●
Product and Service Labeling 2016	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	Green Product	106~113	The following information is required by Qisda's procedures for all products: 1. Content. 2. Safe use of the product or service. 3. Disposal of the product and environmental/social impacts.	●

Social Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Product and Service Labeling 2016	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.	N/A	N/A		●
	417-3	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Legal Compliance	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 2016	418-1	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Customer Commitment	61~62		●
Compliance 2016	419-1	Monetary value of significant fines and total number of non-monetary sanctions for	Legal Compliance	57~58		

Other Topic

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Quality Management	Qisda-1	Quality certificates.	Quality and Hazardous Substance Management	112~113		
Customer Satisfaction	Qisda-2	Customer satisfaction survey result.	Customer Satisfaction Survey	60~61		
Sustainable Strategy	Qisda-3	Convene Corporate Sustainable Development meetings and track KPIs quarterly.	Qisda Corporate Sustainable Development	17~26		

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Core subjects and issues		Report Section	Page	Note
Organizational Governance	Decision-making processes and structures	Message from our Chairman and President	4~5	
		Qisda Corporate Sustainable Development Corporate Governance	17~26 41~44	
Human Rights	Due diligence	Human Rights Management	77~78	
	Human rights risk situations	Human Rights Management	77~78	
	Avoidance of complicity	Supply Chain Management Human Rights Management	63~68 77~78	
	Resolving grievances	Human Rights Management Building Smooth Communication Channels and Strong Labor Relations	77~78 83	
	Discrimination and vulnerable groups	Workforce Distribution Human Rights Management	70~72 77~78	
	Civil and political rights	Human Rights Management	77~78	
	Economic, social and cultural rights	Goodwill for the Earth, Love for the Society Green Operation	88~97 114~121	
	Fundamental principles and rights at work	Workforce Distribution Human Rights Management	69~71 77~78	
Labour Practices	Employment and employment relationships	Supply Chain Management	63~68	
		Workforce Distribution Employee Turnover Rate Human Rights Management	70~72 73 77~78	
	Conditions of work and social protection	Workforce Distribution Employee Benefits	70~72 81~82	






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	Core subjects and issues	Report Section	Page	Note
Labour Practices	Social dialogue	Qisda Corporation GRI Standards Index: 402-1	12~16 146~147	
	Health and safety at work	Health and Safety Management	119~121	
	Human development and training in the workplace	Learning and Development	74~77	
The Environment	Prevention of pollution	Waste Management	114~115	
		Water Resources Management	116~118	
	Health and Safety Management	119~121		
	GRI Standards Index: 305-6,305-7	143		
Sustainable resource use	Climate Policy and Carbon Management Water Resources Management GRI Standards Index: 301-2	99~105 116~118 141		
Climate change mitigation and adaptation	Climate Policy and Carbon Management	99~105		
Protection of the environment, biodiversity and restoration of natural habitats	Water Resources Management	116~118		
Fair Operating	Anti-corruption	Code of Conduct	48~49	
	Responsible political involvement	N/A	N/A	No participation in political activities
	Fair competition	Legal Compliance	57~58	
	Promoting social responsibility in the value chain	Goodwill for the Earth, Love for the Society Supply Chain Management	88~97 63~68	
	Respect for property rights	Legal Compliance	57~58	



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	Core subjects and issues	Report Section	Page	Note
Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	Legal Compliance Green Product	57~58 106~113	
	Protecting consumers' health and safety	Green Product	106~113	
	Sustainable consumption	Green Product	106~113	
	Consumer service, support, and complaint and dispute resolution	Customer Commitment	60~62	
	Consumer data protection and privacy	Customer Privacy Protection	61~62	
	Access to essential services	Goodwill for the Earth, Love for the Society	88~97	
	Education and awareness	Green Product	106~113	
Community Involvement and Development	Community involvement	Financial Performance Human Rights Management	44~47 67~68	
	Education and culture	Human Rights Management	78~79	
	Employment creation and skills development	Supply Chain Management Learning and Development Goodwill for the Earth, Love for the Society	63~68 74~77 88~97	
	Technology development and access	Goodwill for the Earth, Love for the Society	88~97	
	Wealth and income creation	Financial Performance Supply Chain Management Goodwill for the Earth, Love for the Society	44~47 63~68 88~97	
	Health	Health and Safety Management	119~121	
	Social investment	Goodwill for the Earth, Love for the Society	88~97	





