Qisda

Corporate Sustainability Report 2023

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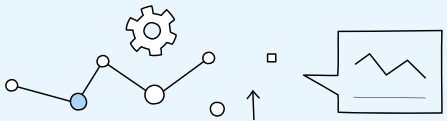

About the Report

The information disclosure of this report focuses on the sustainability issues, management strategies, targets, current status and future directions. These are available for all to download or search for at: https://esg.qisda.com/en

Organizational Boundary	Geographic scope*: This includes the headquarters of Qisda – Taiwan, and the main manufacturing sites – Suzhou (China) and Vietnam. Besides, the report has additionally encompassed the CSR-related matters of the subsidiaries** since 2018; the relevant information has been disclosed in Chapter "Qisda and Sustainable Partners."
Report Boundary	The financial data covers the overall operating performance of the parent company.
Reporting Period/ Frequency	Time: January 1, 2023 to December 31, 2023; publication time of the report for the next year: August 2025. Frequency: Once a year
Data Collection & Calculation	The data of 2023 has been collected based on the aforementioned boundary of report; the calculation formulas of the indicators and data have been detailed in the notes of the chapters.
Report Management Unit	This Report is managed by the sustainability unit of the Company.
Internal Management Process	The compilation and preparation of the contents relevant to this report were established, planned and promoted by the Company's sustainability unit. This report was also internally audited by related personnel to make sure of the consistency, completeness and accuracy of data; when any omissions were found, the data was returned for the head of each department to supplement and confirm the information. Finally, this report was approved and disclosed by ESG Committee members.
External Verification Process	For external verification, we commissioned the independent third-party verification company, Bureau Veritas Certification (Taiwan) (BVC), to verify the report so that the GRI Standards (comprehensive) and the standards of AA 1000 AS V3 High Assurance Type II are conformed with. Through the internal and external audit mechanisms, the quality of information disclosure has been ensured. In addition, the disclosure of the report also corresponds to the domestic and international standards such as "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies," "Sustainable Development Action Plans for TWSE/TPEx Listed Companies" (2023)," guidance on social responsibility (ISO 26000), UN Sustainable Development Goals (SDGs) and SASB framework. International standards including ISO 9001/27001/14001/45001/14064-1/50001/14006/62430 and SA8000 have been verified and certified by a third party.
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* Including the companies listed in the financial statements: Qisda Corporation and the subsidiaries listed in the consolidated financial statements, such as Qisda (Suzhou) Co. Ltd. (QCSZ), Qisda Electronics (Suzhou) Co. Ltd. (QCES), Qisda Optronics (Suzhou) Co. Ltd. (QCOS), Qisda Precision Industry (Suzhou) Co. Ltd. (QCPS), and Qisda Vietnam Co. Ltd. (QVH). For the other companies not listed, please refer to the annual report. In light of the materiality and completeness of disclosed information, The data of certain chapters or performance indicators include overall global data. The data that do not completely cover the Taiwan Plant, Suzhou Plant and Vietnam Plant are described in the notes of respective chapter.

** Name of subsidiaries listed in the consolidated financial statements: The Company' s consolidated subsidiaries and listed subsidiaries, BenQ Materials Corp., BenQ Medical Technology Corp., Partner Tech Corp., DFI Inc., Data Image Corp., MetaAge Corporation., Simula Technology Inc., Alpha Networks Inc. and their consolidated subsidiaries. Please refer to the annual report for all the consolidated subsidiaries. Some of the entities included in the consolidated financial statements are not covered within the scope of the ESG report; in this case, notes will be given in the sections.

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This icon means that a link to relevant information in the report is given.

Qisda Corporation

Introduction to Qisda

Qisda Corporation (formerly named BenQ Corp.) was founded in 1984, with the headquarters established in Taoyuan, Taiwan. As a global technology group that has an operational scope covering ICT industry, medical business, smart solutions, and 5G network communication business, Qisda not only provides the customers with quality innovative products and services that meet the market demand, but also looks forward to improving human life through technology and achieving the goal of "Bringing Enjoyment ' N Quality to Life."

Qisda is engaged in the R&D of electronic products, such as consumer electronics and products applicable for commercial and industrial use in professional fields. The products and technology fields include the following: high-end and professional displays, such as the displays for gaming, drawing, radio and television, medical use and security control; precision optics electronic products, such as projector, security monitoring system and on-board products; industrial/commercial computers and peripheral equipment, such as POS printer, and barcode scanner. The product lines and technologies of the Company cover LCD displays, professional displays, and electronic signages; projectors; LCD all-in-one computers; precise scanners; multifunctional business machines; medical electronic products; wireless communication modules; automotive electronics; industrial automations; various mobile electronic consumables; smart LED desk lamps; and hanging lamps. In recent years, Qisda has aggressively expanded the deployment of the medical industry. Related results include ultrasound, hemodialyzer, dialysis machine, and intraoral scanner; the deployment in the medical field has currently covered the businesses of medical services, medical equipment, medical consumables, digital oral operations, dialysis, and hearing-related operations.

Meanwhile, Qisda has also accelerated the development of the six smart solution fields: smart retail, smart manufacturing, smart education, smart health, smart energy, and smart enterprise. Aiming at "high integration of software and hardware, one-stop shopping, and innovative operation," the Company offers 30 smart solutions and 10 main kinds of hardware equipment in the 6 main integration fields. The smart solutions satisfy customer needs, and assist the customers with their digital transformation, empowerment and growth.

As one of the world' s top2 LCD displays and projectors manufacturers*, as well as the first company to be devoted to the R&D of network communication business in Taiwan, Qisda has operating bases, including R&D and manufacturing and service locations, in Taiwan (Taipei, Taoyuan, Hsinchu), China (Suzhou), Vietnam, Singapore, the U.S. and Japan. Qisda currently has approximately 7,703 employees worldwide**.

Current status of Qisda

Time of Establishment
1984

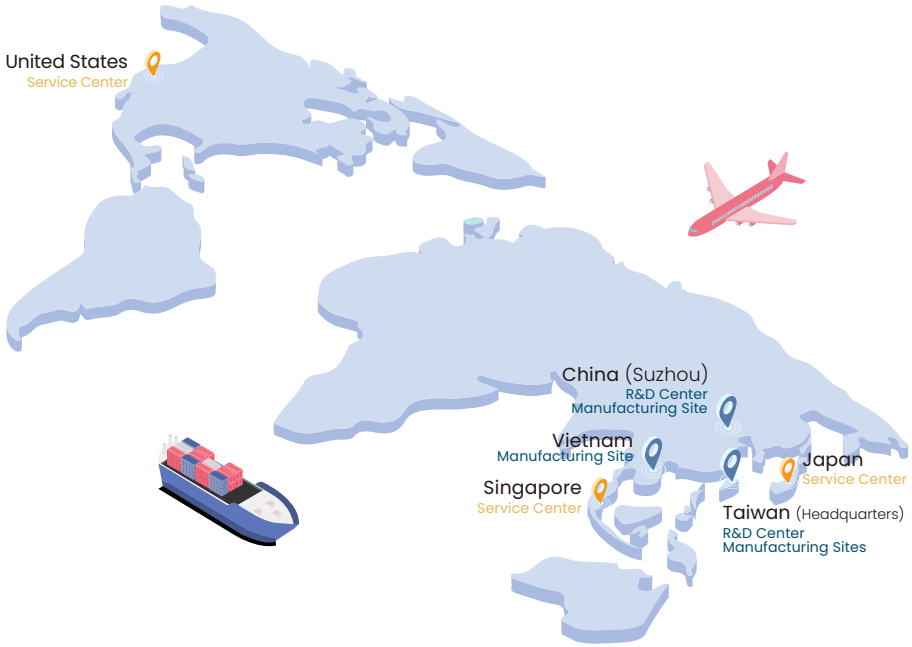
Capital
NT$ 19.7 billion

2022 Consolidated Revenues of the Main Business
NT$ 203.6 billion

Number of Employees
Approximately 7,703 employees

* The shipment volume of LCD displays in 2023 was approximately 16.20 million units

** The number of employees was calculated mainly based on the employees (incl. full-time employees and students participating in the cooperative education programs) actually hired by Qisda on December 31, 2023. As the employment contract of dispatched labor belongs to the third-party companies, the calculation of manpower didn' t include the number of dispatched employees unless their actual employer was Qisda. (22 dispatched workers in Taiwan; 3,537 in Suzhou, China; 107 in Vietnam)



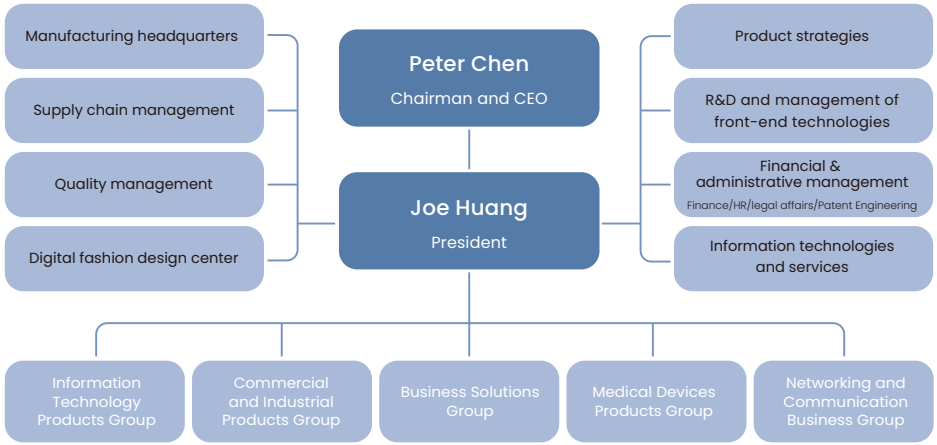
Business Overview and Organizational Structure

While based in Taiwan, Qisda adopts internationalized division of production and marketing. The bases in Taiwan are responsible for the R&D of products, design of process, purchasing components from upstream suppliers etc., while the overseas subsidiaries of Qisda, namely Suzhou Plant and Vietnam Plant, are responsible for the production. In addition, we have established subsidiaries in the U.S. and Japan for repair services and sales, not only expanding our marketing channels in Europe, America and Asia, but also looking forward to providing further services for the customers and making an immediate response to the customer requests with effective manner. The information about Qisda' s share capital, paid-in capital, shareholder structure, and subsidiaries included in the consolidated financial statements have been disclosed in the specific sections of capital raising and financial highlights of the Company' s annual report.

Aside from targeting the customer brands of consumer electronics around the world, Qisda has also aggressively developed the markets of commercial and industrial use in recent years. With a view to meeting the operational needs, our operational structure has been divided into five business groups: Information Technology Products Group, Commercial and Industrial Products Group, Business Solutions Group, Medical Devices Products Group, and Networking and Communication Business Group.

In June 2017, Qisda was succeeded by Mr. Peter Chen as the Chairman and President. With 33 years of working for the company, Mr. Peter Chen possesses extensive experience in different field such as product development, global marketing and client relationship management. Qisda relentlessly strives for exceptional growth under his leadership.

Organizational structure of Qisda



Letter from the Chairman & President

Letter from the Chairman

Marching Towards the Net-Zero Goal and Collaborating to Build a Sustainable Future for the Group

On a consolidated basis, revenue for 2023 was approximately NT$203.6 billion, representing a decrease of 15% compared to the same period in 2020. Undoubtedly, it has been a tough year for all of us. Despite the ongoing external uncertainties in 2024, including unpredictable negative factors such as war and inflation, we must remain vigilant and take an optimistic outlook for the future. Moreover, we must seize must seize the opportunity of economic recovery this year to raise revenue and maximize profit.

To accomplish the vision of "Achieving Over 50% of Profit from High Value-Added Business by 2027," we need to enhance profitability by adhering to the principle of "All rivers flow to the sea, but the sea is never full" . Through merger and acquisition, we invite talented person to join our grand fleet, utilizing group resources, power and strength to build bright future together. We must accelerate the pace of optimizing existing business at the same time, advancing both initiatives to drive business growth in the group with operational efficiency in 2024.

Since the advent of generative AI at the end of 2022, an increasing number of companies and individuals have handed over repetitive and fixed tasks to AI, and the trend of a paradigm shift has become very obvious. When external circumstances changes, we should be open-minded to learning and applying new things proactively instead of insisting on working with an old pattern.

Both AI and ESG are currently the most important trends. Last year, the Group collaborated with the alliance and attained a lot of recognitions in the aspect of ESG, winning a total of 29 sustainability-related awards throughout the year. We have set goals to cut carbon emissions from the supply chain by 30% by 2030, switch to 100% renewable energy by 2040, and reach net-zero emissions by 2050 to actively implement sustainable operations. We hope that all employees can work together to improve operational performance and achieve value transformation and sustainable growth!

Letter from the President

Together,
Make The World Better

Corporate sustainable development is one of Qisda' s core values. We are aware that only through SDGs can we protect the Earth' s environment, continuously improve employee benefits, and create economic value for the Company.

ESG strategies have been integrated in our business model, aligning with SDGs to ensure corporate sustainability, in the hopes of making positive impacts on the society and environment.

As for research and development of green products, we continue reducing the carbon footprint of products. Green operations emphasize environmental protection measures, promotion of energy conservation and carbon reduction, and driving low-carbon manufacturing and materials.

We take the initiative to use Renewable Energy Certificates to promote clean energy use and minimize environmental impact.

The advent of Generative AI in November 2022 has accelerated our progress as it can automate repetitive and time-consuming tasks. Consequently, Generative AI enable us to boost productivity at work and augment our creativity.

