



# Qisda

Corporate Sustainability Report

2019


Q Green


# About the Report

The information disclosure of the report is based on sustainability topics, management strategies, goals, current status and future directions. To better respond to topics under the attention of interest parties, Qisda specifically plans the website for corporate social responsibility (CSR). Besides presenting excerpts of the results of endeavors of Qisda in various aspects of CSR in the newest year, the CSR reports of previous years are available for download or search at the website:

<https://csr.qisda.com/ch/home.asp>



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## Cover story

Qisda continues to transform itself and adds many strategic partners. In the future, Qisda will run faster via optimizing resource allocation, continuing to strive for the corporate vision of "Bringing Enjoyment 'N' Quality to Life".


<b>Release Date &amp; Reporting Period</b>	The publish date of the report falls on June, 2020. Qisda, starting from 2007 in publishing the first CSR report, continuously disclose and publish the report each June.
<b>Report Scope &amp; Boundary</b>	<p><b>Geographical scope:</b> Include* Qisda headquarter - Taiwan and the most important manufacturing site – Suzhou (China). Also, starting from 2018, the report expanded the content of CSR for subsidiaries** and disclosed related information at “the fifth chapter, Grow Together Hand-in-Hand”.</p> <p><b>Time range:</b> January 1-December 31, 2019.</p>
<b>Data Collection &amp; Calculation</b>	Collect data according to the above report ranges; indicators and calculation formula of data are described in chapter notes.
<b>Third-Party Verification Policy &amp; Standards</b>	The content of the report has been audited internally by related staff, providing those to be amended to supervisors of various departments to add and verify; we also outsource to external independent third-party to audit - Bureau Veritas Group (BVC)-to verify the report meets the Comprehensive and AA 1000 AS 2008 Addendum) High Assurance Type II standards of GRI Standards. Via internal and external audit mechanisms, information disclosure quality can be guaranteed. Also, the disclosure of the report meets standards in Taiwan and abroad such as Corporate Social Responsibility Best Practice Principles, Filing of Corporate Social Responsibility Reports by TWSE Listed Companies, Social Responsibility Guidance (ISO 26000) and Sustainable Development Goals (SDGs).
<b>Feedback &amp; Contact Information</b>	Sustainable Risk Office, Qisda Corporation Amber YA Chen 157, Shanying Rd., Guishan Dist., Taoyuan City 333 TEL: 03-3598800 ext. 2173 FAX: 03-3599000 EMAIL: <a href="mailto:Amber.YA.Chen@Qisda.com">Amber.YA.Chen@Qisda.com</a>

\* Include names of companies and subsidiaries in the financial reports: Qisda Corporation, Qisda (Suzhou) Co., Ltd. (QCSZ), Qisda Electronic (Suzhou) Co., Ltd. (QCES), Qisda Optronics (Suzhou) Co., Ltd. (QCOS) and Qisda Precision Industry (Suzhou) Co., Ltd. (QCPIS). For others, please refer to the annual report. The data of certain chapters or performance indicators will include overall global data for the sake of completeness. For data not completely included in that for Taiwan and Suzhou, China, they will be described in the notes of respective chapter.

\*\* Include names of subsidiaries listed in the annual report: BenQ Dialysis Tech Corporation, BenQ Medical Technology Corporation, LILY Medical Corporation, DFI Inc. and Partner Tech Corp.



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Note: Material topics concerned by stakeholders are marked with the following icons.





# 2019 Sustainability Highlights




## Best glory

- 
 Business Paradigm Entrepreneur of The Year
- 
 2019 Ernst & Young Entrepreneur of The Year Award

Peter Chen – Chairman of Qisda Corporation - Named 2019 EY Entrepreneur of the Year Winner



## Economy / Corporate Governance

- 
 80% Kit preparation rate reached
- 
 No. 1 Digital light processing (DLP) projector shipments top the world
- 
 No. 2 LCD monitors shipments ranked second globally


- Consolidated revenues increased **9%** annually, second consecutive record high
- Awarded platinum award of “Electronics Manufacturing Industry” under the CSR report category and “Mixed Performance Award Top 50” from Taiwan Institute for Sustainable Energy (TAISE)
- Received first safety certificate of HRC in Taiwan




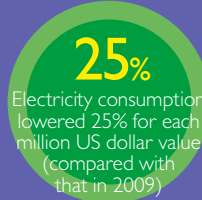
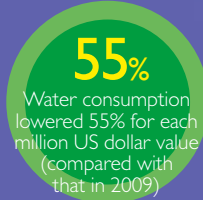
## Society

- 
 4.3 Average activity satisfaction rate reached (Maximum 5)
- 
 95 Average customer satisfaction score reached
- 
 211% High-quality patent numbers increased
- 
 83.6 Average employee training hours reached
- 
 3,921 Number of participants in innovative cultural events reached
- 
 4,203 Hours of employee participation of charitable events reached
- 
 75.33% Percentage of China local purchase reached

- Key supplier social responsibility and environmental safety hygiene paper investigation and on-site audit completion rate reached **73%**
- TWSE RAFI® Taiwan High Compensation 100 Index
- Taiwan iSports enterprise certificate by Sports Administration under Ministry of Education (MOE)
- 2019 HR Asia Best Companies to Work For In Asia
- 2019 BenQ Foundation enabled NT\$**2.4** million revenues for remote areas



## Environment

- 
 93% Recyclable waste rate
- 
 25% Electricity consumption lowered 25% for each million US dollar value (compared with that in 2009)
- 
 55% Water consumption lowered 55% for each million US dollar value (compared with that in 2009)

- Average energy-saving of production line was **17.4%**, reduction in volume **21.21%**, carbon reduction **33.53%**, ecological benefits increased **36.57%** (compared with that in 2015)
- Disabled injury severity rate (DISR) reduced **86%**, Disabled Injury Frequency Rate (DIFR) reduced **91%**, (compared with that in 2009)
- Qisda Twin-Star factory received again Green Factory certificate from Industrial Development Bureau (IDB) of MOEA

# Message from Our Chairman and CEO



*Peter Chen*

## > Innovation+Breakthrough=Growth+Transformation

Starting from 2014, we constantly reminded employees to embrace the thinking of innovation and breakthrough, always thinking of a better method while there is no best solution, but better ones. One should constantly pursue excellence and contradict oneself. Experiencing a squat, this is now the moment of jumping. Qisda will continue to persist its four operational directions: optimize current business operation, rapidly expand medical business, speed up solution development and deploy key component. We will combine the operational directions with Sustainable Development Goals (SDGs). We aim to have over half of our revenues coming from SDGs-related new businesses such as smart solutions and medical business in 2022.

## > Innovations and Breakthroughs in 2019

The time of working hard has passed while now we need to earn revenues via smart thinking and brain power; to work smart. Allowing full play of employees' creativity, we build a creative sofa area for them to speed up creative thinking with a relax mood. Also, our related employee services are upgraded to the six-star level. For example, our employee restaurant is converted to all a you-can-eat buffet, we added a bread machine costing more than NT\$10,000, all factories now are equipped with washlet toilet seats. In addition, Qisda obtained the first safety certificate of human/robot collaboration (HRC) in Taiwan in 2019. This is to enable employees to have a safety protection of six-star level under the environment of smart factory via robotic arms. Recently,

Qisda added various partners. We expect to copy successful experiences; therefore, once there is a know-how, we include that in our SOP lists. Group companies share resources and manpower. Besides sharing operating experiences, we launch horizontal cross-referencing for issues with shared characteristics such as corporate governance, quality, risk, environmental protection, sustainability and social care, optimizing the coworking benefits of the group fleet. Let us grow together and march toward the global market together.

## › Results of Growths and Breakthroughs in 2019

In 2019, consolidated revenues of Qisda grew 9% to NT\$169.75 billion, breaking record for the second consecutive year. The four operational directions continued to bring about a beneficial result. In 2019, Qisda's projector and display segments performed better than their peers, ranking top and second globally. The medical and smart businesses accounted for 16% of revenues. Related transformational performances brought about Annual Award and Unstoppable Entrepreneur Award of the "Ernst & Young Entrepreneur of the Year Award" in 2019. In sustainability, Qisda won HR Asia Best Companies to Work For In Asia from competition among 186 companies, with higher-than-industry-average scores in anonymous employee questionnaire. We also received the platinum award of "Electronics Manufacturing Industry" under the CSR report category and "Mixed Performance Award Top 50" from Taiwan Institute for Sustainable Energy (TAISE), with scores and rankings the best of recent years. Also,

Qisda received the Green Factory Label from the Ministry of Economic Affairs (MOEA) for the second time, successfully creating a green smart factory. In 2019, Qisda also selected 16 major topics among four aspects: Economy/Governance, Environment, Social, Health and Safety to launch discussions and communications with interest parties, with related sustainable strategies and management methods included in the report.

## › Challenges and Preparations

The status of China-US trade war in 2019 was changeable while each related move impacted the world. Everyone in the world is focusing on related directions of the event. In the uncertainty, Qisda already started the risk management mechanism in 2018, preparing "three kits", simulating every possibility and coping strategy. In 2019, the kits were proven successful. In 2020, the occurrence of COVID-19 (coronavirus disease 2019) caused uncertainties while we instantly started the BCP work team across the group. Besides ensuring employees' health status, we monitor each risk incident occurrence. Now, investment 1.0 already enabled Qisda to gradually transform and hold firm. We expect to enter investment 2.0, planning to establish corporate venture capital and Artificial Intelligence of Things (AIoT) accelerator to more possibly deploy investment in early start-ups. In the future, we will only run faster, aiming to have over half of our revenues from transformational new businesses such as the smart solutions and medical business in 2022.



# Sustainable Development Key Performance Indicators at a Glance

2016~2019

## Economic Performance Disclosures

Category/Item	2016	2017	2018	2019	Note	GRI Disclosure	Corresponding Chapter
<b>Economic Values</b>							
Consolidated Revenues (100 million)	1295.5	1368.9	1557.8	1,698	Unit: New Taiwan dollars.	201-1	Financial Performance
After-Tax Revenues/Loss (100 million)	43.4	56.6	40.3	62			
<b>Number of Patents</b>							
Accumulated Number of Patents Granted	1,111	1,117	1,144	1,121		N/A	N/A
<b>Industrial Design Awards</b>							
Number of Industrial Design Awards Earned	1	2	3	2	Awards include iF、Red Dot、iF China、G-Mark、Bio、Golden Pin.	N/A	Qisda Corporation

## Environmental Performance Disclosures

Category/Item	2016	2017	2018	2019	Note	GRI Disclosure	Corresponding Chapter
<b>Use of Raw Materials</b>							
Solder (paste, bar, wire) (tons)	219.6	252	215.9	223		301-1	N/A
Flux (tons)	80.3	138	178	181			
Iron (10,000 tons)	0.85	0.90	1.13	1.08			
<b>Direct Energy Usage</b>							
Natural Gas (1,000 cubic meter)	611.7	577.7	655.2	599.3		302-1	Greenhouse Gas Inventory
Petrol (tons)	24.21	24.95	22.4	19.7			
Diesel (tons)	11.19	15.58	14	12.8			

### Environmental Performance Disclosures

Category/Item	2016	2017	2018	2019	Note	GRI Disclosure	Corresponding Chapter
<b>Indirect Energy Usage</b>							
Externally Purchased Electricity (10,000 MWh)	8.87	10.14	11.49	12.17		302-2	Greenhouse Gas Inventory
<b>Water Usage</b>							
Taiwan (tons)	67,522	77,629	69,52	72,85		303-3 (2018)	Water Resources Management
Suzhou, China (tons)	314,695	378,696	360,351	423,224			
Global Total (10,000 tons)	382	456	430	496			
<b>GHG Emissions</b>							
Scope 1: GHG Emission (Thousand tonnes CO <sub>2</sub> e)	2.4	2.6	3.1	2.4	The organizational GHG inventory has passed ISO 14064-1 third-party verification.	305-2	Greenhouse Gas Inventory
Scope 2: GHG Emission (Thousand tonnes CO <sub>2</sub> e)	69.2	79.3	90.5	95.1			
Other indirect GHG Emission (Tonne CO <sub>2</sub> e)	746	867	241	145	This only covers emission from global business flying trips, excluding land transportation (airport pickup/drop off). Calculation in 2018 did not consider aviation distance difference between inland cities. After adjustments, we adopted calculation of distance from the International Civil Aviation Organization (ICAO) website, with coefficients using the carbon emission from the website, staying closer to the actual condition.	305-3	Greenhouse Gas Inventory
<b>Environmental Protection Management Performance</b>							
Total GHG Emissions / Total Output values (tons CO <sub>2</sub> e / million)	23.38	21.52	20.5	22.61	Reduced 35% from 35.01 in 2009	N/A	Greenhouse Gas Inventory
Total Electricity Consumption/ Total Output values (MWh / million)	25,231	24,555	23,283	26,530	Reduced 24% from 35,219 in 2009	305-4	

# Sustainable Development Key Performance Indicators at a Glance

2016~2019

Economic Performance Disclosures							
Category/Item	2016	2017	2018	2019	Note	GRI Disclosure	Corresponding Chapter
GHG emission per personal consumption per hour (Kg CO2e)	2.0	2.0	2.1	2.4	Reduced 16% from 2.86 in 2009	305-4	
Water consumption per million US dollar production value (Tonne)	123	118	93.5	113	Reduced 55% from 254 in 2009	303-3 (2018)	Water Resource Management
Percentage of recyclable waste (%)	90.8	91.1	93	93	Increased 10.7% from 84 in 2009	306-2	Waste Management
Global living sewage emission (Million liters)	306	365	344	396		306-1	Water Resource Management
<b>Waste Volume</b>							
Taiwan recyclable waste volume (Tonne)	705	631	570	564		306-2	Waste Management
Suzhou (China) recyclable waste volume (Tonne)	19,166	22,697	31,208	28,310			
Global recyclable waste volume (Tonne)	19,871	23,328	31,778	28,874			
Taiwan non-recyclable waste incineration volume (Tonne)	73	75	85	81			
China non-recyclable waste incineration volume (Tonne)	1,922	2,201	2,198	2,196			
Global non-recyclable waste incineration volume (Tonne)	1,995	2,276	2,283	2,277			
Global waste volume (Tonne)	21,866	25,604	34,061	31,151			
<b>Leakage of Materials Such As Chemicals</b>							
Total number of times and volume of leakage of materials such as chemicals	0	0	0	0		306-3	Safety Hygiene Management



### Economic Performance Disclosures

Category/Item	2016	2017	2018	2019	Note	GRI Disclosure	Corresponding Chapter
<b>Non-Compliance with Environmental Laws and Regulations</b>							
Monetary Value of Significant Fines and Total Number of Non-Monetary Sanctions for Non-Compliance with Environmental Laws and Regulations	0	0	0	0		307-1	Legal and Compliance
<b>Environmental Investments</b>							
Total investments/Expenses of environmental protection (Thousand US dollar)	700	990	1,705	1,230		N/A	N/A

### Social Aspect

Category/Item	2016	2017	2018	2019	Note	GRI Disclosure	Corresponding Chapter
<b>Total Workforce</b>							
Taiwan	1,653	1,666	1,616	1,711		401-1	Employee Profile
Suzhou, China	8,300	7,241	7,994	7,985			
Global Employees	9,985	8,936	9,638	9,724			
<b>Safety &amp; Health Management Performance Indicators</b>							
Disabling Injury Frequency Rate (DIFR)	0.076	0.074	0.088	0.03	Calculate according GRI Standards formula	403-2	Safety & Health Management
Disabling Injury Severity Rate (DISR)	1.8	3.3	3.5	1.2			
Occupational Disease Occurrence Rate (ODR)	0	0	0	0			
Absence Rate (AR)	18.5	37.4	37.2	13.79			

# Sustainable Development Key Performance Indicators at a Glance

2016~2019

Social Aspect							
Category/Item	2016	2017	2018	2019	Note	GRI Disclosure	Corresponding Chapter
<b>Average Employee Training Hour (Hour/Person)</b>							
Direct Labor (DL, Global)	82.26	143.80	114.92	113.52		404-1	Learning Development
Indirect Labor (IDL, Global)	25.75	34.76	27.39	28.28			
<b>Human Rights Management</b>							
Discrimination Incidents	0	0	0	0		406-1	Human Right Management
Number of human right complaints	0	0	0	0		103-2	
<b>Percentages of Employee Code of Conduct Training</b>							
Taiwan (%)	DL:100 IDL:100	DL:100 IDL:100	DL:100 IDL:100	DL:100 IDL:100	1. DL: Direct Labor 2. IDL: Indirect Labor	205-2	Code of Conduct
Suzhou, China (%)	DL:100 IDL:100	DL:100 IDL:100	DL:100 IDL:100	DL:100 IDL:100			
<b>Political Contributions</b>							
Sum of political contribution	0	0	0	0		415-1	GRI Standard Comparison Table
<b>Violation of Related Regulation of Social Aspect</b>							
Sum of significant fine and number of times of regulation violation	0	0	0	0		419-1	Legal and Compliance
<b>Customer Satisfaction Survey Result (Score)</b>							
Medical Imaging Business Unit	94	92	94	94.2	Starting from 2018, System Display (SD) result was added in that of displays, Mobile Product Business Unit (MPBU) and Industrial Automation (IA) were merged in that of manufacturing services; In 2019, added digital fashion design center (Lighting) category	N/A	Customer Commitment
System Display	97.5	92	-	-			
Mobile Products Business Unit	94	90	-	-			
Precision Optics	90	94	94.5	94.8			

## Social Aspect

Category/Item	2016	2017	2018	2019	Note	GRI Disclosure	Corresponding Chapter
<b>Customer Satisfaction Survey Result (Score)</b>							
Industrial Automation	88	93	-	-	Starting from 2018, System Display (SD) result was added in that of displays, Mobile Product Business Unit (MPBU) and Industrial Automation (IA) were merged in that of manufacturing services; In 2019, added digital fashion design center (Lighting) category	N/A	Customer Commitment
Display	97	94	93	96.8			
Manufacturing Service	88	95	95	93.7			
Digital Fashion Design Center	-	-	-	97.5			
<b>Violation of Marketing Regulations</b>							
Number of cases violating marketing regulations	0	0	0	0		417-3	Legal and Compliance
<b>Customer Privacy</b>							
Number of complaints from customers for violating privacy	0	0	0	0		418-1	Customer Commitment
<b>Supply Chain Investigation</b>							
Supplier social responsibility and environmental safety hygiene investigations and on-site audit (number of companies)	26	16	45	15	1. In 2016, we changed method of supplier investigation, referred to Responsible Business Alliance Code of Conduct (RBA) audit manual while focusing on on-site audit. Accumulated number of investigated suppliers in 2009-2015 reaches 614. 2. We added all HR agencies and factory on-site service companies in 2019.	302-2 414-2	Supply Chain Management
Completion rate of key supplier paper investigation and on-site audit investigation	-	84%	88%	73%		302-2 414-2	Supply Chain Management



# Qisda Corporation

## > Company Introduction

Qisda Corporation (originally named BenQ Corporation) was established in 1984, with headquarter in Taoyuan, Taiwan. The company is a cross-field omnibearing electronic design OEM company, providing customers with innovative, high-quality and demand-satisfying products and services while Bringing Enjoyment 'N' Quality to Life by improving human life via product technology. Qisda researches, develops and manufactures electronic products, with applications including consumer electronics, business and industrial professional fields. Its products and technologies cover high-end and professional displays such as gaming, graphics, broadcasting, medical and safety monitoring displays; optical precision electronic products such as projector, safety monitoring system and car-use products; industry/business PC and peripherals such as POS printer and barcode scanner. The product line and technology of the company cover LCD display, professional display and digital signage, projector, LCD all-in-one PC, precision scanner, multi-function printer, medical electronics, smartphone, wireless communication module, car-use electronics, industrial

automation, various mobile consumer electronic products, LED smart lamp, hanging-lamp, etc.

Recently, Qisda actively deployed medical industry expansion such as supersonic diagnosis, hemodialysis apparatus, dialysis machine and intraoral scanner while speeding up developing six smart solutions: smart retail, smart manufacturing, smart education, smart medical care, smart energy and smart enterprise. The company appeals to "high integration of software and hardware, one-stop-shopping, innovative operation", offering six integration fields, covering thirty smart solutions and ten hardware equipment types, satisfying the most front-end demand and services for customers.

The world's second largest LCD display and projector manufacturer and the first devoted to R&D of telecommunication business in Taiwan, Qisda has global operational sites for R&D, manufacturing and services in Taiwan (Taipei, Taoyuan, Hsinchu), China (Suzhou), Vietnam, Singapore, the US and Japan. It now has around 9,724 employees globally\*.

### Qisda Today



\* The number of employees is calculated based on the actual hired employees (including full-time and work study program) in December 31, 2019. Since employment agreements of temporary employees are attributable to third-party companies, the real employer is not Qisda; therefore, the above manpower calculation doesn't include

## > 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 deploys its global production & sales work division. Taiwan is responsible for product R&D, production design, etc.; the Suzhou (China) plant, an overseas subsidiary of Qisda, is responsible for production. Also, we have maintenance service and sales subsidiaries in the US, Japan, etc., for expansion of our marketing channel in Europe, the US and Asia. We also expect to further serve our customers, providing the most instant and effective feedbacks regarding their demand. Furthermore, our equity source, paid-in capital, shareholder structure and subsidiaries included in consolidated financial reports are all disclosed in the collection status and financial overview chapters in our annual reports.

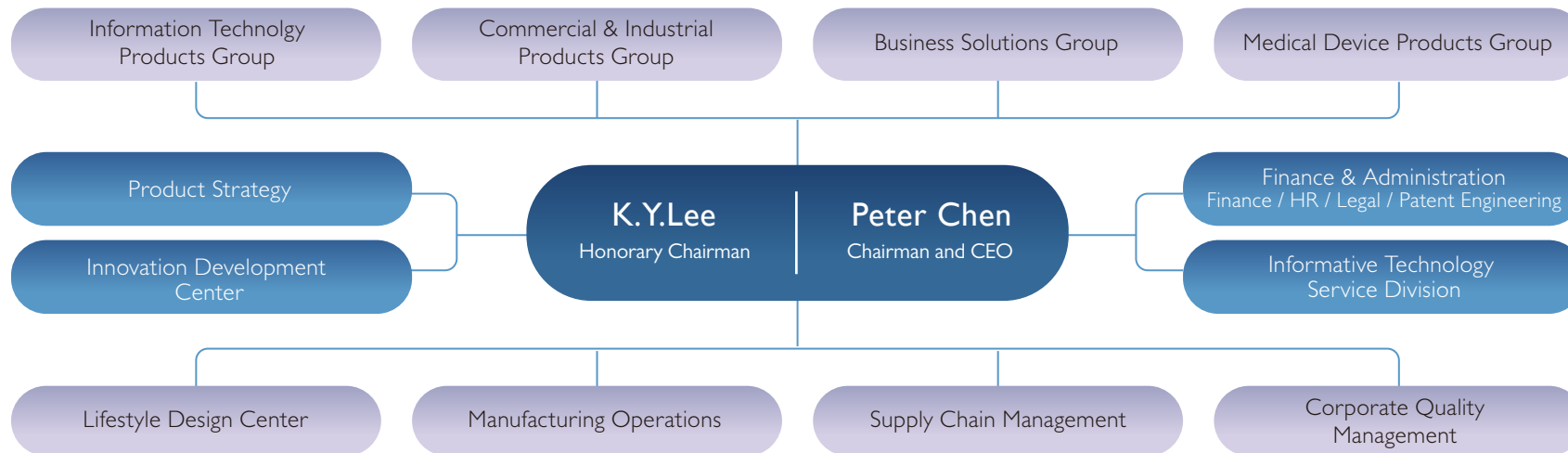

Besides having global consumer electronics brands as customers, Qisda also actively developed the business and industrial markets recently. For operational development demand, our organizational structure is divided into four BUs: Information Product, Business and Industrial Product, Smart Solution and Medical Equipment.

Peter Chen became the chairman and president of Qisda in June, 2017, with over 29 years of experiences in the company, having various rich experiences of product development, global marketing and customer end, leading Qisda to keep pursuing a more good-quality growth.

📄 Annual report search: <https://www.qisda.com/page.aspx?uid=94>



## Company Organization Structure

- DLP projector shipments world's top
- LCD display shipments world's second

## Qisda's Advantages and Performances

Qisda has R&D and manufacturing abilities in display, optical, wireless communication, image, medical, car-use, automation, LED illumination etc. Therefore, it can develop and manufacture various product lines. This is a rare combination of global OEMs. Besides having vertical integration of the group companies, having technologies of LCD, LED, e-paper, touch and IC design, Qisda has vertical integration abilities such as

SMT-surface-mount technology, metal stamping, plastic injection and LCD module assembling. The company offers eight product types: display, projector, smart Internet of Things (IoT), car-use, industrial automation, medical care electronics, medical equipment consumables and smart solutions. In 2019, its major product lines had strong operational results, with the display segment outperforming its peers, ranking world's second. Its projector OEM position kept leading the world. We continued to improve our product mix, with high-end models continued to account for higher percentage of overall revenues. In medical business expansion, two medical centers in Suzhou and Nanjing (China) had rapid revenue growth. We also strengthened product types of medical electronics and actively deployed our global market. In addition, we sped up six smart solution development and strengthened software/hardware service integration relationship, offering more diversified product services and staying closer to local needs.



Although positioning as an OEM company, Qisda owns global well-known industrial design power, constantly winning awards since 2008, with as many as 151 global design awards until now. Qisda now not only has R&D and manufacturing advantages, but is equipped with a unique product design ability, having a special competitiveness of designing high economic added-value products.

## > Value-Up Solutions that Exceed Expectations

We will keep extending the business deployment of our vision “Bringing Enjoyment 'N' Quality to Life” to LIFE, expanding to key fields of human life such as new businesses of medical service, medical material, software service, integration service platform and enterprise solution. Also, our operational strategy lies in constantly reforming organization including integration of global manufacturing and supply chain management, upgrading in-plant vertical integration ability, small-volume large variety and customization production model establishment, improve the ability to serve customers, combine software integration and application, keep creating company values and high customer satisfaction as well as cultivating the operational strategy of “Solution Provider”.

## > Association

Qisda actively participates in associations relating to the electronic technology industry, strengthening industrial connection and alliance developments, improving industrial competitiveness. Also, with mix and match of various associations in different industries, Qisda can better integrate abilities of automation technology, precision machinery, mould, communication, image display, material, information, electronic and electrical, medical care, education, service, etc., speeding up industry upgrade and innovative developments.

## ▾ List of Affiliated Associations and Organizations

No.	Association and Organization	General Member	Council Member
1	GLORIA National Cheng Kung University (NCKU)	●	
2	Taiwan Electrical and Electronic Manufacturers' Association (TEEMA)	●	
3	Taipei Computer Association (TCA)	●	
4	Taiwan Automation Intelligence and Robotics Association (TAIROA)	●	●
5	The Institute of Internal Auditors (IIA)	●	
6	Taiwan Stock Affairs Association (TWSAA)	●	
7	OPEN Alliance	●	
8	Taiwan Merger & Acquisition and Private Equity Council (MAPECT)	●	●
9	Institute for Biotechnology and Medicine Industry (IBMI)	●	●
10	Taiwan Medical and Biotech Industry Association (TMBIA)	●	
11	Video Electronics Standards Association (VESA)	●	
12	HDMI Licensing Administrator, HDMI LA	●	
13	Open Security & Safety Alliance, OSSA	●	
14	Taiwan Industry Association of Intelligence Security and Safety (TIAISS)	●	●
15	Sedex	●	
16	Guishan Industrial Park Service Center	●	

# Qisda Corporate Sustainable Development

The purpose of the enterprise existence is to create value that is sustainable, devoting to the human society to deliver a positive influence.

KY Lee, the honorary chairman of Qisda, points out that the purpose of the enterprise existence is to create value that is sustainable, devoting to the human society to deliver a positive influence. Sustainable operation means pursuing this permanent value. To become an enterprise that accumulates experiences and stands the test of time, it must incorporate the concept of history and cultural thinking in its operational model while using “Honesty” as the highest moral principle of corporate operations.

## Management Approach of Material Topic

### Sustainable Strategy

● Surpassed ◎ Achieved ○ Not Achieved

#### Major Interest Target

Supplier, employee

#### 2019 Management Goal

1. Reset Qisda's corporate sustainable development (CSD) vision for the company's transformational needs
2. Convene CSD meetings each month and track performance indicators

#### 2019 Goal Reaching Status

Completed



#### 2020 Management Goal

Reset Qisda's CSD performance indicators (2021-2025)

#### management approach

##### Responsibility

CSR&RM office

##### Resource

Corporate Sustainable Development Committee (CSD)

##### Action

Deploy and promote cross department CSD matters

##### Evaluation

Launch performance indicator report and inspection each quarter at CSD Committee



For details of management guidelines of “Stakeholder Engagement”, please refer to this chapter.

(P29)

For details of identifying major topics, please refer to “Sustainable Strategy”



- Qisda Chairman Peter Chen won Unstoppable Entrepreneur Award of “Ernst & Young Entrepreneur of the Year Award” in 2019
- 2019 HR Asia Best Companies to Work For In Asia
- Awarded platinum award of “Electronics Manufacturing Industry” under the CSR report category and “Mixed Performance Award Top 50” from Taiwan Institute for Sustainable Energy (TAISE)
- Qisda Twin-Star factory received again green factory certificate from Industrial Development Bureau (IDB) of MOEA
- Qisda Twin-Star Factory received first safety certificate of HRC in Taiwan

Qisda Chairman Peter Chen won Unstoppable Entrepreneur Award of “Ernst & Young Entrepreneur of the Year Award” in 2019

When Peter Chen took over the president post of Qisda in 2014, he regarded Qisda as a platform of integrating group resources while adjusting the structures of the organization and management with a scope of innovation and breakthrough. He also assisted affiliates with the power of the group, leading Qisda and joint fleet members to transform in values, overseeing rising consolidated revenues for the past six years and bringing the sustainable benefits of the group fleet into full play.



## > Qisda Value Creation Process

### I. Input

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

### II. Value Creation

Qisda has taken our corporate vision and mission as the core foundation and further

referred to the SDG Compass Guide procedure. We have checked existing related conducts and the risks and opportunities according to the business suggestions from SDG Compass website to inspect the focuses of stakeholders as an electronic design OEM company, covering the process ranging from obtaining upstream materials and operating supply chain to own-product manufacturing and company operations, followed by downstream product sales, usage and disposal, to find future Qisda SDGs priorities.


Internally named as “Corporate 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.


### III. Output

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

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



 For more details, please refer to the “Products and Services Responding to SDGs” and “SDG Comparison Table” (P152) (P27)

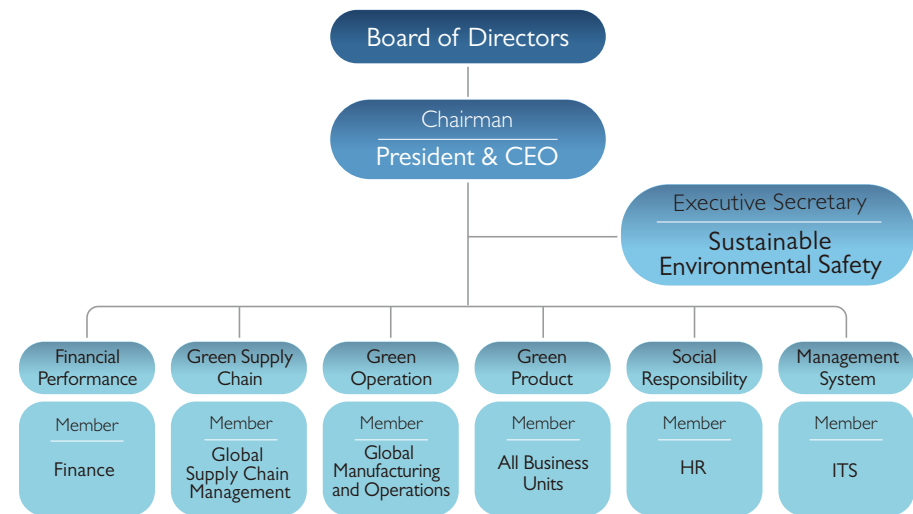


**2020 Plan**  
Reset Qisda’s CSD performance indicators (2021-2025)

## > Qisda Corporate Sustainable Development Committee

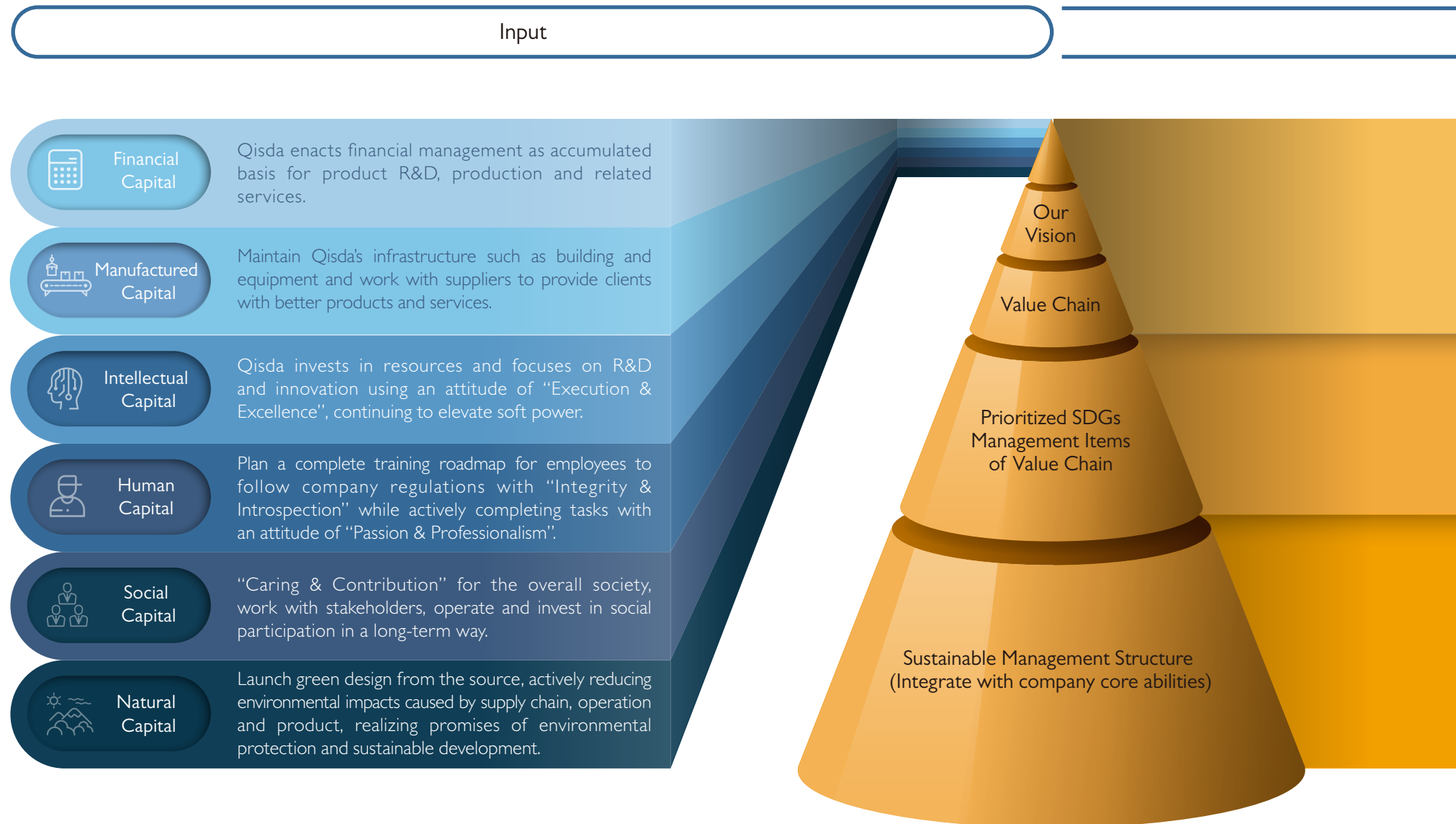
In order to ensure smooth and seamless implementation of all corporate sustainable development operations and to build effective communication to address the opinions of our stakeholders, Qisda has integrated related departments to form the Corporate Sustainable Development Committee (CSD Committee). 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 related content, please refer to “Corporate Governance Operational Status” (P40)





## Value Creation

## 2019 Output

When company transforms into an innovative high add-value company,

1. From survival to sustainable for the company, and to sustainable for the earth
2. Combine sustainable performance and operational strategies
3. Improve sustainable investment value
4. Meet international regulations and anticipation of customers and employees for sustainability
5. Lead fleet companies to grow and break through



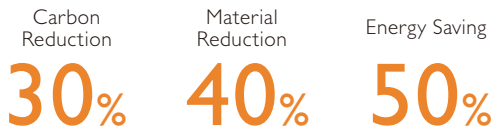
Green Product	Energy Saving (%)	17.4%	
	Material Reduction (%)	21.21%	SDG 12
	Carbon Reduction (%)	33.53%	SDG 13
	Eco-Efficiency Improving (%)	36.57%	
Green Operation	Reduce SR	57%	SDG 8
	Reduce FR	61%	SDG 8
	Total Electricity Consumption/ Total Output values (MWh / million)	Up 5%	SDG 12 SDG 13
	Total Water Consumption / Total Output values (tons / million)*	30%	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	73%	SDG 8 SDG 13 SDG 15
Social Responsibility	Employee Code of Conduct Training (%)	100%	SDG 16
	Innovation Culture Participation (number of participants)	3,921	SDG 8
	Employee participation of charitable event (hr)	2,344	SDG 17
Economic Performance	Increase in the Number of Essential Patents (%)	211%	SDG 8
	Percentage of Revenues from Medical Segment (%)	7%	SDG 3
	Risk Kit Preparation Ratio (%)	80%	NA
	Customer Satisfaction Survey Result (score)	95分	NA
	Corporate governance evaluation (%)	Top 6~20%	NA

Green Product Stakeholders : Customers

● Long-Term

Enhance product sustainable value.