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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	90~97	
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	90~97	
3	 Good Health and Well-being	3.8	Make investments in health a priority in business operations.	Financial Performance Qisda Product Designs and Services Correspond to SDGs	44~47 27~28	
4	 Quality Education	4.4	Provide employees with continuous opportunities to improve their (job) skills for their current and future employment.	Learning and Development	74~77	
		4.A	Develop education products and services that eliminate barriers to access and improve the quality of learning.	Qisda Product Designs and Services Correspond to SDGs	27~28	
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 Employee Benefits	48~49 78~79 81~82	
6	 Clean Water and Sanitation	6.1	Reduce the likelihood of groundwater contamination by treating and processing all waste with exceptional precaution.	Waste Management	114~115	
			Ensure that all employees have ample access to safe drinking water and adequate sanitation.	Water Risk Assessment and Further Actions	118~119	



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	104~105	Although we do not 100% use renewable energy source, we have constructed solar energy system since 2011. In 2018, we plan to expand
		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	99~101 107~111	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 Services Correspond to SDGs	27~28	
		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	44~47	
8	 Decent Work and Economic Growth	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 Employee Benefits	78~79 81~82	
		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	63~68	
		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	119~121	





SDGs Index

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 Services Correspond to SDGs	27~28	
		N/A	Establish standards and promote regulation that ensure company projects and initiatives are sustainably managed.	Qisda Corporate Sustainable Development	17~26	
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 Employee Benefits	78~79 81~82	
		N/A	Partner with civil society networks to provide education and entrepreneurial skills training	BenQ Foundation	90~97	
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	114~115 143	
		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	50~54	
12	 Responsible Consumption and Production	12.2	Implement product portfolio analysis tools to understand environmental footprint of products within lifestyles as well as production.	Greenhouse Gas Inventory	102~103	
		12.4		Green Product	106~113	
				Waste Management	114~115	
				Water Resources Management	116~118	
		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 Services Correspond to SDGs	27~28	
		12.2	Reduce manufacturing impacts by substituting virgin raw materials in products.	GRI Standards Index: 301-2	141~142	

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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	107~111	
		12.5	Significantly reduce waste.	Waste Management	114~115	
		12.6	Adopt sustainable practices and to integrate sustainability information into their reporting cycle.	About This Report	1	
		12.7	Promote public procurement practices that are sustainable.	Supplier Selection and Qualification Procedures Green Supply Chain	62~63 65~66	
		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	88~89	
13	 Climate Action	N/A	Source all electricity the company consumes at its facilities from renewable sources.	Carbon Disclosure Achievements	104~105	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	104~105	
		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	106~113	
		13.1 13.2	Understand climate risk and build resilience into the company's assets and supply chain.	Climate Policy and Carbon Management	99~105	
		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	88~97	

SDGs Index

NO.	Topic	SDG Targets	SDG Compass Recommendation	Report Section	Page	Note
14	 Life Below Water	N/A	<p>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.</p> <p>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.</p>	Green Product	106~113	
15	 Life on Land	N/A	Commit to and implement responsible sourcing practices beyond compliance.	<p>Supplier Selection and Qualification Procedures</p> <p>Green Supply Chain</p> <p>Conflict Minerals Management</p>	<p>62~63</p> <p>65~66</p> <p>67~68</p>	
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.	<p>Legal Compliance</p> <p>Green Supply Chain</p>	<p>57~58</p> <p>65~66</p>	
		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	48~49	
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	88~97	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

To: The Stakeholders of QSDA CORPORATION

Introduction and objectives of work

Bureau Veritas Certification Taiwan has been engaged by QSDA CORPORATION to conduct an independent assurance of its 2018 Corporate Sustainability Report. This Assurance Statement applies to the related information included within the scope of work described below.