AI will not replace humans, but people who can use AI will replace people who cannot use it. To be up for the challenge of the new era, we can work together and follow the path to excellence together. We are determined to lead the Grand Fleet and face challenges head-on to continue standing at forefront of the industry. Through the three principles of specialize, optimize and pioneer, the Company is required to simplify operations and make good use of resources. There is no best, there is always a better. We should spur ourselves with the highest standards and form an excellent team jointly to provide the best products and services and become a global leader in the industry.

Moreover, we continue fulfilling our social responsibilities, including actively participating in community activities, supporting local education and public welfare organizations, and ensuring that our supply chain and partners are following high standards of social responsibility. We have established a clear and transparent communication mechanism to work with stakeholders in promoting the sustainable development of the society.

Simultaneously, we have established a transparent and fair management system for corporate governance to ensure that our decision-making and operation comply with the highest ethical standards. As for risk management and regulatory compliance, the operations of the Company have always complied with the highest standard, and adhered to the principle of integrity in terms of shareholder equity and corporate value.

Finally, I believe that Qisda will continue to create value for society through collaboration with upstream and downstream partners. The noble vision of 'Together, Make The World Better' will be fulfilled.

Philosophy of Sustainable Operations

Core Values

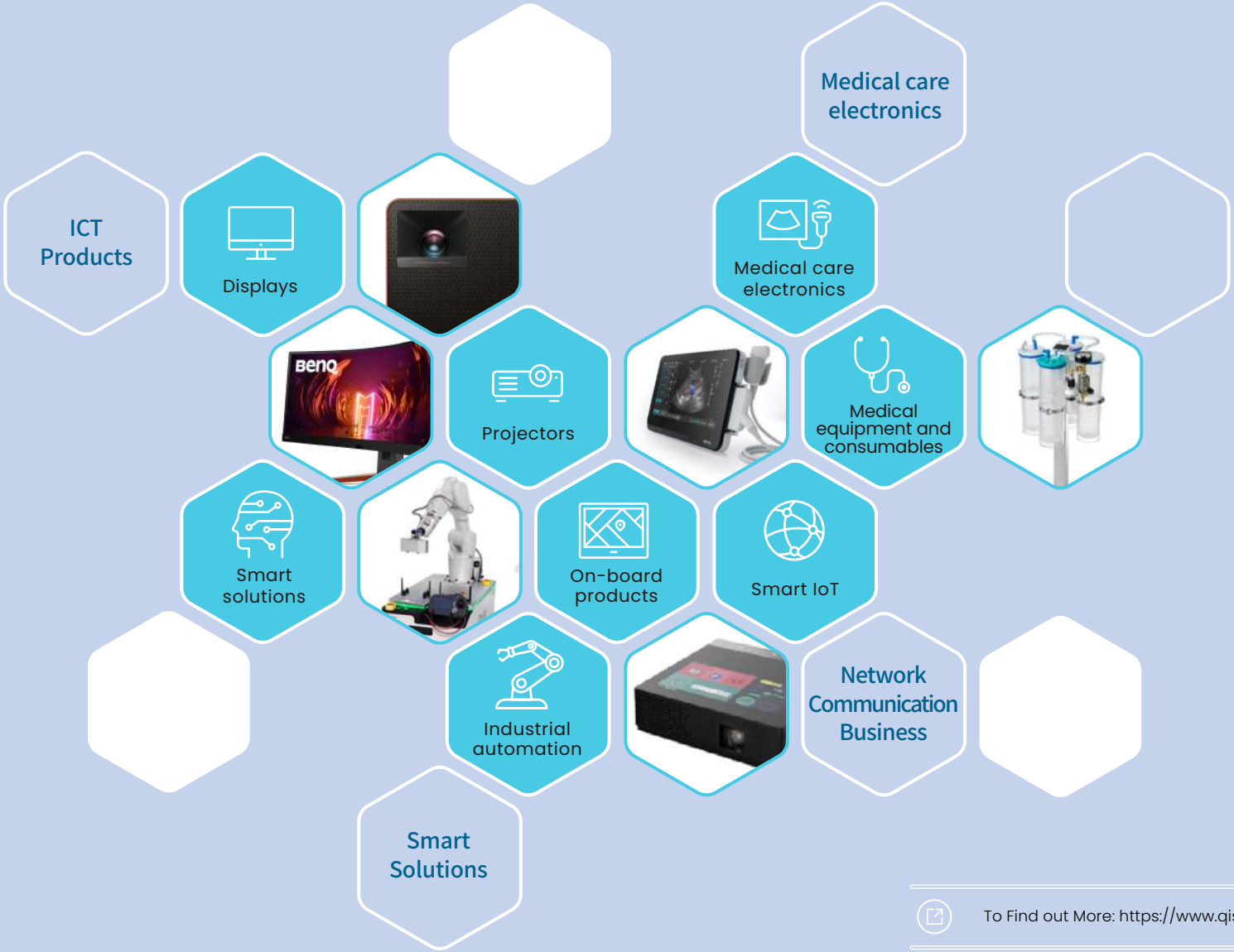
"Bringing Enjoyment ' N Quality to Life" is the shared vision of Qisda, and efforts are made to achieve the vision based on the four core values: "Integrity and Introspection," "Passion and Professionalism," "Execution and Excellence," and "Caring and Contribution."

Qisda's Advantages and Accomplishments

Qisda has the R&D and manufacturing capacities for displays, optics, wireless communication, image, medical use, automotive application, automation, and LED illumination. Such capabilities enable the Company to develop and create diversified product lines, which is an advantage that only few electronic manufacturing companies in the world have. Moreover, we not only grasp the technologies of LCD, LED, electronic paper, touch screen, and IC design by leveraging the synergy of the vertical integration of the Group' s upstream and downstream partners, but also independently own the vertical integration capabilities of surface-mount technology (SMT), metal stamping, plastic injection and LCD module assembling. The ten main categories of products provided for the customers are displays, projectors, smart IoT, on-board products, industrial automation, medical care electronics, medical equipment and consumables, smart solutions, private 5G network, and network communication. In 2023, Qisda demonstrated solid operation of major product lines. With the display products ranked second in the world, we continued to developing toward advanced and professional displays and medical displays with a high unit price. The manufacture and sale of projectors remained in the global leading position. In addition to completing the product portfolio from portable to high-end laser models, we entered the new Blue Ocean of 3D machine vision with this precise optical technology. As for development of the medical business, our two medical centers in Suzhou and Nanjing operated well. We have been devoted to the construction of the IoT hospital and smart hospital, boosted the electronic medical care product lines and deployed them in the global market. Another focus of our strategy is the development of six smart solutions We also enhance the integration relationship with software and hardware service providers, and invest in the 5G network communication business to meet the requirements of the industries for digital transformation under the threat of the pandemic.

Furthermore, Qisda is internationally known for its competence in industrial design. The Company has continually received recognition since 2008 and a total of 157 international awards to date. We possess advantages in R&D and manufacturing. Our unique product design has allowed us to develop high-value added products, giving us a competitive edge over other companies in industry

Qisda's products



Digital light processing (DLP)projector shipment volume

Ranking **NO.4** in the world

LCD display shipment volume

Ranking **NO.2** in the world

To Find out More: https://www.qisda.com/tw/products.

Value-Up Solutions with Forward Thinking: Creating Outcomes beyond Expectations

With the corporate vision of "Bringing Enjoyment 'N Quality to Life," the overall business has been continuously extended to the important fields of people' s life, such as the new businesses of medical services, medical devices, software services, integrated service platform, and solutions for enterprises. Meanwhile, the organizational change has been covered in the operating strategies. This includes the integration of global manufacturing and supply chain management, enhancement of in-plant vertical integration capabilities, and setup of the production mode featuring low volume, great diversity and customization, which all help improve the Company' s capabilities of serving customers. Furthermore, by combining the integration and application of software, we continue to maximize the value of the Company, achieve high customer satisfaction, and facilitate the operating strategies of a solution provider.

Participation in associations

Qisda has voluntarily participated in cross-industry and cross-sector associations, groups or organizations. By building good collaborative relationships or becoming a member, we drive the communication between and development of industries and continue to focus on important issues, such as corporate mergers and acquisitions, industrial development, technological innovation, corporate governance and environmental sustainability* .

The Chairman of Qisda, Peter Chen, was the Chairman of the Taiwan Mergers & Acquisitions and Private Equity Council (MAPECT) for the year 2022 to 2023. He not only aims to keep on building a complete environment for mergers, acquisitions and private equity investments in Taiwan, but also strive to enhance relevant laws and systems, provide the competent authority with suggestions on policies, and widely communicate and cooperate with relevant international organizations.

In response to the significant international initiatives and the impact of climate change, Qisda has actively joined climate action organizations in Taiwan and abroad, such as joining the RE100 and the Technology Based Targets initiative (SBTi) in 2022, and filing submissions for SBTi target review in 2023. We commit ourselves to cutting carbon emissions from the supply chain by 30% by 2030, switching to 100% renewable energy by 2040, and reaching net-zero emissions by 2050, in the hopes of keeping up with international trends and realizing the goal of sustainable operation.

In 2023, Qisda formulated Climate Change Declaration in 2023 and disclosed the goals, policies and strategies in response to climate change on the Qisda ESG website. We also conducted climate change position assessments and complete the climate lobbying report for the domestic and foreign associations that we have joined.

In 2023, Qisda participated in 30 international and domestic associations, with the expense totaling NT$6.52 million. From 2020 to 2023, the accumulated expense was NT$12.81 million in total.

Associations and organizations in the industry that Qisda joined in 2023 include

Category	Participated associations or organizations	Member	Director/ supervisor
Corporate merger and acquisition Industrial development	As a corporation that operates in various industries, including the ICT industry, medical business, smart solutions, etc., Qisda has actively transformed and grown through investments, mergers and acquisitions. The industrial development related associations that we joined in 2023 include:		
	Taiwan Mergers & Acquisitions and Private Equity Council (MAPECT)	●	●
	Taiwan Electrical and Electronic Manufacturers' Association	●	
	Taipei Computer Association	●	●
	Institute for Biotechnology and Medicine Industry	●	●
	Taiwan Medical and Biotech Industry Association	●	●
	Taiwan Automation Intelligence and Robotics Association	●	●
	Photonics Industry & Technology Development Association (PIDA)	●	
	Taiwan Space Industry Development Association	●	●

* Qisda has paid attention to material issues and participated in associations and organizations to influence public policies. However, we maintain political neutrality and do not contribute to political activities. During the past 4 years (2020-2023), the Company did not make any political contribution, and had no election or referendum related expense.

Associations and organizations in the industry that Qisda joined in 2023 include

Category	Participated associations or organizations	Member	Director/ supervisor
Technological innovation	Qisda has obtained leading positions in the global display and projector industries. Thus, we participated in relevant associations to promote technological innovation and international standards, including:		
	VESA	●	
	HDMI LA	●	
	MHL	●	
	HDBaseT Alliance	●	
	GMDN Agency	●	
	Taiwan Internet and E-Commerce Association	●	
	TPSA	●	
	Smart Display Industrial Alliance (SDIA)	●	
Corporate governance	Attaching importance to shareholder rights and transparent governance, Qisda joined the following corporate governance related associations:		
	Taiwan Association of TWSE/TPEX Listed Companies	●	●
	Taiwan Industry Holding Association	●	
	Institute of Internal Auditors, R.O.C	●	
	Taiwan Stock Affairs Association	●	
	Taiwan Independent Director Association	●	●

Category	Participated associations or organizations	Member	Director/ supervisor
Environmental sustainability	Qisda has actively taken climate actions in the hope of leading the partners in the supply chain and of the Group to implement green operation. The environmental sustainability related associations that we joined include:		
	RE100	●	
	Taiwan Climate Partnership	●	●
	CommonWealth Magazine Sustainability Council	●	
	ESG Technology Innovation Promotion Alliance	●	
	SBTi	●	
	TCSA Center for Corporate Sustainability	●	
	Business Council for Sustainable Development Taiwan	●	
Others	Qisda has valued human capital, industrial design and other issues. Hence, we participated in relevant activities or held a post as a director in groups and organizations, such as:		
	Management Intelligence Sharing Association	●	
	Artificial Intelligence Foundation	●	●
	Taiwan Design Research Institute	●	●
	Taiwan Renaissance Platform	●	

Qisda and Our Sustainable Partners

Grand Fleet Partners: Create Green Positive Effects

To gradually realize the vision of sustainability and implement sustainability strategies, we collaborate with suppliers and Grand Fleet partners to create an ESG-based inclusive environment.