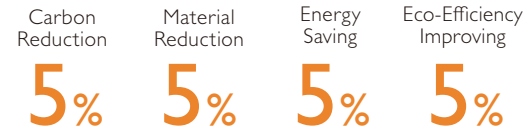
Reach the KPIs below by 2030



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

● Mid-Term

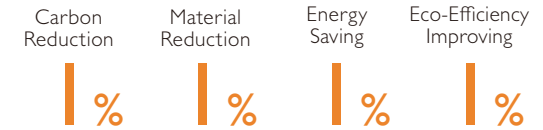
Reach the KPIs below by 2020



2015 is the base year

● Short-Term

Reach the KPIs below each year

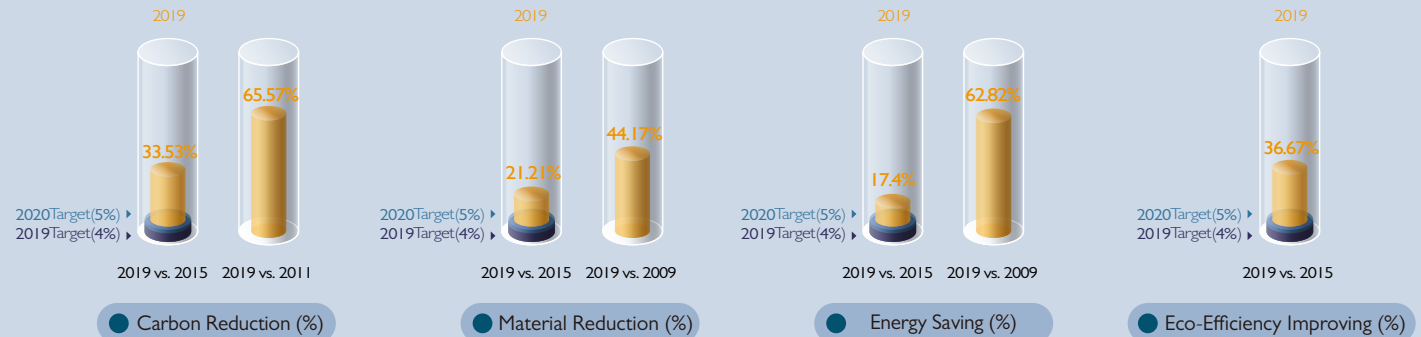


2015 is the base year

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

For related content, please refer to " Green Product" (P98)

Green Operation (Safety Management)

Stakeholders : The public. Customers. Employees. Government

Long-Term

Continually improve, cultivate green operational culture.

Reach the KPIs below by 2030

Lost Day Rate (LDR) Reduction

90%

Injury Rate (IR) Reduction

90%

2009 is the base year

Mid-Term

Reach the KPIs below by 2020

Lost Day Rate (LDR) Reduction

30%

Injury Rate (IR) Reduction

10%

2015 is the base year

Short-Term

Reach the KPIs below each year

Lost Day Rate (LDR) Reduction

6%

Injury Rate (IR) Reduction

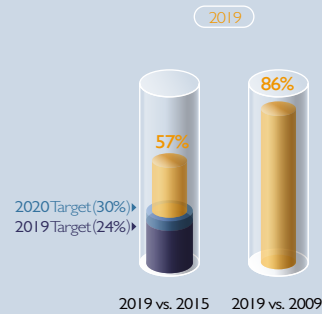
2%

2015 is the base year

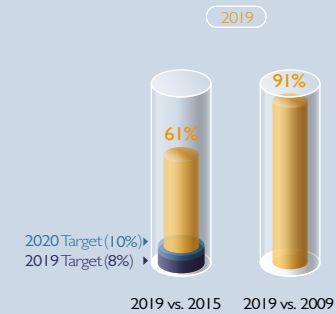
SDG Mission

Qisda strives to create a safe environment with an overall management from top to down for all employees to finish their jobs safely and with responsibility.

Corresponding SDG



Lost Day Rate (LDR) Reduction (%)



Injury Rate (IR) Reduction (%)

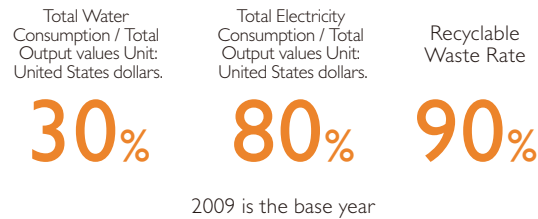
● Surpassed ◎ Achieved ○ Not Achieved

For related content, please refer to " Safety & Health Management" (P111)

● Long-Term

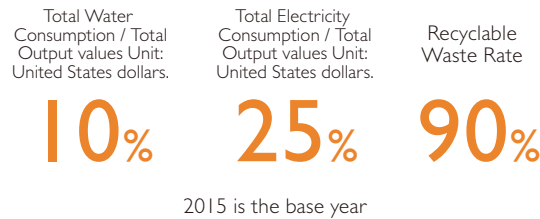
Continually improve, cultivate green operational culture.

Reach the KPIs below by 2030



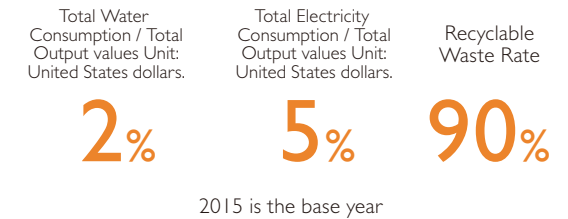
● Mid-Term

Reach the KPIs below by 2020



● Short-Term

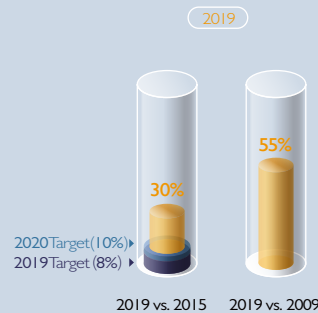
Reach the KPIs below each year



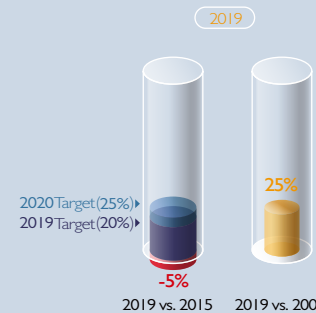
SDG Mission

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



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



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

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.



● Recyclable Waste Rate (%)

● Surpassed ○ Achieved ○ Not Achieved

For related content, please refer to "Climate Policy and Carbon Management" (P92)

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

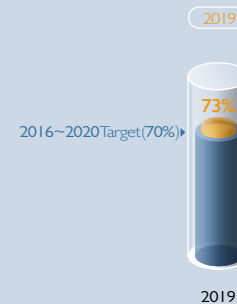
**>=70%**

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

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

For related content, please refer to " Green Supply Chain" (P93)

● 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

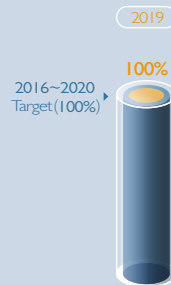
Taiwan employee participation of charitable event (hour)

2,000

2012 is the base year

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



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 starts from the spirit of core value "care and devotion", combine employees' caring with our competitiveness in realizing our feedbacks to the society.



Corresponding SDG



Taiwan employee participation of charitable event (hour)

● Surpassed ◎ Achieved ○ Not Achieved



For related content, please refer to " Code of Conduct" (P47)  
" Goodwill for the Earth,Love for the Society" (P82)



Short, Mid and Long-Term CSD Key Performance Indicators (KPIs) and 2019 Results

Economic Performance

Stakeholders : Shareholders, The public

Long-Term

Strive to enhance corporate governance, continually improve

Mid-Term

Reach the KPIs below by 2020

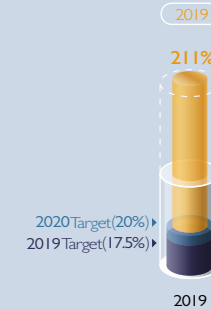


2015 is the base year

SDG Mission

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

Corresponding SDG

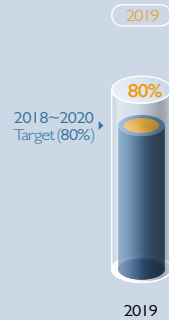


● Increase in the Number of Essential Patents (%)

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

SDG Mission

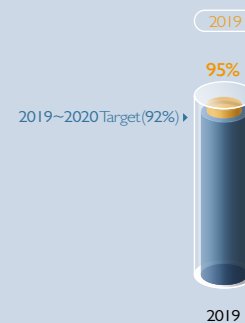
Although the following indicators do not have corresponding SDGs, considering the following items all have major impacts on corporate management, we still set the indicators to regularly review and manage.



⊙ Risk Kit Preparation Ratio (%)

Note

Risk kit preparation rate includes:  
 1.Preparation rate=Whether there is a kit, weight 50%  
 2.Availability rate=Not red light rate, weight 50%



● Customer Satisfaction (score)



⊙ Corporate Governance Evaluation (%)

● Surpassed ⊙ Achieved ○ Not Achieved









For related content, please refer to " Corporate Governance" (P40) , " Risk Management" (P49) , " Customer Commitment" (P56)

# 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>BenQ Business Solutions under Qisda is the only certified energy-saving company of "ADR 2.0 Ready" in Taiwan. The company provides energy-saving and IoT equipment full-time monitoring services for the unmanned store of Taiwan's top convenience chain store, creating smart green energy and smart management, offering a highly-efficient, green operation smart model for retailers.</p>	<p>Hardware PoE Switch</p> <p>Software Automatic Monitoring System of Air-Conditioning and Lighting</p>	 
 <p>Smart Manufacturing</p>	<p>Lead peers in launching production manufacturing information system solution, offering highly-integrated software/hardware platform, setting up second-phase smart factory in Taoyuan headquarter in 2017; until 2019, foundry and car company already adopt AGV; Qisda smart factory Received first safety certificate of HRC in Taiwan and received the Green Factory Label from the Ministry of Economic Affairs (MOEA) for the second time; With smart manufacturing solution, production quality can be improved while reduction of surface effect waste can be achieved to improve overall factory production efficiency.</p>	<p>Hardware Automated Guided Vehicle (AGV)</p> <p>Software Warehouse Management System (WMS), Supervisor Control And Data (SCADA), Smart Environment Security Management (SESM), Smart Cloud Situation Room (SCSR), RFID, Traceability, etc.</p>	 



For SDGs-related KPI setting and control, please refer to the "Our Value Creation Process."

(PI6)

Qisda Product Designs and Services Correspond to SDGs

Smart Solution	Description	Product and Service	SDGs
 <p>Smart Education</p>	<p>Reverse classroom and education big data learning analysis service are the core spirits, seamlessly integrate software/hardware and teach/learn course, support teaching application scenario, offer education cloud service, sign MOU with National Cheng Kung University (NCKU) for smart campus, use NCKU as the micro experimental base for smart city, create a future college town; work the Taipei City government in cloud learning platform "Taipei CooC-Cloud", enrich learning resources with student-centered learning and without boundary of time and space</p>	<p><b>Hardware</b> Large business interactive touch display, super short-focus educational projector</p> <p><b>Software</b> Complete cloud educational system</p>	
 <p>Smart Health</p>	<p>Combine rich clinical resources, professional medical equipment and material technology, combine international design ability and software/hardware integration service, build a good-quality healthy life; build smart emergency management system and smart Intensive Care Unit (ICU) with NCKU Hospital in improving emergency medical efficiency and medical quality while assist in lowering burden of medical staff in 2019</p>	<p><b>Hardware</b> Medical display, supersonic scanner, intraoral scanner, operating table</p> <p><b>Software</b> Group exercise system, health management system, one-stop operating table solution, 3D dental-implanting integration service</p>	
 <p>Smart Retail</p>	<p>Satisfy retail industry demand for various hardware to be purchased in one stop, integrate various software system service, create precision marketing and interactive consumer behavior; offer customer with consumer flow analysis service for shops, assisting in improving revenues of shops by 20%, comparing with before system implementation</p>	<p><b>Hardware</b> Peripherals such as Point of Sale (POS), mobile POS, large business display, projector</p> <p><b>Software</b> Cloud Content Management System (CMS), E-tag, Crowd hotspot analysis</p>	
 <p>Smart Enterprise</p>	<p>BenQ Business Solutions under Qisda is equipped with mature software development ability and won CMMI5 certificate, has experiences in more than 700 famous customers and top 100 enterprise in China across Taiwan Strait, offering highly-flexible modularized service, assist clients in establishing a smooth operation to become a smart enterprise</p>	<p><b>Software</b> Human Capital Management (HCM), Supply Chain Management (SCM), Business Process Management (BPM)</p>	

# Stakeholder Engagement

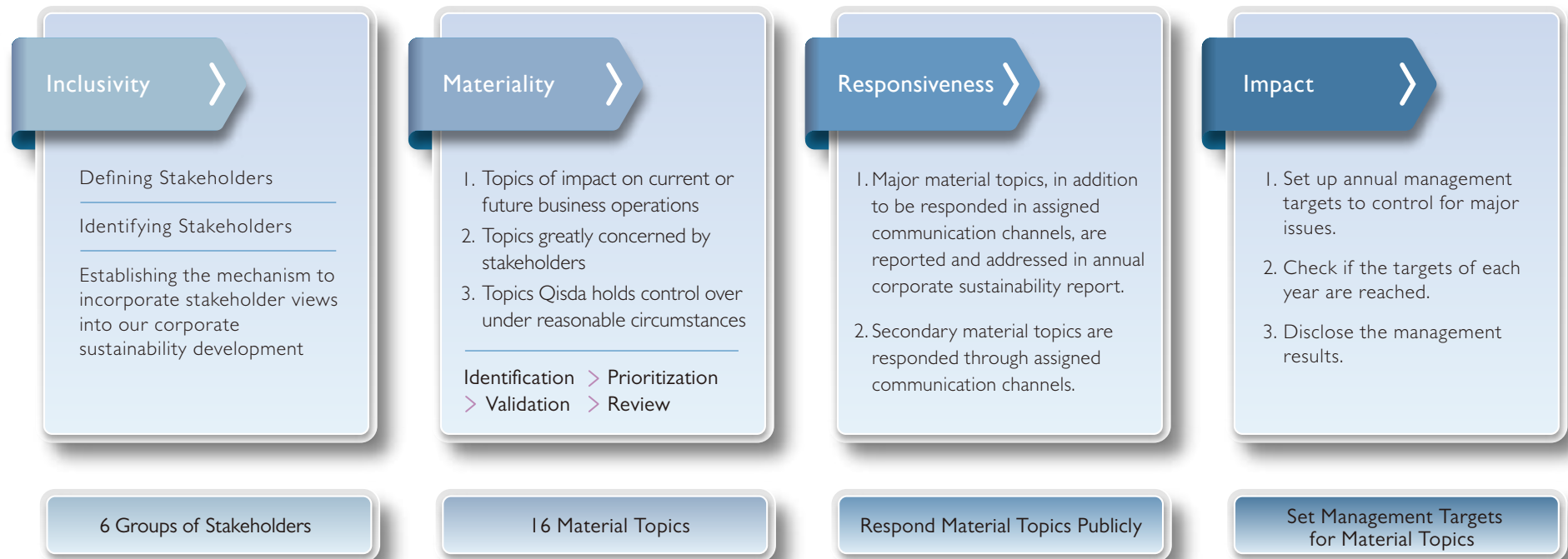
To ensure we timely communicate with interest parties, we include the major topics they focus on in our CSD policies and establish an unblocked and transparent response mechanism when we proceed with planning and decisions of CSD, Qisda adopts "AA 1000 Accountability Principle Standard (AA 1000APS)" and meet the four major principles-Inclusivity, Materiality, Responsiveness and Impact to enable us to identify and respond to sustainable information and improve the strictness of disclosing sustainable information.

## > Inclusivity

Inclusivity means including interest parties when developing responsible and strategic sustainable development methods. Hence, Qisda adopts the following three steps to follow and meet inclusivity spirit:

1. **Define stakeholders:** Define interest parties: Person or group having major impacts on our operations or are impacted in a major way by our operations.

### Qisda AA 1000APS Compliance Approach



2. **Identify interest parties:** Qisda identifies six major interest parties according to our CSD structure and definition of interest parties: employee, customer, shareholder, government, supplier and society.

**Establish interest party viewpoints and introduce in company sustainable development mechanism:** The topics of interest of the above six identified major interest parties

3. have certain degree of impact on our sustainable developments. For each interest party, we have a corresponding communication channel and have corresponding internal unit to collect and respond to their opinions while they interact with the parties. Also, we collect information of the topics annually in our CSR reports for them to refer to (in the following table).

## > Materiality

Materiality means evaluating the relative importance of each topic to decide on the needed management depth and content to be included in the CSR report. Qisda follows the GRI Standards for materiality identification method while selecting the major topics cared by interest parties regularly each year.

Qisda mainly invites the six major interest parties to score on the 42 topics of interest for the international society via questionnaire survey. The survey targets employee, customer, supplier, media, shareholder and community while employees identify the impact degree on Qisda for respective topic and customer, supplier, media, shareholder and community to score the degree of interest for the topic. We collected 526 questionnaires in total. The scores of degree of impact/interest ranged from 1 to 10 and were ranked according to the average score of topics in the four aspects of economy/governance, environment, society and health/safety. A total of 16 major topics of four items were selected. Overwork was the new topic identified that year.

## > Responsiveness

Responsiveness means with participation of each aspect of corporate operations to

manage and respond to major topics, challenge and focus points. With major topic differentiation, the topics are communicated in existing communication channels and CSR report feedbacks for related management content while secondary major topic feedbacks are done through existing communication channels. Also, Qisda establishes "CSR" website, announcing key information of CSD on the instant, transparent and open platform for everyone to refer to.

## > Impact

Impact means to further evaluate the impact on the enterprise by major topics in the identifying process of major topics while monitoring and evaluating the impact range. Qisda also inspects the meaning and impact range on Qisda by the major topics identified that year while setting annual management goals to control, checking goals annually and disclosing management goal results.



Qisda "Sustainability" website: <https://csr.qisda.com/en/index.asp>



Stakeholder's Communication Channels



**Employees**

Employee is company's long-term capital and foundation of innovation, if not appropriately managed, cultivated and communicated with, talent may leave the company in the long term while company competitiveness may be affected


**Topics cared by Current Staff**

- Learning & Development
- Corporate Benefit
- Activities Health Management & Care

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


**Result of Engagement**

1. 2019 Qisda employee training hour averaged **83.6** hrs.
2. Re-elect welfare committee and labor/management committee employee representatives, 2 year term of office



For more details, please refer to the following chapters.

- Learning and Development
- Creating a Happy and Healthy Working Environment



**Customers**

Qisda prioritizes customer satisfaction and sets up Customer Service Division (CSD) for full understanding of customer requirements and assist them in solving problems.

**Topics cared by Customers**

- Environment, Safety and Health
- Trainings in Social Responsibility
- Customer Commitment & Service
- Customer Privacy Protection
- Product Lifecycle Analysis
- Environmental Labels
- Product Carbon Footprint
- Green Product Design
- Human Rights and Labor Rights
- Product Quality
- Non-Use of Hazardous Substances

Communication Channel	Frequency
- Customer service line	- Irregularly
- Product maintenance line	- Irregularly
- Taiwan customer service manager mailbox	- Irregularly
- Customer on-site audit and audit questionnaire	- According to customer schedule
- Special response window	- Irregularly
- Phone/Email	- Irregularly
- Regular and irregular topic reports	- Irregularly
- Customer CSR Forum	- According to customer schedule

**Result of Engagement**

- Average customer satisfaction score is **95**



For more details, please refer to the following chapters.

- Customer Commitment
- Human Rights Management
- Green Product
- Quality and Hazardous Substances Management
- Green Operation

Stakeholder's Communication Channels



**Shareholders**

Preserve shareholder's rights has always been one of our focus issues. Qisda actively details its operational and financial overview to shareholders while optimizing shareholders' rights.

**Topics cared by Shareholders**

- Corporate Financial Information
- Business Operation Status
- Corporate Governance

Communication Channel	Frequency
- Investors Conference Presentation Materials	- Once every quarter
- Spokesperson and Interim Spokesperson System	- Irregularly
- Department of Investor Relations	- Irregularly
- Investor Mailbox(Investor@Qisda.com)	- Irregularly
- Designated Area for Investors in Corporate Website (Qisda.com)	- Irregularly
- Reports from Board of Directors and Audit Committee	- Once every quarter
- Shareholder Meeting	- Annually
- Investor Conference	- Annually

**Result of Engagement**

Besides releasing irregular financial and business information in announcement or press release, we disclose them on our website in the form of PPT report each quarter.

For more details, please refer to the following chapters.

- Corporate Governance
- Financial Performance



**The Government**

Minimum requirement of corporate operation is to meet government regulations, Qisda establishes control system and ensure our business meet related requirements via audit measures.

**Topics cared by Government Agencies**

- Legal Compliance
- Environmental Protection
- Labor Rights
- Corporate Governance

Communication Channel	Frequency
- Audits	- Irregularly
- On-Site Visits	- Irregularly
- Official Documents	- Irregularly
- Labor Compliance Investigations	- Irregularly

**Result of Engagement**

Around 10 communication rounds (including random check, visit, official document, labor check) for issues such as environmental safety hygiene and human resources.

For more details, please refer to the following chapters.

- Corporate Governance
- Legal Compliance
- Human Rights
- Green Operation







### The public

Qisda starts from the spirit of core value "care and devotion", combine employees' caring with our competitiveness in realizing our feedbacks to the society.

Cooperate with various care plans and employee voluntary activities, realizing feedbacks of the company to the society.

#### Topics cared by Environmental Protection Groups

- Goodwill for the Earth, Love for the Society

Communication Channel	Frequency
-----------------------	-----------

- |                        |               |
|------------------------|---------------|
| - Phone Calls / Emails | - Irregularly |
| - Volunteering         | - Irregularly |

#### Topics cared by Agencies/Organizations

- Goodwill for the Earth, Love for the Society

Communication Channel	Frequency
-----------------------	-----------

- |                     |               |
|---------------------|---------------|
| - Corporate Website | - Irregularly |
| - Volunteering      | - Irregularly |

#### Topics cared by Media

- Corporate Financial Information
- Business Operation Status
- Care for the Society & Public Welfare Activities

Communication Channel	Frequency
-----------------------	-----------

- |  |                      |
|--|----------------------|
| - Corporate Website                    | - Irregularly        |
| - Corporate Briefing                   | - Annually           |
| - Operational briefing                 | - Once every quarter |
| - Press release                        | - Irregularly        |
| - Irregular press conference           | - Irregularly        |
| - Irregular media visit                | - Irregularly        |
| - Irregular press release announcement | - Irregularly        |

#### Topics cared by Other

- Care for the Society & Public Welfare Activities
- Issues of Environmental Protection

Communication Channel	Frequency
-----------------------	-----------

- |                                    |               |
|------------------------------------|---------------|
| - Corporate Website                | - Irregularly |
| - News Media                       | - Irregularly |
| - External/Internal Communications | - Irregularly |

#### Result of Engagement

- Besides releasing irregular financial and business information in announcement or press release, we disclose them on our website in the form of PPT report each quarter.
- Total employee participation of charitable activities reached **4,203** hours.
- In 2019, there were **34** fund-raising activities and **15** units received donation, assisted social welfare organizations to hold **35** caring activities.



For more details, please refer to the following chapters.

- Goodwill for the Earth, Love for the Society
- Green Operation
- Financial Performance



### Suppliers

We establish with suppliers a supply chain that protects environment, human right, is safe, healthy and sustainable with a responsible and active attitude

### Topics cared by Suppliers

- Supplier Corporate Social Responsibility
- Conflict Minerals
- I4064-I GHG Inventory

### Communication Channel

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

### Frequency

- Annually
- Irregularly
- Irregularly
- Irregularly
- Irregularly

### Result of Engagement

1. New supplier investigation rate of environment, human right moral and labor right reached **100%**
2. Up until the end of 2019, key supplier paper investigation and on-site audit investigation completion rate reached **73%**.



For more details, please refer to the following chapters.

- Supply Chain Management



Qisda operation description: <https://www.qisda.com/page.aspx?uid=98>



Table of Material Topics

● Surpassed ◎ Achieved ○ Not Achieved







No	Category	Material Topic	Meaning to Qisda	Boundary			GRI Disclosure	Corresponding Chapter
				Inside	Outside			
					Customer	Supplier		
1	Economy/ Governance	 Legal Compliance	Qisda's offices are around the world. To ensure the company and employees follow global regulations when performing business, we constantly follow up on any policies and regulations that may impact our business while compiling related compliance regulations and promote them.	●	●		102-2.206-1.307-1. 417-2.417-3.419-1	Legal Compliance
2	Economy/ Governance	 Quality Management	Qisda prioritizes improving customer and partner satisfaction, promise the satisfaction of product quality to continue design and manufacture products meeting regulations and customer requirements.	●	●	●	No corresponding disclosure, Qisda customized disclosing item: Qisda-1	Quality and Hazardous Substances Management
3	Economy/ Governance	 Sustainable Strategy	The purpose of a company to exist is to create value, a sustainable value, to devote efforts to the human society to deliver a positive impact.	●	●	●	No corresponding disclosure, Qisda customized disclosing item: Qisda-2	Customer Satisfaction Survey
4	Economy/ Governance	 Customer Satisfaction	Major consideration is improving customer and business partner satisfaction, promise the delivery date, costs, technology, quality, service, related regulations, overall evaluation satisfaction to continue ensure customer's demand is satisfied	●	●		No corresponding disclosure, Qisda customized disclosing item: Qisda-3	Qisda Corporate Sustainable Development
5	Society	 Human Right	To fulfill CSR and preserve labor human rights, Qisda declares it protects employee rights while meeting local labor regulations and international guidelines in human right management.	●	●	●	406-1.407-1.408-1. 409-1.410-1.411-1. 412-1.412-2	Green Supply Chain Human Rights Management
6	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	Establish Smooth and Fair Labor/Management Communication Channel and Relationship

Table of Material Topics

● Surpassed ◎ Achieved ○ Not Achieved











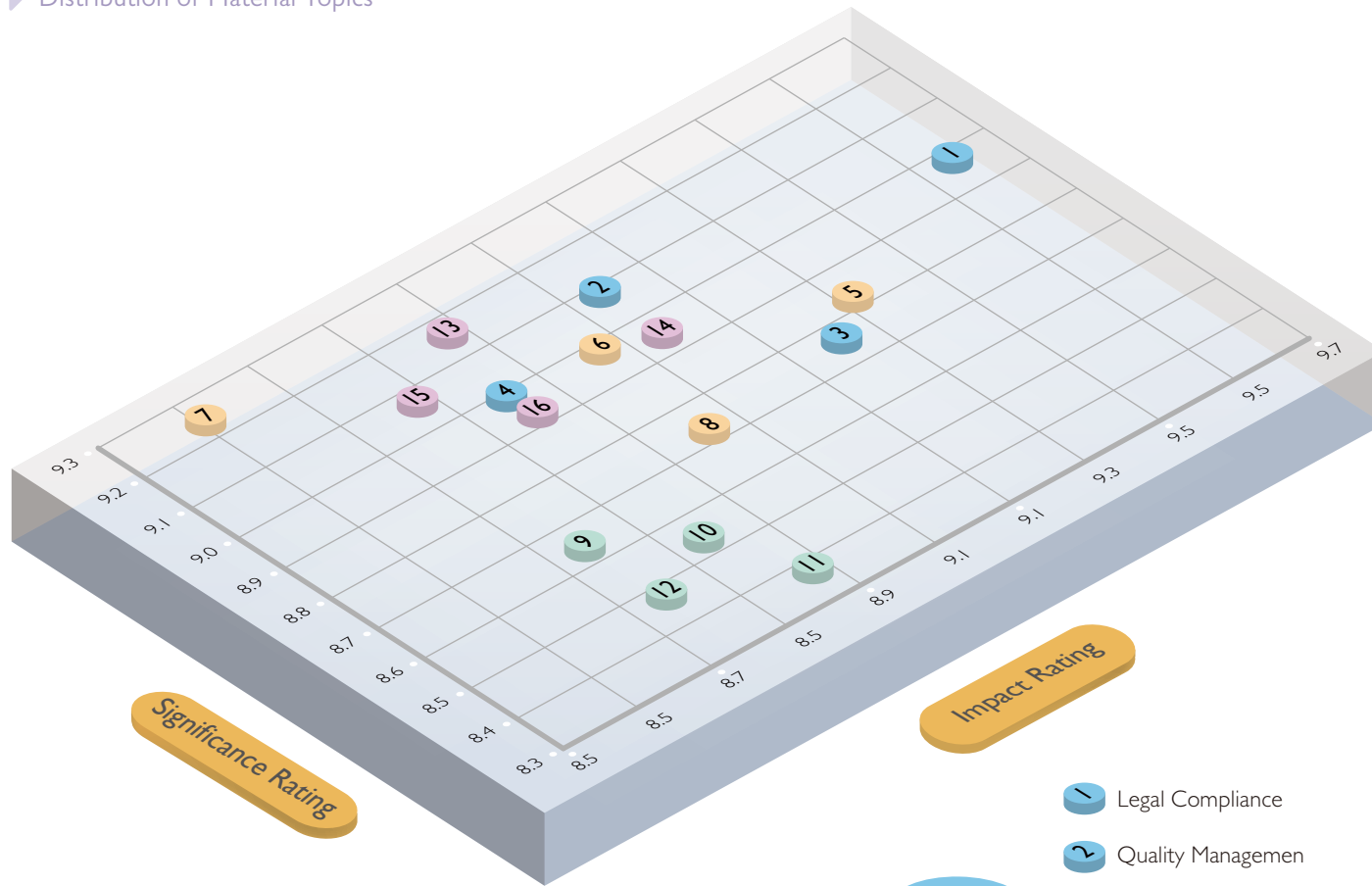
No	Category	Material Topic	Meaning to Qisda	Boundary			GRI Disclosure	Corresponding Chapter
				Inside	Outside			
					Customer	Supplier		
7	Society	 Salary and Benefit	With the concept of building a happy and healthy workplace, planning various fair employee welfare for employees to experience a diversified/fair workplace environment and happy corporate culture	●			102-35~39.201-3. 202-1.401-2.405-2	Corporate Governance Status Fundamental Employee Guarantees
8	Society	 Customer Privacy Protection	Such as leakage of customer privacy that may cause lower customer loyalty and satisfaction, negative impacts on business and business reputation, even serious impacts such as lawsuit; therefore, ensure customer privacy is respected and protected is Qisda's promise to customers	●	●		102-41	Customer Privacy Protection
9	Environment	 Waste Management	Qisda adopts source management to strategically manage wastes and manage from the source via continuous energy-saving, waste-reduction activities, actively realizing energy recycling categorization, drastically reducing waste generation while adding recycling volume to reach the goal of waste reduction	●			306-2.4	Waste Management
10	Environment	 Water Resources Management	The products produced at Qisda's manufacturing sites do not generate wastewater, only domestic sewage, each site has actively focused on the tap water usage condition since 2011, using CSD to manage	●			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
11	Environment	 Ecological Design	Qisda ascertains the R&D initial phase of its products to have green design thinking to evaluate the possible impacts and risks of designed products/components during each phase of life cycle, reduce environmental impact at the source of design	●	●		302-5.417-1	Green Product
12	Environment	 Product Life Cycle Assessment	Qisda ascertains the R&D initial phase of its products to have green design thinking to evaluate the possible impacts and risks of designed products/components during each phase of life cycle, reduce environmental impact at the source of design	●	●		302-5.417-1	Green Product

Table of Material Topics

● Surpassed ◎ Achieved ○ Not Achieved

No	Category	Material Topic	Meaning to Qisda	Boundary			GRI Disclosure	Corresponding Chapter
				Inside	Outside			
				Customer	Supplier			
13	Health and Safety	 Health Management	Power maintenance center has the ultimate goal of promoting employee health, promoting related health-boosting activities according employees' health issue requirements, let them have healthy body/mind to receive work challenges	●			403-3.6.10(2018)	Employee Health Care Management
14	Health and Safety	 Product Health and Safety	Qisda strives to promote various management system regulations to design and manufacture products meeting demands of customer's health and safety.	●	●		416-1.2	Quality and Hazardous Substances Management
15	Health and Safety	 Occupational Disaster Management	Via sound Social Responsibility and Environmental Safety Hygiene Management Committee in promoting occupational safety hygiene matters, each employee can safely finish various tasks and realize executing various requirements of safety, hygiene and health	●			403-1.2.7.9(2018)	Employee Health Care Management Safety & Health Management
16	Health and Safety	 Overwork	Employee is Qisda's important asset, it cares about employee's physical/mental health, regularly performs health check, tracking high-risk groups, hosting regular health forums and activities, launching employee work life index questionnaire to control more their stress	●			No corresponding disclosure, Qisda customized disclosing item: Qisda-4	Employee Health Care Management

Distribution of Material Topics



Governance / Economy

Society

Environment

Health and Safety

- 1 Legal Compliance
- 2 Quality Management
- 3 Sustainable Strategy
- 4 Customer Satisfaction
- 5 Human Right
- 6 Labor / Management Relations
- 7 Salary and Benefit
- 8 Customer Privacy Protection

- 9 Waste Management
- 10 Water Resources Management
- 11 Ecological Design
- 12 Product Life Cycle Assessment
- 13 Health Management
- 14 Product Health and Safety
- 15 Occupational Disaster Management
- 16 Overwork

# Realize Corporate Governance

## Commitment and Management Strategies

Corporate governance is the base of corporate operation. Qisda strives to realize the disclosure of corporate governance information, improve management performance transparency while its operational guidelines are optimizing current business operations, rapidly expanding medical business, speeding up solution development and deploying key components to continually improve revenues. In operation, it controls risks via lowering risks and improving risk response abilities. Meanwhile, it continues to promote and audit organizational activities according to domestic and international regulations to achieve a healthy organizational development and protect benefits of interest parties.