This information and its presentation in the 2018 Corporate Sustainability Report are the sole responsibility of the management of QSDA CORPORATION. Bureau Veritas was not involved in the drafting of the Report. Our sole responsibility was to provide independent assurance on its content.

Scope of work

The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard (AA1000AS, 2008) with 2018 addendum, Type 2 – Accountability Principles and Performance Information engaged. The scope of work included:

- Data and information included in 2018 Corporate Sustainability Report for the 1st January, 2018 to 31st December, 2018.
- Appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported.
- Evaluation of the Report against the main principles of the AA1000 Accountability Principle (2018):
 - Inclusivity
 - Materiality
 - Responsiveness
 - Impact
- Evaluation of the Report against the principles of Stakeholder Inclusiveness, Sustainability Context, Materiality, Competence, Balance, Comparability, Accuracy, Timeliness, Clarity, and Reliability, as defined in the GRI Sustainability Reporting Standards.

The levels of assurance have been applied as high level assurance.

Methodology

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

1. Interviews with relevant personnel of QSDA CORPORATION.
2. Review of documentary evidence produced by QSDA CORPORATION.
3. Review performance data listed in report with supporting basis.
4. Visits to 2 sites located in Taiwan (Taipei City, Tainan City).

* Published by Accountability: The Institute of Social and Ethical Accountability
TPE, www.accountability.org.tw

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1. Review of QSDA CORPORATION data and information systems for collection, aggregation, analysis and review.

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

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

Our findings

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

- The information and data included in 2018 Corporate Sustainability Report are accurate, reliable and free from material misstatement.
- The Report provides a fair representation of QSDA CORPORATION's activities over the reporting period.
- The information is presented in a clear, understandable and accessible manner, and allows readers to form a balanced opinion over QSDA CORPORATION's performance and status during the 1st January, 2018 to 31st December, 2018.
- The Report properly reflects the organization's alignment to and implementation of the AA1000 Assurance Standard (AA1000AS, 2008) with 2018 addendum's principles of Inclusivity, Materiality, Responsiveness and Impact in its operations. Further detail is provided below.
- QSDA CORPORATION has established appropriate systems for the collection, aggregation and analysis of relevant information.

Alignment with the principles of AA1000 Accountability Principle (2018)

Inclusivity

QSDA CORPORATION has processes in place for engaging with key stakeholders including socially responsible investors, clients, employees, supply chain and local community, and has undertaken a number of formal stakeholder engagement activities in 2018 covering a range of material topics such as Economic, Social and Environment.

Materiality

The Report addresses the range of environmental, social and economic issues of concern that QSDA CORPORATION has identified as being of highest material importance. The identification of material topics has considered both internal assessments of risks and opportunities to the business, as well as stakeholder views and concerns.

Responsiveness

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

Impact

QSDA CORPORATION's management system can monitor, measure and be accountable for how their actions affect their broader ecosystems.

GRI report Structure

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QSDA 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 **QSDA CORPORATION** to consider the following:

- Encourage organizations to refine the sustainability topic and align with the GRI Sustainability Reporting Standards in the process of collecting stakeholder opinions. To ensure that the opinions of stakeholders are properly classified. (INCLUSIVITY)

Limitations and Exclusions

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

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

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

Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with more than 180 years history in providing independent assurance services. Bureau Veritas 2018 full year revenues reached 4.78 billion euro. The Group's adjusted net profit for 2018 reached 700 million euro.

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

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

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

Bureau Veritas Certification Taiwan

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8th May, 2019



Technical Reviewer: *[Signature]* Date: 06/May/2019

Assured: *[Signature]* Date: 06/May/2019





ALL ROADS LEAD TO
GREEN HOPES