Creating Sustainable Value Together

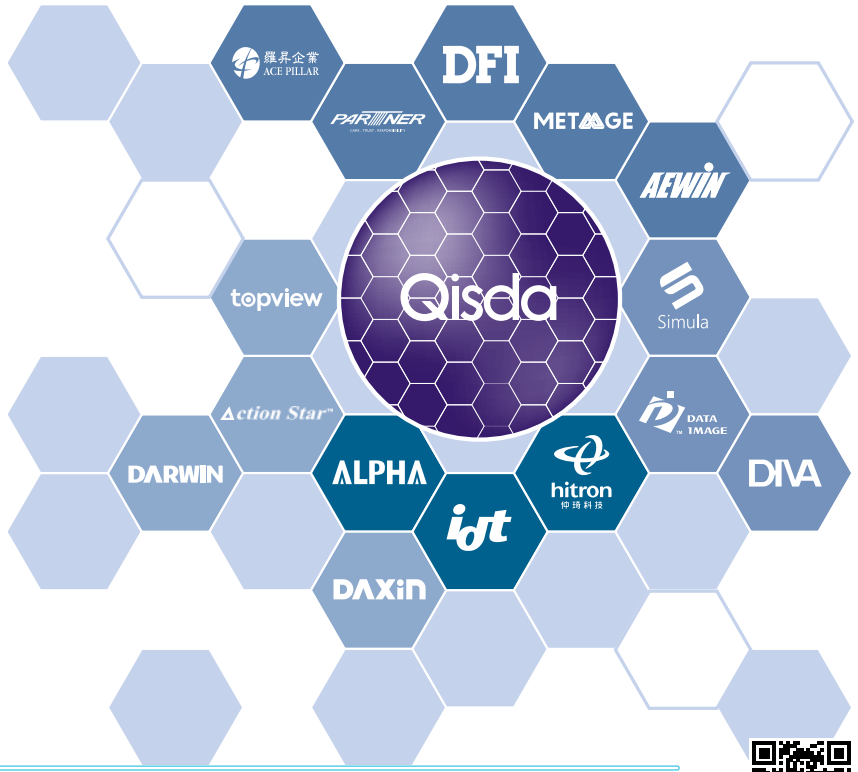
Qisda Group has a cross-industry integrated value chain and leading critical technologies. We create the best synergy through vertical division of labor and horizontal integration, and provide key components, product manufacturing, system development, and integration services in the global market. The technologies and product applications extend to the following areas: display products, solar energy, fine chemicals and advanced materials, LED lighting, IC design, precision components, consumer electronics, commercial and industrial solutions, product sales and services, etc. With the achievement of "Bringing Enjoyment N Quality to Life" as the development vision, the Group is dedicated to bringing a better life to people, creating value for enterprises, and achieving sustainable operations.

Synergy of the Group

Qisda's Grand Fleet reinforces the plan for value transformation and collaborates with partners to achieve and break through the goals one after another. By controlling critical components, deepening technology and system integration, and providing solutions with channel services, the Group can effectively integrate various fields such as information business, medical business, smart solutions and networking communication. Integration of diverse supply chains at its best results in a synergy of the Group that can be very productive.

The Same Text and the Same Track

Qisda continues to stand with hidden champions from each target field; consequently, we have faith in expanding the Qisda Grand Fleet. We look forward to promoting economic, social, environmental and even other aspects of growth through our collaborative relationships with our subsidiaries, and further enhancing the influence of Qisda Group. A sustainable business group is better than a sustainable company; a sustainable industry in Taiwan is better than a sustainable business group. We will exert our influence to better the industry in Taiwan and help more hidden champions march toward the world to accomplish the most important mission of Qisda. Under the leadership of Qisda, our group continues to share our resources to bring out the benefits of professional responsibility assignment, and gradually improves economic, social and environmental benefits with our subsidiaries, achieving the most important mission of our Grand Fleet.



Cross-Industry Grand Fleet: https://www.qisda.com/tw/about/group-intro

Enhancing the Sustainability Skills of the Grand Fleet

I. Sustainability Manager

To march toward the net-zero goal, create a sustainable value chain, and respond to the 345 goals of the 2022 Suppliers' Meeting (commitment to reducing carbon by 30% in the supply chain in 2030, RE100 in 2040, and Net Zero in 2050), we uphold the strategies of the Grand Fleet and continue working with the companies in the Grand Fleet to implement the ESG Principles together. We launched an ESG sustainability workshop in early 2023. After 10 weeks and 80 hours, we were dedicated to assisting the employees and the supply chain to transform sustainability from conceptual thoughts to practical actions. A total of 54 employees from 10 companies of Qisda Group have passed the sustainability manager certificate examination. They injecting vitality into the sustainable competitiveness of these companies. It is hoped that the newly recruited sustainability personnel can internalize what they have learned into their jobs and accelerate the net-zero promotion process of the Group.

II. Practical training of carbon footprint management

Product carbon footprint is a calculation indicating the greenhouse gas emissions of products and services throughout their life cycle (raw material -> manufacturing -> transportation -> use -> waste). It is an important data management tool for achievement of the net zero goal. We provided a training with respect to this tool in November 2023. To ensure R&D and carbon footprint implementation partners can get started immediately, we commission the team from the Industrial Technology Research Institute (ITRI), an expert of product carbon footprint in Taiwan, to design the workshop. This 2-day and 12-hour theoretical and practical study workshop was conducted in a physical manner, and 30 trainees from 14 companies were taught the ability to calculate the carbon footprint of products to facilitate subsequent carbon reduction planning.

III. Sustainability report workshop

To reflect ESG efforts and achievements in all aspects, establish trusting relationships with stakeholders, meet FSC' s compliance requirements for sustainable development, and assess operational risks, we realize that it is very important for partners to develop sustainability reports that are suitable for the company. In mid-December, we took the initiative to gather 10 subsidiaries and 30 partners, and after a total of 24 hours of training for 3 days, the 6 partners who had developed the report became more familiar with the report preparation process, and the 4 partners who had not yet issued the report were able to deploy in advance to catch up with the progress.

IV. Circular economy workshop

In December 2023, we invited 40 people from 10 partners of the Group for a circular economy exploration workshop. We hope that employees of the Group can reach a consensus on circular economy. The workshop ended with a practical drill of "circular display/projector

service" to explore new opportunities for internal/external circulation. The partners have identified more than 20 resource circulation opportunities at different levels, including materials, components, products, and services.

Learning Value Chain Sustainability Together: Building Environmental Influence

I. The Qisda Group unites 696 suppliers to learn about the transition to net zero value chains

Qisda held a supplier' s meeting centered around 'Together, Reduce Carbon Emissions To Make the World better' in Hsinchu in December 2022. A total of 400 domestic and overseas suppliers attended the meeting through physical and online means. Mid- and high-level managers were committed that suppliers must reduce carbon emissions by 30% by 2030. This is not only a commitment of the Company, but also Qisda' s commitment to social movements. To achieve the 30% carbon reduction commitment, an organized step-by-step strategy must be executed. The ESG sustainability action workshop was established in 2023 to carry out sustainability awareness activities at each stage in the value chain. For upstream suppliers, 18 courses on ISO 14064-1 (Greenhouse Gas Inventory) have been provided. Data plays a crucial role in carbon reduction management. We must ensure the relevance, completeness, consistency and accuracy of the data. We teach suppliers thoroughly to ensure that they are master the skill of conducting carbon footprint inventory. A total of 880 suppliers should complete the training as planned, and 696 of them have finished the training at the first stage at a coverage rate of 80%. The suppliers that have not finished the training yet are requested to take online courses.

II. Determination of suppliers' carbon reduction goal

Qisda revised suppliers' carbon reduction goal from 20% by 2030 to 30%. Carbon reduction actions are underway, and we are likely to accomplish the plan earlier than anticipated by 2029.

Qisda Suppliers' Carbon Reduction Roadmap

Sustainable Corporate Governance

Our Sustainable Development

Qisda' s Sustainability Vision

- Being an innovator for the design and manufacturing of ICT and medical products
- Enhancing the quality of human life
- Being Earth Friendly

Our Sustainability Strategy

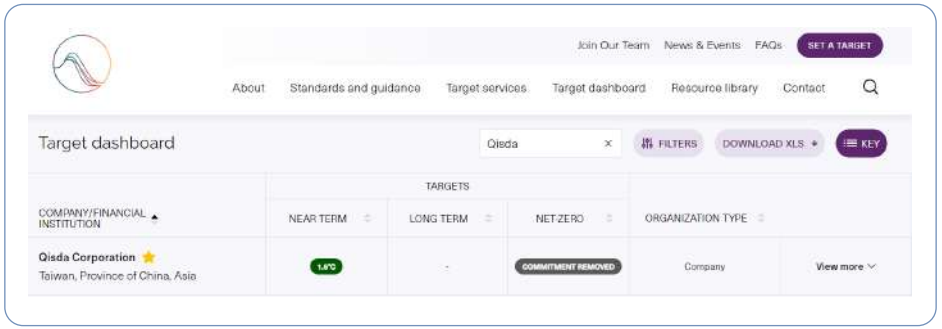
1. Moving from corporate survival to corporate sustainability, and further pursuing global sustainability
2. Incorporating sustainability performance with operating strategies
3. Enhancing the value of the Company' s investment in sustainability
4. Complying with international regulations and meeting stakeholders' expectations for sustainability
5. Leading the affiliates to grow and make breakthroughs together

Qisda is dedicated to promoting sustainable development. In order to achieve the goal of sustainable development, we established relevant internal management approaches and implementation goals such as green operation, green products, and social responsibility. We have also joined the SBT, RE100, Net Zero and other initiatives voluntarily to show our support to international initiatives with practical actions.

Passing the SBTi target review

Qisda sets science-based reduction targets of limiting global warming to 1.5 ° C. We passed the SBT target review in February 2024 and launched science-based net-zero emissions actions.

Topic	Method	Completed in February 2024	Target Plans by Year
Voluntary carbon reduction	Science Based Targets (SBT)	SCIENCE BASED TARGETS Target review	Passing target setting: Achieved

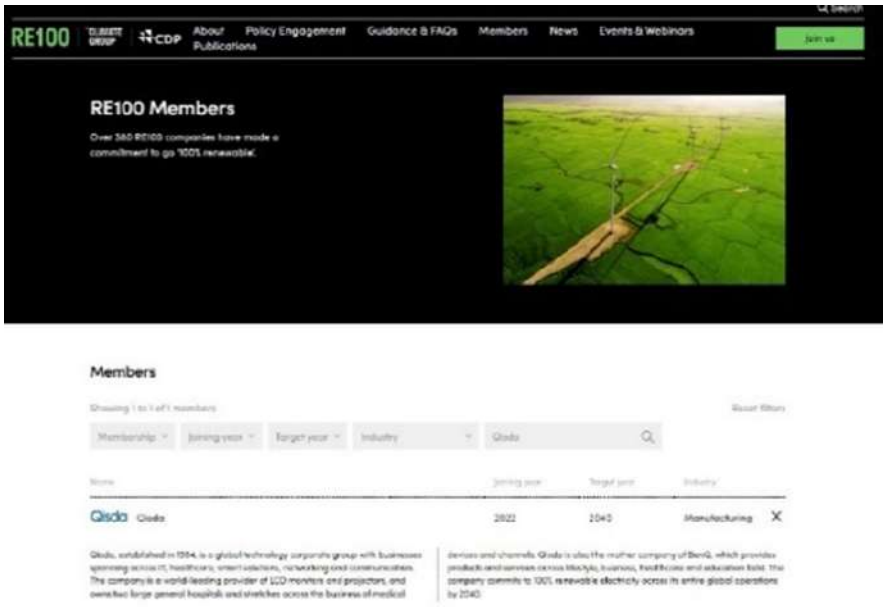


RE100 Initiative

Qisda Group joined the RE100 Initiative in 2022 and bought renewable energy certificates to offset 21.6% of the company' s energy use in 2023 in line with short-term goals.

Topic	Method	Completed in 2023	Target Plans by Year
Use of renewable energy	Use of green power to reach carbon neutrality	Offset 21.6% of energy use via renewable energy certificates With RE100 as boundary	1. Short-term: Using renewable energy by 30%in 2025 2. Midterm: Using renewable energy by 60% in 2030 3. Long-term: Using renewable energy by 100% in 2040

Qisda Group officially joined RE100 in December 2022, being the first Taiwanese technology group of computer peripherals that joins RE100. We have made a commitment to using renewable energy comprehensively by 2040. In addition, the Company announces the goal of reaching net zero by 2050. We actively collaborate with the alliance as well as supplier partners to reduce carbon emissions and support the carbon reduction advocacy. Through the above efforts, Qisda Group demonstrate by action that our commitment to sustainability to be in line with international standards..

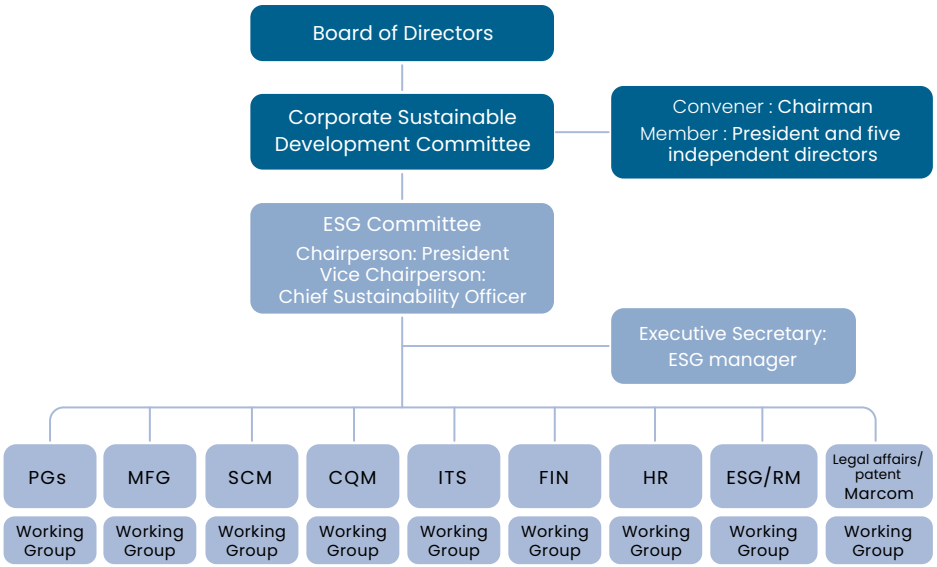


Qisda sees engineering improvement as a priority and administrative management as a secondary plan of action for carbon reduction. For the part for which carbon cannot be reduced, renewable energy certificates are bought for carbon neutrality.