## Prospects

We promote transformation with four operational guidelines and expand territory in alliances while using current governance ability to offer affiliates resources as well as coach and strengthen their related management abilities so that the group can grow together and have synergy.

## 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."

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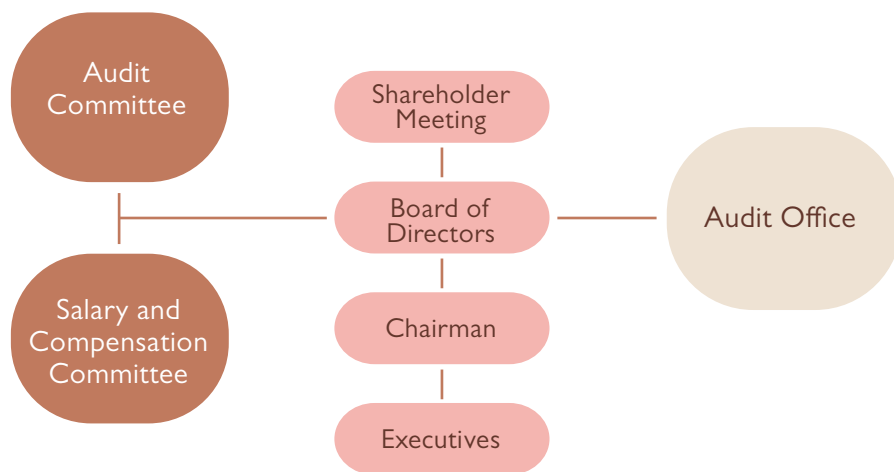


# Corporate Governance

## Corporate Governance Organizational Structure

Qisda compiles corporate governance structure and executional matters according to the Company Act, Securities and Exchange Act of ROC and other related regulations. Our corporate governance model is divided into three units: meeting of boards of directors, Audit Committee and Compensation Committee. The last two units consist of all independent directors while all directors (including independent directors) are voted by shareholders. The corporate governance organizational structure is as follows:

### The Organizational Structure of Qisda Corporate Governance



Maintaining shareholders' rights has always been one of the emphasis of Qisda. The company started electronic voting system since the shareholder's meeting in 2012

and launched by-case voting for the meeting's agenda to raise the percentage of shareholders attending the meeting to ensure they execute their rights at the meeting in a legal way. At the meeting, we also actively describe the company's operational and financial overview to the shareholders and accept their inquiries. Besides possessing a management team consisting of experienced professional managers, our board of directors also possess necessary knowledge, technique and core competencies required by such positions and we strive to optimize shareholders' rights.

### Board Members

Title	Name <sup>*,**</sup>	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

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



\* The academic, working backgrounds, terms of office, concurrent posts at other companies, attendance rate, controlling shareholders of company's members of board of directors meeting are all disclosed at the corporate governance chapter of our annual report.

\*\* The three directors of the board from Qisda (Suzhou) Co., Ltd., the 100%-owned subsidiary of our company, are all appointed by Qisda and the board of directors meeting is guided by optimizing shareholders' rights, meeting local regulations and actual needs to operate normally.

Our Articles of Incorporation rules that for electing board of directors, the nomination system is required. Also, the 20th clause of our Corporate Governance Principles rules that we should consider the element of diversification for the members of board of directors. The number of directors holding concurrent position of company managers should not exceed one third of overall number of directors while the company should compile a diversified policy according to the operations, business type and development needs. There are seven directors (including three independent directors) and they are all males over 50 years' old. The chairman is elected by the directors who all have over five years of working experiences relating to business, legal, financial, accounting or corporate operations. We appoint them and the management team members to continue studying further on issues regarding economy, environment, social, etc. to enhance related knowledge of our highest corporate governance unit. The status of the further study is disclosed in the chapter for corporate governance in our annual report.

## > 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.

### 1 Board of Directors Meeting Operational Status

According to the 8th item under the third part of the 26th clause of the Securities and Exchange Act, Qisda compiles the "Rules of Procedure of the Board of Directors" and related matters all follow the rules. We hold the board of directors meeting at least once a quarter. The members all follow the guidance of optimizing shareholders' rights, fulfilling their duties with duty of care and be faithful in a highly self-disciplinary and careful attitude to make business evaluation and major decisions. In 2019, the attendance rate was 100%. All members participated in all the meetings.



Our board of directors meeting passed the "Rules for Performance Evaluation of Board of Directors" in 2018, ruling that the meeting should perform performance evaluation of the members at least once a year. We finished evaluation at the end of 2019 and convened the meeting in March, 2020 to report the results, with completion rate of over 97%. The overall operational efficiency of the meeting is fair while we will perform the first external performance evaluation in 2020 to further realize corporate governance.

## 2

### Audit Committee Operational Status

We follow the Securities and Exchange Act and the decisions of the shareholders' meeting to appoint independent directors and Audit Committee in 2008 while the board of directors meeting stipulated the "Audit Committee Charter." The committee mainly plays the role of auditing, inspecting the status of the company and board of directors meeting in performing business with a strict attitude. The committee convenes at least once a quarter to discuss. At the meeting, accountant, internal audit, risk management, legal and financial units report to the members of the committee about the most recent financial report audit status, internal audit results, major lawsuits, financial and business overview, etc. Therefore, they enable the members to help investors to ensure the trustworthiness of corporate governance and information transparency to protect shareholders' rights.



For more information, please refer to "Employee Salary and Pension"

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### 3

#### Compensation Committee Operational Status

We finish implementing the Compensation Committee in 2011 while the board of directors meeting stipulated the “Compensation Committee Charter” to strengthen corporate governance as well as the compensation system for directors and managers. The committee convenes at least twice a year and will have temporary meetings according to needs. The committee performs related duties with duty of care and follow the law while offering suggestions to the board of directors meeting to discuss. To enable the members to understand more related regulations and actual operational status of the company, we arrange meetings to report to the members about related regulations and compensation status of high-level executives. Meanwhile, considering industrial risks as well as situations such as the duties and operational scale of the owner, directors and independent directors of the company, under the principle of power and duty corresponding as well as reasonable basic compensation, the appointment of compensation for employees and directors are agreed by the Compensation Committee and board of directors meeting while reporting to the shareholders’ meeting to be used as the method of evaluating the managing performance of the company’s top management. Related information of compensation of our high-level management team such as the board of directors meeting and managers are also appropriately disclosed in the annual report for all interest parties to fully understand the connection between the compensation of high-level executives and corporate operational performances.



#### 2019 Management Key Points and 2020 Plans

Improve the corporate governance evaluation score of Qisda under Taiwan Stock Exchange (TSE), participating in related activities of corporate governance, planning for external performance evaluation for the board of directors meeting in 2021

### 4

#### CSD Committee Operational Status

Qisda stipulated related regulations such as “Corporate Governance Best Practice Principles”, Corporate Social Responsibility Principles”, “Ethical Corporate Management Best Practice Principles” and “Code of Business Conduct and Ethics for the Board of Directors and Managers” while authorizing the CSD Committee to be responsible for CSR policies, systems or related management guidelines as well as the offering and execution of concrete promotional plans. In 2015, we also started regularly reporting to the board of directors meeting each year for the CSR and ethical operations performing status of the year to communicate with the directors about related issues. Our CSR activities are audited and managed by Peter Chen, chairman and president of Qisda as well as the chairman of the CSD Committee, for the corporate sustainable



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



For more information, please refer to “Qisda’s CSR”

(P16)

## Conflict of Interest Avoidance Management

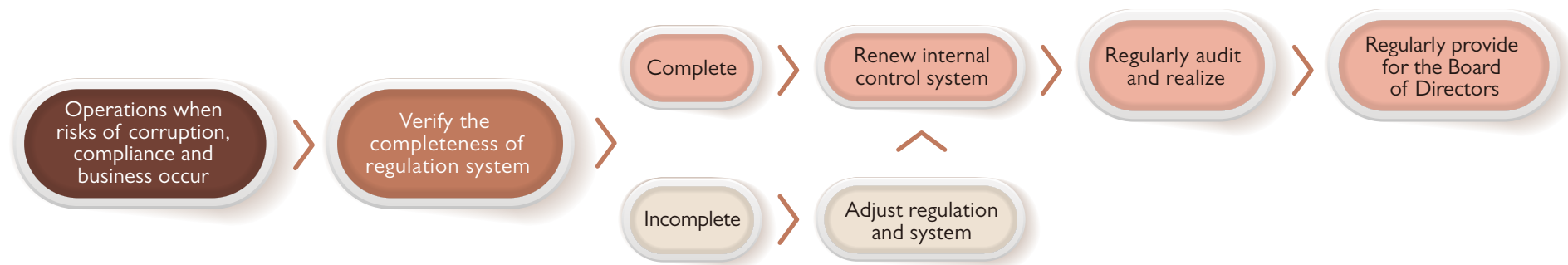
Qisda elects the chairman of its board of directors meeting according to the third item of the 208th clause of the Company Act and Peter Chen, chairman of Qisda, holds the post. He is also the president of the company. When discussing or voting for agenda at the meeting, for avoiding conflict of interest as a director about the company's benefits, he doesn't participate in related actions according to the second item of the 206th clause and the conflict of interest avoidance of the 178th clause. When necessary, the chairman will appoint another director to serve as the chairman of the meeting. If there is a conflict of interest, we disclose it at the corporate governance chapter of our annual report according to regulations.

## > Internal Audit Mechanism

For the operational procedures of daily operational activities, we design an appropriate internal control mechanism for operations with corruption, compliance and operational risk potentials. The Risk Management Committee (RMC) is responsible for identifying

corruption risk, the human resource department is responsible for training while audit is to verify the realization and establishment of related mechanisms to reduce potential risks of corruption, compliance and operations while preventing them from happening. The audit unit regularly evaluates the management results of the internal control mechanism and collect suggestions of high-level executives from each department on potential risks (including fraud and corruption) while compiling an appropriate audit plan as the reference for related check. It will regularly report to the Audit Committee and board of directors meeting each year about the result for the management team to understand the current situation of corporate governance to achieve the end of management. Also, we launch internal control risk evaluation and audit regularly for the two operational sites in both Taiwan and Suzhou (China) including three major issues: financial reports, purchasing operations and sales operations. There were no major corruption risks and incidents. In 2019, we strengthened auditing according to major regulations to meet compliance demand.

### ▮ The Process of Internal Audit



# Financial Performance



- Four operational guidances: optimize current business operations, rapid expansion of medical business, speed up solution development, deploy key components
- Consolidated revenues of NT\$169.8 billion broke record

In 2019, consolidated revenues reached NT\$169.8 billion, consolidated operational profits were NT\$6.2 billion, consolidated net profits were NT\$4.41 billion. Net profits attributable to parent company were NT\$3.58 billion, with net EPS of NT\$1.82.

Recently, Qisda actively transformed itself. With the core of group resource platform, it worked with hidden champions to form a joint fleet. This concept has been recognized by various publicly-listed companies in Taiwan and they have joined us. Therefore, amid uncertainties such as rapid industrial changes, display and projector demand declines and heated global trade war, Qisda's consolidated revenues could still break record for the second consecutive year. In 2019, we strove to expand business territory in the four operational guidelines:



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



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



For 2020, although there are elements of uncertainties such as US-China Trade War and COVID-10, there are long-term opportunities such as improving automation and speeding up digital transformation. Qisda will continue to focus on four operational directions, expecting to further improve itself and create long-term values. The plans are as follows:

## 1 Optimize Current Business Operations

2019 Results

The two major product lines are display and projector. They continued to obtain steady results and leading positions. The display segment outperformed the overall industry and ranked second in the world. We continued to migrate to high-end, high-ASP, professional display and medical display. The projector segment kept its global leadership, ranking top in the DLP segment and we are the only Taiwan-based manufacturer having DLP and LCD projection technologies.

2020 Plans

We will continue to strengthen our global leading positions for displays and projectors, with products migrating to high-end, high-resolution and high-value applications.



### 2019 Management Key Points and 2020 Plans

Continue to explore medical, solution business opportunities with joint fleet strategy, deliver supply chain synergy with key component investments starting in 2019

## 2 Rapid Expansion of Medical Business

2019 Results

In 2019, Qisda had overall consolidated revenues of NT\$12 billion in the medical segment. Revenues from our medical centers in Suzhou and Nanjing continued to grow and had strong operations. For medical equipment and channel expansion, BenQ's hemodialysis apparatus were successfully sold in South Korea while 20% of Taiwan's hospitals already used the solution. We also invested in BenQ's biological technology segment to deploy the China dialysis market; our in-house ultrasound solution continued to be applied in the bedside medical care market; meanwhile, we explored the digital dentistry segment, cultivating the hearing channel to meet the demand of global aging society and long-term care.

2020 Plans

BenQ Medical Centers will keep aiming to become the top China-based private-owned hospitals. Our medical equipment business will prioritize channel deployment, with focus areas of Asia and emerging countries. We will also develop in-house product technologies such as ultrasound, hemodialysis apparatus and intraoral scanner. Meanwhile, we will integrate group resources to develop medical equipment, medical consumables, digital dentistry integration system and smart dialysis system while expanding medical industry alliances via win-win merger or strategic partnership cooperation models.

## 3 Speed Up Solution development

2019 Results

Speed Up Solution development: To complete the deployment of IT (Information Technology) and OT (Operation Technology) and march toward an all-around software/hardware service system integration supplier, Qisda invested in companies such as AEWIN Technologies Co., Ltd., Sysage Technology Co. Ltd. and ACE Pillar Co., Ltd. To expand solution alliance in 2019. Smart solution consolidated revenues exceeded NT\$15 billion. Qisda continued to satisfy demand of six smart vertical markets, working with NCTU Hospital to create a smart emergency room; its smart factory won the first safety certificate of HRC in Taiwan; we also assisted various chain store customers to build a new-generation smart food/beverage shop.

2020 Plans

We will continue to horizontally integrate the internal technologies and channels for our smart business to meet various vertical market demands while more keenly integrating those already invested such as DFI, Partner Tech and Apex Technology Inc. to deliver a business synergy, connecting with Sysage in the IT field, with Ace Pillar in the OT field for its top international agent brands such as Cisco, Citrix, DELL(EMC), IBM, Oracle, Redhat, SAP and VMware, offering customers with the best smart solution and assisting them to realize digital transformation.

## 4 Deploy Key Components

2019 Results

We are positive on the AIoT (AI+IoT) demand such as IoV (Internet of Vehicle) and 5G. We continued to strengthen our investment deployment.

2020 Plans

We base on current demand and navigate according to future demand to continue scan and seek cooperation opportunities.

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				
		2019年	2018年	2017年	2016年	2015年
Operating Revenues		169,754	155,783	136,862	129,554	133,102
Gross Profits		23,050	19,243	12,053	16,203	14,640
Operating Incomes (Losses)		6,228	4,576	3,401	4,487	2,598
Net Profits Generated from the Parent Company and Its Subsidiaries		3,575	4,035	5,291	4,342	2,169
Earnings per Share		1.82	2.05	2.69	1.10	1.51

Qisda Taiwan Parent Company Economic Value Distribution

Item	Amount	Note
<b>A. Direct Economic Value Generated</b>		
a Revenues	NT\$ 98.5 billion	
<b>B. Economic Value Distributed</b>		
b Operating Costs	NT\$ 92.9 billion	
c Employee Wages and Benefits	NT\$ 2.96 billion	Employee salary
d Payments to Providers of Capital	NT\$ 2.1 billion	The net amount of paid interest expense was NT\$0.43 billion. Share dividends for shareholders was NT\$1.67 billion.
e Payments to Government by Country	NT\$ 0.12 billion	Income-tax
f Community Investments	NA	
<b>Economic Value Retained=A-b</b>		
Total	NT\$ 5.6 billion	

\* Consolidated income statement adopting IFRS; this table includes all consolidated entities of our consolidated financial reports.

# Code of Conduct



## 2019 Management Key Points and 2020 Plans

In 2019, amended “Qisda’s Ethical Corporate Management Best Practice Principles”, expected to pass the new version by board of directors meeting in 2020



- ▶ 0 corruption incident
- ▶ 100% employee code of conduct training

Ethical operation is the most basic social responsibility of a company. It is beneficial for corporate operations and long-term developments. Unethical matters may not only cause corporate losses, but bring about issues such as low moral standard of employees and distrust between the company and customers as well as business partners. Also, this may lead the company to be involved with illegal behaviors such as lobbying and bribery, thereby damaging corporate governance mechanism and causing overall operational environment to deteriorate. To incorporate the corporate mission of “Treat customers, suppliers, creditors, shareholders, employees and the society with an ethical attitude” into its core corporate culture, Qisda passed the “Code of Business Conduct and Ethics for the Board of Directors and Managers” and “Ethical Corporate Management Best Practice Principles” by its board of directors meeting in May, 2015. The meeting audited and passed the new version of the “Ethical Principles” to serve as the reference of all employees’ conduct.

Qisda’s ethical principles rule items include ethical behavior, anti-corruption, discrimination and harassment, antitrust, intellectual property (IP) rights, data protection and political participation. Each item has a clear code of conduct for all corporate members to refer to as the highest code of conduct for their business activities.

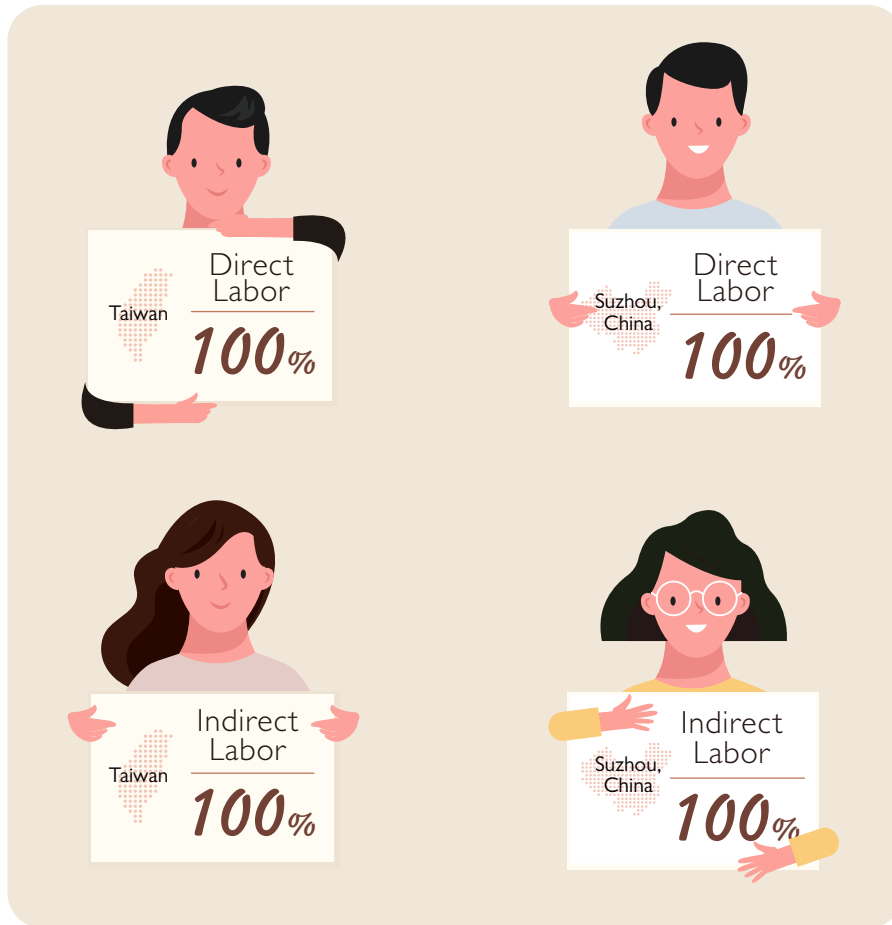
## > Code of Conduct Training

Qisda’s code of conduct is disclosed at the homepage of the company’s intranet. Before arrivals of important holidays such as Chinese New Year, Dragon Boat Festival and Mid-Autumn Festival or at other necessary timings, we also deliver promotion of code of conduct such as “Do Not Receive External Gifts” in E-newsletter format to employees’ email boxes to remind and strengthen code of conduct thinking. When joining the company, each new comer will learn about code of conduct principles at the Win Camp. At the New Comer Program, we also deliver corporate culture and related regulations to ensure they fully understand. For current employees, we perform online trainings for code of conduct (including those for anti-corruption). The completion rate of the trainings for 2019 are as follows. Under the execution and promotion of code of conduct, there were no anti-ethical matters in 2019.

Besides ethical communication and training, we started regularly sending anti-corruption promotional letters to members of board of directors (7 in total in 2019) each year in 2014; added anti-corruption clauses in agreements with all business partners (around 1,195 in total) to realize the zero-corruption management goal of Qisda.



Percentages of Employee Code of Conduct Training\*



\* conduct content with the form of training, 3,138 employees participated (indirect: 2,811, direct: 327); operators in Suzhou (China) already received related trainings when they joined the company under the labor agreement course; therefore, they were not included in the statistics of the number of trainees.

> Report and Suggestion Communication Mechanism

The company compiled the “Report Channel and Investigation Procedure” while setting up the President’s Mailbox and announcing that on our website. For serious inappropriate behaviors such as violating principles of integrity, interest conflict and avoidance, fair trade, bribery and illegal payments or any illegal and mistreatment behaviors, we have a complete set of reporting, suggesting and communicating operational flow. Once we discover people or matters that do not comply with the integrity spirit or violate regulations of the code of integrity, employees can deliver the messages directly to the president via the President’s Mailbox to be processed by the top management team; employees and external sources (such as suppliers, customers or other interest parties) can also report or appeal via the integrity mailbox: Integrity@Qisda.com (using Chinese, English or other local languages) for the responsible units to launch investigations and compile the investigation reports. Once the facts are confirmed, they are handed over to the Personnel Evaluation Committee to deal with. Qisda strictly guarantees the confidentiality of the whistle-blower, making sure his/her safety and protect his/her from revenge. In 2019, there were no reports of the kind.

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



# Risk Management

Qisda's risk management focuses on the operation of Risk Management System (RMS) and major risk transference planning, stipulating the risk management vision and policy, setting the management goals and performance indicators to keep tracking for effective management of risks exceeding the tolerance limit of our company. We also employ management tools to ensure we optimize risk management costs. With the core being the RMC, we manage the four aspects of risks-strategy, finance, operation and hazard.

## I. Risk Management Operations

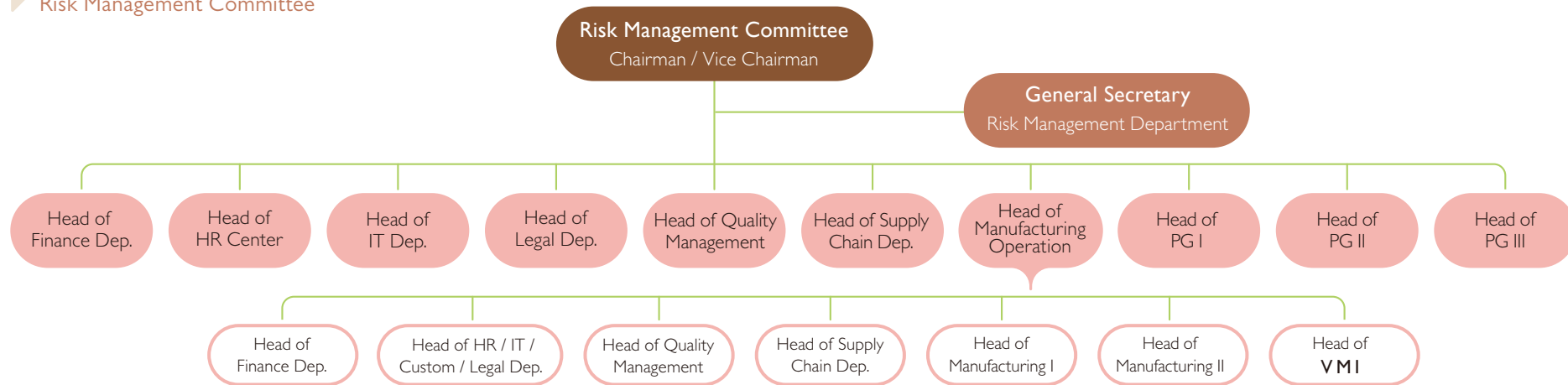
We host RMC meetings each quarter to track the goal-reaching status of risk management and the execution status of improvement plans. We simulate various major risk scenarios, compiling corresponding BCPs with constant updating of risk scenarios and drills, we ensure our operations can be continually operating when receiving impacts. The BCMS covers the whole group, which contains over 140 companies. With regular meeting project discussions, information integrity and practice experience sharing, we integrate

the group's damage prevention resources, strengthen the group's emergency response ability, reaching the goal of risk control.

## II. Risk Management Committee (RMC)

Qisda's RMC was established in June, 2005 and is chaired by our president while top-level executives are members who are responsible for deciding on Qisda's risk management strategies, setting annual goals and risk performance indicators. We also appoint an executive secretary held by the Risk Management Office, which is responsible for staying up to date for internal/external incidents while identifying potential risks, deploying and planning risk management meetings, tracking risk goals, managing project-reaching status; each unit identifies high-risk items, offers concrete improvement plans for risks and effectively control risks via risk self-evaluation reports, while the members report at the regular meetings of the RMC. The operations of the RMC are audited by the Audit Committee (board of directors meeting) and the committee reports at the Audit Committee each year.

### Risk Management Committee

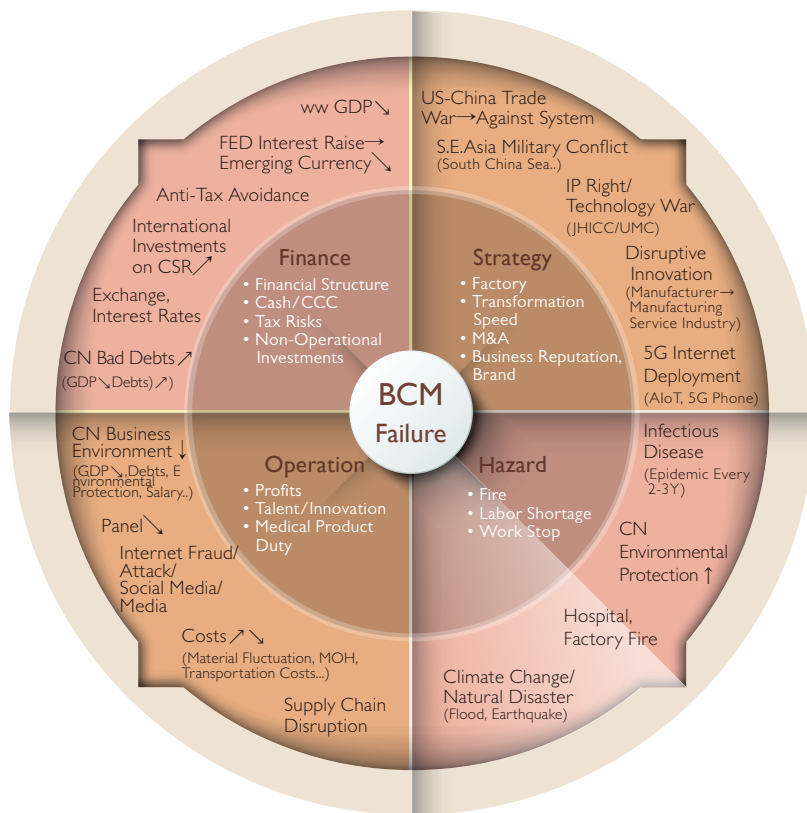




### Response and Management for Qisda's Major Risks in 2019

To respond to the impacts caused by the US-China Trade War, we convened a temporary meeting in May to verify the preparation status and launch timings for the three kits: The first kit was kicked off; we pulled partial production from China to Taiwan, optimizing existing production lines and investing new smart production, strengthening smart manufacturing, improving production efficiency; the second kit is to establish the second production base, investing in Vietnam to build a new factory (in full swing), which is expected to enter production in the beginning of 2020; the third kit is to produce in the US; we have prepared to launch this and can kick off this plan at any time.

### 2019 Qisda Risk Management Radar



Risk Kit Preparation Rate **80%**

Qisda defines risks as various events that affect the continuity of our business and reaching of our goals. they can be divided into four kinds: strategy, operation, finance and hazard. Each considers internal/external issues and we draw a risk radar spectrum of graph to manage. In 2019, we hosted five RMC meetings, including four regular meetings and one temporary meeting (overseas sites convened their own ones).

At the regular meetings, we ensure the goal can be reached and organization can continue its operation with Key Risk Indicator (KRI) tracking management. At the meetings, we also review local/overseas major issues, regulation changes, abnormal events, etc. and offer effective response measures.

### III. Business Continuity Management System (BCMS)

#### I. Business Continuity Management Policy (BCMP)

The RMC defines major risks, simulating risk scenarios and evaluate impacts on the organization's operations. It creates corresponding BCPs according to the risk scenario to ensure we can lower impacts and resume operations as soon as possible when risks occur.

Qisda's risk management is centered on three major shafts: before the incident (identify and prevent); during the incident (control and mitigate losses); after the incident (recover and transfer). These are the core foundation of Enterprise Risk Management (ERM) structure and BCMS.

#### 2. Business Continuity Management Executional Results

Starting from 2014, Qisda gradually updated and established BCPs for different scenarios according to international trends, regulation requirements, internal product line changes and adjustments as well as focused issues of customers.

BCP mostly responds to emergency and major risk incidents. To improve employees'



For All Identified Risks and Opportunities of Climage Changes, Please Refer to The "Cimite Change and Carbon Management Chapter."

(P92)



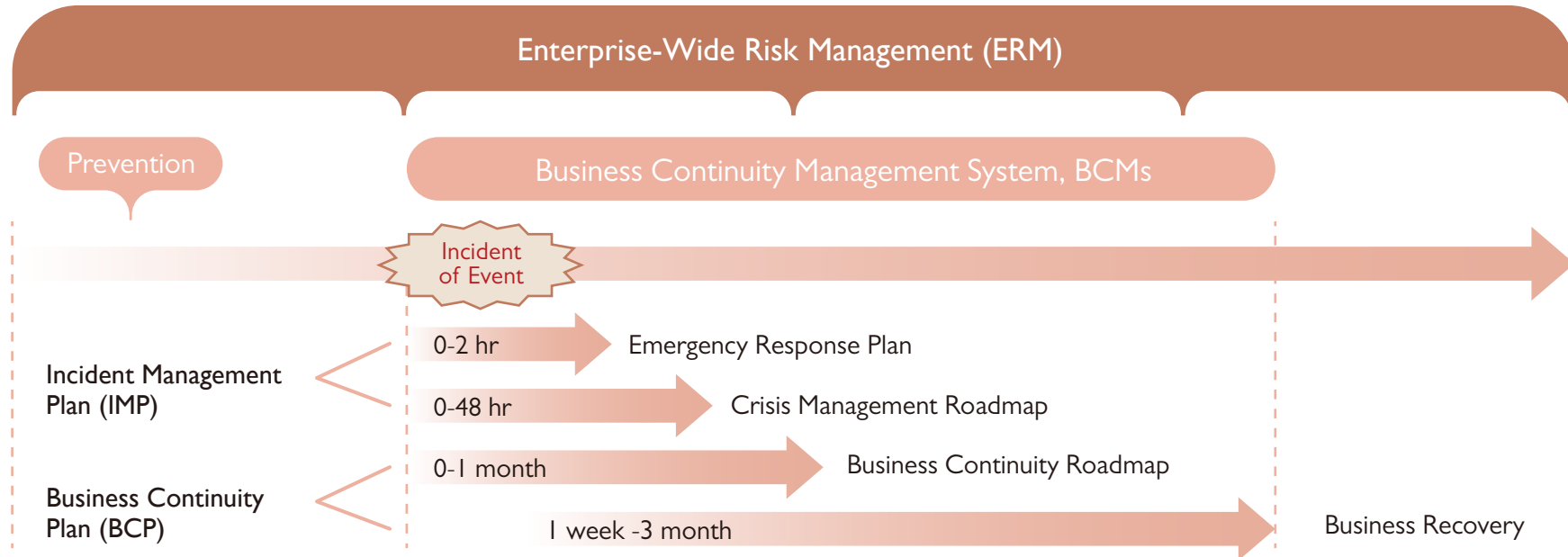
### 2019 Management Key Points

The major league and fleet development strategies mean continuous growth of group members, covering wider industry types and higher corporate governance risks. Hence, we planned to hold "Director Legal Risk" seminar in 2019, inviting external professionals with rich theoretical and practical experiences, offering risks to be learnt and noticed by directors and high-level executives for business operations in terms of the legal aspect as well as preventive and response measures. Over 80 Qisda directors, supervisors, high-level executives and executives of various levels participated in the seminar while they all expressed much gains after the seminar.

familiarity of executions of plans, we regularly perform BCP drills. We upgrade their risk awareness and response abilities with sand table scenario planning and repeated operations of response measures under various simulated scenarios. When risk incidents occur, they can swiftly respond and perform the actions, reaching the goal of rapidly resuming operations.

The operations of BCMS is based on the spirit of management system PDCA. We set goals each year, identify major issues, offer management guidelines, track executional performance, renew procedure documents and arrange trainings as well as drills to meet the goal and spirit of management system. All BCMPs are collected in the "Crisis Management Manual", serving as the major guiding principles of the company when major impact incidents occur.