ESG Committee

In order to smoothly conduct ESG affairs and ensure the communication for and responses to the stakeholders' suggestions on our business, Qisda has integrated the relevant departments to form the ESG Committee. The President, Joe Huang, serves as the chairperson while the senior managers of relevant departments act as the committee members of different dimensions. The Chief Sustainability Officer serves as the vice chairperson and is responsible for establishing and planning matters related to corporate sustainable

ESG Committee Organization and Management Structure



development. Moreover, the ESG unit coordinates, promotes and guides the implementation by the department concerned. In order to improve the performance continuously, the ESG Committee convenes at least once a quarter. The Chairman and President preside over the meeting together to direct and supervise the senior managers. The committee members of different dimensions report the implementation status of the performance indicators and the progress of the corporate sustainable development relevant issues. Currently, the Committee monitors and discusses 49 indicators. It has held 71 meetings to date. Sustainability personnel and the personnel of each task force perform information and performance validation to ensure the consistency, completeness and accuracy of data; when any omissions are found, the data will be returned to the head of each department to complement and confirm the information. At the final stage, it should be disclosed after the approval of the ESG Committee. In addition, according to Qisda' s "Guidelines for Corporate Sustainable Development," material topics of the year, sustainability performance and the management results of climate governance related issues are reported to the Board of Directors every year on a periodic basis.

The 71st ESG Committee Meeting

Sustainability Statement of ESG Committee Members

BGs (ITG)
Green Product Member

Information Technology Business Group
President
Daniel Hsueh

Leading Qisda' s teams for information and communication products such as LCD displays and professional displays, we continue to upgrade green manufacturing processes to reduce energy consumption and waste generation. With the advanced green products, we are the customers' leanest and most reliable partner in terms of design and manufacturing services.

BGs (CIG)
Green Product Member

Commercial and Industrial Business Group
President
Yuchin Lin

We are committed to implementing comprehensive green management for Qisda' s commercial and industrial products from planning and project management, to sales and the supply chain. Furthermore, we mitigate the impacts on the environment and human health brought by the product lifecycle while ensuring successful delivery to the customers and maintaining profitability of our business.

BGs (MBG)
Green Product Member]

Medical Business Group
President
Spark Huang

We innovate medical operation modes, utilize advanced software and hardware technologies, and dedicate ourselves into the four major fields: smart healthcare, hemodialysis, medical equipment and consumables, and medical services through investment as well as merger and acquisition. We not only make further improvement in being friendly to the environment, but also provide the employees with better and more comprehensive medical care for their health.

Sustainability Statement of ESG Committee Members

BGs (BSG)

Green Product Member

Business Solutions Business Group President

Wenhsing Tsen

Qisda' s Business Solutions Group assists the Company in solving the pain point of digital talent shortage to create agile and flexible operational processes. Our subsidiaries not only provide the Company with sustainability plans such as green energy, energy storage, energy saving and carbon reduction, but also plan the "Digital Transformation Program," which includes digital process management and paperless courses, to provide the Company with cloud energy-saving, carbon reduction and digital governance solutions.

BGs (NCG)

Green Product Member

Networking and Communication Business Group President

April Huang

Focusing on IoT, Qisda' s Networking and Communication Business Group offers the customers wired and wireless networking products and system integration services. By utilizing technology, we aim to improve the quality of life and reduce digital divide. As we pursue the steady growth of the Company, we are also dedicated to carbon and waste reduction. Simultaneously, we implement vision projects for sustainable development and create a cycle of goodwill and public welfare to pursue a society with common prosperity.

MFG

Member of Green Operation

President of Plants

Zhenyu LI

With green thinking, we guide the overall planning from factories and production lines to machines and products. From single points to all levels, we effectively solve carbon reduction, energy saving, environmental protection and other issues. In addition, we make good use of AI and automation to upgrade our production lines and construct a new generation manufacturing system. This action is to be concerned about both employee well-being and operational efficiency, further creating innovative production and operation modes.

SCM

Member of Green Supply Chain

President of Supply Chain

Jung-Hua Wu

Measures of green management such as carbon emissions reduction have been incorporated in our supply chain management plans. We also discuss and share Qisda' s ESG goals and plans with the suppliers to build consensus and ensure that the suppliers meet our expectations and requirements regarding ESG.

We monitor the ESG performance of the suppliers and provide ESG training, technical guidance, and resource sharing to help them improve their ESG performance.

FIN

Member of Financial Performance

Vice President of Finance/spokesperson

Jasmin Hung

We ensure that the sustainability information provided internally/externally is accurate and compliant, and continuously follow up on the financial and non-financial performance related to sustainability of the unit concerned. Through quantitative follow-up and management mechanisms, we make sure that resources of all departments are effectively integrated and aligned with the developmental direction of the Company' s sustainability strategy.

Vice Chairperson/ HF Member

Chief Sustainability Officer/ Vice President of HR

Danny Lin

We ensure that the Qisda Group complies with increasingly complex standards and regulations of sustainable operations.To perform the most effective management, enhancing risk identification and management, assessing the most urgent ESG issues across all sectors in the Company and quantifying their long-term impacts. We also actively build an ESG culture in the Company and guarantee that every unit and individual follow the Company' s ESG strategies, fostering internal consensus and implementing our commitment to ESG.

ITS

Information System Member

Chief Information Officer

Li-Wen Huang

Through digital transformation, we improve organizational agility, enhance cross-system integration and link all information from R&D to manufacturing. With these, we support the calculation of product carbon footprints and life cycles, which becomes an important statistical foundation for the sustainability performance. In addition to promoting the application of green information technologies, we choose energy-efficient equipment and cloud solutions to reduce energy consumption and carbon emissions, and even assist in enhancing green supply chain management through systems.

ESG Sustainability Achievements

Sustainability Achievements in 2023

HR Asia

Best Companies to Work for in Asia

DJSI-THQ category

Being selected in Yearbook 2024

The 16th Taiwan Corporate Sustainability Awards

Platinum Award for Sustainability Report

Bronze Award for Sustainability Report, English version

Overall Sustainability Performance Top-100 Best Sustainability Enterprise Award

The 16th Taiwan Sustainability Action Awards

4 awards:
1 golden, 1 silver, and 3 bronze

Golden Award for "Travel Volunteers and Sustainable City and Community Values"

Silver Award for "Circular Economy of Green Medical Devices"

Bronze Award for "Energy Saving and Carbon Reduction and Turning Waste Heat to Gold"

Bronze Award for "Go Ahead Bravely and Positive Circulation of Talents"

AREA-Asia Responsible Enterprise Awards

2 awards:
"Green Leadership Award"
"Corporate Sustainability Reporting Award"

APEA-Asia Pacific Enterprise Awards

"Entrepreneur of The Year Award"

Business Weekly Carbon Competitiveness

Top 100 Companies

CommonWealth Magazine Sustainability Citizen Award

48th place

CDP

Climate Change B (management level)
Water Security B (management level)

Green Building Label

Silver

Suzhou City Annual Ranking of Economic Contribution

Receipt of the Annual Model for Economy Award

Suzhou City Annual Ranking of Product Innovation

Receipt of the Contribution to Innovation Award

Our Sustainability Value Creation Process

In the field of electronic technology, Qisda continues to promote measures for sustainable development. By optimizing green products continuously, actively promoting green manufacturing, leading suppliers to reduce carbon and carbon footprint, and participating in social/public welfare, Qisda achieves a win-win situation for both EPS and ESG and further contributes to the realization of global sustainability goals.

I. Investment

Following the value creation process, Qisda contributes six capitals – financial capital, manufactured capital, intellectual capital, human capital, social capital, and natural capital – to lay the foundations for sustainable development.

II. Creation of Value

With Qisda' s vision of corporate sustainable development as the core, we refer to the process of SDG Compass Guide, the disclosed suggestions on corporate SDG implementation, the international sustainability trends and the directions of the industry, in order to design and develop products and services via strategic thinking.

As a company of electronic design and OEM services, we check the existing measures and the risks and opportunities of value chain to review the major concerns of the stakeholders and our focuses ranging from the material supply and supply chain management in the upstream, the Company' s product manufacturing and business operation, to the product sales, use and decommissioning in the downstream. The future priorities of Qisda' s SDG management are accordingly identified, so that we can become a leading model in the industry. Internally, with the economy, society and environment of "corporate sustainable development (ESG)" as the three fundamental elements, the priorities of SDGs are promoted based on the five aspects: "green product," "green operation," and "green supply chain" in the environmental dimension, "social responsibility" in the social dimension, and "financial performance" in the economic dimension. The ESG Committee takes relevant implementation actions as well. These are the efforts for Qisda to achieve the corporate vision of "Bringing Enjoyment ' N Quality to Life."

III. Outputs

Our sustainable development promotion is based on the five aspects of Qisda' s ESG management framework. We make long-term targets for each aspect according to our core competencies so that there are guides for the implementation and management of different programs. Short-, medium- and long-term management indicators are further set for the ESG Committee to review the performances on a regular basis. Since the systematic promotion of ESG in 2009, Qisda has been making efforts to keep in line with the established performance indicators of sustainable operations in the economic, social and environmental dimensions. In addition, annual targets are set for the material topics of the year that the stakeholders are concerned about; such targets are reviewed and reassessed yearly.

Investment

Financial Capital

The foundation of investment in the R&D and production of products and relevant services built via financial management

Human Capital

The planning of comprehensive talent development blueprints and provision of necessary training to help employees abide by the Company's regulations based on "integrity and introspection," and complete their tasks actively with "passion and professionalism"

Manufactured Capital

The maintenance of Qisda' s infrastructure, such as buildings, and of production equipment, together with the collaboration with the supply chain, in order to offer better commodities and services to the customers

Social Capital

The collaboration with stakeholders for the engagement in and devotion to social participation to care for and contribute to the entire society

Intellectual Capital

The investment in resources, the demand to ourselves to pursue excellence under the highest standards, and the attitude of constancy to do the best for operations, products and services and maintain soft power continuously

Natural Capital

The sustainable materials and green designs at the very beginning to proactively reduce the impact of supply chain, operations and products on the environment and biodiversity to fulfill the commitment to environmental protection and sustainable development

Output-Implementation of SDGs in 2023

SDGs	Action	Corresponding Chapter in the Report
4 QUALITY EDUCATION Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	• Promoting diverse career development plans, invest adequate resources and integrating physical and virtual learning platforms, and providing employees with diverse and comprehensive learning courses. • Promoting narrowing of digital gaps, improving digital education for all, and promoting smart health care without differences • Continuously taking root downwards, actively promoting Dream Action Campus Lecture, conveying positive power, and achieving unlimited possibilities for self-realization,	3.2.3 Talent Development 3.6.1 Coexist with Nature
5 GENDER EQUALITY Achieve gender equality and empower all women and girls	• Organizing activities to protect the power of women from time to time (such as a series of self-defense courses) • Maternity protection Measures	3.4.1 Employee Health Management
7 AFFORDABLE AND CLEAN ENERGY Ensure access to affordable, reliable, sustainable and modern energy for all.	• Every business department actively invests in developing low-carbon products • Suzhou Plant in Mainland China and the office building of the headquarters are actively building green power systems. The annual power generation in Mainland China is 4.67 million kilowatt-hours and in Taiwan 530,000 kilowatt-hours to a total of 5.2 million kilowatt-hours. • Energy-consuming equipment is updated for the factory and office in the production and R&D areas. For example, high-efficiency ice machines are used as a replacement in Taiwan to reduce approximately 770,000 kWh per year.	2.3.3 GHG emissions 2.3.4 Reduction Targets and Commitments 2.7.2 Green Products
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	• Enhancing management of hazardous substances and selecting suppliers with management capabilities through establishment of a management system platform to ensure raw materials and products meet regulatory requirements. • Establishing a product carbon footprint management platform	2.7.2 Green Product ; Quality/Hazardous Substance Management

SDGs	Action	Corresponding Chapter in the Report
12 RESPONSIBLE CONSUMPTION AND PRODUCTION Ensure sustainable consumption and production patterns	• Implementing environmental protection, to which as have been dedicated for more than ten years, introducing sustainable tourism, and promoting the process of "from the place of the production to the dining table" in an immersive manner	3.6.1 Coexist with Nature
14 LIFE BELOW WATER Conserve and sustainably use the oceans, seas and marine resources for sustainable development.	• Cleaning the beach 4 times, with 500 volunteers participating in the cleaning • Integrating local resources, inviting local marine waste experts to explain sorting of recycled materials, and training volunteers to change their lives and jointly reduce plastics for protection of marine ecology.	3.5.2 Happy Workplace for Happy Employees
15 LIFE ON LAND Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	• Joining Taiwan Nature Positive Initiative to conduct risk and dependency risk assessment based on LEAP principles • Conducting ecological diversity survey at the factory and other 2 sites	2.6.1 Biodiversity Risk Assessment and its Scope
17 PARTNERSHIPS FOR THE GOALS Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	• Qisda supports government's net-zero initiative and forms the "Taiwan Climate Partnership" with seven other companies, hoping to use corporate influence to help industries create green business opportunities in the carbon reduction trend.	Participation in associations

Products and Services in Response to the UN SDGs

To link up with the world, Qisda adopts the SDG Compass Guide as reference to set performance indicators for the potential risks that require prior management in the Company' s value chain. Moreover, with the existing core R&D strength and operating strategies incorporated, we also launch a variety of relevant products and services in accordance with the SDGs, in order to make corporate responses to the international trend of sustainable development.