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

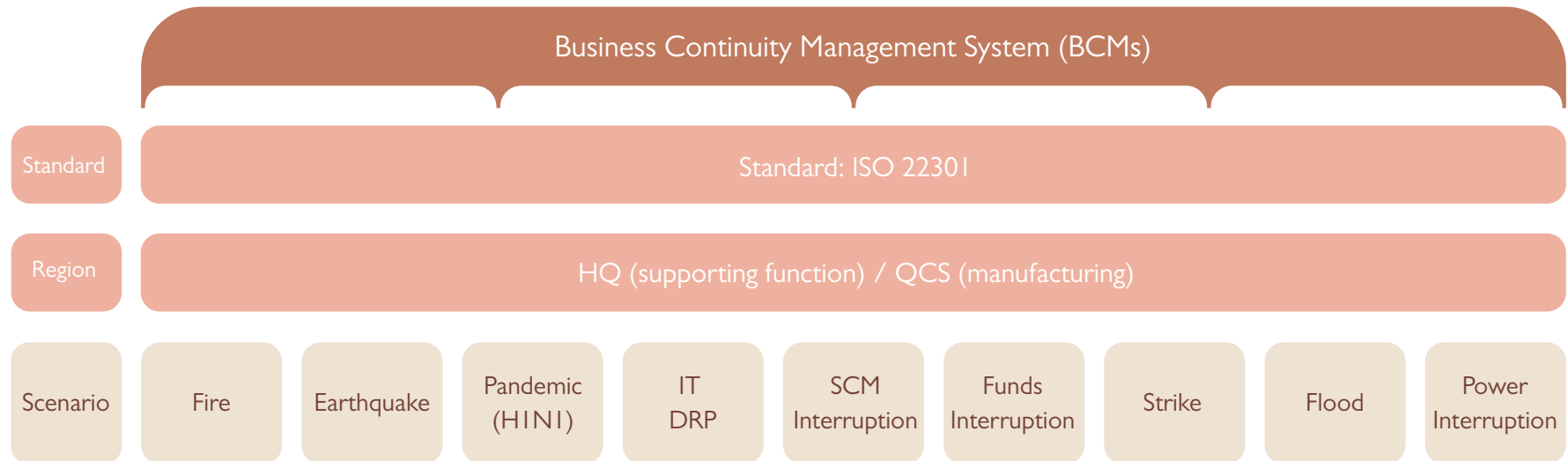


#### IV. Group Defense Mechanism

We center on Qisda and establish a joint defense mechanism of over 140 companies. We also convene regular meetings, establish report channels, set up information exchange platform, integrate group resources and bring the group power spirit into full play.

In 2019, Qisda introduced disaster recovery flow and emergency response plans into its group companies. With educational training and drill operation to establish the companies' abilities in swiftly responding and processing when crisis incidents occur. The mechanism of information, message and experience-sharing also enabled them to fulfill prevention management before risk incidents occur to lower risk-occurrence probabilities from the source. In 2019, Qisda Group hosted five regular meetings, covering experience example sharing from ten companies.

#### Qisda BCMs Framework



# Information Security

## › Information Security Policy

To ensure the confidentiality, integrity, availability and compliance 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.

## › Information Security Management Committee (ISMC)

Qisda formed the Information Security Management Committee (ISMC) to be responsible for promoting internal information safety. It effectively protects the safety of our IPs and improves our employees' information safety awareness with information asset regulations and tools. The committee is chaired by our president; our CIO is the vice chairman while top-level executives of each BU are members.

## › Evaluation of Information Safety and Internet Risks

To appropriately protect activities within Qisda's technology information safety management system, realize related regulations and execute risk evaluation procedure, we effectively lower, transfer and erase risks with process measures such as risk evaluation results and internal meetings deciding on the risk items. Each year, we regularly inspect each regulation while evaluating and adjusting internal information safety regulations to comply with government laws and stay effective while reminding employees of related changes. In supply chain, we ask to sign contracts with third-party service companies, requesting them to follow the regulations of non-disclosure and internet safety. Besides performing basic information security-related trainings when new comers join us, we regularly hold Email social engineering drills, performing educational trainings for related information security

knowledge regarding Email delivery and receipt to lower the risk of their clicking malicious Emails by mistake. Meanwhile, we hold employee online educational programs for information security to improve their information security awareness, ensuring the information security concept can be incorporated into daily operations.

## › Information Safety Management

Qisda realizes information security policies, 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 interest parties of our company via establishing the information security management system. Also, with the PDCA (Plan-Do-Check-Act) mechanism, we continued to improve our information security control mechanism. We also introduced Vulnerability Assessment System to regularly perform vulnerability assessment of each system to ensure their safety, avoiding confidential information leakage due to system vulnerability.

## › Information Security Insurance Arrangement

Since July, 2017, Qisda started having insurance for enterprise information security risk management for insurance claim for related expenses when information security incidents happen (such as business suspension and forensics). This covers subsidiaries to reduce company losses.

## › Information Security Emergency SOP

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



Conducted internal anti-trust trainings

## Management Approach of Material Topic

### Legal Compliance

● Surpassed ○ Achieved ○ Not Achieved

#### Major Interest Target

Customers, Suppliers, Communities

#### 2019 Management Goal

1. Fully implement antitrust law compliance plan
2. Various group companies already fulfilled GDPR
  - Training
  - Impact analysis of related departments
  - Introduce and set up public version of form and document

#### 2019 Goal Reaching Status

Done



#### 2020 Management Goal

1. Extend antitrust law compliance promotional plan
2. Execute GDPR compliance plan
  - Continue tracking implementation status of remaining public versions
  - Continue focusing on related development trends of personal data protection law in each country

#### management approach

##### Responsibility

Legal Office

##### Resource

1. Conduct compliance trainings and promotion with related departments.
2. Introduce external consulting resource for new compliance issue (GDPR).

##### Action

1. Conduct compliance trainings and promotion.
2. Build management mechanism for new compliance issue (GDPR).

##### Evaluation

Report and review KPIs each quarter at Corporate Sustainable Development Committee



### 2019 Management Key Points and 2020 Plans

Continue to cultivate internal/external management mechanism for GDPR (General Data Protection Regulation)

Qisda compiles related policies and regulations according to regulations of Taiwan and other countries, covering regulations such as personal data protection, confidentiality, anti-bribery, anti-discrimination, environmental protection, IP protection, anti-insider trading, anti-unfair competition and labor protection. We also push CSR. To ensure our internal regulations follow policy advancements, Qisda establishes a control system to ensure our business meet related requirements via audit measures.

All members of Qisda participate in the compliance policy. With cooperation among each department, we improve our executional performances. We ask employees to actively maintain integrity ethics while offering a safe and healthy working environment, prevent pollution and improve labor safety. For product life cycle, we actively lower usage of environmental-related materials to meet environmental-protection regulations and continue reducing impacts on the environment. In 2019, Qisda did not receive any major fines\* due to violation of regulations. We also fully realize our internal anti-trust compliance plan including new-comer educational training, E-newsletter delivery, online program training and related poster promotions. Also, to respond to the EU General Data Protection Regulation (GDPR), we already performed response measures such as educational trainings and analysis of regulation impacts of related departments. Our project teams introduced and implemented compliance mechanism such as related management procedure or public version of forms and documents while kept tracking and focusing on personal data protection regulation development trends of each country to fully realize the CSR of personal data protection.



For details of management guidelines of "Stakeholder Engagement", please refer to this chapter.

(P29)

For details of identifying major topics, please refer to "Legal and Compliance"

\* Major fine refers to fine of NT\$200,000 and above.



# Operate Partner Relationship

## Commitment and Management Strategies

As a full-range electronic OEM, Qisda prioritizes customer and supplier relationship maintenance for upstream and downstream value chain management. To protect customers' rights, Qisda is committed to the delivery time, costs, technology, quality, service, related regulations, overall evaluation satisfaction while systematically manages confidential documents to protect customers' privacy; for suppliers, Qisda asks them to follow local regulations, social standards and environmental-protection plans for them to work with Qisda to commit to the environment and society, adding values to products.

## Prospects


We continued to perform customer and supplier management according to plans. Starting from 2019, we included all HR agency companies and service companies in our factories in our social responsibility and environmental safety hygiene investigations and onsite audit range. In 2020, we expect to add high-risk supplier onsite audit, aiming to have a more complete supplier management.

## 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 **95**

## Customer Satisfaction Survey

### Management Approach of Material Topic

#### Customer Satisfaction

● Surpassed ◎ Achieved ○ Not Achieved

#### Major Interest Target

Customers, Suppliers, Communitie

#### Management approach

##### Responsibility

Customer Service Division

##### Resource

Cross-department cooperation to solve customer doubts

##### Action

1. Conduct customer satisfaction survey.
2. Consolidate the results to related departments and look for improvements.

#### 2019 Management Goal

Scored **92**

#### 2019 Goal Reaching Status

Scored **95** | ●

#### 2020 Management Goal

Scored **92**

##### Evaluation

Report and review KPIs each quarter at Corporate Sustainable Development CommitteeCommittee



For details of management guidelines of "Stakeholder Engagement", please refer to this chapter. (P29)

For details of identifying major topics, please refer to "Customer Satisfaction"

Qisda regularly performs customer satisfaction survey to ensure their demand is understood and satisfied. Qisda performs full-scale customer service satisfaction surveys each January and July. The CSD is responsible for delivering notification Emails to contact windows of customers, inviting them to score at our survey system.

The CSD collects the results and deliver them to related departments. The departments and high-level executives inspect customers' feedbacks according to the survey results to compile improvement countermeasures to improve product and service quality. The following chart displays the satisfaction survey results of customers for each product line in 2019. The average score was 95, showing Qisda had strong recognition from customers in customer service and satisfaction.

2019 Customer Satisfaction Survey Result (Score)



No data loss incidents

> Customer Privacy Protection

Management Approach of Material Topic

**Customer Satisfaction** ● Surpassed ○ Achieved ○ Not Achieved

Major Interest Target	Management approach
Customers, Suppliers, Communities, Employees	<b>Responsibility</b> Customer Service Division
<b>2019 Management Goal</b> No customer complaints about data loss	<b>Resource</b> Integrate with online system, set access limitation.
<b>2019 Goal Reaching Status</b> No customer complaints about data loss <span style="float: right;">○</span>	<b>Action</b> 1. Trainings. 2. Non-project related employee must obtain supervisor's approval for partial access.
<b>2020 Management Goal</b> No customer complaints about data loss	<b>Evaluation</b> Check if there are any incidents happened in the end of year.

For details of management guidelines of "Stakeholder Engagement", please refer to this chapter. (P29)  
For details of identifying major topics, please refer to "Customer Privacy Protection"

Customer privacy protection is the common goal of national regulations and corporate policies. For example, should customer privacy is leaked, customer loyalty and satisfaction may suffer while negative influences of business and reputation even serious impacts such as lawsuits may occur. Therefore, during business activities, Qisda is committed to customers to ensure their privacy is respected and protected.

Qisda continues to let employees understand the importance of information safety via internal Email propaganda and e-learning platform. Also, we use authorization restriction for protecting confidential documents. Except for related operational staff, employees not close to related job content should obtain signed permission from direct supervisors to obtain partial authorization. When downloading a confidential document, the background is marked with Confidential and the name of the person downloading the document in the format of watermark for reminder of the sensitiveness and confidentiality of the

document. This is another layer of protection for customer privacy and corporate asset, preventing data from inappropriate copy and leakage. To ensure the effectiveness of current management methods, we regularly verify whether there are any incidents of customers reporting data losses each year. Should there be any, we will launch a full-range review. In 2019, there were no of complaints of data losses, leakage or threats from customers and appeal incidents from audit units.

#### 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 **75.33%**

A full-range electronic design OEM, Qisda has around 1,195 global suppliers, mainly dividing into three kinds: sales, non-sales\* and outsourcing. We set up a supply chain protecting environment, human right, safety, health and sustainable developments with suppliers in a responsible and active attitude. To work more closely with them, Qisda also strives to realize local purchasing to improve the efficiency of material supply and support local economic growth. The local purchasing percentage in China in 2019 reached 75.33%, with that of in Taiwan accounting for 29.78%.

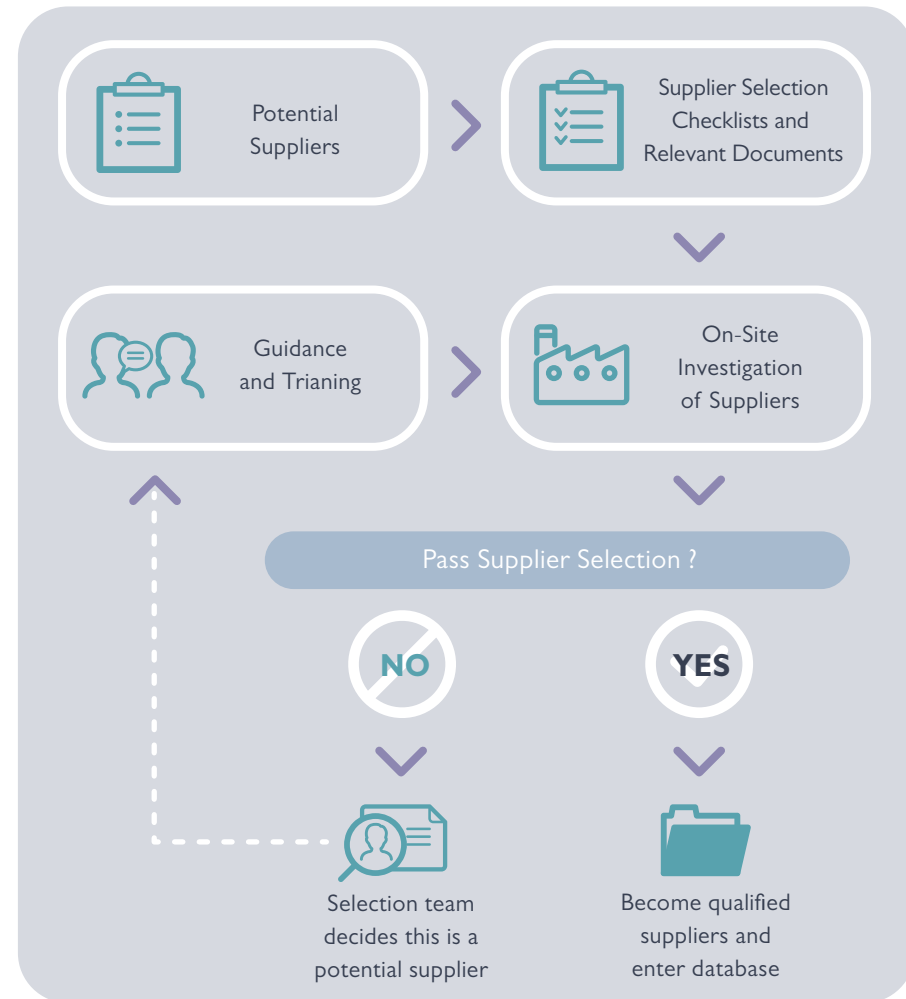
## Supplier Selection and Qualification Procedures

Qisda's supplier election procedure is based on the company's future product trend demand and purchasing strategies. We investigate the production capacity, technical innovation ability as well as management systems including quality and service of potential suppliers and decide whether they meet our needs for future reference of election. When we evaluate a new supplier, we form a team of evaluation consisting of purchase, quality assurance, R&D and component approval units to offer a questionnaire form for various abilities of the supplier, whereas the team will verify the final review results. Only those passing the procedure can become a qualified Qisda supplier and start verification for its new product.

The review covers the following aspects: basic company information, product information, major customers and financial status, related contracts with Qisda for purchasing duties and responsibilities as well as documents of no-hazardous substance control. Also, Qisda revised its online system to meet the "Supplier Election Review Regulation Operational Procedure, adding indicators of environment, human right ethics and labor rights to new supplier review items. Therefore, our new suppliers in 2019 were all selected with environmental and social items.

\* Suppliers not listed in the BOM material lists.

## 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

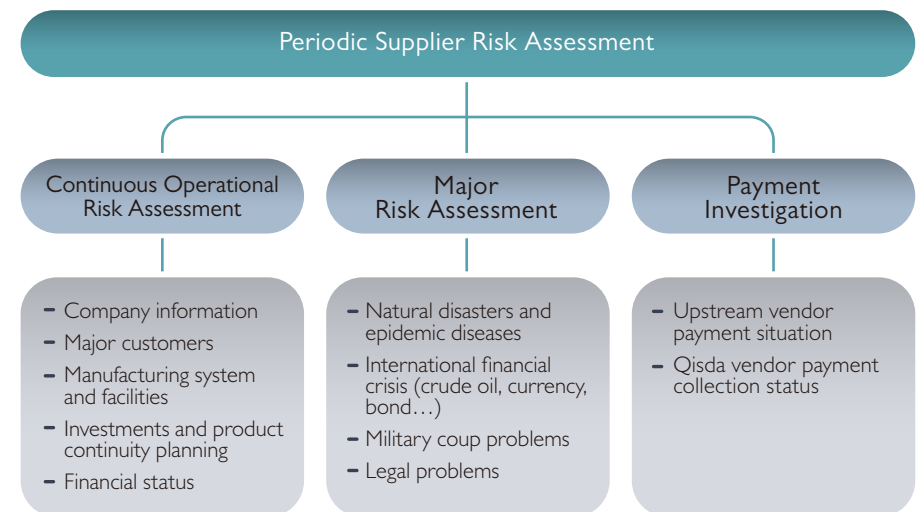


## > Supplier Risk Management

For existing qualified suppliers, Qisda carefully proceeds with supplier risk evaluation. With regular and irregular investigations of operational and financial status while focusing on high-risk groups, we avoid any matters such as shutdown without warning that affects shipments or cause disputes.

Also, we launch major risk investigations for suppliers about special incidents such as China Airline strike, fire at packaging company (Berno), explosion at Kunshan Wafer Technology factory in Kunshan, Jiangsu, earthquakes of over magnitude 6 in Miyazaki ken, Mie ken and Niigata ken in Japan, earthquake in Yibin City, Sichuan Province, Japan-Korea Trade War, Anti-Extradition Law Amendment Bill Movement in Hong Kong, serious damages in Japan caused by Faxi Typhoon and Hagibis Typhoon, crude oil attack in Saudi Arabia, etc. to perform understanding and investigation on local suppliers while investigating on their response abilities or communicating with them about appropriate response methods for Qisda to adopt the best prevention measures in supply chain, avoiding operational damages, further influencing interest parties' rights.

### Supplier Risk Assessment Structure

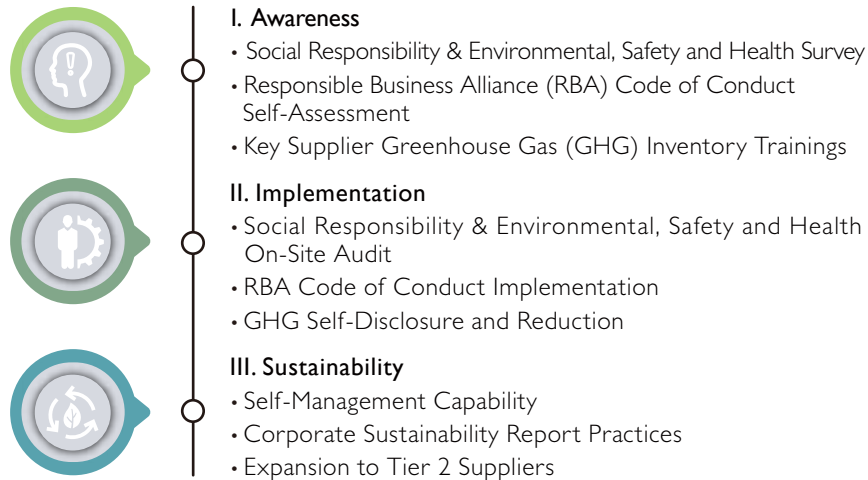


## > Green Supply Chain

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



### I. Awareness

In 2006, we hosted a supplier annual meeting to promote Qisda's RoHS (Restriction of Hazardous Substances Directive)-related regulations; in 2008, we kicked off EuP (Energy Using Products) third-type environmental announcement. We let suppliers to realize the calculation methods of their product life cycles and possible impacts on ecology with education and coaching on direct/indirect materials, energy/resource usage check, waste emission and transportation energy consumption self-disclosure. Between 2009 and 2010, we also hosted various supplier meetings to help them to perform carbon footprint check



Until the End of 2019, key supplier paper investigation and Onsite audit investigation completion rate was 73%

activities. Since China is late in issues regarding labor right, environmental protection and social responsibilities, major impacts on corporate operations and customer reputations may occur if there are illegal incidents. Hence, we held green supply chain workshops in 2012 and 2013, sharing with major component suppliers about our CSD actions and results while promoting major international trends such as a new version of RBA Code, Conflict Mineral Act (Dodd-Frank Wall Street Reform and Consumer Protection Act- Section 1502; Dodd-Frank Act), CSD report compilation method and Greenhouse Check (GHG) check method to elevate their related awareness and participation.

In 2006, Qisda started gradually expanding its request for suppliers to sign social responsibility and business ethics agreements, asking them to abide by the RBA Code of Conduct and social responsibility standard (SA8000). Also, starting in 2007, we realized supplier social responsibility and environmental safety hygiene investigations each year to check the compliance status of various international standards such as environmental management system (ISO 14001), environmental safety hygiene management system (ISO 45001), social responsibility management system (SA8000), RBA Code of Conduct, etc. and various regulations. In 2010, we started adding supplier GHG check items to meet international standards and customer requirements. In 2013, we started selecting specific suppliers to fill in the Self-Assessment Questionnaire (SAQ) disclosed by RBA Code of Conduct to understand their compliance status of RBA Code of Conduct for reference of next phase in performing RBA Code of Conduct on-site audit.

### II. Promotion

Starting in 2013, Qisda launched CSD ability evaluation for major component suppliers in China, scoring them according to the three aspects: their self-managing ability, social responsibility compliance degree and environmental safety hygiene management performance. We also actively encouraged those not yet applying



Supplier Social Responsibility and Business Ethics Code of Conduct : <https://csr.qisda.com/en/csr.asp?ca=6>



management system verification to apply for that, gradually establishing self-managing ability, expecting them to work with us to reach the goal of CSD.

Starting from 2016, when selecting key component suppliers, service providers and HR agencies, we asked them to undergo social responsibility and environmental safety hygiene paper investigations, sign agreements for social responsibilities and business ethics and receive on-site audit. The audit items refer to the RBA audit manual, including five aspects: labor human right, environment, health/safety, ethics and management system. Also, for any incompatible matters discovered when auditing, we ask them to provide improvement plans and track their improvement performance to improve the performance of social responsibility and environmental safety hygiene of the supply chain. In 2019, we already included all HR agencies and on-site factory service companies in our social responsibility and environmental safety hygiene investigations and on-site audit to enable a more complete supplier management. In 2019, we finished social responsibility and environmental safety hygiene investigations and on-site audit for 15 suppliers, 12 HR agencies and on-site service companies. By the end of 2019, the key first-tier supplier\* paper investigations and on-site audit investigation completion rate was 73%. All suppliers participating in the paper investigations and on-site audit did not use child labor or had forced labor. Other results met our requirements. For the revision of management procedure this year, the suppliers ranking the last three of scores will be listed as high-risk suppliers. They will be audited again in 2020 to inspect and evaluate their improvement status. We also used the on-site audit for teaching each supplier about how to proceed with GHG check and compile reduction plan, strengthening their participation and management of issues relating to climate changes.

### III. Sustainability

The future management methods are still focusing on our first-level suppliers in educational trainings and material reviews. Besides improving suppliers' environmental protection awareness and corporate responsibility, with promotions to inspire their voluntary actions, we work with them to lead the environmental demand of the manufacturing industry. By strengthening first-tier suppliers' actual behaviors, we

\* Key first-tier suppliers are those accounting for 70% of our overall purchase amount the previous year; non key first-tier suppliers refer to those of the former's upstream companies.

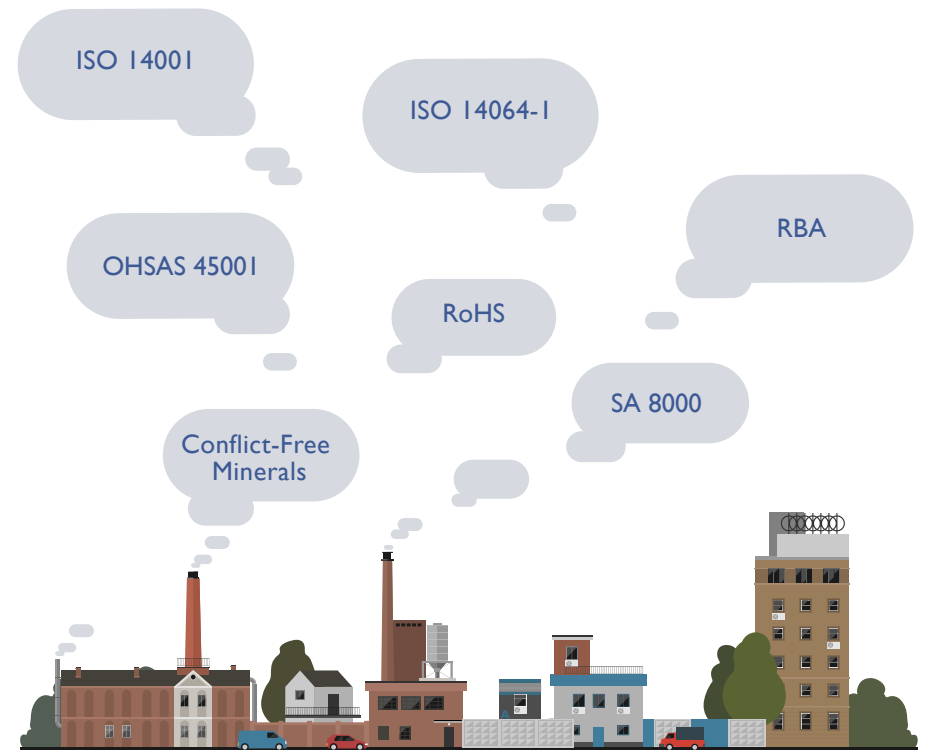


#### 2019 Management Key Points and 2020 Plans

Starting from 2019, we included all HR agency companies and factory on-site service companies in our social responsibility and environmental safety hygiene investigations and on-site audit range. In 2020, we expect to add high-risk supplier on-site audit.

improve their self-managing abilities and expect them to display their actual executional performance at CSR reports. Also, by working with first-tier suppliers, we expand related requirements and management techniques to second-tier suppliers, creating a green supply chain living up to its name.

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





## ➤ Conflict Minerals Management

Reports of International NGOs (Non-Governmental Organizations) such as Centre for Research on Multinational Corporations (SOMO) and The Enough Project (Enough) indicated that Democratic Republic of the Congo is facing the most serious death conflict since the Second World War. The reasons are mainly demand from electronic products for the rich metal minerals at the eastern part of the Democratic Republic of the Congo. If companies producing electronic products purchase metal materials from the conflict mine areas of the eastern part of Congo, they are adding fuel to the fire for the conflicts.

Therefore, RBA Code of Conduct and Global e-Sustainability Initiative (GeSI) have requested their members to apply the responsible purchasing procedure to ensure their metal purchasing procedure meets social and environmental responsibilities.

### Qisda Conflict Minerals Policy



Qisda supports the boycott activities of the international society for conflict metal while referring to Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas of Organization for Economic Cooperation and Development (OECD), working with suppliers to perform conflict metal\* investigations, preventing direct or indirect purchasing conflict minerals from armed groups in Democratic Republic of the Congo and neighboring countries\*\* or investment of conflict minerals that abuse human rights to ensure its metal purchasing meets social and environment responsibilities.

We have a management procedure for conflict metal investigations for suppliers. After review, we return the materials for suppliers to verify for suppliers having possible

\* Conflict metals refer to minerals extracted under armed conflict and violation of human rights such as minerals including gold, tin, tantalum, tungsten and cobalt.

\*\* Neighboring countries mean countries neighboring the Democratic Republic of the Congo: Republic of Angola, Republic of Burundi, Central African Republic, Republic of the Congo, Republic of Rwanda, Republic of South Sudan, United Republic of Tanzania, Republic of Uganda and Republic of Zambia.

problems. If we verify that they adopt smeltery not listed in the Responsible Minerals Assurance Process (RMAP), we will ask them to fill in their implementation plan and inform them of related risks.

### ➤ Qisda Conflict Minerals Management

01

In 2010, Qisda for the first time required suppliers to sign a Conflict-Free Minerals Supply Agreement.

02

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.

03

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.

04

05

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

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.



# Create Shared Value

## Commitment and Management Strategies

Qisda believes a fine working environment can support employees to grow with ease; complete training system and activities can further condense employees' sense of belonging, making happy employees become the leading force of the company, creating a shared value of triple wins between the company, employee and society. To achieve this, Qisda establishes a complete management system, protecting employees' rights, maintaining the safety and health of the working environment while setting up a smooth labor/management and appeal channel for them to have a channel to speak up. We also hold various activities for employees to make use of the "Off" philosophy, bringing back the positive energy of caring to the society.

## Prospects

We strive to create a diverse creative working atmosphere to continue elevate employees' creative awareness, instigating imagination of new products while continuing systematically introducing related management measures for subsidiaries and inviting them to join social care activities, expanding value chain influences together.

## 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

Employee is the long-term capital of the company and the foundation of corporate innovation. If there are no appropriate management and training for employees, talent loss may occur in the long term, influencing corporate competitiveness. Therefore, Qisda strives to provide a fair working environment for employees while regularly evaluate and adjust employee management regulations according to local regulations and company status. With fine working condition and atmosphere, we can efficiently improve employees' working efficiency. Until the end of 2019, the total global manpower of Qisda were 9,72413\*, 1,711 of which were in Taiwan, with the rest 8,013 containing 7,895 in Suzhou (China) and various overseas sites.

## > 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.

## > Workforce Distribution

Qisda gives priority to local candidates on recruiting. 2019 Qisda employee profiles are shown in the following table.

\* The number of employees is calculated based on the actual hired employees (including full-time and work study program) in December 31, 2019. Since employment agreements of temporary employees are attributable to third-party companies, the real employer is not Qisda; therefore, the above manpower calculation doesn't include the sum of temporary employees (Taiwan: 43, Suzhou (China) 4,442).

\*\* Senior management definition: Executive with director level (M8) and above.

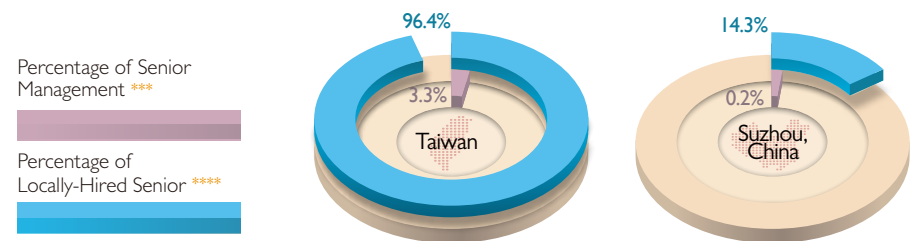
\*\*\* Percentage of senior management calculation: total number of senior management / total number of employees at the local site. Local indicates Taiwan and China.

\*\*\*\* 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.