Solution	Description	Applied Software and Hardware	SDGs
Smart energy	We uphold the notion of smart energy saving with love and care for our environment. We focus on energy-saving technologies, the scope of services includes air conditioning, air compression, heat recovery, lighting, power consumption management, uninterruptible power supply, energy storage, energy management, and IoT. Through sharing energy efficiency benefits, we have established long-term partnerships with customers. Accordingly, our goal is to improve customers' competitiveness through professional energy services, ensuring energy-saving benefits, reducing manpower burdens, and achieving ESG goals.	Hardware: PoE switch Software: Automated monitoring system for energy saving of AC and lighting	7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 17 PARTNERSHIPS FOR THE GOALS
Smart Manufacturing	With the advent of Industry 4.0 and the 'Low- Carbon Transition', traditional factories are increasingly moving towards intelligent production. To achieve this goal and meet complex, small-batch production demands, 'automation' and 'intelligentization' have become crucial. Equipment stability, scalability, and the adoption of virtualization technology are essential for integrating ICT and OT. Additionally, the importance of OT cybersecurity has increased with the rapid development of the IoT. In the future, users in industrial automation will only need a single central processor to execute various operating systems, seamlessly integrating a vast amount of shared data for real-time monitoring, remote management, and providing cybersecurity defense. This not only enhances production efficiency, product quality, and process safety but also significantly reduces the time, manpower, and costs associated with infrastructure development, providing an ideal smart solution for automated factories.	Hardware: Automatic guided vehicle (AGV) Software: Warehouse management system (WMS), supervisory control and data acquisition (SCADA), smart environmental safety management (SESM), smart cloud situation room (SCSR), radio frequency identification Radio frequency identification system(RFID), traceability, etc.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Solution	Description	Applied Software and Hardware	SDGs
Smart Education	We provide various digital tools to support the integration of IT in education and technology in teaching scenarios, and we also provide school administration systems, integrated smart classroom teaching service systems, teacher-student communication platforms, mobile applications, and campus security and resource monitoring. We focus on several key parties such as parents, teachers, students, administrative staff, technical engineers and policy stipulating staff. With such parties as our core, we establish innovative and smart overall solutions for campuses and technical architectures, and we also collect important key data, in order to head towards the direction of individualized learning and adaptive learning.	Hardware: Campus security monitoring Software: School administration & student information system smart classroom & teaching integration service system teacher-student friendly platform and 1-Campus APP	4 QUALITY EDUCATION
Smart Healthcare	We provide medical care solutions integrated with ICT capabilities. Accordingly, we integrate automation, mobilization, hardware and software, with the smart hospital at its core, in order to utilize IoT/IoMT in the four major fields of smart medical consultation, quality care, smart surgical rooms, and green hospitals, thereby preventing and reducing errors. With the integration of the Dashboard application, precision and quality hospital operations can be achieved, and it can also be extended to smart care and healthy living of various medical sectors externally.	Hardware: Medical display, ultrasound scanner, intraoral scanner, surgical table, transporting robots in operation rooms and disinfection robots Software: Group fitness system, health management system, integrated operating room solution, 3D dental implant integration service, dashboard application, clinic check-in and queuing management system, service desk management system, etc.	3 GOOD HEALTH AND WELL-BEING
Smart Retail	To satisfy the diverse hardware and one-stop shop demands for retailers, we provide integrated and highly-flexible POS systems, CMS, Kiosk, queuing systems, KDS, large commercial displays, projectors and peripheral equipment. In addition, for handheld devices such as mobile phones and tablets, we also provide services for integrating various software systems such as CMS, Beacon technology and surveillance systems, in order to allow customers to effectively obtain store operation information in a timely manner, achieve precision marketing, interactive consumer behaviors, and improve brand competitiveness.	Hardware: POS terminal, mobile POS, large commercial display, projector and other peripheral equipment Software: Content management system (CMS), electronic shelf label, hotspot analysis	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Smart Enterprise	We provide enterprises with one-stop shopping IT solutions and are committed to building a modern IT operation structure for enterprise customers. The overall service scope includes: software and hardware integration, cloud & on-prem integration, IT environment hosting, ERP deployment & maintenance, AI and Big Data applications, RPA, BPM, HRM, MES, ESG Solutions and SaaS applications.	Software: Human capital management (HCM), supplier relationship management (SRM), business process management (BPM)	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 17 PARTNERSHIPS FOR THE GOALS

Qisda and Our Stakeholders

In order to better make plans and decisions regarding corporate sustainable development, Qisda engages in timely communication with stakeholders and incorporates material topics of stakeholder concerns into the corporate ESG policies. Moreover, we set up a transparent and smooth response mechanism. We also adopt the "AA 1000 Accountability Principles (AA 1000AP)" and follow the four principles – inclusivity, materiality, responsiveness, and impact – to identify and respond to sustainability information and increase the strictness of sustainability information disclosure. For the materiality analysis, we divide it into the following steps:

Materiality Analysis Process

Qisda conducts materiality analysis every year and integrates the impact assessment methodologies developed by the Value Balancing Alliance (VBA) and the Impact-Weighted Accounts of the Harvard Business School based on GRI3: Material Topics 2021 of the GRI Universal Standards 2021 and the EU concept of Double Materiality to construct an impact-based materiality analysis process. In 2023, the materiality analysis process and the results were verified by a third-party organization, Bureau Veritas Certification (Taiwan) Co., Ltd., based on AA1000 Assurance Standard v3(AA1000 AS v3) Type 2 Verification.

Collection of Sustainability Issues

21 issues were collected in consideration of the international sustainability trends and standards, including GRI Standards, SDGs, SA8000 Social Accountability Standards, RBA, SASB, and major concerns of investment institutions such as DJSI, CDP, TCFD, and TNFD information disclosure frameworks as well as the material issues of industry benchmarks, matched the Company's corporate sustainable development strategies and goals and the process of interaction with stakeholders. Compared with the previous year, we added four new topics, including 'corporate governance' , ' integrity management' , 'risk management' , and 'business and human rights' . We also renamed 'climate mitigation and adaptation' , 'pollutant impact management' , 'employee education and training' , 'work health and safety' , and 'workplace inclusion and equality' to 'climate strategy' , 'pollution management' , 'employee training and development' , 'occupational health and safety' , and 'diversity and inclusion' ; 'the talent hiring and employee benefit' was combined with 'the wage' into 'talent policy' ; 'use of raw materials' and 'customer safety and health' were deleted.

Materiality Analysis

Qisda considers the concept of double-materiality to conduct materiality analysis from three perspectives, including concerns of internal and external stakeholders, impacts on organizational operations, and impacts on sustainable development. Regarding the impact on sustainable development, we integrated the monetized and non-monetized assessment methods into more effective manner. Qisda introduced a new monetized assessment method this year through the sustainability impact valuation. (Refer to the Sustainability Impact Valuation for relevant information.)

- Concerns of internal and external stakeholders: Qisda used questionnaires to investigate the degree of concerns of internal and external stakeholders on ESG issues, including employees (206 copies), investors (2 copies) , customers (3 copies) , and suppliers (18 copies) , partners (4 copies) , subsidiaries (1 copy), affiliated companies (2 copies) , academic institutions (2 copies), and others (3 copies). A total of 239 stakeholders participated in the survey.

- Impact on organizational operations: The promotion of ESG is an important principle of Qisda in driving corporate sustainability. A total of seven senior executives participated in the survey to measure the impact of each sustainability issue on "revenue growth, employee loyalty, customer satisfaction, and operational risk". Moreover, exploring the degree of impact of each sustainability issue on the Company's operations from the perspective of financial materiality. The Issues were prioritize based on their materiality.

- Impact on sustainable development: Qisda invited 25 executives and employees to participate in the assessment of impact on sustainable development. The impact valuation was conducted to measure the positive or negative, potential or actual impact, and severity (scale, scope, and irremediable character) caused by upstream and downstream products and service as well as Qisda' s operations, and the probability of occurrence. We set the threshold for the severity of impact and the probability of occurrence. The impact that reaches the threshold was classified as the significant impact caused or facilitated by Qisda. After which, we proceeded to prioritize the ESG issues. The results of the periodical monetization analyses were integrated to select the issues of significance and materiality.

I: Identification

Steps and Process	Description
9 types of primary stakeholders	**Step 1: Communication partner** The 9 stakeholder groups, including employees, investors, customers, suppliers, business partners, subsidiaries, affiliated companies, academic institutions, and others, are the primary stakeholders of Qisda that are identified through the AA1000 Stakeholder Engagement Standard. We communicate and deliever our practices for achieving corporate sustainability to these primary stakeholders.
21 sustainability issues	**Step 2: Sustainability issues** To thoroughly gather sustainability issues related to Qisda, we collected 21 issues based on domestic and international sustainability norms/standards, sustainability initiatives, feedback from internal and external stakeholders, corporate management strategies, and feedback from internal executives.

II: Analysis

Steps and Process	Description
239 valid questionnaires	**Step 3: Investigation of degree of concerns** Online questionnaires were used to investigate tdegree of concerns that primary stakeholders have on various sustainable issues. We received a total of 239 valid questionnaires, including employees (206 copies), investors (2 copies), customers (3 copies), and suppliers (18 copies) , partners (4 copies), subsidiaries (1 copy), affiliated companies (2 copies), academic institutions (2 copies), and others (3 copies).
7 senior managers	**Step 4: Analysis of impact on operations** Seven members of the sustainability team and supervisors participated in assessing the impact of sustainability issues on the Group's operations based on four main factors, including revenue growth, employee loyalty, customer satisfaction, and operational risk.

Steps and Process	Description
19 impacts	**Step 5: Impact on sustainable development and operations** According to the Value Balance Alliance (VBA), Harvard Business School's "Impact-Weighted Accounts" research program, and the London Benchmarking Group (LBG), we defined 12 positive impacts and 7 negative impacts to assess the significance of sustainability issues on impacts.
10 material sustainability issues	**Step 6: Validation of material issues** Based on the survey of degree of concerns, the analysis result of the operational impact, and the approval of the internal ESG office and external experts, 10 material issues were validated and prioritized.

III: Validation

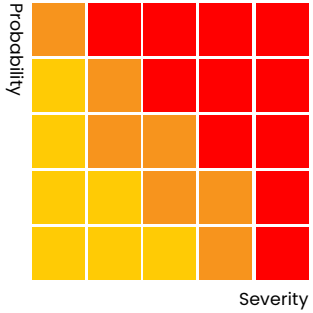
Steps and Process	Description
17 GRI topics	**Step 7: Review of disclosure contents** 10 material sustainability issues were identified corresponding to 17 specific topics in GRI (16 GRI topics and 1 Qisda-defined topic), and based on this to draw the information disclosure boundary of Qisda's value chain (supply chain management, operations, products, society) as the basis for reporting.
10 long-term sustainability goals	**Step 8: Formulation of long-term sustainability goals** To ensure that all of Qisda's sustainability initiatives can meet stakeholder expectations, we have formulated 10 long-term sustainability goals based on material issues. Moreover, we used them as a reference for internal review of performance achievements

Qisda's Assessment of Impact on Sustainability - Non-monetization

19 impacts

Impact	Positive	Negative
Economic	4	0
Environmental	2	4
Human/ human rights	6	3

Source of impact
1. VBA
2. Harvard Business School's Impact-Weighted Accounts
3. LBG
4. Qisda



Severity=(1)+(2)+(3)
1. Scale
2. Scope
3. Irremediable character

11 significant impacts

- Industrial technology development
- Create upstream production value
- Increase tax payment
- Enhance return on investment
- Product environmental benefit
- Renewable energy
- GHG Emissions
- Resource consumption
- Scarcity of natural resources
- Water consumption
- Data misuse

Economic impact
Environmental impact
Human /human rights impact
+ Positive impact
- Negative impact

Degree of Impacts	Sustainability issues
Very High	R&D and innovation of green products Operational and financial performance Energy management Customer relationship management
High	Waste management Sustainable supply chain management Ecological conservation and biodiversity Climate strategy Talent policy
Significant	Tax Employee training and development Occupational health and safety Corporate citizen and charity

Define positive and negative impacts

Assess the siginificance of the impacts

Sustainability issues affecting significant impacts

Prioritize material issues

Material issues screening process includes the results of the questionnaire survey on the "level of stakeholder' s concern," "organizational impact," and "sustainability impact," while considering Qisda's long-term goals to determine 10 material issues of "R&D and innovation of green products", "Operational and financial performance", "Customer relationship management", "sustainable supply chain management", "climate strategy", "waste management", "energy management", "talent policy", "employee training and development" and "occupational safety and health". These are reported to the Board of Directors. Material issues are prioritized according to whether they are significant impact issues (TOP 5) in all three questionnaires. Prioritization is conducted after calculating the level of impact. (See the asterisks in the figure below.). Based on the impact scope of the identified material issues in Qisda's value chain, 18 GRI topics were identified against the GRI Standards. The reporting requirements were followed to collect internal information, data, and management guidelines for disclosure.

Qisda's Material Issues

ESG Material Issue	Prioritization	Impact on Organizational Operations	Degree of stakeholder concerns	Impact on Sustainable Development
Operational and financial performance	1	★	★★★	★★★
R&D and innovation of green products	2	★★	★	★★★
Sustainable supply chain management	3	★★★	★	★★
Talent policy	4	★	★★★	★★
Climate strategy	5	★★	★	★★
Occupational health and safety	6	★	★★★	★
Employee training and development	7	★	★★	★
Energy management	8		★	★★★
Customer relationship management	9	★		★★★
Waste management	10			★★

Qisda's Double- Materiality

Aspect	Material Topics	Operational Impact (Impact Materiality)				Sustainability Impact (Double Materiality)										
		Increased revenue	Customers satisfaction	Operational Risk	Employee loyalty	Industrial technology development (Positive)	Create upstream output values (Positive)	Tax payment (Positive)	Enhance financial returns to investors (Positive)	Product environmental benefit (Positive)	Renewable energy (Positive)	Greenhouse gases (Negative)	Energy/ resource consumption (Negative)	Resource depletion (Negative)	Water shortage risk (Negative)	Breach of employee or customer privacy
Economic Aspect	Operational and financial performance	●				●	●	●	●							
	Customer relationship management		●			●	●	●	●		●					●
	Sustainable supply chain management	●	●	●		●	●			●				●		
Environmental Aspect	Climate strategy		●	●						●		●	●		●	
	R&D and innovation of green products	●	●			●	●	●	●	●	●	●	●	●		
	Waste management									●	●	●	●	●		
	Energy management					●				●	●	●	●	●	●	
Social Aspect	Talent policy				●	●	●		●							
	Employee training and development				●											●
	Occupational health and safety				●											●

● means that ESG has a substantial impact on organizational operations or sustainable development.

Qisda's Material Issues across the Value Chain

● Cause ○ Facilitate ◎ Directly related

Aspect	Material Topics	"GRI Standards" Topic	Value Chain			
			Supply chain	Operation	Product	Society
Economic Aspect	Operational and financial performance	Economic performance (201), Indirect economic impacts (203)		●		
	Customer relationship management	Customer health and safety (416), Marketing and labeling (417), customer privacy (418)		●	◎	
	Sustainable supply chain management	Procurement practices (204), Anti-corruption (205), Supplier environmental assessment (308), Supplier social assessment (414), Materials (301)	◎	●		
Environmental Aspect	Climate strategy	Economic performance (201), Emissions (305)		●		
	R&D and innovation of green products	Materials (301), Energy (302), Marketing and labeling (471)		●	◎	
	Waste management	Waste (306)	◎	●	◎	○
	Energy management	Energy (302)		●	◎	○
Social Aspect	Talent policy	Market presence(202), Economic performance (201), Employment (401), Labor/Management relations (402)		●		○
	Employee training and development	Training and education (404)		●		
	Occupational health and safety	Occupational health and safety (403)		●		

Material Issues and Risk Management

Material Topics	Description of Risk	Type of Risk	Risk Severity [1]	Risk Likelihood	Mitigation Measures
R&D and innovation of green products	• Technology development lags behind peers • Apart from displays, other new products demonstrate insufficient growth momentum • Products have safety concerns when used by end consumers • To comply with the international trend of carbon reduction, conduct repair of development documents when developing green products, as well as the number of years of material preparation	Strategy	Low	High	Establish a product development and management mechanism, formulate product development and management regulations and make plans in advance, and regularly review the progress of new product development.
		Operation	Low	High	Establish a product development and management mechanism, regularly follow up on market investigation and customer opinions on diverse products.
		Operation	Low	High	Establish a product development and management mechanism, formulate product development and management regulations and make plans in advance, follow up on product improvement progress regularly, and stay informed about the progress of liability for damage.
		Strategy	Low	Moderate	Establish customer service mechanisms and regulations, regularly review results and revise development processes, regularly analyze the causes of customer complaints, and strengthen the maintenance of customer relationships.

Material Issues and Risk Management

Material Topics	Description of Risk	Type of Risk	Risk Severity [1]	Risk Likelihood	Mitigation Measures
Customer relationships management	• Quality defects • Incomplete product testing requires frontline personnel to rework • Rising energy prices will result in shifting cost to customers.	Operation	Low	High	Establish quality verification capabilities, limit the scope of quality, prepare Bill of Materials (BOM), have a clearer notification mechanism for changes in the operation method, and request relevant units to review, and require the supervisor for confirmation of the inspection standard procedures.
			Strategy	Low	Establish a product development and management mechanism, formulate product development regulations and product testing standards, and communicate with customers on a regular basis.
			Low	Moderate	Meet customer requirements, and take the initiative to implement energy-saving measures internally (including install renewable energy power generation equipment and purchase renewable energy).
Sustainable supply chain management	Political unrest worldwide, inflation, and wars have resulted in raw materials shortages .	Operation	Low	Moderate	Dynamic supplier management mechanism; establish supplier management policies and regulations; regular review supplier sustainability audit
	No alternative and support suppliers for specific materials	Operation	Moderate	Very high	Establish supplier management policies and regulations, conduct regular and irregular supplier evaluations, introduce alternative and support suppliers, and establish procurement strategies based on product demand.
	Suppliers' carbon emissions and green energy performance are not as expected.	Operation	Low	Very low	Establish supplier management platform for growing together and actively provide guidance for suppliers to improve their carbon reduction capabilities.
	Rising costs of suppliers to achieve carbon reduction goals.	Operation	Low	Moderate	The business unit (BU) negotiates with customers for accepting the pass-on of carbon reduction and environmental protection costs, and finds alternative solutions.
	Supplier chain disruptions due to climate events	Damage	Moderate	Very high	Conduct origin investigation and increase the ratio of remote production and 2nd source suppliers.
Climate strategy	• Transition failure will result in the damage to corporate image, further result in customers under pressure from media • Operational disruption caused by natural disasters • Unable to comply with the environmental regulations of various countries and sell products to these countries • Transition failure will result in the damage to corporate image, further affect recruitment and retention	Operation	Low	Very low	Establish and practice a sound crisis communication mechanism, and take the initiative to establish a sound communication mechanism with stakeholders.
		Damage	Low	Low	Aim to immediately activate the Business Continuity Management (BCM) mechanism to quickly restore operations. All Business Continuity Plans (BCPs) are included in the Crisis Management Handbook, which is the main guiding principle for the Company in the event of a major impact event.
		Strategy	Low	High	Integrate the life cycle thinking into the product design process, including green design in the early design stage. In each design review stage, it is confirmed that the products not only comply with the environmental protection laws and regulations of customers and countries of sale, but also improve accordingly.
		Damage	Low	Very low	Invest in more diverse education and training and regularly promote ESG culture and communicate with employees on a regular basis. Information on ESG results has been added to the official website to demonstrate the Company's emphasis and efforts on sustainability issues, improve stakeholders' positive perception of the Company, and enhance the recruitment process. points.

Material Issues and Risk Management

Material Topics	Description of Risk	Type of Risk	Risk Severity [1]	Risk Likelihood	Mitigation Measures
Waste management	Damage to the Company's image due to improper waste disposal	Damage	Low	Low	Assign dedicated management personnel to proactively track waste flows.
Energy management	• An increase in operating costs will result in a loss of competitiveness of products	Operation	Low	Very low	Establish the ISO 50001 management system, include energy indicators as material topics monitored by the ESG Committee, and conduct quarterly reviews to track the progress of carbon reduction.
Talent policy	Talents will be poached by competitors	Operation	Low	Very low	Formulate human resource policies, establish a human resource management mechanism, and implement leader training programs.
	Business units have manpower shortage problem and manpower matching is time-consuming.		Low	Very low	Confirm employees' expertise, establish a smooth internal promotion channel, and set deadlines.
	Lack of skilled workers and operators		Moderate	Moderate	Establish a database of skilled labor and a personnel training mechanism
Employee training and development	• The participation rate of employee education and training courses is low, and the training effect is not significant, resulting in a low sense corporate identity among the employees.	Operation	Low	Very low	Clearly plan courses that are closely related to employees' functions, enable them to master the knowledge and skills required in the workplace.
Operational and financial performance	Revenue or profit does not meet the expectations of investors and shareholders, and long-term growth of financial returns cannot be created.	Operation	Low	Very low	Optimize existing business operations, rapidly expand the medical business, accelerate solution development, and deploy in the network communication business.
Occupational health and safety	• Accidents involving contractors, resulting in the inability to provide qualified services or products. • Insufficient awareness of the disease among employees at each site • Employee work-related injuries	Operation	Low	Very low	Establish an outsourcer management mechanism, implement the feasibility assessment management rules, formulate relevant regulations for contractor management services, and establish contractor performance evaluation management measures.
		Operation	Low	Very low	Formulate the Company's environmental safety policies and regulations, set up a dedicated unit to regularly review performance, perform regular/irregular audit inspections, take out insurance, review the causes of work-related injuries and establish mitigation measures, and provide employees with environmental safety and health-related education and training.
		Operation	Low	Very low	Establish employee health and safety management mechanisms and regulations, set up a dedicated unit to be responsible for employee health and safety, take out insurance, and provide education and training on environmental safety and health.

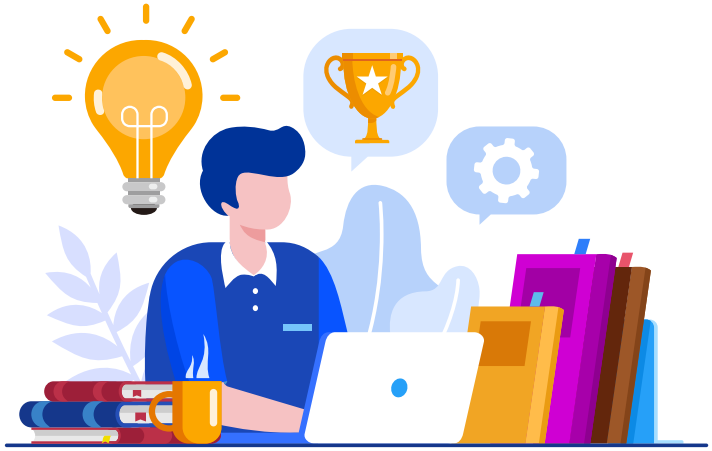
Note 1 Risk severity measures "frequency," "degree of impact," and "degree of control." A risk severity of 1-5 is considered "Very low";" a risk severity of 6-10 is considered " low"; a risk severity of 11-14 is "moderate"; and a score of 15- 20 points is "High"

Note 2 Very High: Occurring more than once a year; High: occurring once every 3 years; Moderate: occurring once every 10 years; Low: occurring once every 30 years.

Changes in material Issues

Compared to the previous reporting period (2022), we added 1 material issue (both positive and negative). No new material issues were added to the environmental aspect; 'employee wages and benefits' was removed from the social aspect and 'Operational Health and Safety' was added; 'operational and financial performance' was added to the economic aspect.

Aspect	Changes in Material Issues from the Previous Reporting Period (2022)	
	Added topic	Deleted topic
Environment		
Social	Occupational Health and Safety	Employee wages and benefits
Economic	Operational and financial performance	



Management Practices

Material Topic ／

Operational and Financial Performance

Responsible Unit: Finance

Positive Impact	Enhance financial returns to investors, increase tax payment, and create upstream output values
Negative Impact	
Policy	Optimizing the operation of the business, accelerating the expansion of the medical business and development of the smart solutions, and creating strategies for networking communication business.
Commitment	Create Value
Project/Action	Laying foundation for ESG, expanding high profit margin businesses, exerting influence as the Grand Fleet
Performance Indicator	Profit from high-value added business

Short-term	Medium-term	Long-term
2025: Grow incrementally	2027: Achieve over 50% of profit	2030: Continuously create long-term value

Engaged Counterparty	Engagement Channel	Frequency of Engagement	Connected SDGs
Shareholder, Investment institution, Employees	Investor conference, Shareholders meeting Business briefing	Without a fixed schedule, at least once a quarter	8 DECENT WORK AND ECONOMIC GROWTH

Material Topic ／

Customer relationship management

Responsible Unit: Customer service

Positive Impact	Fully understand customer requirements to improve the quality of products and services, further facilitate the improvement of the Company' s reputation, and increase market share/revenue
Negative Impact	1. It may result in a declining customer loyalty and satisfaction as well as some negative impacts on our business and goodwill, even brings lawsuits 2. It could represent a reputational damage to the Company, causes customer chun, and causes a declining market share and revenue.
Policy	Understanding customers' needs and expectations to the Company, and creating improvement plans and providing better services based on the results of customer feedback and satisfaction surveys.
Commitment	Fully comply with customer requirements and deliver a quality services
Project/Action	Establishing corrective actions through customer feedback and satisfaction to improve the quality of products and services
Performance Indicator	Customer satisfaction score

Short-term	Medium-term	Long-term
2025: 93	2030: 95	2040: 95

Engaged Counterparty	Engagement Channel	Frequency of Engagement	Connected SDGs
Affiliate Shareholder Customer	Customer satisfaction questionnaire survey	Twice a year	8 DECENT WORK AND ECONOMIC GROWTH
	Shareholders meeting	Quarterly	
	Customer SER rating	Quarterly	

Material Topic ／

Sustainable supply chain management

Responsible Unit: SCM

Positive Impact	Disseminate information about the social responsibility to suppliers, enhance the quality of work and life for employees and the sustainable operation goal, control performance periodically, disseminate the spirit of RBA to whole network of suppliers for enabling the operation of the supply chain in line with local laws and regulations and pushing the Company to meet the international trend and goals regarding work environment.
Negative Impact	Supply chain can't move with the times for transition, resulting in the lack of friendly work environments for the employees and violation of local laws and policies. The Company suffering reputational damage internationally.
Policy	Requiring suppliers to comply with local laws and regulations, and social standards, create environmental protection programs, and conduct regular investigation and audits.
Commitment	Improve values in the sustainable supply chain
Project/Action	Establishing corrective actions through customer feedback and satisfaction to improve the quality of products and services
Performance Indicator	Supplier carbon reduction