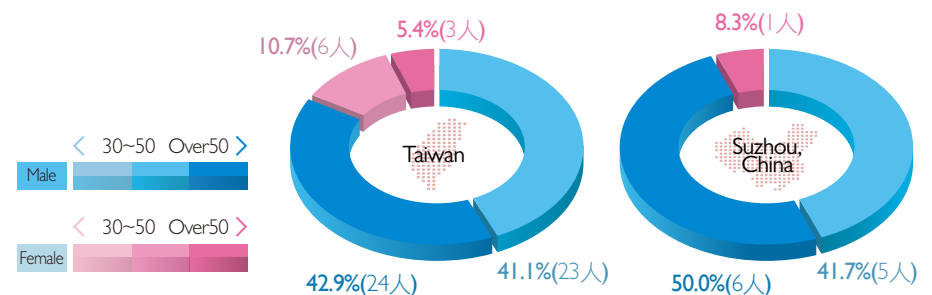


Manage employer brand: FB Facebook fan page viewer exceeds **15,000** per month

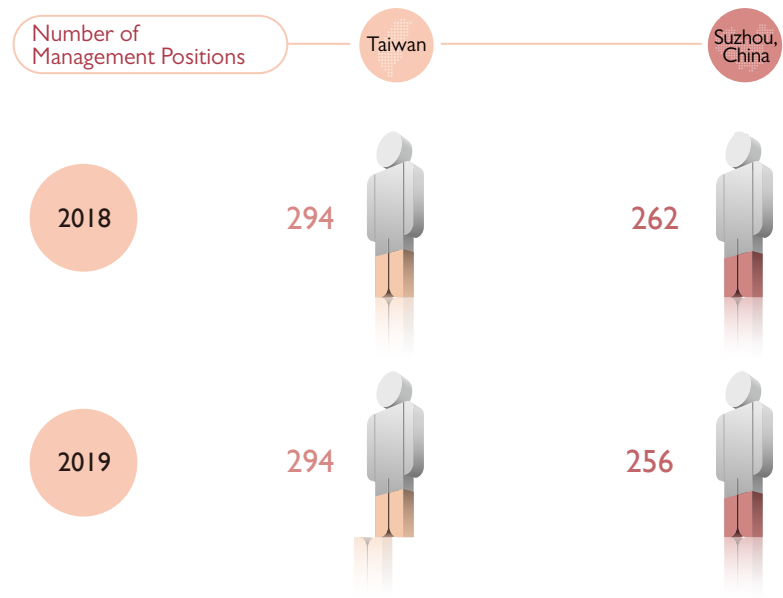
### Percentages of Locally-Hired Senior Management\*\*



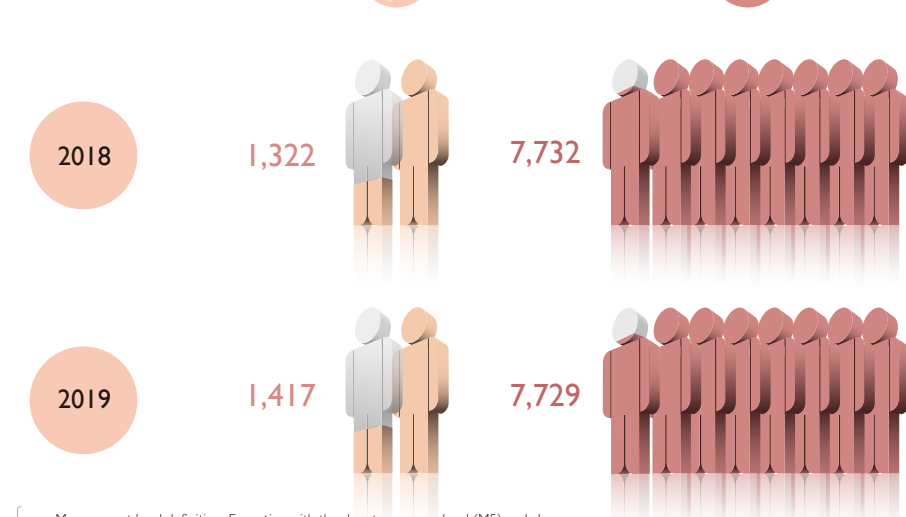
### Senior Management by Gender and Age



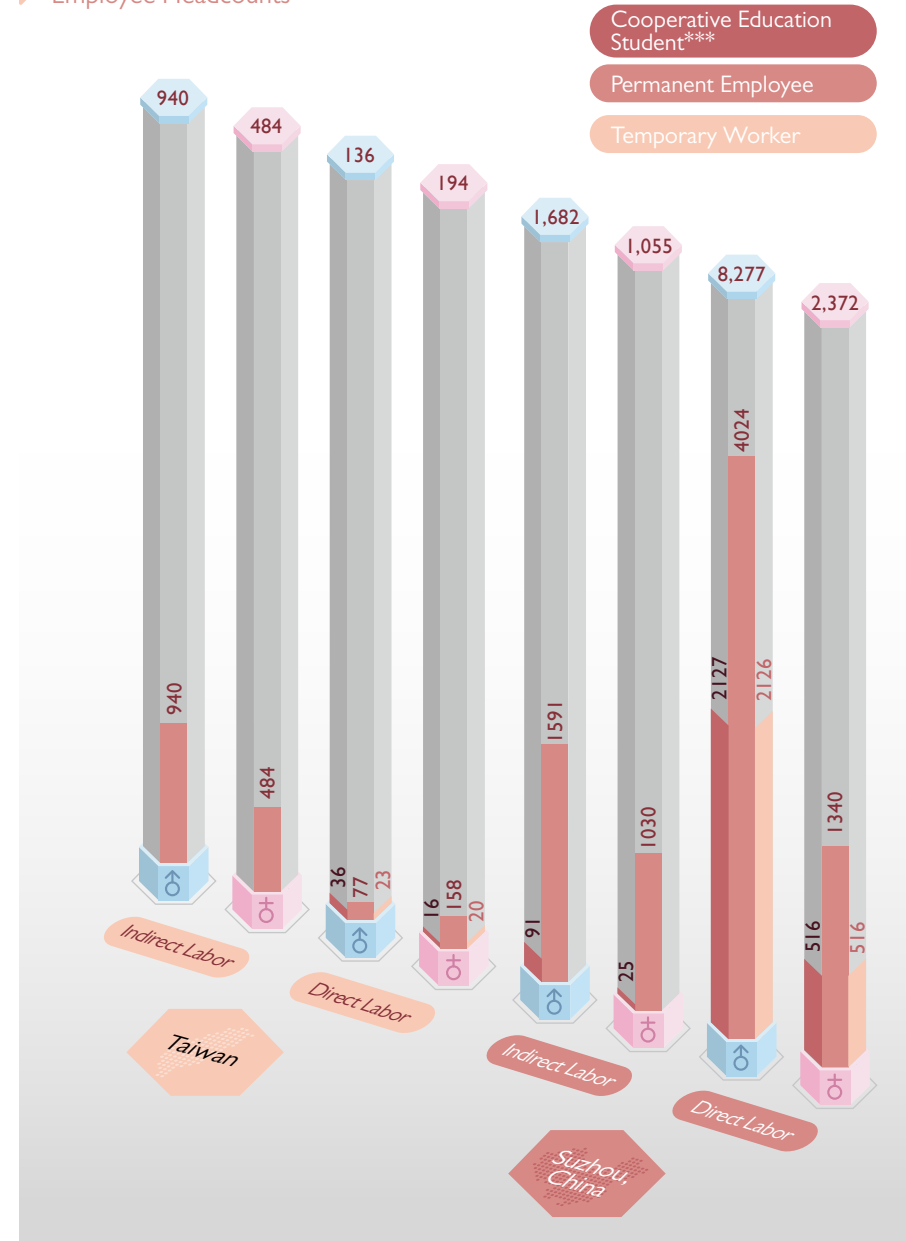
Sum of Employee not Responsible for Management Level Work\*



Number of Non-Management Employees



Employee Headcounts\*\*

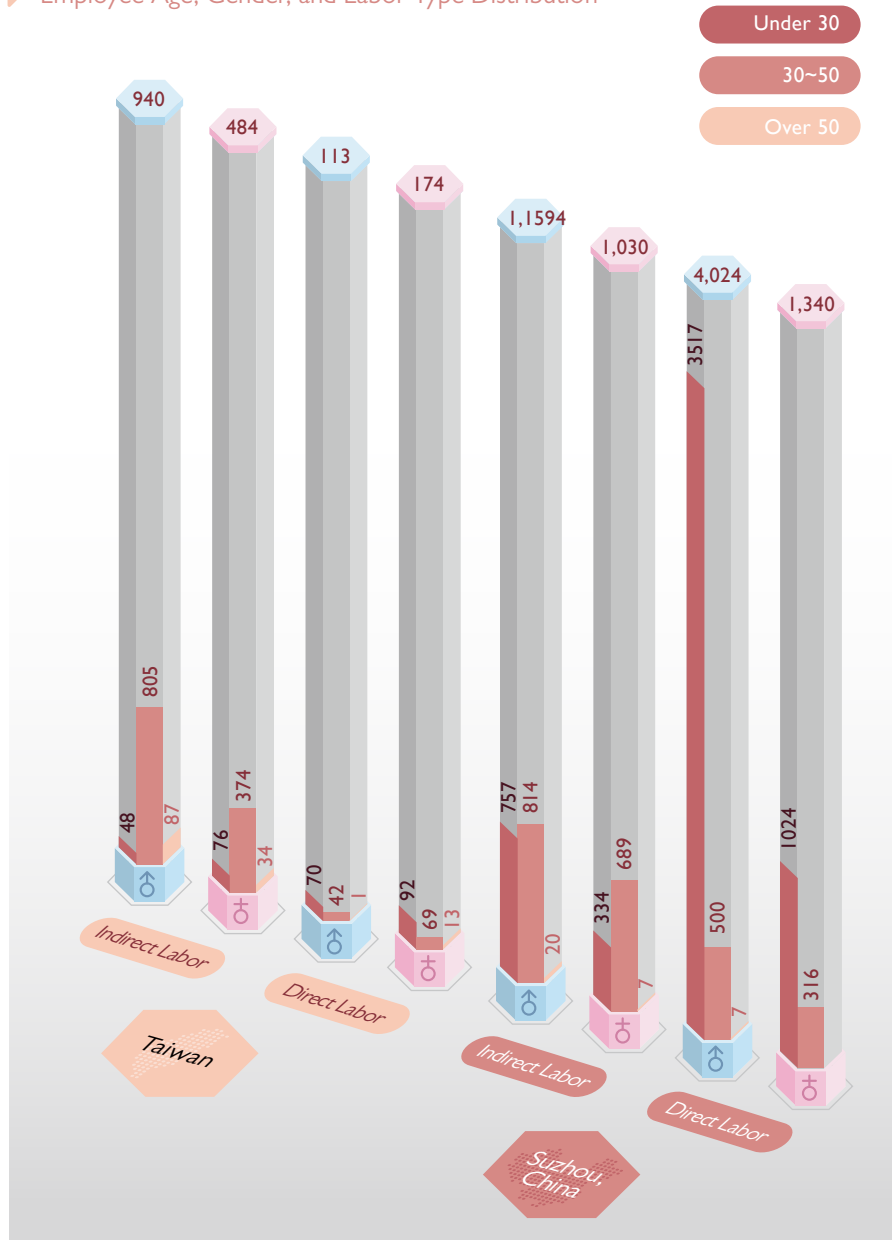


\* Management level definition: Executive with the deputy manager level (M5) and above.

\*\* 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. Qisd 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



Employees by Gender and with Disability

	Taiwan		Suzhou, China		Taiwan		Suzhou, China	
	Indirect Labor		Direct Labor		Indirect Labor		Direct Labor	
	Male	Female	Male	Female	Male	Female	Male	Female
Taiwan	938	479	61	69	31	4	0	0
Japan	0	1	0	0	0	0	0	0
Indonesia	0	0	1	1	0	0	0	0
Malaysia	1	1	0	0	7	0	0	0
Vietnam	1	3	51	104	0	0	0	0
China	0	1	0	0	1,553	1,026	4,024	4,024
<b>TOTAL</b>	<b>940</b>	<b>484</b>	<b>113</b>	<b>174</b>	<b>1,591</b>	<b>1,030</b>	<b>4,024</b>	<b>1,340</b>
Disability*	7	2	3	0	0	0	0	0

\* There were 12 employees with disabilities, 6 among which were of severe degree, the overall hiring percentage of employees with disabilities was higher than regulations.



## 2019 Management Key Points and 2020 Plans

Manage employer brand; Qisda continues to manage employer brand promotion with online (social media management) and offline (scholl management). To rejuvenize our company, we continude to have access to the platform and language that youths use.

Each week, we post 2-3 articles and interact with fans subscribing to our channel, achieving over **15,000** monthly viewers so that fans and employees can have better connection and sense of belonging with us, improving our awareness and image.



Online



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



Corporate  
News

Work  
Benefits

Sidelights  
on Various  
Activities

employee job  
experience  
sharing



Off-Line

We use campus recruit, lecture, corporate visit, etc, for target students to know more about our group transformation and coporate developments.

Campus  
Recruit

Lecture

Corporate  
Visit

## > Employee Turnover Rate\*

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



The average demission rate of Qisda in Taiwan was between **0.1%~1.21%**

0.1%~1.21%. Affected by the situations in the local labor markets, the average demission rate was higher in China.

### Demission Rates by Age, Gender, and Labor Types

		Taiwan						Suzhou, China									
		Under30		30~50		Over50		Total		Under30		30~50		Over50		Total	
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Indirect Labor		0.58%	0.99%	3.10%	2.16%	0.18%	0.12%	3.86%	3.27%	5.47%	1.65%	1.35%	0.58%	N/A	0.05%	6.83%	2.28%
		(10)	(17)	(53)	(37)	(3)	(2)	(66)	(56)	(437)	(132)	(108)	(46)		(4)	(545)	(182)
Direct Labor		0.41%	0.47%	0.18%	0.23%	0.06%	N/A	0.64%	0.70%	32.84%	11.70%	8.02%	3.34%	N/A	0.03%	40.85%	15.07%
		(7)	(8)	(3)	(4)	(1)		(11)	(12)	(2,622)	(934)	(640)	(267)		(2)	(3,262)	(1,203)

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

		Taiwan						Suzhou, China									
		Under30		30~50		Over50		Total		Under30		30~50		Over50		Total	
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Indirect Labor		1.87%	2.57%	2.98%	1.64%	0.23%	N/A	5.08%	4.21%	4.03%	1.54%	0.96%	0.30%	N/A	N/A	5.00%	1.84%
		(32)	(44)	(51)	(28)	(4)		(87)	(72)	(322)	(123)	(77)	(24)			(399)	(147)
Direct Labor		0.58%	3.33%	0.29%	1.40%	N/A	N/A	0.88%	4.73%	29.66%	10.29%	7.74%	3.37%	N/A	0.00%	37.40%	13.6%
		(10)	(57)	(5)	(24)			(15)	(81)	(2,368)	(822)	(618)	(269)		(1)	(2,986)	(1,092)

\* 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



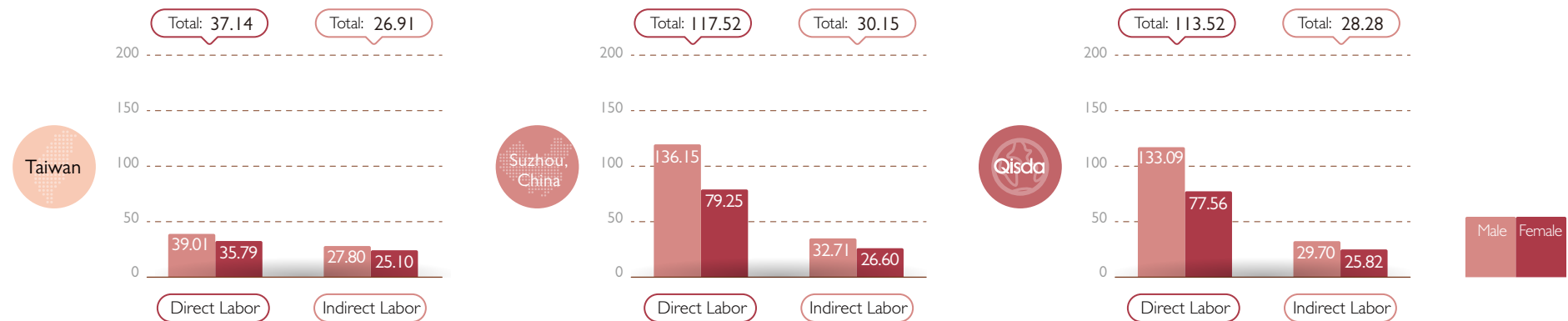
The overall average training hour was **83.6** hours in 2019.

Qisda stresses on employee training and development. To provide a clear career development roadmap, we invest in rich resources. Besides integrating physical and internet learning platforms for employees to have a diverse program learning, we introduce internal/external resources, setting up Qisda Academy to train employees while launching progress audit for training execution half a year to realize our annual training plan. The company also invites professionals each year to lectures with topics such as technology, life and public welfare to give employees new knowledge of each aspect, expecting to inspire endless possibilities of work and life. Also, to deliver our emphasis on social responsibilities, we not only open green product-related programs, but include programs relating to RBA Code of Conduct, hazardous substance management system (IECQ QC 080000) and environmental safety hygiene

in the compulsory programs for all Qisda employees. The average training hour of each Qisda employee in 2019 was 83.6 hours.

For our future strategic development direction, we will continue to develop programs relating to innovation and construct knowledge regarding key component, medical and AIoT areas to offer talents meeting the future demand of the organization and maintain a learning kinetic energy to meet the demand of corporate developments. Also, we encourage talent adaptive development and anticipate to promote organization activation and innovation. Therefore, we regularly proceed with talent job rotation and offer OBP (On Boarding Program) plan to assist the staff under the job rotation to connect with his/her supervisor and organizational goals; in 2019, we continued to promote developments of our sustainability and talents, underwent business talent database project to respond to the demand for business talent by corporate strategic developments. With selecting potential talents, we underwent the corresponding development projects.

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
Management	37.05	23.05	30.05
Non-Management	26.58	104.72	88.14
Total	28.31	105.07	83.63



2019 Management Key Points and 2020 Plans

**Employee Learning**

Continue to promote digital and convenient trainings for employees to more easily accept suitable trainings

**Employee Career Development: Plans for Job Rotation Execution**

1. Define job rotation term of executives of various levels
2. Check candidates qualified for job rotation each year and offer name list for executives of each BU to verify
3. Communicate with the person to receive job rotation and his/her supervisor to ensure there are suitable post and OBP
4. Perform job rotation and plan to introduce job rotation candidate OBP

**Talent Development**

1. Establish core management competency
2. Define talent's position by supervisor interviews and past performances
3. Evaluate the suitability of highly-potential talents with a more concrete and objective method of talent evaluation tool
4. Execute Individual Development Plan (IDP)

> Qisda Academy

Qisda's training is based on Qisda Academy and programs can be divided into four kinds of academies according to function and participant types: Professional Development, Learning Development, Innovative Improvement and Leadership Management, offering complete training plans for various learning demand. Currently, we provide common competency training roadmap for six kinds of jobs (R&D, marketing/sales, production operation, engineering technology, supply chain management and quality management), expecting to provide more complete and in-time training resources, assisting employees to be able to exert their capabilities. Meanwhile, for learning channels, besides offering physical programs, Qisda has internal e-learning training channel for employees to have related program learning. In 2019, we continued to promote mobile learning, developing training APP to combine existing training resources and rich content of Harvard Business Review for them to learn new knowledge at spare time using mobile phones. In 2020, we aim to have digital and convenient training programs for employees to have access to programs more suitable for themselves.

The four academies cover various training programs: "Professional Development Academy" designs related training roadmap for the professional differences between various jobs to elevate related professional abilities of employees. "Learning Development Academy" covers complete new-comer training and internal lecturer training while working with the collaboration projects between industry and school by the government and launches in University Program, offering employees with more choices for self-development, credit program, certificate program and professional program. "Leadership Management Academy" designs related guiding programs according to the management demands of executives of various levels for them to excel and develop their own leadership. "Innovative Improvement Academy" offers innovative development energy and introduce program resources such as business model innovation and design thinking while designing the "Eureka Program" plan for employees to bring creativity into full play and create an innovative culture for the organization.

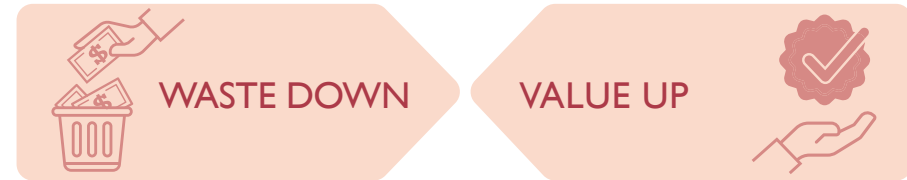
In addition, starting from the beginning of 2007, Qisda has introduced Six Sigma, developing the Continuous Improvement Program (CIP Program) to provide employees with concepts and tools needed to make improvements at work. With the series of



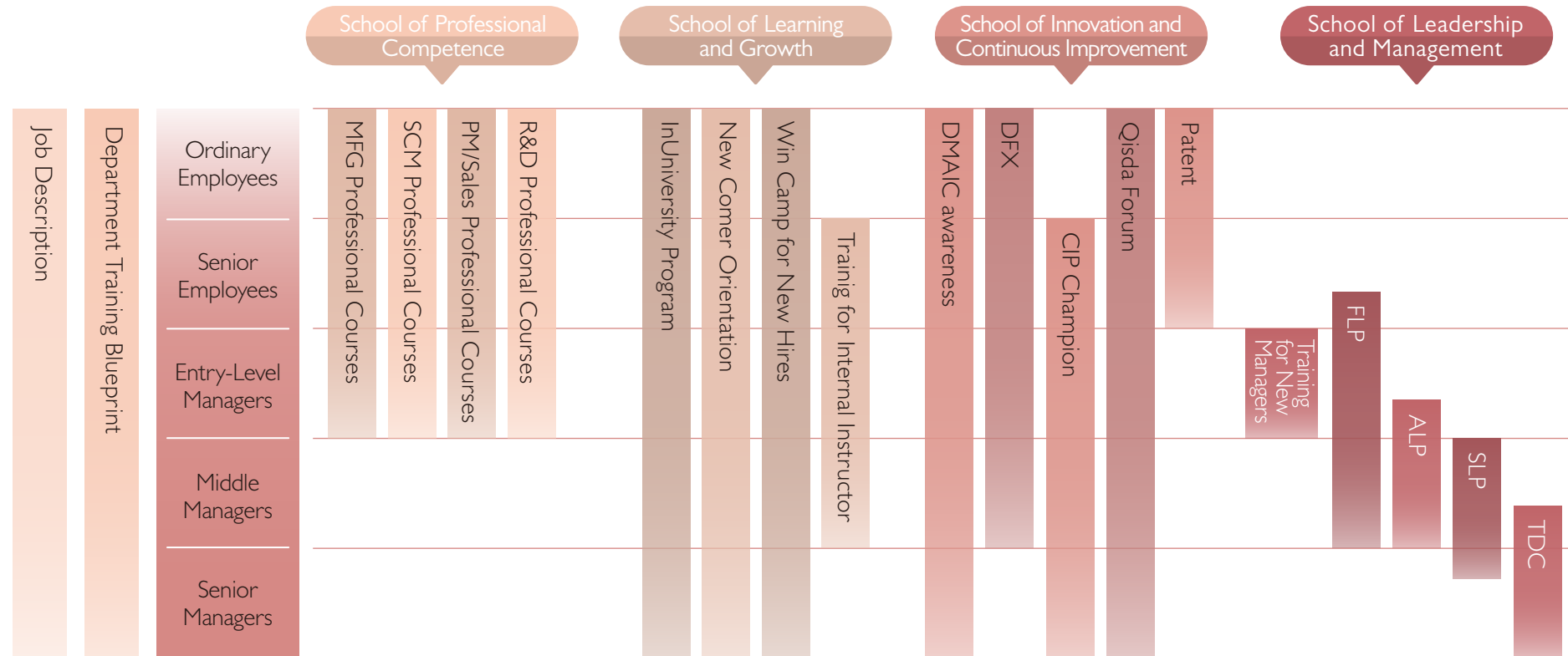
courses offered and the implementation of CIP project, our employees can apply their learned knowledge and skills to actual working procedures. In 2019, the number of CIP projects was 439, with over 3,844 CIP projects implemented around the world and total benefits of nearly US\$230 million, indicating impressive improvements. The CIP project covers improvements in individual, department and even the overall company. Through various techniques such as 5S, QCC, DMAIC, CMMI, DFSS and Lean, this project assists employees in adopting the optimal improvement techniques for work improvements. Qisda has not only implements the CIP technique in R&D department but also in units including manufacturing, supply chain, administration and supporting.

Up till now, over **3,844** CIP projects have been implemented around the world.

The meaning of CIP



Qisda Academy



# Human Rights Management



## Management Approach of Material Topic

### Human Rights

● Surpassed ◎ Achieved ○ Not Achieved

#### Major Interest Target

Customers, Suppliers, Communities

#### 2019 Management Goal

1. Passed social responsibility system (SA8000) verification and no violation of human rights
2. Complete supplier social responsibility and environmental safety hygiene investigation and on-site audit

#### 2019 Goal Reaching Status

Done



#### 2020 Management Goal

1. Passed social responsibility system (SA8000) verification and no violation of human rights
2. Complete supplier social responsibility and environmental safety hygiene investigation and on-site 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



▶ Obtained SA 8000 certificates.

## > Labor Rights Protection

To achieve well corporate social responsibility management and protect labor human rights, Qisda pledges to protect the labor rights of its employees. All labor rights managements must be in compliance with local laws and regulations.

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



For details of management guidelines of "Stakeholder Engagement", please refer to this chapter.

(P29)

For details of identifying major topics, please refer to "Huamn Right"

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 2019, 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 70%(71.4%)\* in 2019. Additionally, we launched RBA Code of Conduct and human right-related educational trainings for outsourced staff performing duties at our company's factories such as security and cleaning staff, with the rate of training received reaching 100%.

Furthermore, Qisda declares that it protects employee rights and has various communication channels. By the way, Qisda has created a Communication Management Procedure to

handle employee appeals. In regard to Report and Appeal Approach, our employees are granted anonymity and a direct access to report to the Human Resources Center. If outside stakeholders have reservations on this issue, they are advised to appeal to the CSR mailbox posted on corporate website. Our CSR staff will respond to these inquiries. In 2019, 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>



\* In 2019, the human-right training hours of employees were 6,947.

# Creating a Happy and Healthy Working Environment



Won HR Asia Best Companies to Work For In Asia in 2019

Qisda plans diverse employee welfare with the concept of creating a happy and healthy work place, enabling employees to experience a corporate culture of fine working environment and healthy happiness.

## > Employee Salary and Pension

### Management Approach of Material Topic

#### Salary

● Surpassed ○ Achieved ○ Not Achieved

#### Major Interest Target

Employees

#### 2019 Management Goal

Maintain the salary standard of new employees of grass roots regardless of gender

#### 2019 Goal Reaching Status

Done



#### 2020 Management Goal

Maintain the salary standard of new employees of grass roots regardless of gender

#### Management approach

##### Responsibility

Human Resource Center

##### Resource

1. Salary investigation report from compensation consulting company
2. Compensation Committee

##### Action

Adjust internal salary standard according to salary investigation report

##### Evaluation

Review the status in the end of year.



For details of management guidelines of "Stakeholder Engagement", please refer to this chapter.

(P29)

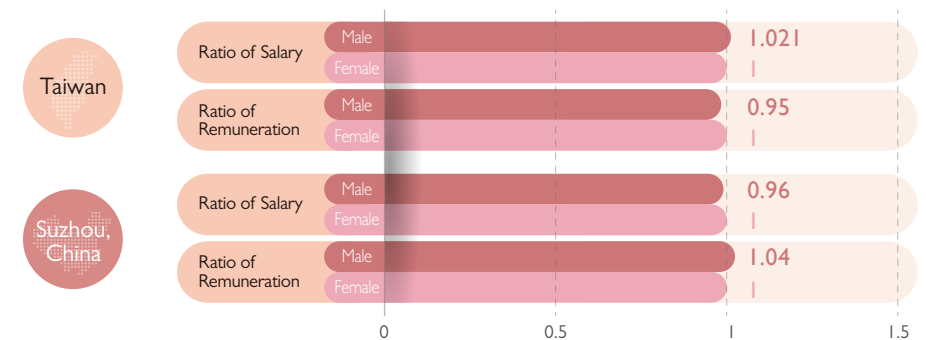
For details of identifying major topics, please refer to "Employee Salary"



Elected as one of the Taiwan High Compensation 100 Index.

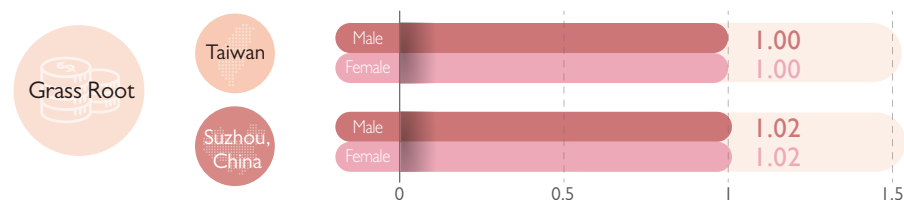
To attract and retain excellent talents, the salary structure Qisda provides in all global sites surpasses local legal minimum wage and does not differentiate based on gender, religion, race, nationality or party. To provide competitive compensation policy for employees, Qisda adjusts employee salary 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:

### Ratio of Salary of Female Employees versus Male\*

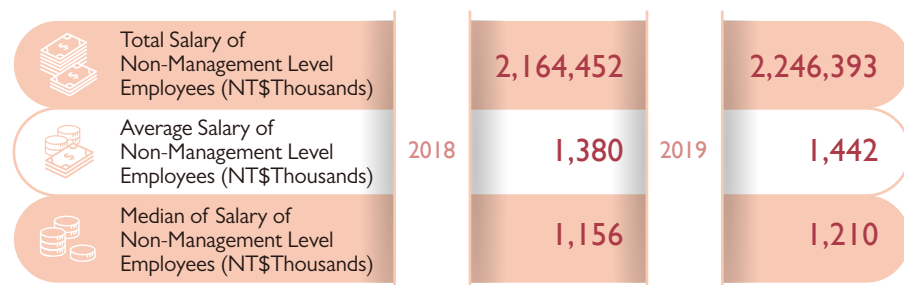


\* The average salary for our "female employees" is around 98.55% of that of the male employees of the same job level.

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



## Salary of Non-Management Level Employees (NT\$D)\*\*



Qisda follows retirement global regulations and systems to protect employees' retirement rights. Related descriptions are as follows:

### 1. Retirement Reserve Fund According to Labor Standards Act

The company allots employee pension funds each month and delivers that to the Labor Retirement Fund Audit Committee to be deposited in to a special account of Bank of Taiwan under the name of the committee. By the end of 2019, the fair value of planned asset was NT\$444,675,000. According to related regulations, the recognized expenses in 2019 was NT\$14,353,000. The insufficient amount of the allotment was listed as pension debts. By the end of 2019, the total sum was NT\$305,814.

### 2. Allotted pension according to Labor Pension Act

We recognized expenses of NT\$86,752,000 in 2019 for the 6% of employee monthly salary allotted to the personal account at the Bureau of Labor Insurance. Its overseas subsidiaries also allot pensions to pension management business each month according to local regulations.



For more details of Compensation Committee, please refer to "Corporate Governance Operational Status"

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

\*\* 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 **17,532**.
- The score of average annual events satisfaction reached **4.3** out of 5.

### Management Approach of Material Topic

#### Benefits

● Surpassed ◎ Achieved ○ Not Achieved

#### Major Interest Target

Employees

#### 2019 Management Goal

- 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

#### 2019 Goal Reaching Status

- Number of employees participating in the activities of Welfare Committee reaches **17,532**
- The score of average annual events satisfaction reaches **4.3** out of 5

#### 2020 Management Goal

Annual average activity satisfaction score reaches **4.2** (out of 5). The annual activities were more valued for quality; employees could participate out of free will.

#### Management approach

##### Responsibility

Human Resource Center

##### Resource

- Welfare fund from company.
- Welfare fund from employee.
- External activity PR company.
- Welfare Committee meeting.

##### Action

Each year, the company plans diverse activities to meet various needs of employees.

##### Evaluation

- Report activity plans and budgets each quarter at Welfare Committee meeting
- Inspect whether goals are reached at year-end each year



For details of management guidelines of "Stakeholder Engagement", please refer to this chapter.


(P29)

For details of identifying major topics, please refer to "Employee Benefits"

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



## 2019 Management Keypoints and 2020 Plans

### 1. Employee Stock Ownership Trust Plan

At the end of 2019, we launched the plan for employee stock ownership trust, planning to have employees to regularly allot a certain amount out of their salary while we will assist them to buy and have long-term possession of the company's stocks to be kept by trust funds with the method of offering encouragement funds with the same amount. This is to encourage them to regularly save a systematic investment plan for future retirement life and we will start the plan officially in 2020.

### 2. Youthful Happiness, Colorful Living Plan

In 2019, we renovated our employee café and offered a service of all-you-can-eat buffet of healthy food. This is to provide a comfortable, well-balanced and more delicious dining experience for each employee. We also built a creative sofa area. Via an open compound space, we enable creative and unbridled exchanges for employees. In 2020, we plan to renovate employee dorms to provide a more comfortable resting environment for employees living in them.

## > Building Smooth Communication Channels and Strong Labor Relations

### Management Approach of Material Topic

#### Labor / Management Relations

● Surpassed ◎ Achieved ○ Not Achieved

#### Major Interest Target

Communities, Employees

#### 2019 Management Goal

Announce labor status and business overview internally each quarter

#### 2019 Goal Reaching Status

Done



#### 2020 Management Goal

Announce labor status and business overview internally each quarter

#### Management approach

##### Responsibility

Human Resource Center

##### Resource

Business Conference, Employee Welfare Committee, Labor-Management Committee

##### Action

Offer employees diverse communication channels and let them know about company news with the channels

##### Evaluation

1. Report labor status each quarter at Labor-Management Committee
2. Report business overview each quarter at Business Conference.



For details of management guidelines of "Stakeholder Engagement", please refer to this chapter. (P29)

For details of identifying major topics, please refer to "Labor and Management Relationship"

To maintain a fair labor/management relationship between the company and employees, we establish smooth communication channels such as business briefing, Welfare Committee meeting and labor/management meeting for employees to immediately understand corporate messages. We also encourage them to offer advice for overall corporate operations and developments for the management to refer to. The complete communication channels not only promote labor/management relationship, but enable us to fully understand employees' needs, offering a better working environment.

Qisda selected 16 (0.2% of staff at its Suzhou manufacturing site) and 11 (0.6% of staff at its Taoyuan headquarter) from the Suzhou (China) manufacturing site and Taiwan headquarter, respectively, according to the labor regulations and SA8000 regulation to 100% represent the employees in all business units, regularly convening Welfare Committee meetings and labor/management meetings to communicate with corporate management representatives for related matters regulated by SA8000. With the quarterly labor/management meetings, they can discuss and decide on the labor expedient matters with management representative for issues such as labor/management relationship, labor conditions and labor welfare with feasibility to be evaluated by the company and included into improvement operations. Also, there were 114 participants of labor unions in Suzhou (China), accounting for 1.17% of overall global employee sum of Qisda.

## > Employee Health Care Management

### Management Approach of Material Topic

#### Health management/Over work

● Surpassed ◎ Achieved ○ Not Achieved

#### Major Interest Target

Customers, Suppliers, Communities

#### 2019 Management Goal

##### Health management

Health check participation rate **92%**

##### Over work

Coronary heart disease (CHD) model ATP III Framingham risk score evaluation: for mid- to high-risk groups, tracking rate is **70%**

#### 2019 Goal Reaching Status

Done



#### 2020 Management Goal

##### Health management

Health check participation rate **95%**

##### Over work

Tracking rate **75%**

#### Management approach

##### Responsibility

Human Resource Center

##### Resource

External hospital

##### Action

Work with external hospitals to execute health examination projects

##### Evaluation

Inspect whether goals are reached at year-end each year

Qisda values employees' health management. Keeping the health and vitality of employees can ensure our company have the best fighting efficiency. Hence, we set up Wellness Centers in Taiwan and Suzhou (China) to promote employee health as our ultimate goal. Besides, Qisda health check participation rate reaches 92% every year. In 2019, the rate even reached to 95%. Indeed, the company implemented public health primary



For details of management guidelines of "Stakeholder Engagement", please refer to this chapter.

(P29)

For details of identifying major topics, please refer to "Health management/Over work"



management-health check, meaning to figure out problems, take treatment in early stage, and reduce health risk.

### 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.

#### Qisda Health Management Model



### 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.

#### I. Wellness Clinics

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

- (1) Establish on-site health services: Tasks include occupational safety investigation, implementation of occupational disaster prevention, and the reduction of the rate of occupational disaster occurrence.
- (2) Special health cases management: Employees working in radiation, organic solvent, and noise-involved sites are vulnerable to occupational diseases. They are enlisted under regular health checks and management. Our standard is higher than the regulations of labor inspection of the government and we regularly launch refined examination on the eyes of staff performing glare experiments while giving special protection measures (protective equipment). Until now, no cases of occupational diseases caused by work were discovered in Qisda. 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.

#### ► We Care—Employee Assistant Program



### 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.

# Goodwill for the Earth, Love for the Society



Total hours of employees participating in charitable activities were **4,203**

To realize the corporate vision of “Bringing Enjoyment 'N' Quality to Life” of Qisda, we further extend to local communities. We start from the spirit of our core value concept “Caring and Devotion,” accumulating caring from various employees, combining our core competitiveness while working with various local caring plans and voluntary employee activities to realize the feedbacks of the company to the society. In 2019, the total hours of global employees participating in charity activities were 4,203.

## > Taiwan

### I. Qisda Love Love Club & Ukulele Charity Club

The public welfare club “Love Love Club” has been established since 1984. From 2006, we have assisted social welfare organisations and held nearly 300 charity activities. Love Love Club is a diverse charity platform between employees and social welfare groups for employees to participate in caring charity matters at every corner of the society. We encourage employees to care with heart, giving with heart while loving oneself and others for those in need. This is the origin of the name of Love Love Club.

In 2013, the Love Love Club officially joined the “Peace and Harmony Program” of the Ministry of Interior and became an official member of over 200 social welfare groups, receiving supervision and coaching of the Department of Social Welfare, Taoyuan City Government. This helped the club to be more systematic while our caring could be delivered to the overall greater Taoyuan with the match and connection of the Department. At the end of the year, we even worked with the Ukulele Charity Club to have the effect of soothing one’s heart via music. The club’s mission is to care with music and share

music as well as love, hoping to integrate music with charity, increasing the opportunities of employees participating in charity. The two welfare clubs are focused on local caring considering resource allocation application and corporate policies.

In 2019, the two charity clubs assisted social welfare groups to hold 35 caring activities. With diverse caring activities, employees can more actively have actions, caring those in need. The target of caring include intellectually-disabled children, elderly people living alone, children afflicted by the typhoon in August 8, 2009 in Meinong Dist., Kaohsiung City, Taiwan, farmers, environmental protection of the Earth, stray animals, etc.

Also, for fund-raising activities for underprivileged organizations, a total of NT\$1,105,763 was raised from 34 fund-raising and charity sale activities for 15 underprivileged organizations in 2019.

#### Four major themes of caring activities



## II. Green Party

To respond to the Earth Day and Arbor Day, we hold a “Green Party” tree-planting activity, having a keen participation from group employees and relatives, forming a green commitment. We also expand our activity scale, adding group companies while asking supply chain partners to participate, delivering our determination to work together to realize our concept of environmental protection, continuing to build a green supply chain and future that is a win-win situation for industry developments and the environment. The rich and excellent Green Party shared corporate resources with the society, composing again a beautiful music movement of co-prosperity between corporate developments and the environment. In 2019, 545 employees and relatives participated in the annual Arbor Day activity. From 2016 until now, over 1,624 participants joined the tree-planting experience.

### Green Party



### Suzhou, China

Our Suzhou (China) site integrates CSR and continues to focus on those in need. Starting from 2013, it continued to promote the plan of the Hope Trip. At the foot of the Dabian Mountains of Anhui Province, it helped the Mingfan Elementary School that

only had simple facilities to set up a dream library while providing a lunch plan for students with living difficulties in life. In 2016, we pushed the handmade flower startup project for disabled people, launching startup trainings for them, helping them to gain living skills and support themselves, feeling the meaning and beauty of life. In 2017, our Suzhou office focused on peripheral groups, giving cares for those in need in the community, charity houses and social welfare organizations. In 2018, it mostly focused on the inner world of intellectually disabled, inviting baking teachers to teach them the skills of making cookies while helping them to explore the sales channel initially and enabling them to independently sell their cookies at a later phase so that they can have the ability to support themselves. In 2019, it continued to care for the inner world of the intellectually disabled, helping them to be healthier and grow more. We brought them out of their home and enter the knowledge theater to feel humanities while visiting mountains and rivers to feel the natural landscape, joining traditional holidays to experience the joy of customs.

## 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 2019, 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 Intelligence with Integrity Character

#### I. Workshop of Intelligence with Integrity Character

BenQ Foundation plans the “Workshop of Intelligence with Integrity Character” for the summer vacation, aiming at young students to learn together each summer. In 2019, we worked with the educational bureaus of Taoyuan City and Hsinchu County, creating a

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





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



different program mode of camps, accompanying 194 creative teachers and students in Taoyuan City and Taiwan Route 3 Elementary School in Hsinchu County, fulfilling their summer vacation with happy learning cooperation and with integrity as well as brainstorming for creativity.

## 2. Dream Action-Campus Lecture

We invited youthful examples to serve as ambassadors of dream, visiting remote areas and costal campus in Taiwan, sharing dream realization process with high school and vocational school students while delivering an active and positive power, encouraging

youths to dare to dream, realizing the endless possibility of oneself. In 2019, the “Dream Action Campus Lecture” invited 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”, Jeff Lee, the champion of The Grand Master Asia, and Wu Chia-Ying, an adversity coach, to tour the campus of Taiwan, with more than 77,000 students and

“Dream Action Campus Lecture” Delivered Active, Positive Influence



teachers from 72 senior high schools and vocational schools in Taoyuan, Hsinchu, Taichung, Changhua, Yunlin, Chiayi, Nantou, Tainan, Kaohsiung, Pingtung, Yilan and Taitung to share the moving charms of realizing dreams.

### 3. Coding Program

“Technology Changes Life, Industry is Transforming, Education Needs Turns”. The AI smart age has arrived and computer programming has become the future communication language trend. To cultivate the new generation’s communication ability, BenQ Foundation worked with Coding Alliance in promoting computer programming courses at remote and underprivileged areas, rooting information technology education and cultivating popular science education.

#### “Coding Program” Opened the AI Vision of Students



In 2019, we poured in subsidies to support Taoyuan City, Hsinchu City and County, Miaoli County and Taichung City for 50 remote and underprivileged elementary schools, performing computer programming language educational plan. With the “Scratch,” we opened the AI smart vision of elementary students, cultivating their expressing ability of programming language.

## II. Improve Original Cultural Value

### I. BenQ International Sculpture Workshop

“BenQ International Sculpture Camp” lets students and citizens interested in sculpture to interact closely with artists by offering a platform for sculpture arts

exchanges. This also helps to cultivate Taiwan’s modern sculpture and open a diverse vision of cross fields. The camp has been held for six years starting from 2010, successfully establishing fine Taiwan experience and image for the international artistic fields while leaving 90 sculpture treasures for Taiwan.

In 2019, the “BenQ International Sculpture Camp” built a sculpture exchange platform and selected 12 artists’ pieces from Taiwan, Italy, Bulgaria, Greek, Georgia, China and South Korea from 267 pieces in 57 countries to enter the Mabuville to create arts. During the activity, we arranged a culture experience trip, leading international artists to enter Taiwan’s humanity landscape, staying close to local customs and practices, promoting exchanges of western and eastern cultures while invigorating Taiwan’s creative power. This year, the 12 sculpture pieces were showcased at the creative camp of Mabuville till June, 2020, opening to group employees, art students and groups to visit and admire, delivering sculpture art beauty. To promote public art aesthetics, the “BenQ International Sculpture Camp”

#### “BenQ International Sculpture Workshop” Offers International Artists with Local Creation and Exchange Platform





donated the piece “Cocoon” to the Taoyuan City Government to be displayed at the leisure farm of Luzhou District, actively improving the opportunities and space of citizens in participating artistic appreciation.

▶ “BenQ International Sculpture Workshop” Offers International Artists with Local Creation and Exchange Platform



2. BenQ Chinese Cinema Fiction Award

To promote the cinema industry content development and find good scripts, we established the essay competition of “BenQ Chinese Cinema Fiction Award” in 2010, winning supports from cinema and literary fields from Chinese regions and across the Taiwan-Strait. The competition has been held for seven consecutive years, covering award-winning pieces that were recognized by key cinematic and cultural professionals as well as writers in Taiwan. Hu Bo, the winner of the sixth “BenQ Chinese Cinema Fiction Award”, with the full-length film “An Elephant Sitting Still”, won awards from 2018 Internationalen Filmfestspiele Berlin and Taipei Golden Horse Film Festival. The script was rewritten from a story with the same title as that of the film from a mid-short-novel compilation “Great Rift”. In 2018-2019, several pieces were published: “Great Rift”, “Farewell to the

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



Faraway”and “Bullfrog”. The seven competitions included 33 award-winning pieces and were nominated five times by “Taipei International Book Exhibition—Book Meets Film Forum” of the Ministry of Culture and “XMEDIAMATCH”as the strongly-recommended pieces. Debt Collection Company”, “Desire and Fear” and “Chase, Hurry, Run, Jump, Boom!” were authorized to be rewritten into films.

### III. . Friendly to Earth-Contract Farming Adoption “My Homeland”

In 2008, Qisda started with contract farming of rice fields, with BenQ Foundation continuing to promote adoption of rice fields for ten consecutive years, supporting the friendly farming concept of Taiwan's northern and central and southern farmers, while total area of field adoption reached over 70 hectares.

In 2019, the “Friendly Farming” featured contract farming of twice a year with two rice fields in Nanpu, Hsinchu (Nanpu Village) and Hsichou, Changhua (Water Rice). The overall area was 10 hectares, offering rice harvested in spring and autumn to be packed into rice gift boxes and shared with group employees. Also, we initiated personal donation, encouraging to share non-toxic fair-quality rice at daily dining table, triggering food farm education. We also led employees to stay close to the earth, experience farming work, learn about agriculture knowledge with labor activities of transplanting rice seedlings and harvest, realizing the concept of “Friendly to Earth” with actions while condensing identification with the idea of friendly to the land; in 2019, the Hsichou autumn harvest labor activity saw passionate participation of Qisda employees, relatives and friends. They rolled up their sleeves, bent over to harvest, experiencing the hard labor of farmers and staying closer to the land with affection.

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



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







2019年明基友達基金會帶動偏鄉約240萬元經濟收入

#### IV. Shorten Digital Gap

BenQ Foundation has participated for a long time the (Digital Opportunity Center, DOC) of the Ministry of Education (MOE), devoted to digital caring for remote areas. Starting from 2008, the foundation assisted DOCs in Hsinchu and Miaoli Counties to apply digital abilities in local characteristics development tasks, marketing local agricultural special products, recording the humanity histories and cultural treasures of the communities. With caring for the three aspects of education, culture and industry, we promote the digital learning of students, youths, middle aged-to-senior citizens and new immigrants of remote areas.

From 2013 to 2019, we executed for seven years consecutively the “DOC Volunteer Small Trips”, calling for Qisda employees and relatives to keenly participate in labor services, expiring the meanings of sweating and walking while combining exploring spirit with labor service, experiencing the humanity scenery and diverse life aspects of various areas, learning the rich humanity landscapes of DOCs in Hsinchu and Miaoli. From participating in the process from production site to kitchen table, we delivered our care for the local industrial culture, connecting the interactive emotions between volunteers and local small farmers. This has won enormous feedbacks from volunteers of Qisda and farmers.

From 2015 to 2019, we launched the “DOC Small Bazaars” for five years consecutively. BenQ employees cared for the environment, supported local agricultural products and learned about the small farmer brands and their attentiveness in pure farming as well as guarding the land via the bazaars. We used enterprise group purchase to support agricultural products to directly connect with the economic benefits of the real demand of local people. We also gradually assisted 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 Volunteer Trip



## DOC Volunteer Trip

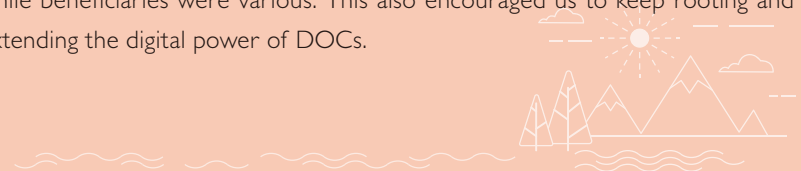


### “DOC Counseling Plan” Performance and Influence

With the help of BenQ Foundation and BenQ volunteer team, we assisted DOCs to execute special tasks most suitable for local developments. Based on the gradual accumulation, integrating local needs and diverse developments, we grew with local people step by step. From establishment to daily basic operation, setting up basic and advanced information courses to assist DOCs to develop culture and characteristics, we have accumulated considerable performances.

Touching films come from touching stories. BenQ Foundation has been promoting image creation popularity. Besides image courses for citizens of various degrees and goals, we cultivated the interest in filming and producing images for DOC students. We opened “PeoPo Citizen News”, “Sky is My Home-Seeing Hsinchu and Miaoli”, “Mobile Phone Micro Film”, “Hsinchu and Miaoli Live Stream Online Watch”, “My Animation Work”, etc., accumulating image creation of rich new media, new viewing angle and new format. We even represented MOE in 2018 to film a mobile access film “Scroll Through Scenery” to record the details of delight of elderly people using tablet PCs. We see the power of the internet, the digital harvest, the joy of touch, step-by-step solid course and condense fun in learning as well as assemble emotion exchange and sharing. In 2019, the image power was expanded to the whole country. we visited Huxi Township of Penghu Islands, Gongguan Township of Miaoli County and Kouhu Township of Yunlin County. We gathered the achievements of the DOCs, recorded the rich digital courses, local warm human feelings, special humanity and history and economic industrial growth in the “National DOC Achievement Film”, extending the lifelong learning spirit, promoting local digitization and reaching consensus with culture, thereby creating more intangible values.

With long-term cultivation, we more deeply learned that DOCs play multiple roles locally, covering execution, promotion and application in terms of education, culture and industry, gradually forming the “homeland economy” model. Through the “DOC Volunteer Small Trips”, “DOC Small Bazaars” and group employee purchase support, we helped poured in around NT\$2.4 million economic revenues for remote areas in 2019. The influence was enormous while beneficiaries were various. This also encouraged us to keep rooting and extending the digital power of DOCs.





“DOC Small Bazaars” Qisda Employees Support Small Farmers’ Pure Fine Goods



MOE “Digital Application Promotion Project in Remote Areas” DOC Achievement Film

2nd, Nov-3rd, Nov Ministry of Education Digital Competition and National Exhibition of Achievements

The company assisted Ministry of Education to shoot DOC outcome film, record the story of digital learning in remote area around Taiwan, and share the value of local digital opportunities.



# March toward Sustainable Environment

## Commitment and Management Strategies

Qisda believes that the impact of human activities on the environment is irreversible. Only caring about economic and social developments is not enough to respond to the anticipation of interest parties. Hence, Qisda is committed to investing in resources, striving to preserve energy, reduce volume and carbon, letting products and production procedures become more energy-preserving and protecting environment, manufacturing products meeting regulations and requirements of customer health and safety while using management systems to reach the end of protecting environment, continuing improving quality, health and safety.

## Prospects

We continued to execute environmental management according to plans while keeping coaching subsidiaries, copying a successful verification experience, improving their managing abilities in environment and safety to gradually obtain related ISO standard verifications.

## In This Chapter

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

Since the Industrial Revolution, the industrial activities of human beings largely use fossil fuel, creating large volume of GHG such as carbon dioxide, increasing the creation of greenhouse effect, causing the average temperature of the Earth to rise; global temperature increase causes higher sea level, changes rainfalls and climates of certain areas; even cause changes to the entire ecological system.

The issue of climate changes has seriously threatened the living environment of all creatures. With the Greenhouse Gas Reduction and Management Act of Taiwan and Paris Agreement, the emphasis of external parties on the carbon management issue will gradually increase. Therefore, we inspect the possible climate change impacts on our operations, planning climate strategies and promoting carbon management with CSR promotions.

## > Policy and Initiatives

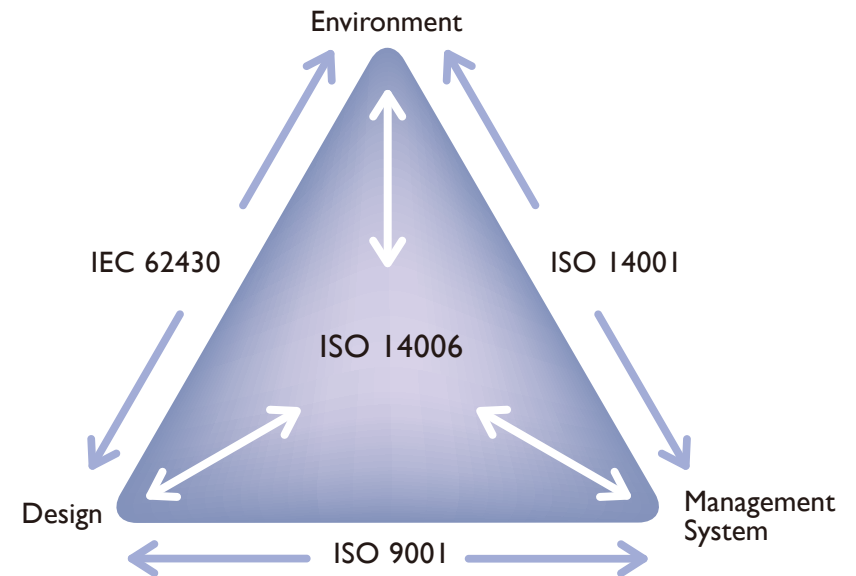
With CSD operations, Qisda expands sustainable development for the environmental aspect into “Green Product”, “Green Operation” and “Green Supply Chain. The individual development strategies and management goals are managed with KPIs.

As a company designing and manufacturing electronic products, Qisda not only cares for organizational GHG emission for its carbon management, but analyzes and manages the environmental impacts for its products to meet related international standards such as Directive of Energy-related Products (ErP) or organizational carbon footprints (ISO 14064-1).

### I. Green Products

We inspect the carbon emission and reduction opportunities of product life cycle with a product life cycle thinking; emphasize on green design, introduce ecological design techniques, launch environmental impact and carbon reduction from the source of design. We produce carbon footprint reports with our carbon management platform to proceed with the tracking and management of carbon-reduction performance.

### Green Product Management Structure

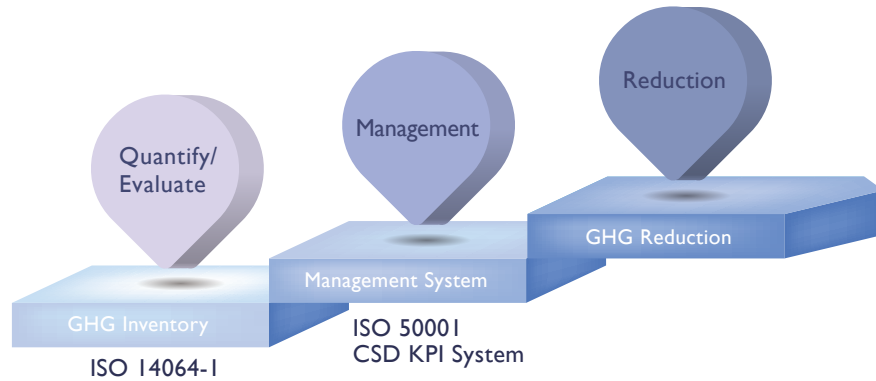


### II. Green Operation

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.



## Green Operation Management Structure



## Green Supply Chain Management Structure



## III. Green Supply Chain

We plan three promotional phases: Awareness, Promotion and Sustainability. At the recognition elevation phase, we proceed with major supplier GHG check educational trainings. At the promotional phase, we encourage key component suppliers to proceed with GHG check and reduction. At the sustainability phase, we expect to improve suppliers' self-managing abilities and disclose climate change strategies and reduction performance at the CSR report.

### > 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



For more about Qisda's risk management, please refer to the "Risk Management" Chapter.

(P49)

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**

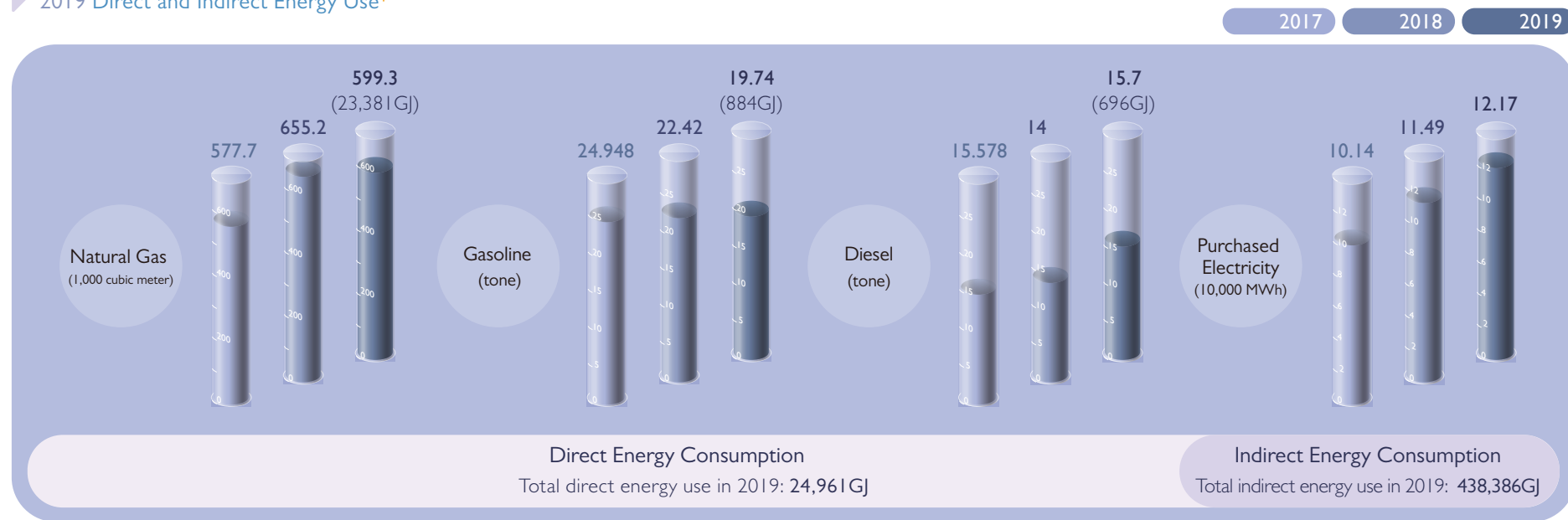
With the worsening issue of global warming, Qisda started referring to the requirements of organizational GHG emission (ISO 14064-1) and GHG check protocol (GHG Protocol) in 2007 as a part of the global citizen to establish a complete GHG emission volume list for its global manufacturing locations. Each year, we proceed with GHG check and have a third-party verification. The GHG emission volume check results of our global sites have passed the third-party verification of ISO 14064-1.

The internal energy consumption includes fuel (natural gas, gasoline and diesel) and factory electricity, the latter being the major energy consumption type. Take our Suzhou factory as an example, the energy density (magnitude) was 24,516 kilowatt-hours per million US dollar production value. The corporate internal energy consumption details in 2019 are as shown as below.

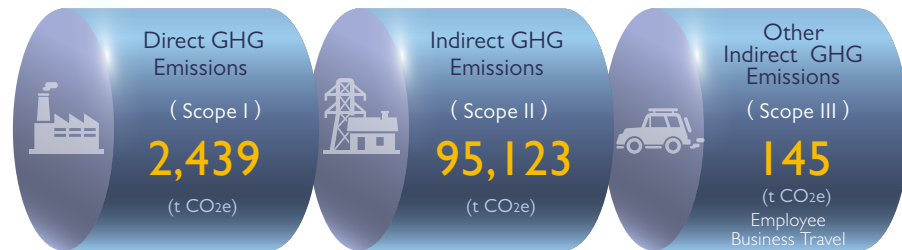
The global GHG emission of Qisda in 2019 was 97.5 thousand Kg CO<sub>2e</sub>, mainly from the carbon dioxide produced during power-generation of purchased electricity for corporate operations and GHG produced by the gas and gasoline used for internal operational activities. Among them, the emission source of purchased electricity accounted for over 90% of our overall emission volume.



2019 Direct and Indirect Energy Use\*



Greenhouse Gas Emissions\*\*



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.

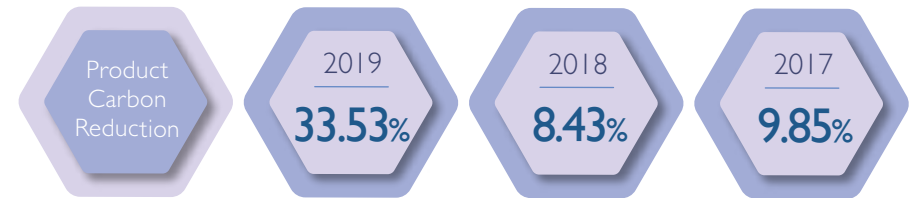
\* 1. The standard, methodology and assumption used for calculating internal energy consumption: total energy consumption is added up by the volume of electricity recorded on the electricity bills.  
 2. Joule conversion: the conversion table offered by GRI Disclosure 302-1.  
 3. The unit of energy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

Qisda Carbon Disclosure Scores



Performances on Product Carbon Reduction

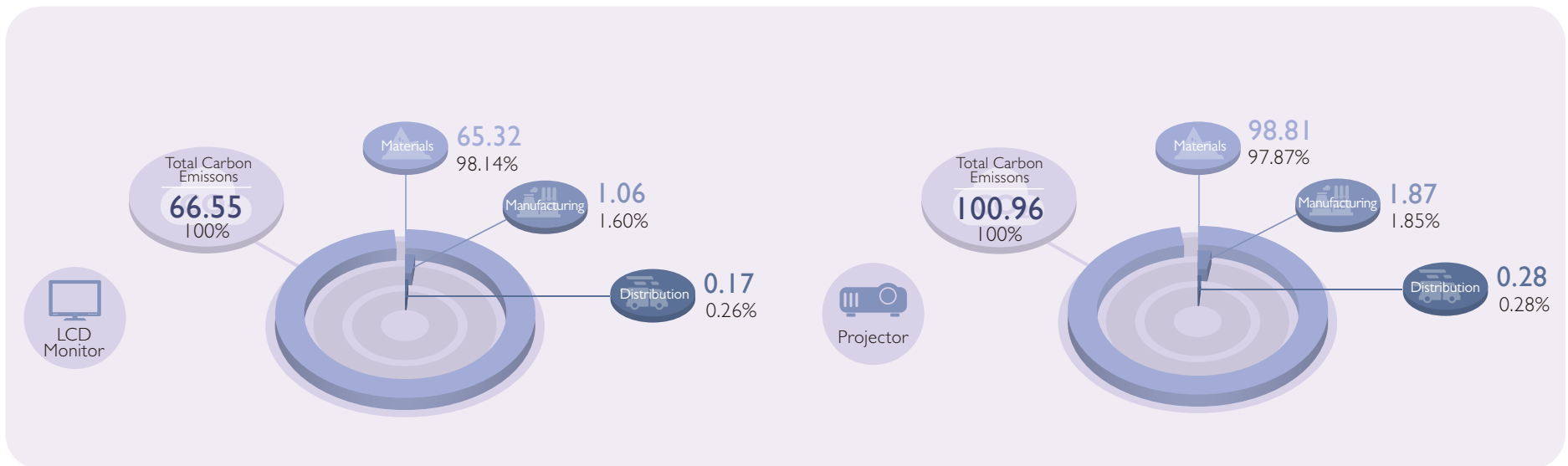


## II. Carbon Footprint of Product

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.

Examples of Qisda Product Carbon Footprint Calculation

Unit : kg CO<sub>2</sub>e



### 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**

- 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**

- a. Chiller equipment to improve and increase performance
- b. Air handling unit with variable frequency drive

**Others**

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

Administrative Management

**People**

- a. Energy saving activities in the office

**Equipment**

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

**Methods**

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

### IV. GHG Reduction Performances

With various energy-preservation measures, the global personal electricity consumption carbon emission per hour in 2019 was 2.4 Kg CO<sub>2e</sub>, down 16% from 2.86 in 2009.

Qisda has installed one solar panel in the top of office buildings in Taiwan site since 2011. The total electricity generation is **9,240** KWh per year. The amount of carbon reduction is **4.9** t CO<sub>2e</sub> per year.

#### GHG Reduction Performances

2009 Base Year	2016	2017	2018	2019	Reduction Rate (Compared to 2009)	
Total GHG Emissions (10,000 tons CO <sub>2e</sub> )	6.49	7.16	8.19	9.36	9.75	-
Hourly GHG Emissions Per Employee (kg CO <sub>2e</sub> )	2.86	2.0	2.0	2.1	2.4	66
Total Electricity Consumption/ Total Output Values (MWh / million)	35,219	25,231	24,555	23,283	26,530	24
Total GHG Emissions/ Total Output Values (tons CO <sub>2e</sub> / million)	35.01	23.38	21.52	20.63	22.61	35

# Green Product

## Management Approach of Material Topic

### Product Life Cycle Assessment\*

● Surpassed ○ Achieved ○ Not Achieved

#### Major Interest Target

Customers, Suppliers, Employees

#### 2019 Management Goal

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

#### 2019 Goal Reaching Status

Done 

#### 2020 Management Goal

Energy saving **5%**, material reduction **5%**, carbon reduction **5%**, eco-efficiency improving **5%**

#### 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

For details of management guidelines of "Stakeholder Engagement", please refer to this chapter. (P29)

For details of identifying major topics, please refer to "Ecological Design/Product Life Cycle Assessment"

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



- In 2018, each product line averagely reached energy saving **17.4%**, material reduction **21.21%**, carbon reduction **33.53%** and eco-efficiency improving **36.57%**

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

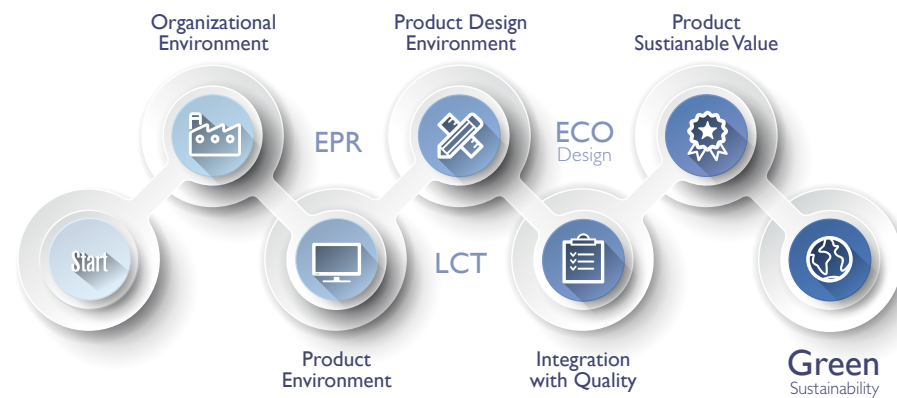
In order to reduce the environmental impacts presented in a product's life cycle, we believe that the elements of green design must be instilled from the preliminary stage of a product design, covering the product concept and its actual surroundings. The most effective approach is seeking the collaboration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

Based on the solid foundation built since 2010, Qisda has incorporated green design in our product development procedure and established IEC 62430 Environmentally Conscious Design for Electrical and Electronic Products and ISO 14006 Guidelines for Incorporating Ecodesign. With continuous improvements, we have won evaluation and

award recognition several times both domestically and globally such as the top award of Environmental Friendly Segment from the Global Views Monthly and the 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.

For 2020, we will continue to promote green design 555\* (Energy preservation 5%, volume reduction\*\*5%, carbon reduction\*\*\* 5%) to improve the ecological benefits of products and build the sustainable value of products. In 2019, we preserved energy by 17.4%, reduced volume by 21.21%, reduced carbon by 33.53% and improved ecological benefits by 36.57%. Qisda incorporates the product life cycle thinking in product design flow, including the green design goals at the early phase of design, checking at each design phase, verifying products meet customers and regulations of sales country while improving itself, boosting product energy efficiency and reducing energy consumption. We can improve product efficiency amid lowered environmental burden while offering customers with better products.

### ► The Advancement of Green Products of Qisda



\* 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.

## › 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.

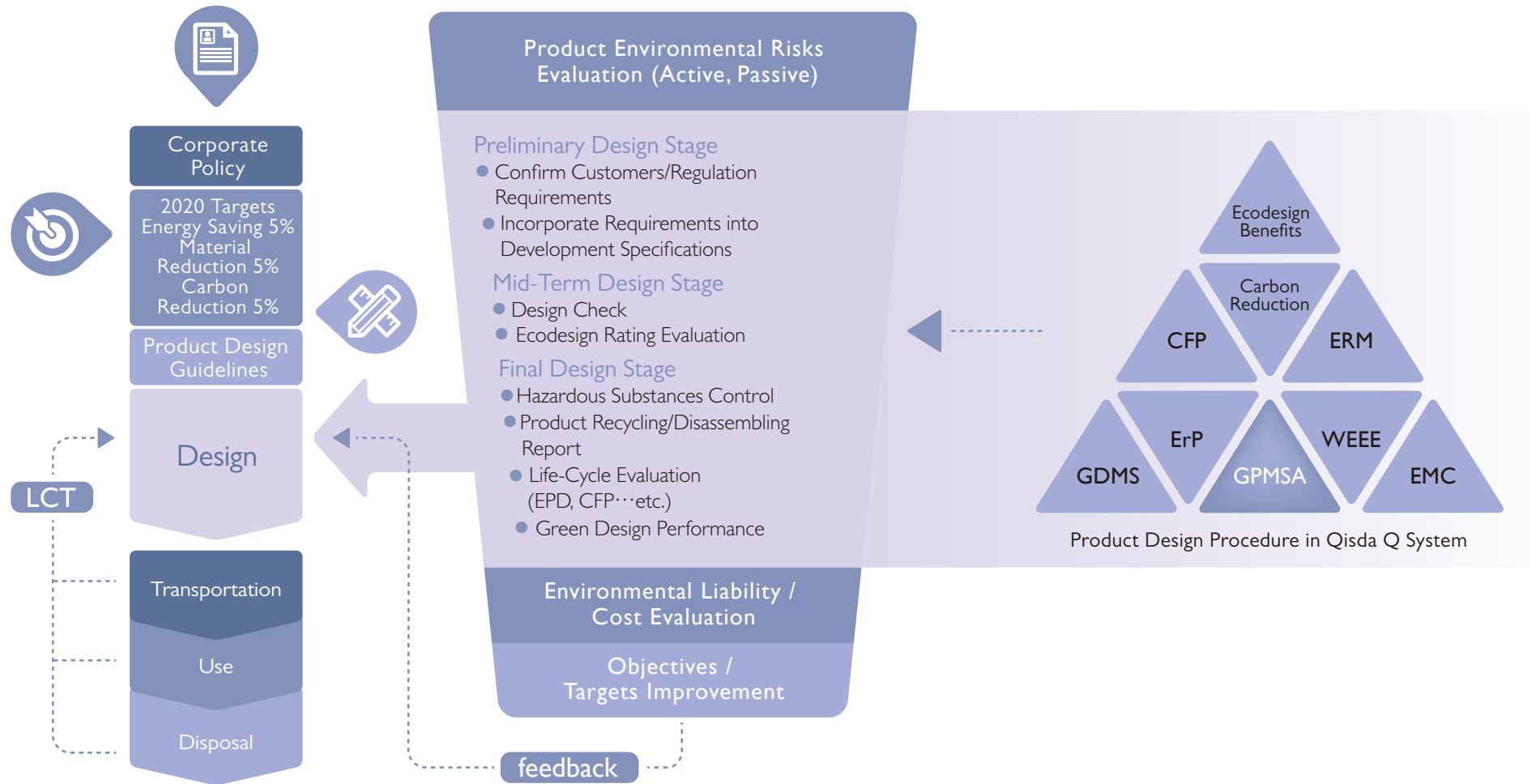
In 2013, several of our products have been certified with ISO 14006 and IEC 62430, including monitors, projectors, smart phones, scanners, multimedia players, and lighting devices.

### 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.

 For hazardous substance management, please refer to the “Quality and No-Hazardous Substance Management” Chapter (P104)



## 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

We focus on the improvement of energy efficiency\* and lowering of energy consumption during standby mode while comparing the data of models of the current generation with that of the previous one to verify whether energy preservation performance is reached. Besides meeting international requirements (such as ErP, TCO (Total Cost of Ownership) and Energy Star), Qisda upholds the purpose, consideration and model of self- and constant improvements. In 2019, the average energy preservation was 17.4%.

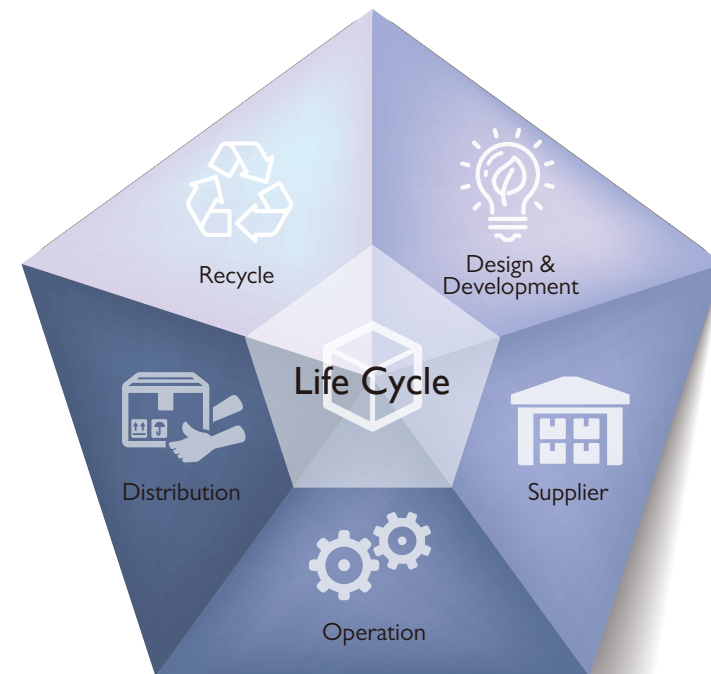
## 4.Product Disposal

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.

At the middle-phase of design, we use the internal WEEE (Waste Electrical and Electronic Equipment Directive 2002/96/EC) platform to assess the product recycling rate and assess whether the rate reaches the required base line before entering the next design phase.