Short-term	Medium-term	Long-term
2025: Suppliers reduce carbon emissions by 3%	2030:Suppliers reduce carbon emissions by 30%	2040: Continuously manage supplier carbon reduction

Engaged Counterparty	Engagement Channel	Frequency of Engagement	Connected SDGs
Suppliers	Suppliers meeting	Once a year	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 15 LIFE ON LAND
	Supplier Audit	Once a year	

Material Topic ／

Climate Strategy

Responsible Unit
Risk

Positive Impact	
Negative Impact	Confronting the risks and challenges posed by climate change, we may suffer the significant impacts and consequences on operation caused by failure of climate change mitigation.
Policy	Setting carbon reduction and net zero goals and turning these goals into action. ; Strengthening the corporate climate resilience
Commitment	Apply life cycle thinking to examine carbon emissions through all lifecycle stages and explore opportunities for reduction
Project/Action	Introduced ISO 14006 and IEC 62430 management systems
Performance Indicator	Absolute reduction: Scope 1, 2, and 3 GHG emissions

Short-term	Medium-term	Long-term
Reduce emissions by 16.8% by 2025 (compared to 2021)	Reduce emissions by 42% by 2030 (compared to 2021)	Reach carbon neutrality by 2040

Engaged Counterparty	Engagement Channel	Frequency of Engagement	Connected SDGs
Supplier, media, Subsidiary, Government, Shareholder, Customer, Employee	1. Investor conference, shareholder meeting, sustainability report, the Company' s communication platform, and internal educational and training ; 2. Risk management committee, internal educational and training	1. Multiple times a year 2. 4 times a year	7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION

Material Topic ／

R&D and innovation of green products

Responsible Unit
PG/Sustainability

Positive Impact	Being eager to conduct climate change mitigation, apply green design thinking to the stage of design, create product values for customers, contribute to the goal of zero carbon emissions
Negative Impact	Overtime work of personnel related to R&D, patent, forward-looking development, and human resources; an increase in price may result in a financial burden of customers; hard to recruit R&D talents and unable to create product with more competitive advantages.
Policy	Applying energy-saving, volume reduction, and carbon reduction strategies to design and develop products and services
Commitment	Design products with 3Rs (Reduce, Reuse, and Recycle); Reduce waste related to operation and improve recycling and reusing waste
Project/Action	Introduced ISO 14006 and IEC 62430 management systems
Performance Indicator	Improve energy efficiency

Short-term	Medium-term	Long-term
Improve energy efficiency by 4% by 2025	Improve energy efficiency by 14% by 2030	Improve energy efficiency by 20% by 2040

Engaged Counterparty	Engagement Channel	Frequency of Engagement	Connected SDGs
Supplier, Media, Affiliated company, Subsidiary, Government, Shareholder, Customer, Employee	Investor conference, Shareholders meeting business briefing	without a fixed schedule, at least once a quarter	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION

Material Topic ／

Waste management

Responsible Unit
Environmental safety

Positive Impact	
Negative Impact	Ineffective waste management results in increased cost of revenue and directs stakeholders' attention to it.
Policy	Striving to prevent pollution, minimize waste, and reduce GHG emissions
Commitment	Increase the percentage of products and packaging materials used in the 3R practice, starting from source design; reduce the amount of operating waste and increase the reuse and recovery rate.
Project/Action	1. Courses related to green products; 2. Transforming waste into valuable resources, converting plastic waste to fuel
Performance Indicator	Proportion of recyclable waste

Short-term	Medium-term	Long-term
2025: Reach 92.5%	2030: Reach 95%	2040: Become a Zero-Waste factory

Engaged Counterparty	Engagement Channel	Frequency of Engagement	Connected SDGs
Affiliated company	Government inspection	Without a fixed schedule	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Supplier	Customer audit	Without a fixed schedule	
Media	Shareholdermeeting	4 times a year	
Subsidiary	Sustainability report	4 times a year	
Government	The Company's communication platform	Without a fixed schedule	
Shareholder	ESG Committee	Quarterly	
Customer	Monthly Group meeting	Monthly	

Material Topic ／

Energy management

Responsible Unit
Environmental safety

Positive Impact	
Negative Impact	An increase in electricity consumption and energy use intensity results in a increase in production cost and a decline in profits, directing stakeholders' attention to it. ; potential carbon fee and carbon tax collection in various countries results in an increase in cost of revenue
Policy	Striving to enhance energy efficiency, and reduce GHG emissions
Commitment	1. Improve energy use efficiency 2.increase use of renewable energy
Project/Action	1. Utilizing high efficiency equipment to continuously improve energy performance and efficiency; 2. Introducing the concept and methods of carbon reduction to the employees and suppliers to avoid waste; 3. Continuously purchasing renewable energy and establishing renewable power generation system to reach 100% renewable energy; 4. Adding carbon offset projects and setting internal carbon pricing
Performance Indicator	1. Renewable energy consumption 2. Absolute reduction

Short-term	Medium-term	Long-term
2025: 30% use of renewable energy; 2. Save energy by 1% a year	2030: 1. 60% use of renewable energy; 2. Continuously save energy by 1% a year	2040: 100% use of renewable energy

Engaged Counterparty	Engagement Channel	Frequency of Engagement	Connected SDGs
Supplier	Board meeting	4 times a year	7 AFFORDABLE AND CLEAN ENERGY
Subsidiary	Senior managers' meeting	Without a fixed schedule	
Government	Media	Without a fixed schedule	
Shareholder	Supplier meeting	Once a year	
Customer	Sustainability report	Issued annually	
	Internal announcement	Without a fixed schedule	
	ESG Committee	Quarterly	
	Monthly Group meeting	Monthly	

Material Topic ／

Talents Policy

Responsible Unit: HR

Positive Impact	Provide employment opportunities for talents to draw on their strengths, and further increase local employment rate
Negative Impact	
Policy	Building quality work environments and diverse channels for career development to attract and retain exceptional talents.
Commitment	Provide quality work environments and good remuneration packages.
Project/Action	Implementing assessment of human rights due diligence risk
Performance Indicator	Completion rate of checklist of human rights risk diligence

Short-term	Medium-term	Long-term
Cover by 81.5% by 2025	Cover by 90% by 2030	Cover by 93% by 2040

Engaged Counterparty	Engagement Channel	Frequency of Engagement	Connected SDGs
Employee	Questionnaire survey employee system	Once a year	8 DECENT WORK AND ECONOMIC GROWTH

Material Topic ／

Employees training and development

Responsible Unit: HR

Positive Impact	1. Corporate operation/direct impact 2. Help employees to develop their competency and gain more competitive advantages
Negative Impact	
Policy	Completing the educational training system in accordance with the Company' s strategic development and business goals; improving the overall competitive edge of the organization and creating more competitive advantages.
Commitment	Build a complete educational training and development system to provide an environment for diverse learning and development, further attract and retain exceptional talents.
Project/Action	1. Establishing learning blueprints for the four schools 2. Holding learning development courses based on the training need of a year
Performance Indicator	Education and training: the effect of Continuous Improvement Program on revenue

Short-term	Medium-term	Long-term
Represent 1% of revenue by 2025	Represent 1% of revenue by 2030	Represent 1% of revenue by 2040

Engaged Counterparty	Engagement Channel	Frequency of Engagement	Connected SDGs
Affiliated company, Subsidiary, Employee	1. Education and training; 2. New employees training	Without a fixed schedule	4 QUALITY EDUCATION, 8 DECENT WORK AND ECONOMIC GROWTH

Material Topic ／

Occupational Health and Safety

Responsible Unit: HR/ OHS

Positive Impact	Company operations/A good work environment enables talents to work without worries and protect physical and mental health of employees
Negative Impact	Company operations/investments ;accidents cause reputational damage and business losses to the Company.
Policy	Protecting our employees, providing them with complete management system and regulations for health and safety.
Commitment	Continuously manage safety, sanitation, and health in the work environment and create improvement plans
Project/Action	ISO 45001 effective operation, risk assessment, change management, safety culture, safety proposal, joint inspection by supervisors
Performance Indicator	Zero occupational disease; FR/SR is superior to standards announced by public sector

Short-term	Medium-term	Long-term
By 2025: 0 occupational disease, 0 fire, FR<0.1, SR<4.7	By 2030: 0 occupational disease, 0 fire, FR<0.08, SR<3.8	By 2040: 0 occupational disease, 0 fire, FR=0, SR=0

Engaged Counterparty	Engagement Channel	Frequency of Engagement	Connected SDGs
Affiliated company, Subsidiary, Government, Employee	Internal briefing conference	4 times a year	3 GOOD HEALTH AND WELL-BEING
	Internal portal	3 announcements in a year	
	Labor inspection unit	Without a fixed schedule	8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES
	Labor-management meeting, and OH&S Committee	4 times a year	

Our Actions

Material Topic: Operational and Financial Performance

Location of Occurrence	operation
Our Action/Doings	Expanding high profit margin businesses and exerting influence as the Grand Fleet
Description	Optimizing the operation of the business, accelerating the expansion of the medical business and development of the smart solutions, and creating strategies for networking communication business.

Performance Indicator (Input)	Profit from high-value added business	Quantified Value	Annual gross margin 16.2% on average

Material Topic: Customer Relationship Management

Location of Occurrence	operation, product
Our Action/Doings	According to the customer satisfaction procedures: 1. Holding a business review meeting periodically to create corrective plans for the results of evaluation 2. Establishing communication channel and send satisfaction questionnaire twice a year
Description	Fully understanding customer requirements to improve the quality of products and services, further facilitating the improvement of the Company' s reputation, and increase market share/revenue

Performance Indicator (Input)	Customer satisfaction score	Quantified Value	94

Material Topic: Sustainable Supply Chain Management

Location of Occurrence: supply chain, operation

Our Action/Doings:
According to the Sustainable Supply Chain Policy:
1. Code of Conduct for Sustainable Development of Suppliers
2. Sending Supplier Sustainability Risk Questionnaire (SAQ) to the first-tier and non-first-tier suppliers

Description:
1. Requiring suppliers to comply with local laws and regulations, and social standards
2. Creating environmental protection programs, and conducting regular investigation and audits.
3. Reviewing supply chain' s performance of realizing environmental responsibility periodically by conducting on-site and paper-based audits
4. Boosting the value of sustainable supply chain

Performance Indicator (Input)	Supplier social responsibility: completion rate of RBA on-site and paper-based audits	Quantified Value	90% completion rate of RBA on-site and paper-based audits

Material Topic: Climate Strategy

Location of Occurrence: operation

Our Action/Doings: Evaluating operational and financial impacts and implementing management approaches based on climate transition risk scenario analysis(with SBTi 1.5℃ as a parameter)

Description:
1. Passed the SBTi target review in 2024, with annual carbon reduction 4.2%
2. 100% of renewable energy by 2024

Performance Indicator (Input)	1. Reduction in carbon emission per year 2.Proportion of renewable energy consumption	Quantified Value	26.2% of renewable energy

Material Topic: R&D and Innovation of Green Products

Location of Occurrence: operation, product

Our Action/Doings: Introducing the green design 555 (saving energy by 5%, reducing materials by 5%, reducing carbon by 5%) at the beginning of product R&D stage

Description: Applying life cycle thinking to examine carbon emissions through all lifecycle stages and explore opportunities for consumption reduction

Performance Indicator (Input)	Proportion of energy saving, carbon reduction, and consumption reduction for green products, based on the baseline year of 2020.	Quantified Value	8.46% more energy saving, 13.68% more carbon reducing, 8.07% smaller in volume

Material Topic: Waste Management

Location of Occurrence: supply chain,

Our Action/Doings: Obtained UL2799 Zero Waste to Landfill Validation to control waste.

Description: Striving to prevent pollution, minimizing pollutants, realizing optimal solutions, and reducing waste

Performance Indicator (Input)	Recycling rate of waste	Quantified Value	91% recycling rate of waste

Material Topic: Energy Management

Location of Occurrence
operation, product, society

Our Action/Doings
1. Enhancing energy efficiency and increasing use of renewable energy
2. Strengthening the culture of sustainability

Description
Improving energy efficiency and enhancing electricity-efficient solutions:
1. Utilizing high efficiency equipment to continuously improve energy performance and efficiency
2. Introducing the concept and methods of carbon reduction to the employees and suppliers to avoid waste
3. Continuously purchasing renewable energy and establishing renewable power generation system to reach 100% renewable energy
4. Adding carbon offset projects and setting internal carbon pricing

Performance Indicator (Input)	Quantified Value
Electricity consumption per million USD production value (kWh)	38,957 kWh

Material Topic: Talents Policy

Location of Occurrence
operation, society

Our Action/Doings
Improving Diversity, Equity, and Inclusion (DEI) in the workplace

Description
Creating a secure work environment (Environment), improving employee engagement (Satisfaction), and establishing an epitome of success (Guidance) are the three main areas of focus of Qisda for sustainable talent development formed by guiding and spreading experiences.