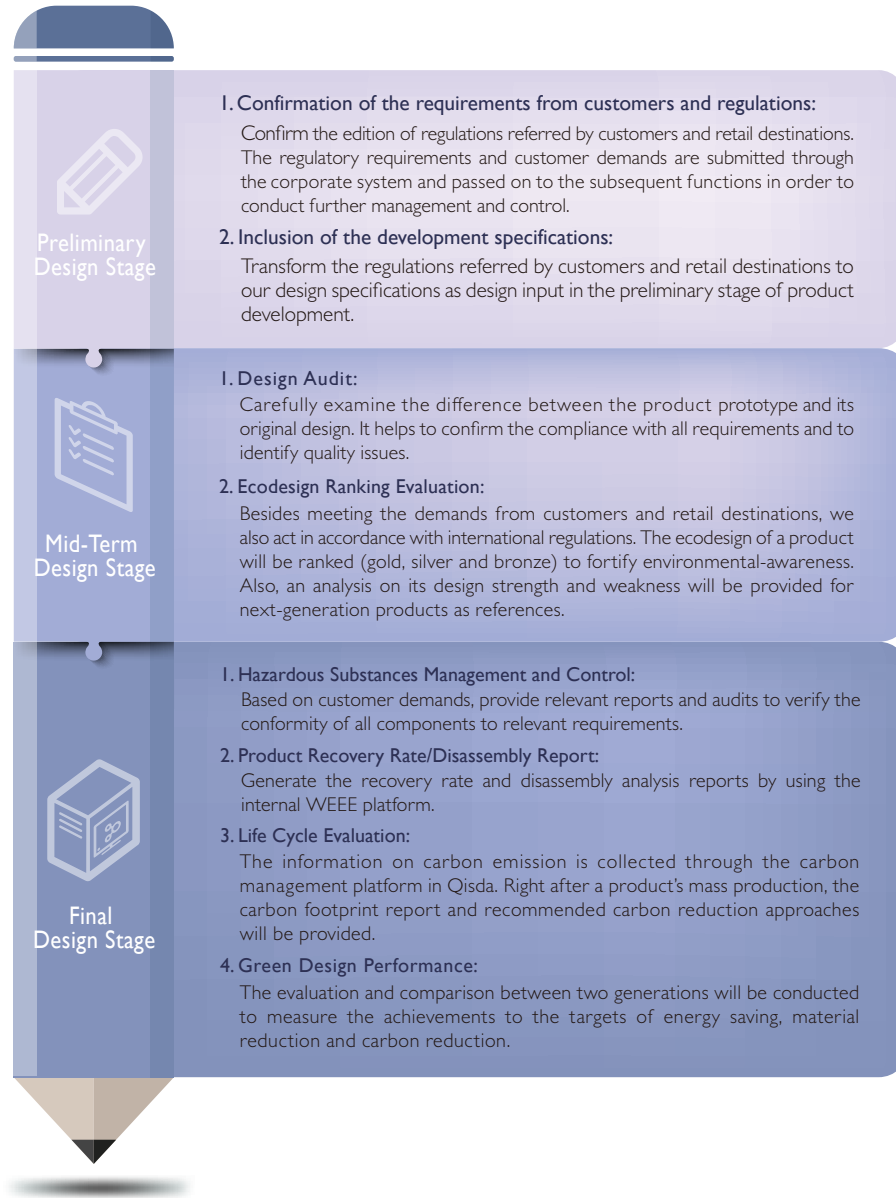
### Qisda Product Life Cycle Thinking



## II. Ecodeisgn Procedure

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





### 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 ninth 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 2019, an increase of 36.57% 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.

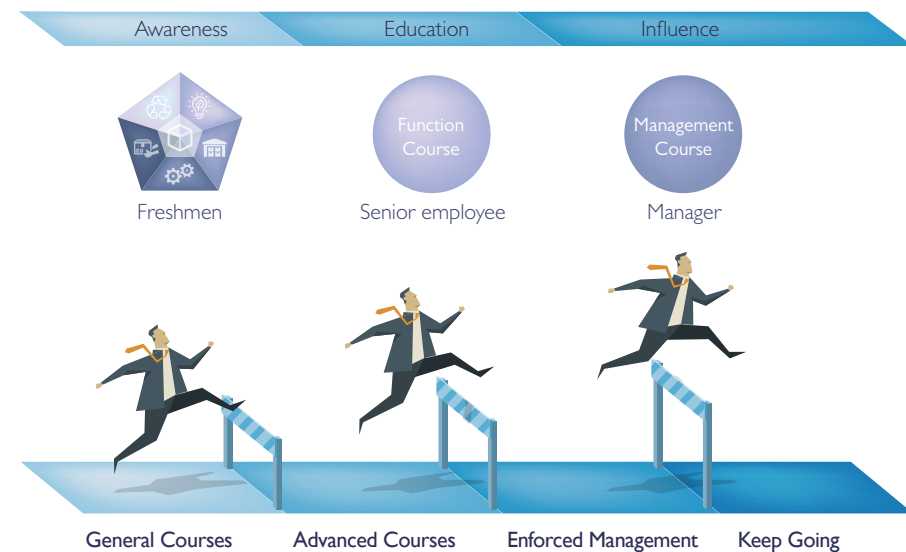
## > Green Talent Training and Development

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
Major Interest Target		Management approach
Customers, Suppliers, Communities, Employees		
2019 Management Goal	2019 Goal Reaching Status	
<b>Quality:</b> 1. Keep the effectiveness of new-version certificates of quality-related management system (ISO9001, ISO13485, IATF 16949) ----- 2. Pass audit and evidence collection of GMP (Good Manufacturing Practice) new items ----- 3. Transformation from MDD(93/42/EEC) to MDR(93/42/EEC) ----- <b>Product Health:</b> Maintain IECQ QC080000 certificate. ----- <b>Product Safety:</b> Meet customers' requirements, products meet and apply for the US Energy Star	Done   ◎ ----- Done   ◎ ----- Not Achieved*   ○ ----- Done   ◎ ----- Done   ◎	<b>Responsibility</b> Quality Management ----- <b>Resource</b> 1. Cross-department cooperation performing management system 2. External audit unit performs verification ----- <b>Action</b> Effectiveness of management system certificate each year ----- <b>Evaluation</b> Inspect whether goals are reached at year-end each year
2020 Management Goal		
<b>Quality:</b> 1. Keep the effectiveness of new-version certificates of quality-related management system (ISO9001, ISO13485, IATF 16949) 2. Obtain diagnosis-use ultrasound system MDR certificate <b>Product Health:</b> Keep the effectiveness of hazardous substance management system (IECQ QC080000) <b>Product Safety:</b> All products meet and finish applying for IEC62368-1/UL62368-1 (compulsory effective date is 2020-12-20)		


Qisda endeavors to promote quality management (ISO 9001), medical equipment quality management system (ISO 13485), car industry quality management system (IATF 16949) and hazardous substance management system (IECQ QC 080000), designing and manufacturing products that meet the requirements of regulations and customers' health and safety. We also disclosed Qisda's quality/no-hazardous substance policies in the "Quality and No-Hazardous Substance Manual" while passed third-party verification and the medical equipment factory audit of FDA (Food and Drug Administration) of the US.

The chairman & president and vice president of Qisda are the highest people in charge of Qisda's quality/no-hazardous substance systems, supervising by levels to set up quality assurance organizations and responsible staff of various levels, carrying out the requirements of quality/no-hazardous substance policies through the company and employees. With various communication methods such as educational training, intranet announcement and propaganda card, we enable all members of the company to recognize the importance of meeting regulation requirements, corporate quality policies, quality goals and customers' requirements while reviewing the appropriateness of the management system and feasibility of resources at management reviews. We expect to pursue constant improvements and problem prevention with the most economical methods to reach the continuous improvement procedure, lowering defects, reducing wastes, improving quality and productivity while reaching requirements of EU RoHS Directive and customers, further enabling our products to meet social expectations and lowering their impacts on the natural environment. In 2019, there were no violations of

For details of management guidelines of "Stakeholder Engagement", please refer to this chapter. (P29)  
 For details of identifying major topics, please refer to "Quality/Customer Health and Safety"

\* Since the verification of EU for MDR Notified Body was too slow, over half guidances have not been announced, we adjusted the schedule to 2020/4Q.

regulations or voluntary standards of the health and safety in the product life cycle, nor were there violations of rules or voluntary protocols of the information and label of products and services. We also cooperate with customers' requirements; our products meet and apply for the voluntary standard for displays of the US new version of Energy Star 8.0, with the number of covered models of 69.



Global manufacturing sites obtained certificates of quality management (ISO 9001:2015), medical equipment quality management system (ISO 13485:2016), car industry quality management system (IATF 16949:2016) and no-hazardous substance management system (IECQ QC 080000:2017).

In management, Qisda transforms feasible requirements into executable projects via new product development system; from initial idea to the termination phase into six phases (Q0-Q6) 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 is an important segment of Qisda's technology sustainable development strategies whereas environment, safety hygiene and health management are the core of green operational management. We are also committed to constantly improving in the performances of pollution prevention, waste reduction and safety/health. In 1997 and 2001, respectively, Qisda introduced environmental management system (ISO 14001) and occupational safety hygiene management system (OHSAS 18001) while performing related trainings for all staff to ensure they consider the impacts on the environment of operational activities and potential safety hygiene risks when working. All new comers should receive awareness trainings for the two management systems starting from new-comer trainings. In 2016, we obtained the Green Factory Label. In 2017, we finished ISO 14001: 2015 environmental management system version-conversion verification. In 2019, we finished occupational safety hygiene management (ISO 45001:2018) new-version verification to realize our commitment of constant improvements.

For indicator disclosure, we started assessing performances of green operational indicators with economic concepts in 2016. For example, for management of electricity for energy preservation and carbon reduction, we changed to use electricity consumption per million US dollar production value as the performance indicator to more accurately measure the benefits of our energy preservation and carbon reduction.

For promotions of green operational activities, besides continued actions of energy efficiency engineering improvements, the safety culture performance assessment for each factory is running continuously. The green operational management refers to reaching green operational goals via people's concept change, machinery equipment improvement, operational method changes and operational environment improvement.





Recyclable Waste Rate reached **93%**

## > Waste Management

### Management Approach of Material Topic

Waste Management		● Surpassed ◎ Achieved ○ Not Achieved
<b>Concerned Stakeholder</b>	Customers, Suppliers, Communities, Employees	
<b>2018 Management Target</b>	Recyclable waste rate reaches <b>90%</b>	
<b>2018 Status</b>	<b>93%</b>   ●	
<b>2019 Management Target</b>	Recyclable waste rate reaches <b>90%</b>	
<b>Management approach</b>	<p><b>Responsibility</b> CSR&amp;RM office</p> <hr/> <p><b>Resource</b> Contractors</p> <hr/> <p><b>Action</b> 1. Promote recycle and waste-reduction activities 2. Outsourcing companies assist to launch garbage classification</p> <hr/> <p><b>Evaluation</b> Report and review KPIs each quarter at Corporate Sustainable Development Committee</p>	

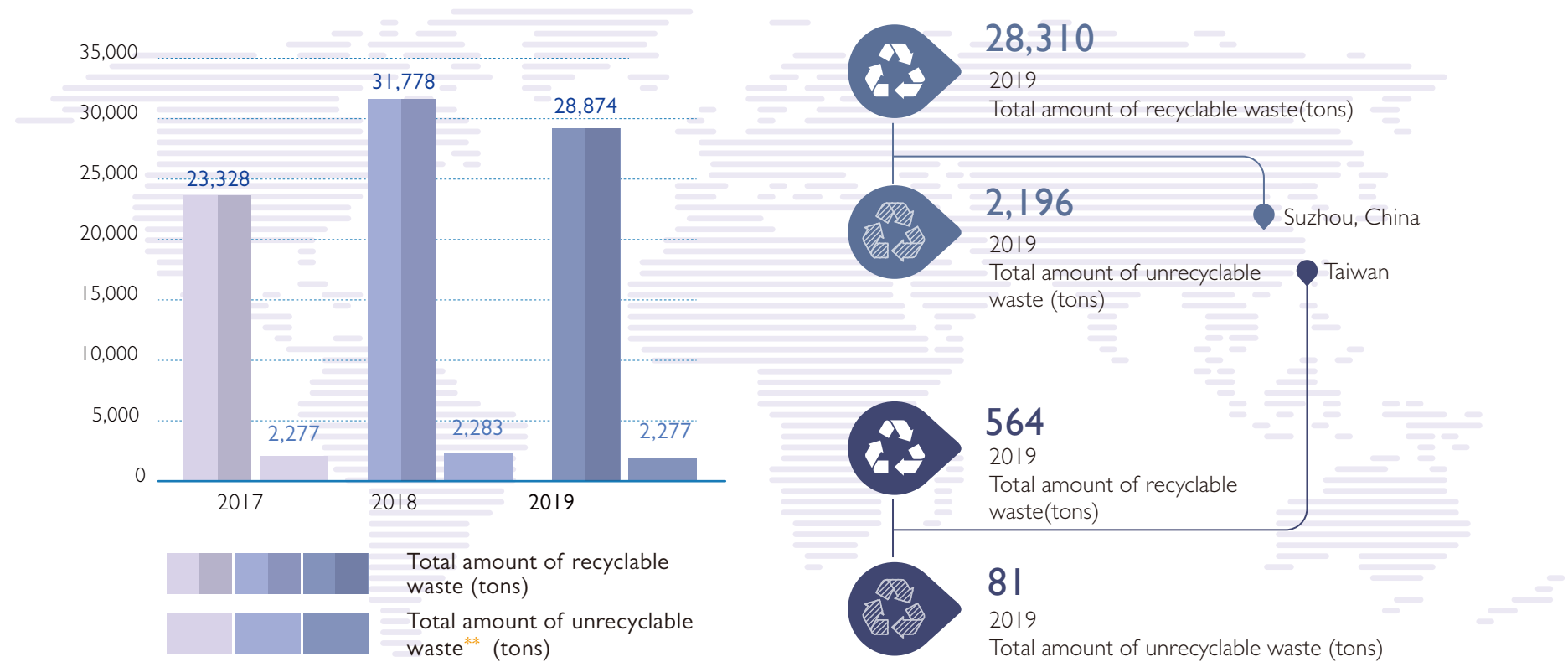
 For details of management guidelines of "Stakeholder Engagement", please refer to this chapter. (P29)  
 For details of identifying major topics, please refer to "Waste Management"

Qisda adopts the source management strategy to manage waste. To reach the goal of waste reduction, the company continues to enforce energy preservation and waste reduction activities, actively realizing resource recycling categorization from source, dramatically reducing waste generation and increasing resource recycling volume.

The wastes Qisda's factories create are general business waste, medical waste, solvent waste and electronic component waste that cannot be categorized. In its operational activities and production procedures, there are no hazardous wastes generated as defined by the Basel Convention. The wastes are mainly managed by environmental safety staff whereas the recyclable wastes are moved to the recycling area for outsourced companies to categorize.

To improve the percentage of recyclable wastes, Qisda set up waste management procedure and recycling goals. Each quarter, we review the action plans and goals at the CSD meetings to have the effect of long-term monitoring. In 2019, the performance of waste management was as follows. The overall production manufacturing volume was improved significantly from that in 2009 whereas the type and volume of resource recyclable wastes increased. After promoting energy preservation and waste reduction activities, the percentage of recyclable wastes reached 93%. The accumulated recyclable volume from 2009 reached 215,171 tonnes; 206,545 came from its Suzhou (China) factory.

### Waste Management Comparisons\*



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

## > Water Management



Total water consumption per million US dollars of revenues showed a decrease by **55%** in 2018, as compared to 2009.

### Management Approach of Material Topic

#### Water Management\*

● Surpassed ○ Achieved ○ Not Achieved

##### Major Interest Target

Customers, Suppliers,  
Communities, Employees

##### Management approach

###### Responsibility

CSR&RM office

##### 2019 Management Goal

Water consumption per million  
US dollar of of output value (tonnes)  
reduced **8%**

###### Resource

Cross-department cooperation,  
perform water-saving project

##### 2019 Goal Reaching Status

A decrease of **30%**



###### Action

1. Promote water saving activities
2. Use sewage recycle system, recycling and reusing living sewage

##### 2020 Management Goal

Water consumption per million  
US dollar of of output value (tonnes)  
reduced **10%**

###### Evaluation

Report and review KPIs each quarter at  
Corporate Sustainable Development



For details of management guidelines of "Stakeholder Engagement", please refer to this chapter.

(P29)

For details of identifying major topics, please refer to "Huamn Right"

\* 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).

\*\*\* 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 2019 the value for COD was 56.35 mg/L while that for SS was 7.35 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 2019 the value for COD was 193 mg/L while that for SS was 44 mg/L.

Qisda considers clean production and environmental protection from the start of product design. During the manufacturing process, no wastewater is generated, only domestic sewage. The overall water consumption of Qisda's global manufacturing sites in 2019 reached 496 million liters; overall water discharge volume was 396 million liters. The water consumed at all sites come only from municipal water whereas the three-year water consumption of the sites is as shown in the following table. To realize water resource management, each manufacturing site actively checked its tap water consumption status since 2011. With CSD statistics, the water consumption per million US dollar production value in 2019 was 113 tonnes, down around 55% from that in 2009. Also, there were no underground water consumption for Qisda's factories.

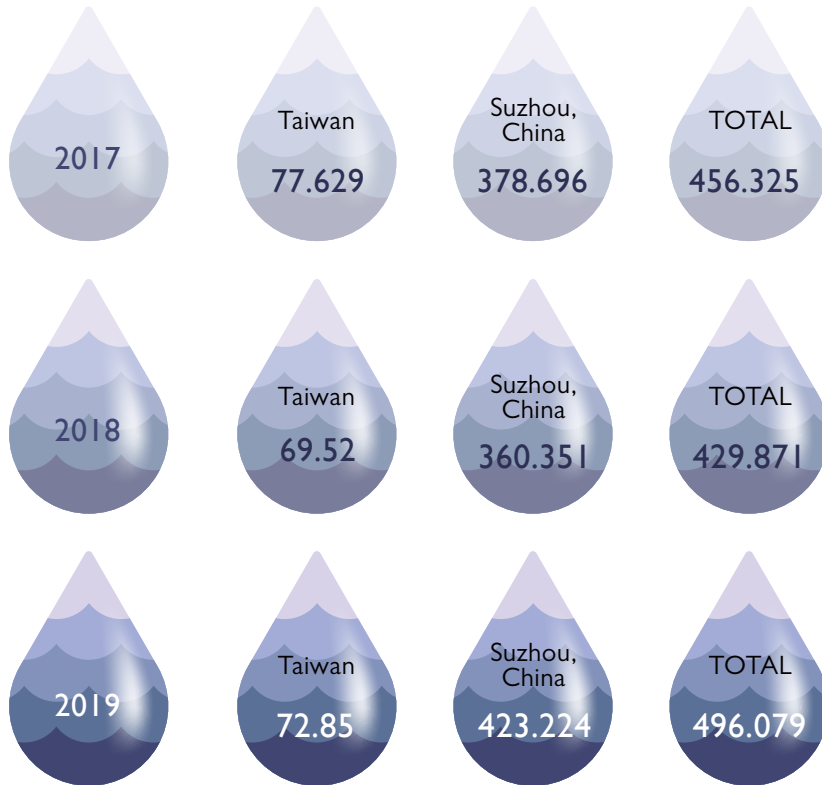
For domestic sewage control, we set up sewage recycling systems for global factories. The recycled domestic sewage is mostly used for spray irrigation of green plants at the factories. Take the Taiwan plant for example, the volume of recycled water used for spray irrigation were 113 tonnes/day\*\*, accounting for around 5% of global water consumption.

The water pollution prevention equipment at the Taiwan plant is operated and maintained by professional staff. We use the bio-film treatment system to deal with domestic sewage whereas the water generated is discharged into the management system of the sewage sewer of the government. The sewage of the Suzhou plant is directly discharged into the municipal sewer system, with the final destination being the sewer management system. Therefore, there will be no direct influence on the water body and land due to sewage created by water consumption. In the water quality inspection for sewage, our Taiwan site adopts a better treatment of standard of sewage entering factory of the Guishan Industrial Park\*\*\*. The Suzhou plant meets the combined sewage discharge standard\*\*\*\*. The discharged water is regularly monitored and is not reused by other organizations.

Qisda's factories are located in industrial parks and it does not have, lease or manage factories in ecological preservation areas or water resource protection areas. It does not perform any activities that may have negative influences on biodiversity. During the product manufacturing and service processes, there are no influences on the environmental 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 Aqueeduct "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

	All areas	Areas with water stress	
Water withdrawal by source	<b>Surface water (total)</b>		
	Freshwater (≤ 1,000 mg/L Total Dissolved Solids)	<b>496.079</b>	<b>423.224</b>
	Other water (≤ 1,000 mg/L Total Dissolved Solids)	<b>0</b>	<b>0</b>
	<b>Groundwater (total)</b>		
	Freshwater (≤ 1,000 mg/L Total Dissolved Solids)	<b>0</b>	<b>0</b>
	Other water (≤ 1,000 mg/L Total Dissolved Solids)	<b>0</b>	<b>0</b>
	<b>Seawater (total)</b>		
	Freshwater (≤ 1,000 mg/L Total Dissolved Solids)	<b>0</b>	<b>0</b>
	Other water (≤ 1,000 mg/L Total Dissolved Solids)	<b>0</b>	<b>0</b>
	<b>Produced water (total)</b>		
Freshwater (≤ 1,000 mg/L Total Dissolved Solids)	<b>0</b>	<b>0</b>	
Other water (≤ 1,000 mg/L Total Dissolved Solids)	<b>0</b>	<b>0</b>	
<b>Third-party water (total)</b>			
Freshwater (≤ 1,000 mg/L Total Dissolved Solids)	<b>0</b>	<b>0</b>	
Other water (≤ 1,000 mg/L Total Dissolved Solids)	<b>0</b>	<b>0</b>	
<b>Total third-party water withdrawal by withdrawal source</b>			
Surface water \ Groundwater	<b>0</b>	<b>0</b>	
Seawater \ Produced water	<b>0</b>	<b>0</b>	
<b>Total water withdrawal</b>	<b>496.079</b>	<b>423.224</b>	
	Surface water (total) + groundwater (total) + seawater (total) + produced water (total) + third-party water (total)		



### Water Discharge

		All areas	Areas with water stress
Water discharge by destination	Surface water	396.8	338.5
	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		100	85

## > 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 manufacturing procedures don't require water consumption, but we need to provide clean drinking water for employees. We use the WRI (World Resources Institute) Aqueduct's global water risk mapping tool to analyze results. Taiwan and Suzhou (China) factories are located in areas of mid-level water shortage risks. However, water consumption of all factories only comes from municipal water supply. For the past 16 years, only one incident of water supply shortage occurred. We already set up an emergency response flow for water shortage. If we receive notification from the government or if there is media report about recent water source becoming muddy due to typhoons, or if there is drought and causes temporary water supply suspension or rationing, we will notify contract water wheels to supplement the insufficient amount of water to avoid production line halts due to water shortage.	Low Risk

Item	Content	Risk Level
 Drinking Water Quality	All factory water consumption comes from municipal water supply, no underground water is abstracted for operations; we adopt filtering equipment for drinking water and inspect regularly according to regulations to ensure the water quality is safe.	Low Risk
 Water Pollution Protection	The water pollution prevention equipment at the Taiwan plant is operated and maintained by professional staff. We use the bio-film treatment system to deal with domestic sewage whereas the water generated is discharged into the management system of the sewage sewer of the government. The sewage of the Suzhou plant is directly discharged into the municipal sewer system, with the final destination being the sewer management system. Therefore, there will be no direct influence on the water body and land due to sewage created by water consumption. Also, the effluent water quality is monitored regularly and inspected according to regulations. The results are better than the regulated standards. For the previous years, there were no water pollution incidents at each factory.	Low Risk
 Flood	According to the WRI Aqueduct's global water risk mapping tool analysis, Taiwan and Suzhou factories are not in areas with high flood risks. In the past 15 years, there were no losses due to floods at factories. Also, we set up controlling flows such as prevention and emergency response. Before typhoons, we will ask cleaning staff to specifically clean ditches to facilitate drainage, avoiding factory floods due to impeded drainage. We also prepare in advance emergency equipment such as sandbag and flood control gate for emergency.	Low Risk
 Legal Compliance	At the end of each quarter, we regularly inspect the compliance state of water-related regulations. If there are any updates of regulations, we immediately respond to them. Recently, there were no related illegal incidents about water at factories.	Low Risk
 Cost	No matter in Suzhou (China) or Taiwan, water expenses are low. Taiwan has not started collecting water consumption expenses. Since our factories do not consume much water, the influence on costs in the future will be very low.	Low Risk

## > Safety & Health Management

### Management Approach of Material Topic

#### Occupational Accident Management\*/ Chemical Management

● Surpassed ◎ Achieved ○ Not Achieved

#### 主要關注對象

Customers, Suppliers,  
Communities, Employees

#### 管理方式

##### Responsibility

CSR&RM office

##### Resource

1. Cross-department cooperation, perform projects
2. External audit unit performs verification
3. Social Responsibility and Environmental, Safety and Health Management Committee

##### Action

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

##### Evaluation

Report and review KPIs each quarter at Social Responsibility and Environmental, Safety and Health Management Committee

#### 2019年管理目標

##### Occupational Accident Management:

- 1.Reduce injury rate (IR) by **8%**.
- 2.Reduce lost day rate (LDR) by **24%**.

##### Chemical Management:

0 incidents of chemical, oil, fuel spills or leaks.

#### 2019年目標達成狀況

- 1.Reduce injury rate (IR) by **61%**.
- 2.Reduce lost day rate (LDR) by **57%**.

0 incidents of chemical, oil, fuel spills or leaks.

#### 2020年管理目標

##### Occupational Accident Management:

- 1.Reduce injury rate (IR) by **10%**.
- 2.Reduce lost day rate (LDR) by **30%**.

##### Chemical Management:

0 incidents of chemical, oil, fuel spills or leaks.



For details of management guidelines of "Stakeholder Engagement", please refer to this chapter.

(P29)

For details of identifying major topics, please refer to "Occupational Accident Management/Chemical Management"

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



### 2019 Management Key Points

Obtain certificate for occupational safety hygiene (ISO 45001:2018); to respond to the introduction of the company's automatic equipment, considering the safety of HRC, we already obtained the first safety certificate for HRC in Taiwan.

Qisda has a sound Social Responsibility and Environmental Safety Hygiene Management Committee to promote occupational safety hygiene matters. All employees finish their jobs dutifully and safely. We also perform various safety hygiene health requirements via activities of green operational culture. For environmental safety secretary and management representatives, we regularly perform occupational hygiene educational trainings regularly while asking employees to regularly have health checks and monitoring the environment of operational locations. Qisda obtained the occupational safety hygiene (ISO 45001:2018) certificate since 2019. Each year, we launch harm identification and risk assessment while continuing to perform verification and expand the range of worker management.



Injury rate reduction **86%**, lost day rate reduction **91%**, as compared to 2009.

## I. Occupational Safety Disaster Management

The work injuries of Qisda's employees are mostly incision wounds by hand tools. They are minor injuries that do not require sick leaves. However, a minority of the work injuries require leaves and rest. For seriousness of work injuries that requires leaves of more than one day, it is included in the calculation range of work injury leave and lost working date while there have not been any death cases. After calculation, we found our global manufacturing sites had an average DIFR of 0.03 under the GRI (Global Reporting Initiative,) in 2019; the DISR GRI was 1.26; the OD was 0. The DIFR reduced around 91% while DISR decreased around 86%, comparing with that in 2009. There were no occupational disease cases at the workplace. In Taiwan, the non-occupation disaster working hours in 2019 was around 2.62 million hours. There were no occupational injuries or deaths at on-site works of contractors.






### First Taiwan HRC Safety Certificate

To ensure the industrial robot does not harm operating staff during operations, normally a company uses a fence to separate them. However, considering elements such as space and efficiency, Qisda chooses the production line design method of HRC. With the three layers of protection mechanism of efficient segregation, deceleration after sensing and suspension after touch, we protect the safety of the operational staff. Our production lines are the first obtaining HRC safety certificate under the verification of the third-party Precision Machinery Research & Development Center (PMC) and meeting the international safety regulation ISO 10218 / TS 15066. Qisda also actively exchanged its experiences in factory smart upgrade with external parties, jointly held a "Collaboration Operation Robot Practice Observation Tour" with the Occupational Safety and Health Administration (OSHA) of the Ministry of Labor, enabling labor check staff to understand the work type, safety protection and assessment method of HRC.








Qisda earned the first HRC safety certificate in Taiwan (right to left, Michael Lee, general manager, Business Solutions Group, Qisda, Lai, Yung-Hsiang, general manager of PMC)

Global Safety and Health Management Performance Comparisons(2017~2019)\*

Safety & Health Performance Indicator	Global Manufacturing Sites		
	2017	2018	2019
 Injury Rate (IR)	0.074	0.088	0.03
 Lost Day Rate (LDR)	3.3	3.5	1.26
 Occupational Diseases Rate (ODR)	0	0	0
 Absentee Rate (AR)	37.4	37.2	13.79
 Total Sum of Deaths Caused by Work	0	0	0

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

Safety and Health Management Performances by Genders (2019)

2019	Taiwan		Suzhou, China		Qisda Global Manufacturing Site	
	Male	Female	Male	Female	Male	Female
 Injury Rate (IR)	0	0	0.05	0	0.05	0
	0	0	0	0	0	0
	Total		0	0.03	0.03	
 Lost Day Rate (LDR)	0	0	2.16	0	1.93	0
	0	0	0	0	0	0
	Total		0	1.43	1.26	
 Occupational Diseases Rate (ODR)	0	0	0	0	0	0
	0	0	0	0	0	0
	Total		0	0	0	
 Absentee Rate (AR)	0	0	24.61	0	13.79	0
	0	0	0	0	0	0
	Total		0	16.31	13.79	
 Total Sum of Deaths Caused by Work	0	0	0	0	0	0
	0	0	0	0	0	0
	Total		0	0	0	

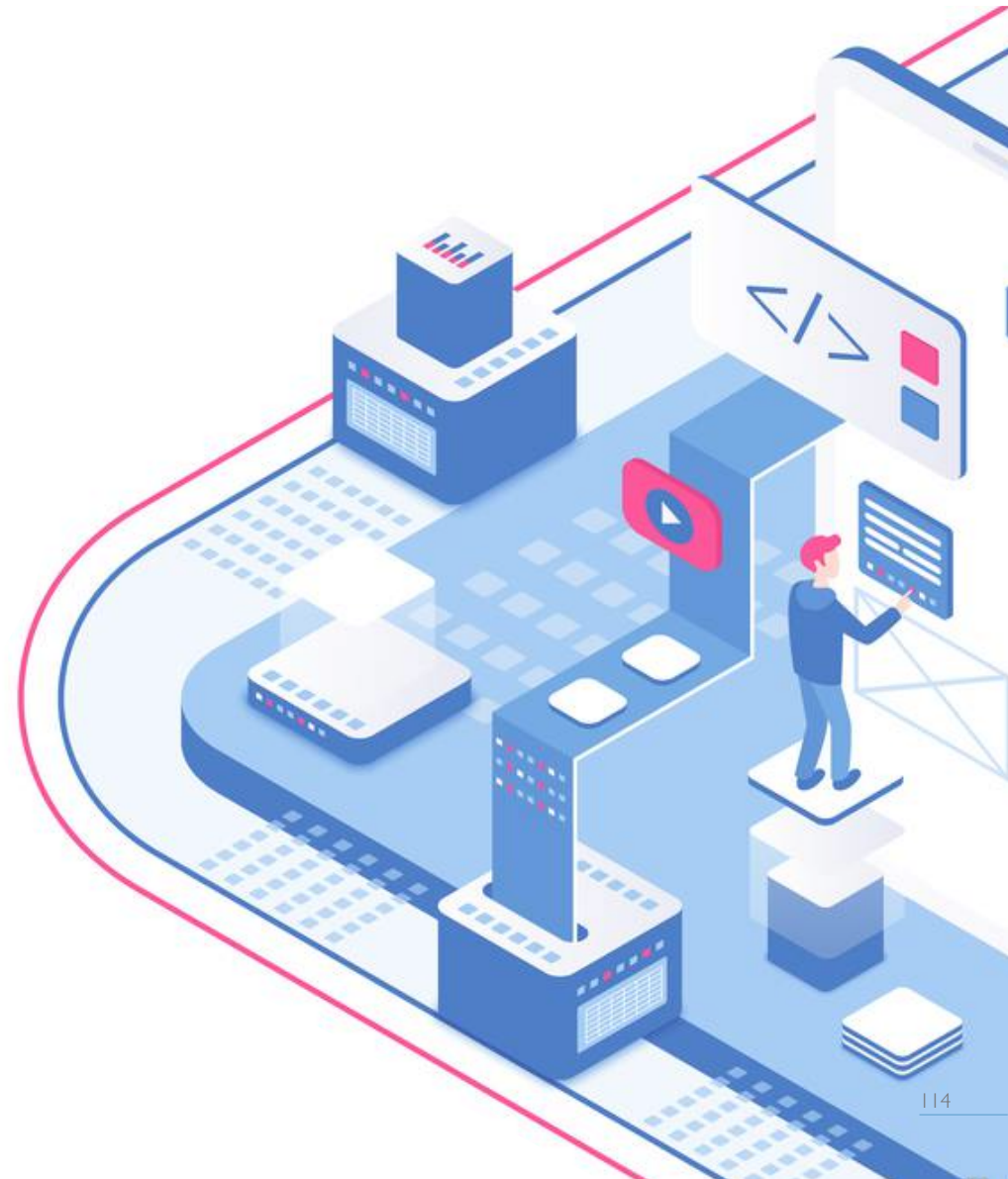
In chemical management, adopting chemical products in the production process has always been the emphasis of environmental safety management job and should be effectively managed. If chemical solvent leakage occurs, this will have negative impacts on the safety and health of factory workers and factory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

In 2019, 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 2019.

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.







# 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.

Partner Tech Corp.



# 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	27
6. 2018 revenues	NT\$ 46 million
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	973,881 MWh, 3502 GJ
2. Direct greenhouse gas emission	0 tons CO <sub>2</sub> e
3. Indirect greenhouse gas emission	219 tons CO <sub>2</sub> e
4. Water consumption	1,948 tons
5. Sox.NOx	None
6. Chemical leakage	None
7. GRI Injury Rate (IR)	No cases of taking leaves out of occupational disasters in 2019
8. GRI Lost Day Rate (LDR)	No cases of taking leaves out of occupational disasters in 2019
9. GRI Occupational Occurrence Rate (ODR)	No cases of taking leaves out of occupational disasters in 2019
10. Death in line of duty sum	None

11. Violation of environmental regulations	None
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12. Environmental appeal cases	None
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### Social Aspect

1. Employee number classification	Number and percentage of male: 22 (81%) Number and percentage of female: 5 (19%)
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
7. Forced labor	labor and no 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 43 issues in total, issuing questionnaires to suppliers, customers and employees while retrieving 15 answered copies. In 2019, we already set up related KPIs for major issues identified by stakeholders. In 2019, the KPI goal-reaching status and management guidelines were as follows:

● Surpassed ◎ Achieved ○ Not Achieved

Category	Topic	Boundary	2018 Management Goal	2019 Status	Management Approach
Governance/ Economy	Quality	Inside	Medical equipment quality management system (ISO13485)	Done ◎	BenQ Dialysis Technology is in the medical equipment manufacturing industry, upholds the highest principles of safety and efficiency for its R&D and manufacturing procedures while values product quality; passed ISO 13485 in 2019
	Legal and Compliance	Inside	Medical equipment quality management system (GMP)	Done ◎	BenQ Dialysis Technology is in the medical equipment manufacturing industry, upholds the highest principles of safety and efficiency for its R&D and manufacturing procedures while values product quality; passed GMP in 2019
Society	Human Right	Inside	SA8000 educational training	Done ◎	All IDL receive SA8000 educational trainings
	Customer Privacy Protection	Outside	No customer complaints of data leakage incidents	Done ◎	BenQ Dialysis Technology actively promotes the importance of information security. For internal control, its data access requires signed permission. When downloading a confidential document, the background of the documents is marked with Confidential and the name of the person downloading the document in the format of watermark for reminder of the sensitiveness and confidentiality of the document. In 2019, there were no leakage incidents and complaints.

● Surpassed ◎ Achieved ○ Not Achieved

Category	Topic	Boundary	2018 Management Goal	2019 Status	Management Approach
Environment	Water Resource Management	Inside	Average water consumption per dialyzer: 9.32 (L/pcs) Lower 5% to 8.86 (L/pcs)	Average water consumption per dialyzer: 9.82 (L/pcs) ○	Average water consumption per dialyzer in 2018: 9.32 (L/pcs); therefore set goal of 8.86 (L/pcs); however, actual average water consumption in 2019 was 9.82 (L/pcs); goal was not reached due mainly to improvements of pure-water system engineering in December that required using more water whereas monthly production was reduced, restricting ability to reach monthly goal and annual actual average water consumption was influenced; the water system change was mainly to improve dialyzer quality for future water consumption to double; therefore, will inspect average water consumption per dialyzer in the future and adjust future goal
	Waste Management	Inside	Waste management and collection	Done ◎	For waste management, Qisda collects waste data, each dialyzer averagely produces waste weight: 0.067 (kg/pcs)
Health and Safety	Product Health and Safety	Outside	Medical equipment quality management system (ISO 13485)	Done ◎	BenQ Dialysis Technology is in the medical equipment manufacturing industry, upholds the highest principles of safety and efficiency for its R&D and manufacturing procedures while values product quality; passed ISO 13485 in 2019
	Health Management	Inside	Once every two years, better than regulations	Done ◎	Health employees are the most valuable asset of the company. BenQ Dialysis Technology performs health check at least once per two years to track employees' health; 2019 participation rate was 92%

# 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	143
6. 2018 revenues	NTD \$ 1.38 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	707,869 MWh, 2,545 GJ
2. Direct greenhouse gas emission	10 tons CO <sub>2</sub> e
3. Indirect greenhouse gas emission	377 tons CO <sub>2</sub> e
4. Water consumption	5,028 tons
5. Sox.NOx	No yet adopting diesel and heavy oil for indirect material in production procedures, only using diesel for emergency generator of public equipment; infinitesimal traces of Sox and NOx are produced when burning diesel; therefore, no monitoring is required

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: 85 (61%) Number and percentage of female: 60 (39%)
2. Employment rate	10.16%
3. Turnover rate	18.64%
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/webls-en-us/product.html>



## 2. Material Issues

We investigated 42 issues in total, issuing questionnaires to suppliers, customers and employees while retrieving 29 answered copies. In 2019, we already set up related KPIs for major issues identified by stakeholders. In 2019, the KPI goal-reaching status and management guidelines were as follows:

● Surpassed ◎ Achieved ○ Not Achieved

Category	Topic	Boundary	2018 Management Goal	2019 Status	Management Approach	
Governance/ Economy	Quality	Inside	Dead of arrival, DOA = 0	0.83	○	BenQ Medical Technology strives to promote quality management system (ISO 9001), medical equipment quality management system (ISO 13485), designs and manufactures products meeting requirements of regulations and customers' health and safety. In 2019, although DOA indicator goal was not reached, there were no major compliance or product safety issues.
	Customer Satisfaction	Outside	Score >= 85	91.1	●	To understand the satisfaction of customers using our products, we regularly collect customer satisfaction survey results each year for further internal improvements; the average satisfaction of 2019 was 91.1
Society	Human Right	Inside	No labor right, human right issue appeal incidents	0	◎	BenQ Medical Technology values strongly the issues of labor and human right while collecting related information via employee appeal mailbox; there were no appeal incidents in 2019
	Employee Salary and Welfare	Inside	Satisfaction score of annual activities held by Welfare Committee >= 4.0 (out of 5)	4.68	●	BenQ Medical Technology values the leisure activities of employees at holidays; the Welfare Committee regularly holds related travel activities each year for employees to participate and improve relationship among them while launching satisfaction survey after the activities for future reference; the satisfaction score of annual activities was 4.68 in 2019 (out of 5)

● Surpassed ◎ Achieved ○ Not Achieved

Category	Topic	Boundary	2018 Management Goal	2019 Status	Management Approach
Environment	Product Life Cycle Assessment	Inside	Reduce package materials of spring arms by >= 50 %	93.9 % ●	Continue to reduce environmental impacts from design of product source and achieve simplified design have always been the product design concept of BenQ Medical Technology; in 2019, the goal of package material reduction of the spring arms of surgical lamps were reached
	Material Management	Inside	Reduce production document by >= 10 %	20 % ●	BenQ Medical Technology started GHG check in 2019 for internal energy consumption each year; in 2019, reduced around 20% production document usage
Health and Safety	Chemical Management	Inside	Volume per cleaning naphtha at least reduced by 5%	7.5 % ●	Establish an appropriate safe storage environment for hazardous goods to effectively prevent influence on the environment when the goods are leaked and ensure the safety of factory operational staff; in 2019, each unit averagely used 0.134 bottle, reduced around 7.5% from 0.145 in 2018
	Product Health and Safety	Inside	Unqualified rate of hazardous substance of products = 0	0 ◎	Legal and compliance is the priority of BenQ Medical Technology, and we follow EU RoHS Directive to review, renew and adjust to ensure our product meet the range of the Directive; in 2019, there were no incompatible incidents of incoming inspection



# 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	1,798,700 MWh, 6,475.32 GJ
2. Direct greenhouse gas emission	37 tons CO <sub>2</sub> e
3. Indirect greenhouse gas emission	958 tons CO <sub>2</sub> e
4. Water consumption	6,584 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: 40 (42%) Number and percentage of female: 55 (58%)
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 42 issues in total, issuing questionnaires to suppliers, customers and employees while retrieving 23 answered copies. In 2019, we already set up related KPIs for major issues identified by stakeholders. In 2019, the KPI goal-reaching status and management guidelines were as follows:

### Create Zero Waste Opportunities out of Garbage – Suction Bag Recycle

The items of LILY’s suction bags generate waste volume of as high as 20 tonnes per year. Not only does this take up storage room in the factory, but creates problems such as waste disposal fee, management work hour, etc.

LILY strives to research on green manufacturing, enabling a recreation of new values out of wastes of products throughout the product life cycle via innovative recycling or upgrade methods while introducing effective methods of product inspection to ensure the product quality is fine or even improved. The project successfully helped save around NT\$1.3 million costs of plastic materials each year, reducing around 20 tonnes of wastes, realizing green production and enabling the Taiwan medical equipment manufacturing industry to march toward the new state of green energy production.



● Surpassed ◎ Achieved ○ Not Achieved

Category	Topic	Boundary	2018 Management Goal	2019 Status	Management Approach
Governance/ Economy	Customer Satisfaction	Outside	Average customer satisfaction score of $\geq 90$ for the year	Done ●	Set satisfaction survey procedure to define the treatment methods for customers' oral/written feedbacks regarding product problems; the survey in 2019 showed customer satisfaction score of over 90
	Quality	Outside	Number of monthly customer complaints $\leq 3$	Done ●	LILY strives to promote medical equipment quality management system (ISO 13485), designs and produces products and services meeting expected effects and safety usage to satisfy customers' demand; with this policy in mind, in 2019, there were fewer than 3 monthly customer complaint cases

● Surpassed ◎ Achieved ○ Not Achieved

Category	Topic	Boundary	2018 Management Goal	2019 Status	Management Approach
Society	Customer Privacy Protection	Inside	Zero data leakage, theft or customer data loss incidents	Done ◎	Customer privacy is the most emphasized segment of LILY, we strictly abide by business ethics and personal data protection law protection, safety keeping customer data; no data leakage, theft or customer data loss incidents happened
	Labor/Management Relationship	Inside	Zero employee appeal or complaint incident	Done ◎	LILY regards employees as the most important asset, offering them a fair workplace, caring for their health, striving to create a happy enterprise; there were no employee appeal or complaint incidents in 2019
Environment	Product Life Cycle Assessment	Inside	Reduce size of new-generation product G3 – needle-free infusion connector by 20%	Undone ○	Originally, we planned to advance to G3 – needle-free infusion connector and reduce the size of the product; however, now still under R&D, expect to introduce in 2020
	Toxic Chemical Management	Inside	Related fine amount for toxic chemicals is 0	Done ◎	LILY values employees' operational safety, follows regulations, completes environmental protection, prevents pollution, reduces wastes; it's also strict in the operational management for on-site toxic chemical usage; there were no deficiency or fines after environmental audits in 2019
Health and Safety	Product Health and Safety	Inside	No product functional problems	Done ●	LILY values employees' health/safety and offers a fair workplace, striving to promote occupational safety hygiene management system (OHSAS 18001), designing and producing products and services meeting expected effects and safety usage; there were no product functional problems in 2019
	Machinery Equipment Safety	Inside	Work injury rate =0 (excluding traffic accidents)	Done ●	LILY values employees' health/safety and offers a fair workplace, striving to promote occupational safety hygiene management system (OHSAS 18001) and environmental management system (ISO 14001), the company and employees follow regulations, continue to improve; in 2019, there were zero disaster for machinery/equipment safety

# 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	657
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	4,968,500 MWh, 17,884 GJ
2. Direct greenhouse gas emission	57 tons CO <sub>2</sub> e
3. Indirect greenhouse gas emission	2,908 tons CO <sub>2</sub> e
4. Water consumption	25,247 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)	No cases of taking leaves out of occupational injuries in 2019
8. GRI Lost Day Rate (LDR)	No cases of taking leaves out of occupational injuries in 2019

9. GRI Occupational Occurrence Rate (ODR)	No cases of taking leaves out of occupational injuries in 2019
10. Death in line of duty sum	No cases of taking leaves out of occupational injuries in 2019
11. Violation of environmental regulations	None
12. Environmental appeal cases	None
<b>Social Aspect</b>	
1. Employee number classification	Number and percentage of male: 306 (46.58%) Number and percentage of female: 351 (53.42%)
2. Employment rate	19.48%
3. Turnover rate	14.91%
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

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



## 2. Material Issues

We investigated 43 issues in total, issuing questionnaires to suppliers, customers and employees while retrieving 223 answered copies. In 2019, we already set up related KPIs for major issues identified by stakeholders. In 2019, the KPI goal-reaching status and management guidelines were as follows:

● Surpassed ◎ Achieved ○ Not Achieved

Category	Topic	Boundary	2018 Management Goal	2019 Status	Management Approach	
Environment	Quality	Inside	<ol style="list-style-type: none"> <li>External and certificate renew audits for current certificates of quality management system (ISO 9001), medical equipment quality management system (ISO 13485), hazardous substance management system (IECQ QC 080000) were passed</li> <li>Quality meets the following indicators: First Pass Yield Rate (FPYR) 98.23% (motherboard)/ 98.71% (finished goods after assembly), Return Material Authorization (RMA) rate: 2,400 dppm</li> </ol>	<ol style="list-style-type: none"> <li>Done</li> <li>FPYR: 98.29% (motherboard)/ 99.20% (finished goods after assembly); RMA Rate: 1,723 dppm (Reached)</li> </ol>	●	DFI strives to promote quality management system (ISO 9001), medical equipment quality management system (ISO 13485), designs and manufactures products meeting requirements of regulations and customers' health and safety; in 2019, we inspected quality-related management systems (ISO 9001 and ISO 13485), external and certificate renew audits were passed; for product FPYR, motherboard FPYR was 98.29%, reaching corresponding goal, the one for finished goods after assembly reached 99.20%, not reaching goals, but RMA defect rate was 1,723 dppm, reaching goal
	Legal Compliance	Inside	No violation of financial compliance	Done	●	To ensure the company and employees abide by Taiwan regulations when performing tasks, we internally ask them to have integrity and ethics while audit measures ensures business executions meet related requirements; there were no violation of financial compliance in 2019

● Surpassed ◎ Achieved ○ Not Achieved

Category	Topic	Boundary	2018 Management Goal	2019 Status	Management Approach
Health and Safety	Customer Privacy Protection	Inside	1. GDPR-related privacy disclaimer published on website 2. GDPR educational training completion rate is 80%	Done 100 % ●	Customer privacy protection is the common goal of national regulations and corporate policies while being the valued issue for DFI. For example, should customer privacy is leaked, customer loyalty and satisfaction may suffer while negative influences of business and reputation even serious impacts such as lawsuits may occur. Therefore, DFI continues to enable employees to understand the importance of information security with internal Email promotions and educational trainings while publishing GDPR-related privacy disclaimer on its website in 2019, with the completion rate of employee educational trainings reaching 100%
	Labor/ Management Relationship	Inside	1. E-format for the employees' appeal/complaint/opinion exchange 2. The reply rate for employees' appeal/complaint/opinion exchange is 100%	Done ◎	DFI views employees as the most important corporate asset; therefore, for delivery of related appeal/complaint/ opinion exchange, besides the existing HR mailbox, the president mailbox was set up in 2019 for employee opinion delivery to be smooth while we can improve ourselves with the feedbacks to create a balance for them in work, family and life. In 2019, there were no any employee appeal/complaint/opinion exchange incidents.



● Surpassed ◎ Achieved ○ Not Achieved

Category	Topic	Boundary	2018 Management Goal	2019 Status	Management Approach	
Environment	Product Life Cycle Assessment	Inside	<ol style="list-style-type: none"> <li>1. Percentage of materials of new products meet EU RoHS directive is 100%</li> <li>2. Percentage of new products support active restricting energy consumption function is 90%</li> <li>3. Percentage of new board-type products introducing carbon footprint tracking is 60%</li> </ol>	<ol style="list-style-type: none"> <li>1. 100%</li> <li>2. &gt;90%</li> <li>3. Undone</li> </ol>	○	Legal and compliance are the priority of DFI. We review, renew and adjust again by following the directive of EU RoHS to ensure our products meet the range of the directive. In 2019, DFI finished meeting 100% EU RoHS directive for its new materials, over 90% new products supported active restricting energy consumption function; however, there were no new board-type products introducing carbon footprint tracking in 2019.
	Waste Management	Inside	The three-part forms of DFI's waste delivery completion percentage reaches 100%.	Done	●	DFI follows regulations and legally reports the output, storage, cleaning, disposal, recycle, etc. of business wastes. In 2019, the three-part forms of DFI's waste delivery were all declared, with completion rate of 100%.
Health and Safety	Work Overtime	Inside	Percentage of work overtime assessment for employees of evening shift and undergoing shift work is 85%	100 %	●	DFI values employees' health/safety, launching related risk damage assessment, striving to promote occupational safety hygiene management system (OHSAS 18001) and environmental management system (ISO 14001); in 2019, the total employees of evening shift and undergoing shift work was 26, those receiving work overtime assessment was 26, reaching a percentage of 100%; we will also perform related analysis for the data.
	Product Health and Safety	Inside	External audit passed for hazardous substance management system (IECQ QC 080000)	Done	●	DFI strives to promote hazardous substance management system (IECQ QC 080000), designs and manufactures products meeting requirements of regulations and customers' health and safety while passing third-party verification. Each year, we inspected the hazardous substance management system for external and certificate renew audits. We executed and passed 2019 external audit in May.

# Partner Tech Corp.

## I. Basic Information

### Basic Information

1. Name of organization	Partner Tech Corp.
2. Establishment time	1990
3. Chairman	Peter Chen
4. Headquarter	New Taipei City, Taiwan
5. Employee number	657
6. 2018 revenues	NTD \$ 2.3 B
7. Global business locations	R&D: Taiwan, Beijing (China) Service: China, Singapore, Dubai, US, Germany, UK, South Africa
8. Major products and services	POS, IoT display equipment, cloud services

### Environmental Aspect

1. Procured electricity	343,450 MWh, 1,236.42 GJ
2. Direct greenhouse gas emission	0 tons CO <sub>2</sub> e
3. Indirect greenhouse gas emission	183 tons CO <sub>2</sub> e
4. Water consumption	2,956 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	None

## 12. Environmental appeal cases

### Social Aspect

1. Employee number classification	Number and percentage of male: 304 (63%) Number and percentage of female: 179 (37%)
2. Employment rate	5 %
3. Turnover rate	17 %
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



Partner Tech Corp. : <https://www.partner.com.tw/>



## 2. Material Issues

We investigated 36 issues in total, issuing questionnaires to suppliers, customers and employees while retrieving 96 answered copies. In 2019, we already set up related KPIs for major issues identified by stakeholders. In 2019, the KPI goal-reaching status and management guidelines were as follows:

● Surpassed ◎ Achieved ○ Not Achieved

Category	Topic	Boundary	2018 Management Goal	2019 Status	Management Approach
Governance/ Economy	Quality	Inside	Annualized failure rate (AFR) in 2019 < 7500 dppm	AFR =2346 dppm. ●	Partner strives to promote quality management system (ISO 9001), designs and manufactures products and services meeting expected effects and safety usage. Following this policy, in 2019, the AFR was 2,346, reaching goal.
	Customer Satisfaction	Inside	Deal with issues customers cannot solve by themselves, average solving days should be fewer than 11	Deal with issues customers cannot solve by themselves, average solving days was 8.4 ●	To provide customers with the best service efficiency, the average problem-solving days for them was 8.4 in 2019
Society	Customer Privacy Protection	Inside	Appeals from external groups and verified by the organization, or from audit units; number of data leakage, theft or customer data loss incidents is 0	0 customer complaint ◎	Customer privacy is a valued segment by Partner; for the issue of recent global personal data protection, Partner compiled related rules to appropriately keep customer data; in 2019, there were no data leakage, theft or customer data loss incidents
	Labor/ Management Relationship	Inside	Convene regular labor/management meeting each quarter	Convene each quarter ◎	Partner values labor/management relationship; therefore, it convenes labor/management meeting each quarter to effectively promote the relationship of labor/management.

● Surpassed ◎ Achieved ○ Not Achieved

Category	Topic	Boundary	2018 Management Goal	2019 Status	Management Approach
Environment	Product Life Cycle Assessment	Inside	Percentage of product design meeting RoHS regulations in 2019 was 100%	Before product volume production, we ask or declare RoHS and 100% meet the regulations of RoHS ◎	In response to the crisis brought by the global environment, Partner continued to meet RoHS regulations from the source design of products.
	Waste Management	Inside	Finish waste management declaration each month	Declare monthly ◎	Meet regulations, regularly finish declaration management
Health and Safety	Machinery Equipment Safety	Inside	Work injury rate =0	0 work injury ◎	Partner values employees' working environment and sets up working safety hygiene regulations; in 2019, work injury=0
	Work Overtime	Inside	Employees work overtime and suffer from brain and cardiovascular diseases=0	Staff suffer from cardiovascular diseases ◎	Partner regularly provides employees with health check each year to track and manage their health; in 2019, there were no employees suffering from cardiovascular diseases

# GRI Standards Index

## 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	13		●
	102-6	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Qisda Corporation	13		●
	102-7	Scale of the reporting organization.	Qisda Corporation	12		●
	102-8	Total number of employees by employment type and employment contract broken down by gender and region.	Workforce Distribution	66~67		●
	102-9	Describe the organization's supply chain.	Supply Chain Management	59		●
	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		●
	102-11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Risk Management	49~52		●
	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		●

# GRI Standards Index

## 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 29~38 49~52 93~95		●
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	47		●
	102-17	Report the internal and external mechanisms for seeking advice and reporting concerns about ethics.	Code of Conduct	48		●
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 41~42		●
	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	41~42		●
	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	Corporate Governance Status	41~42		●



## 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	41~42 78~79		●
	102-22	Report the composition of the highest governance body and its committees.	Organizational Structure of Corporate Governance	41~42	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	43		●
	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	43		●
	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	41~42		●
	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	41		●
	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	41~42		●

# GRI Standards Index

## 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	41~42 49~52		●
	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	41 49		●
	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	41~42		●
	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	41~42		●
	102-34	Report the process for communicating critical concerns to the highest governance body.	Corporate Governance Status	41~42		●
	102-35	Report the remuneration policies for the highest governance body and senior executives.	Corporate Governance Status	42		●
	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	42		●

## 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	41		●
	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: 8.99 Suzhou, China: 10.47	●
	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: -3.16 Suzhou, China: 0.7	●
Stakeholder Engagement 2016	102-40	List of stakeholder groups engaged by the organization.	Stakeholder Engagement	31		●
	102-41	Percentage of employees covered by collective bargaining agreements.	Building Smooth Communication Channels and Strong Labor Relations	78	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	29~38		●

# GRI Standards Index

## 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 29~38		●
	102-47	List all the material topics identified in the process for defining report content.	Stakeholder Engagement	29~38		●
	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	132~148		●
	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	44		●
	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 2019. 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	75~76 76~77		●
	201-4	Financial assistance received from government	Financial Performance	44		●
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	75		●
	202-2	Proportion of senior management hired from the local community at significant locations of operation.	Workforce Distribution	65		●
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	82~90		●
	203-2	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Goodwill for the Earth, Love for the Society	82~90		●

# GRI Standards Index

## 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	59		●
Corruption 2016	205-1	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	Internal Audit Mechanism	43		●
	205-2	Communication and training on anti-corruption policies and procedures.	Code of Conduct	47~48		●
	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 2019 : 78.98%.	●
	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.	●

## Environmental Topics

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Energy 2016	302-1	Energy consumption within the organization.	Greenhouse Gas Inventory	94~95		●
	302-2	Energy consumption outside of the organization	Greenhouse Gas Inventory	94~95		●
	302-3	Energy intensity.	Greenhouse Gas Inventory	94~95		●
	302-4	Reduction of energy consumption.	Carbon Disclosure Achievements	96		●
	302-5	Reductions in energy requirements of products and services.	Green Product	96		●
Water 2018	303-1	Interactions with water as a shared resource	Water Resources Management	108		●
	303-2	Management of water discharge-related impacts	Water Resources Management	108		●
	303-3	Water withdrawal	Water Resources Management	109		●
	303-4	Water discharge	Water Resources Management	110		●
	303-5	Water consumption	Water Resources Management	110		●
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	108		●
	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	108		●
	304-3	Habitats protected or restored.	Water Resources Management	108		●
	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	108		●



# GRI Standards Index

## 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	95		●
	305-2	Energy indirect greenhouse gas (GHG) emissions (scope 2)	Greenhouse Gas Inventory	95		●
	305-3	Other indirect greenhouse gas (GHG) emissions (scope 3)	Greenhouse Gas Inventory	95		●
	305-4	Greenhouse gas (GHG) emissions intensity.	Greenhouse Gas Inventory	94		●
	305-5	Reduction of greenhouse gas (GHG) emissions.	Carbon Disclosure Achievements	97		●
	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 CO2 emissions from refrigerants of air conditioning and fire extinguishers (R123, R404a, R22...etc) of its global manufacturing sites were 142tons CO2e.	●
	305-7	Ox, SOx, and other significant air emissions.	N/A	N/A	Qisda mainly specifies in assembly operation. The manufacturing processes do not use diesel or heavy fuels as indirect materials used in production, only the emergency power generators and forklifts in Suzhou manufacturing site are powered by diesel. As the amount of SOx generated when burning diesel is slight and does not have significant impacts on the environment, no further analysis on tracing SOx and NOx is required. For related aerial contaminant, Qisda has air pollution filtering equipment so that the aerial contaminant is only emitted to the air after filtered with first-level filter and active carbon. aeriament 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	108 110		●
	306-2	Total weight of waste by type and disposal method.	Waste Management	107		●
	306-3	Total number and volume of significant spills.	Health and Safety Management	114		●
	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	108		●
	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	109		●
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	55		●
Supplier Environmental Assessment 2016	308-1	Percentage of new suppliers that were screened using environmental criteria.	Supplier Selection and Qualification Procedures	60		●
	308-2	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	Green Supply Chain	61~62		●

# 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	69		●
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Employee Benefits	76		●
	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: 1,711</p> <p>2. Number of applicants for parental leave: Female: 7 Male: 8</p> <p>3. Reinstatement rate: Female: 90% (9 applicants, 9 reinstated the posts) Male: 40% (5 applicants, 2 reinstated the posts)</p> <p>4. Retention rate: Female: 100% (9 reinstated the posts, 0 resigned) Male: 100% (9 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 paternal leaves: according to the number of current employees in Taiwan in 2018/12/31: 1,711, subtracting the employees joining the company during 2018/7-2018/12: 207</p>	●

## Environmental 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	112		●
	403-2	Hazard identification, risk assessment, and incident investigation	Safety & Health Management	112		●
	403-3	Occupational health services Employee Health Care Management	Employee Health Care Management	79~81		●
	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	112		●
	403-6	Promotion of worker health	Employee Health Care Management	79~81		●
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Safety & Health Management	112		●
	403-8	Workers covered by an occupational health and safety management system	Safety & Health Management	112		●
	403-9	Work-related injuries	Employee Health Care Management, Safety & Health Management	80 112		●
	403-10	Work-related ill health	Employee Health Care Management	80		●

# GRI Standards Index

## 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	70		●
	404-2	Programs for skills management and lifelong learning that support the continued employability of employees.	Learning and Development	70~71	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 2019, the percentage of indirect male/female labor who completed performance evaluation is 98.9% and 99.3% respectively. The percentage of direct male/female labor is 100% and 100% respectively.	●
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	40 65~68	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	75		●
Non-discrimination 2016	406-1	Total number of incidents of discrimination and corrective actions taken.	Human Rights Management	74		●

## 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	74 61~62		●
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	75 61~62		●
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	76 61~62		●
Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures.	Human Rights Management	75		●
Indigenous Rights 2016	411-1	Total number of incidents of violations involving rights of indigenous people and actions taken.	Human Rights Management	75	No violation involving rights of indigenous people occurred in 2019.	●
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	75		●
	412-2	Employee training on human rights policies or procedures.	Human Rights Management	75		●
	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.	●

# GRI Standards Index

## 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	82~90	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	59		●
	414-2	Significant actual and potential negative social impacts in the supply chain and actions taken.	Green Supply Chain	61~62		●
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	105		●
	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	104	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 such information requirements.	Green Product	98~103	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	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	56		●
Compliance 2016	419-1	Monetary value of significant fines and total number of non-monetary sanctions for	Legal Compliance	54		●

## Other Topic

Topic	GRI Disclosure	Description	Report Section	Page	Note	External Assurance
Quality Management	Qisda-1	Quality certificates.	Quality and Hazardous Substance Management	104~105		
Customer Satisfaction	Qisda-2	Customer satisfaction survey result.	Customer Satisfaction Survey	56~57		
Sustainable Strategy	Qisda-3	Convene Corporate Sustainable Development meetings and track KPIs quarterly.	Qisda Corporate Sustainable Development	17~26		

# ISO 26000 Index







Core subjects and issues		Report Section	Page	Note
 <b>Organizational Governance</b>	Decision-making processes and structures	Message from our Chairman and President Qisda Corporate Sustainable Development Corporate Governance	4~5 17~26 40~43	
	 <b>Human Rights</b>	Due diligence	Human Rights Management	73~74
Human rights risk situations		Human Rights Management	73~74	
Avoidance of complicity		Supply Chain Management Human Rights Management	59~63 73~74	
Resolving grievances		Human Rights Management Building Smooth Communication Channels and Strong Labor Relations	73~74 79	
Discrimination and vulnerable groups		Workforce Distribution Human Rights Management	65~68 73~74	
Civil and political rights		Human Rights Management Goodwill for the Earth, Love for the Society	73~74 82~90	
Economic, social and cultural rights		Green Operation	106~114	
Fundamental principles and rights at work		Workforce Distribution Human Rights Management	65~68 73~74	
 <b>Labour Practices</b>	Employment and employment relationships	Supply Chain Management Workforce Distribution Employee Turnover Rate Human Rights Management	59~63 65~68 69 73~74	
	Conditions of work and social protection	Workforce Distribution Employee Benefits	65~68 76~77	

Core subjects and issues		Report Section	Page	Note
 <b>Labour Practices</b>	Social dialogue	Qisda Corporation GRI Standards Index: 402-1	12~16 144	
	Health and safety at work	Safety and Health Management	111~114	
	Human development and training in the workplace	Learning and Development	70~72	
 <b>The Environment</b>	Prevention of pollution	Waste Management Water Resources Management Safety and Health Management GRI Standards Index: 305-6,305-7	106~107 108~111 111~114 141	
	Sustainable resource use	Climate Policy and Carbon Management Water Resources Management GRI Standards Index: 301-2	92~97 108~111 139	
	Climate change mitigation and adaptation	Climate Policy and Carbon Management	92~97	
	Protection of the environment, biodiversity and restoration of natural habitats	Water Resources Management	108~111	
 <b>Fair Operating</b>	Anti-corruption	Code of Conduct	47~48	
	Responsible political involvement	N/A	N/A	No participation in political activities
	Fair competition	Legal Compliance	54	
	Promoting social responsibility in the value chain	Goodwill for the Earth, Love for the Society Supply Chain Management	82~90 59~63	
	Respect for property rights	Legal Compliance	54	



# ISO 26000 Index





	Core subjects and issues	Report Section	Page	Note
 <b>Consumer Issues</b>	Fair marketing, factual and unbiased information and fair contractual practices	Legal Compliance Green Product	54 98~106	
	Protecting consumers' health and safety	Green Product	98~106	
	Sustainable consumption	Green Product	98~106	
	Consumer service, support, and complaint and dispute resolution	Customer Commitment	56~58	
	Consumer data protection and privacy	Customer Privacy Protection	57~58	
	Access to essential services	Goodwill for the Earth, Love for the Society	82~90	
	Education and awareness	Green Product	98~104	
 <b>Community Involvement and Development</b>	Community involvement	Financial Performance Human Rights Management	44~46 73~74	
	Education and culture	Human Rights Management	73~74	
	Employment creation and skills development	Supply Chain Management Learning and Development Goodwill for the Earth, Love for the Society	59~63 70~72 82~90	
	Technology development and access	Goodwill for the Earth, Love for the Society	82~90	
	Wealth and income creation	Financial Performance Supply Chain Management Goodwill for the Earth, Love for the Society	44~46 59~63 82~90	
	Health	Health and Safety Management	111~114	
	Social investment	Goodwill for the Earth, Love for the Society	82~90	

# SDGs Index

NO.	Topic	SDG Targets	SDG Compass Recommendation	Report Section	Page	Note
1	 No Poverty	1.B	Partner with civil society networks to provide education and entrepreneurial skills training.	BenQ Foundation – Shorten Digital Gap	88~90	
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 – Shorten Digital Gap	88~90	
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	43~45 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	70~72	
		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	46~47 73~74 76~77	
6	 Clean Water and Sanitation	6.1	Reduce the likelihood of groundwater contamination by treating and processing all waste with exceptional precaution.	Waste Management	106~107	
			Ensure that all employees have ample access to safe drinking water and adequate sanitation.	Water Risk Assessment and Further Actions	110~111	


# SDGs Index

NO.	Topic	SDG Targets	SDG Compass Recommendation	Report Section	Page	Note
7	 <b>Affordable and Clean Energy</b>	7.2	Commit to sourcing 100% of operational electricity needs from renewable sources.	Carbon Disclosure Achievements	95~97	Although we do not 100% use renewable energy source, we have constructed solar energy system since 2011. In 2019, we plan to expand the scale.
		7.3	Prioritize energy efficiency across operations through tools such as the use of an internal carbon price and science-based target setting to reduce overall demand for energy.	Policy and Initiatives Incorporating Design Concepts	92~97 99~103	
		7.A	Invest in R&D related to sustainable energy services.	Qisda Product Designs and Services Correspond to SDGs	27~28	
8	 <b>Decent Work and Economic Growth</b>	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	44~46	
		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	73~74 76~77	
		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	59~63	
		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	111~114	





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	73~74 76~77	
		N/A	Partner with civil society networks to provide education and entrepreneurial skills training	BenQ Foundation – Shorten Digital Gap	88~90	
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	106~107 141	
		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	48~49	
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	90~91	
		12.4		Green Product	98~103	
				Waste Management	106~107	
				Water Resources Management	108~111	
		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	139	



# SDGs Index

NO.	Topic	SDG Targets	SDG Compass Recommendation	Report Section	Page	Note
12	 <b>Responsible Consumption and Production</b>	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	99~103	
		12.5	Significantly reduce waste.	Waste Management	106~107	
		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	59 61~62	
		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.)	BenQ Foundation – Shorten Digital Gap	88~90	
13	 <b>Climate Action</b>	N/A	Source all electricity the company consumes at its facilities from renewable sources.	Carbon Disclosure Achievements	107~108	
		N/A	Retrofit the lighting systems of the company's facilities to energy efficient LED lighting.	Carbon Disclosure Achievements	107~108	
		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	98~103	
		13.1 13.2	Understand climate risk and build resilience into the company's assets and supply chain.	Climate Policy and Carbon Management	92~97	
		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	82~90	

# 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	98~103	
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>59</p> <p>61~62</p> <p>63</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>54</p> <p>61~62</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	46~47	
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	82~90	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 2019 Corporate Sustainability Report. The Assurance Statement applies to the related information included within the scope of work described below.

This information and its presentation in the 2019 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 in its context.

**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 2019 Corporate Sustainability Report for the 1<sup>st</sup> January, 2019 to 31<sup>st</sup> December, 2019.
- Appropriateness and resources 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)<sup>1</sup>
  - Inclusivity
  - Materiality
  - Responsiveness
  - Impact
- Evaluation of the Report against the principles of Stakeholder Inclusiveness, Sustainability Context, Materiality, Completeness, Balance, Comparability, Accuracy, Timeliness, Clarity, and Reliability, as defined in the GR: Sustainability Reporting Standards.

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

<sup>1</sup>Published by AccountAbility: The Institute of Social and Ethical Accountability  
<http://www.accountability.org.uk>

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**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 sampling basis.
4. Visits to 2 sites located in Taiwan (Taipei City, Taosuan City).
5. 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 external Assurance of Sustainability Reports, based on current best practice in independent assurance.

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

**Our findings**

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

- The information and data included in 2019 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 1<sup>st</sup> January, 2019 to 31<sup>st</sup> December, 2019.
- The Report properly reflects the organisation'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**

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**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 2019 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 for **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 stakeholders' 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 organisation and its stakeholders as a reasonable basis for their opinions 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**

**QSDA CORPORATION** does fully provide the information to achieve the GRI Standards completeness in accordance, and the performance scores 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 the organization to report the geographical conditions, culture and socio-economic background of the locations of the each sites, and link the local-related sustainability activities, such as hosting or participating in local events, sponsoring or donating to local groups. (RESPONSIVENESS)

**Limitations and Exclusions**

- Excluded from the scope of our work is any assessment 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 specialises in Quality, Health, Safety, Social and Environmental management with more than 190 years history in providing independent assurance services. Bureau Veritas 2019 full year revenue reached €1.1 billion euros. The Group's adjusted net profit for 2019 reached €32 million euros.


Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day to day business activities. We are particularly diligent 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 engagement. We have conducted the 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**  
 3F-D, No. 18, Nanjing C. Rd., Sec. 4, Songshan District, Taipei 10583, Taiwan R.O.C.  
 22<sup>nd</sup> April, 2020



王世宏  日期: 22/Apr/2020

王世宏  日期: 22/Apr/2020