Performance Indicator (Input)	Quantified Value
1. Completion rate of employee engagement survey 2. Average Employee Engagement	1. Higher than 80% 2. Achieved a score of 4.62 (out of 6)

Material Topic: Employees training and development

Location of Occurrence
operatio

Our Action/Doings
Enhancing education and training system, boosting the proportion of online courses, gaining overall competitive edge of the organization

Description
Building a strong and comprehensive education and training development system and providing diverse learning and development environment to attract and retain talents:
1. Establishing learning blueprints for the four schools
2. Holding learning development courses based on the training need of a year
3. Education and training for all employees

Performance Indicator (Input)	Quantified Value
1. Average training hours per IDL employee 2. Completion rate of taking require corporate policy courses	1. Short-term, 26 hours/year 2. 100%

Material Topic: Occupational Health and Safety

Location of Occurrence
operation

Our Action/Doings
With solid health and safety culture of business, our occupational health and safety system is superior to domestic regulations

Description
Continuously optimizing occupational environment, health and safety management system to enhance employees' thinking.

Performance Indicator (Input)	Quantified Value
Probability of occupational injury and severity	0 fire 0 occupational disease; FR<0.1, SR<4.7

Sustainability Impact Valuation

Creating long-term value for stakeholders is Qisda's corporate sustainability tenet. Since 2023, Qisda has introduced the Impact Measurement and Valuation (IMV) methodology. We measure the positive (benefit) and negative (cost) impacts brought directly or indirectly to human well-being and the social economy as a result of value chain activities from the viewpoint of profit and loss and based on the Triple Bottom Line (TBL) combining the economy, environment and society.

In 2023, in the operation stage, Qisda created NT$86 billion in operating revenue and NT$15.9 billion in taxes, dividends, employee benefits, R&D investment, interest, leases, depreciation, and amortization. What we have done not only brought stakeholders a positive impact, but also promoted the growth of society and economy. While cultivating our core business, the environmental footprint derived from energy and resource consumption and pollutant production has resulted in an external environmental cost of NT$110 million. However, the promotion and deployment of renewable energy and water reuse through various energy-saving measures created NT$24.77 million in environmental benefits. In terms of society, comprehensive training programs have driven the growth of the skills and employability of our employees and created a future career benefit of NT$200 million; occupational disasters incurred a social cost of NT$380,000. Although the health risk derived from workload brought a social cost of NT$3.77 million, a positive benefit of NT$550,000 were created for employees' health through multiple health education activities and long-term follow-up; at the same time. The Company invested in various local care programs. These and the voluntary activities of the employees created a social value of NT$160 million.

In the upstream/downstream of the value chain, Qisda's procurement demands drove the supply chain to create NT$116.9 billion in output value, creating more than 10,000 employment opportunities for supply chain workers and NT$ 3.8 billion in wage income. For the environmental footprint and resource consumption derived from the supply process of raw materials and services, there was an external environmental cost of NT$ 1.7 billion. The display products of Qisda created an output value of NT$169.6 billion for the industry in which our customers are engaged. Although the energy consumption at the product use stage brought about an external environmental cost of NT$4.5, the innovative product energy-saving design brought in an environmental benefit of NT$55.23 million. We helped customers achieve their goals and

Henceforth, in addition to continuously refining and deepening our sustainable impact management framework and identifying opportunities to reduce environmental impact and enhance social well-being, we will continue focusing on supply chain transformation and development of energy-saving products to enhance Qisda' s influence on sustainability and create more significant positive values for the society.

NT$286.5 billion to drive the output value in the upstream/downstream of the value chain

The procurement demand drove the development of the industrial chain to create 2.7 times the economic value; display product sales created 1.96 times the output value for the industry in which our customers are engaged.

>10,000 supply chain employment opportunities

The procurement demand created employment opportunities in the supply chain, and brought workers wage income of NT$3.8 billion, of which the electronic parts and components manufacturing industry accounts for the highest proportion.

95% of external environmental costs incurred at upstream/downstream

Environmental impacts in the supply chain and at the product use stage accentuate the importance of Qisda's promotion of green supply chain management and environmentally friendly product design.

Qisda's Sustainability Impact Pathway

Cause of the Impact	Management of ESG Issues	Output Metric	Impact Item	Type of Impact	(Monetary (KNTD) 2022	(Monetary (KNTD) 2023		Impact Stakeholders
Supply chain	Sustainable supply chain management	Procurement demand drives supply and demand in the industry.	Social externality - boosting the output value in the supply chain	(Positive, +)	162,819,845	116,900,548	↘	Society
		Procurement demand creates employment opportunities in the supply chain	Social externality - employment income of employees in the supply chain	(Positive, +)	5,211,961	3,767,325	↘	External employees
		GHG emissions from the supply chain	Environmental externalitiy - supply chain GHG emissions	(Negative, -)	1,328,746	990,118	↘	Environment
		Air pollutant emissions from the supply chain	Environmental externality - supply chain air pollutant emissions	(Negative, -)	887,393	646,461	↘	Environment
		Wastewater discharge from the supply chain	Environmental externality - supply chain wastewater discharge	(Negative, -)	6,790	5,163	↘	Environment
		Waste from the supply chain	Environmental externality - supply chain waste disposal	(Negative, -)	15,949	11,830	↘	Environment
Business Operation	Operational and financial performance	Operating Income	Stakeholder gross value added (GVA)	(Positive, +)	8,252,000	2,975,000	↘	Shareholder/Investor
		Cash dividends		(Positive, +)	3,934,787	8,441,851	↗	Shareholder/Investor
		Tax payment		(Positive, +)	410,099	231,145	↘	Society
		Interest and lease		(Positive, +)	540,172	883,260	↗	Suppliers
		Depreciation and amortization		(Positive, +)	418,963	413,976	↘	Suppliers
	Talent policy	Remuneration and benefits		(Positive, +)	3,962,682	3,370,298	↗	Employees
	R&D and innovation of green products	New technology research and development		(Positive, +)	257,286	2,580,555	↗	Customers
	Climate strategy and energy management	GHG emissions from energy use	Environmental externality - GHG emissions from operations	(Negative, -)	118,620	106,894	↘	Environment
		Use of renewable energy to avoid GHG emissions		(Positive, +)	9,384	23,350	↗	Environment
		Advancement of energy-saving measures to avoid GHG emissions		(Positive, +)	1,511	1,399	↘	Environment

Cause of the Impact	Management of ESG Issues	Output Metric	Impact Item	Type of Impact	(Monetary (KNTD) 2022	(Monetary (KNTD) 2023		Impact Stakeholders
Business Operation	Water resources management	Water scarcity due to use of process water	Environmental externality - operational water consumption	(Negative, -)	1,189	1,069	↘	Environment
		Use of recycled water to avoid water scarcity		(Positive, +)	23	19	↘	Environment
		Water pollution due to process wastewater discharge	Environmental externality - operational wastewater discharge	(Negative, -)	942	842	↘	Environment
	Air pollution control	Air pollution from process air emissions	Environmental externality - operational air pollution emissions	(Negative, -)	2,936	3,365	↗	Environment
	Waste management	Environmental impact due to the waste disposal process	Environmental externality - operational waste disposal	(Negative, -)	3,181	2,138	↘	Environment
	Occupational Health and Safety	Employees occupational accidents	Social externality - employees occupational accidents	(Negative, -)	257	381	↗	Employees, society
		Contractors' occupational accidents	Social externality – contractors' occupational accidents	(Negative, -)	0	0		External employees, society
		Number of people at risk for cardiovascular disease	Social externality - employee health risk	(Negative, -)	3,263	3,770	↗	Employees, society
		Number of people with health improved under health management	Social externality - employee health management	(Positive, +)	564	545	↘	Employees, society
	Employee training and development	Skill acquisition and revenue growth	Social externality - future income of employees	(Positive, +)	411,566	200,984	↘	Employees, society
	Corporate citizen and charity	Social engagement, input of resources, and expenses	Social externality - social input value	(Positive, +)	56,814	157,603	↗	Society
Product and service	Customer relationship management	Product sales drives supply and demand of industry in the downstream	Social externality - boosting output value in the industry chain	(Positive, +)	227,357,098	169,578,546	↘	Society
	R&D and innovation of green products	Product energy-saving design to avoid GHG emissions	Environmental externality - energy saving benefits of products	(Positive, +)	47,850	55,229	↗	Environment
		GHG emissions from product use	Environmental externality - product use and diposal	(Negative, -)	625,037	445,356	↘	Environment

Note 1 The input-output model is used to calculate the increase in supply chain output value, including the economic benefits derived from the supply and demand effect of the industrial chain due to procurement needs, as well as the accompanying environmental issues and the employment opportunities and wages created. Reference sources include the Report on Input-Output Statistics (DGBAS, 2020), Green National Income Account (DGBAS, 2021), Energy Balance (Bureau of Energy, 2021), and EXIOBASE 2 Database. Due to the obvious signs of a economic slump, procurement needs have decreased. In 2023, the impact of the environmental and social externalities in the supply chain decreased significantly. For further details, please refer to Chapter 1.4 "Operational Performance".

Note 2 Gross Value Added (GVA) refers to the difference between the intermediate inputs and the final output during the operation. It also considers raw inputs, public expenditures, and the benefits these economic activities bring to different stakeholders. .As the prolonged industry downturn for 2 to 3 years, the contribution of overall stakeholder GVA shows a downward trend. For further details, please refer to Chapter 1.4 "Operational Performance".

Note 3 Impact factors of the environmental externality include the social cost of carbon, human health loss costs, and ecosystem damage costs derived from greenhouse gases, air pollution, wastewater, waste, and water resource consumption. For currency conversion, refer to US EPA (2016) and OECD (2012). The environmental benefits resulting from the introduction of energy-saving measures and the reuse of renewable energy and water resources are also taken into consideration. In 2023, the plants' self-generated and purchased renewable energy reached 29.91 million kWh, an increase of 1.4 times over the previous year. For further details, please refer to Chapter 2 "Environmental Protection".

Note 4 The social cost derived from occupational accidents is calculated based on the value employees are willing to pay to avoid occupational accidents and the investment of medical resources derived from occupational accidents. Refer to UK HSE (2017), Jiune-Jye Ho (2005) and Institute of Labor, Occupational Safety and Health (2013). In 2023, there were no death of any employee due to occupational accidents, and the number of working days lost due to occupational accidents decreased by 75% compared to the previous year. There were no occupational accidents to contractors. For further details, please refer to Chapter 3.4 "Occupational Safety, Health and Management".

Note 5 Employee health management refers to the early detection of hypertension, hyperlipidemia, hyperglycemia, and obesity through regular health checkups, and the formulation of various plans to appropriately control the risk of cardiovascular diseases among employees. For relevant coefficients, refer to WHO (2008) and Chieh-Hsien Lee (2009). For further details, please refer to Chapter 3.4 "Occupational Safety, Health and Management".

Note 6 Future income of employees is evaluated based on the professional skills and knowledge acquired through the Company's training programs, which not only improve productivity but also bring better employability to career development. Refer to VBA (2021). Since the productivity improvement brought about by employee training has been reflected in the Company's financial statements, this indicator is only used to assess the contribution of employees who have received the Company's training to the welfare of life due to the change in income after changing jobs. For further details, please refer to Chapter 3.2 "Talent Attraction and Development".

Note 7 For the value of social investment, we refer to the community investment assessment mechanism in the London Benchmark Group (LBG) for calculation of the cash, materials, time and management costs invested in public welfare activities to assess and distribute the quantitative benefits of various projects. In 2023, the value of social investment increased by 84%, mainly due to the people-oriented social value of Qisda and the involvement of social welfare activities to create a sustainable social environment. For further details, please refer to Chapter 3.5 "Social Care and Influence".

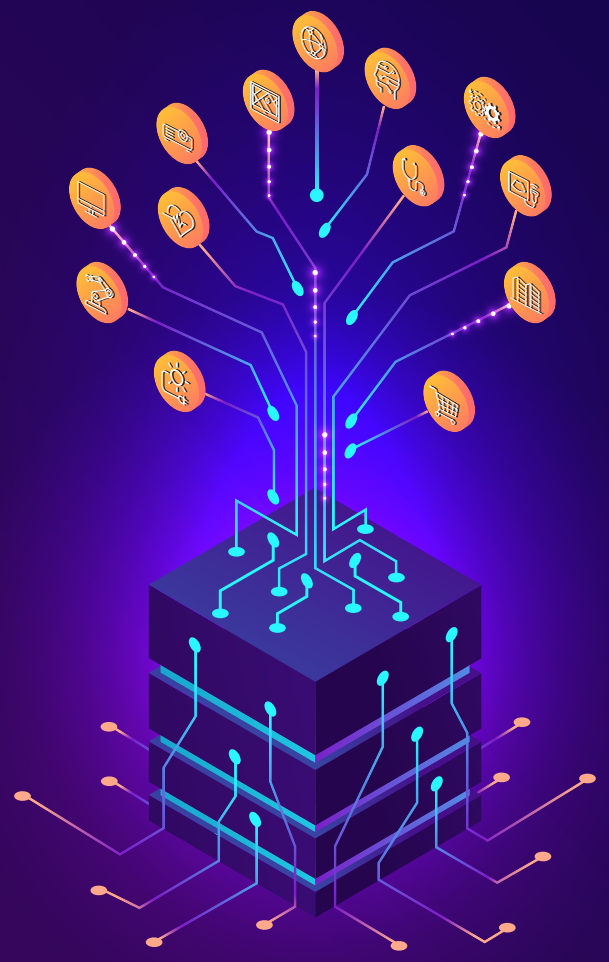
Note 8 The focus is on display products for products and services. The indirect economic value created by product sales and the impact of the environmental externality during the product use phase are assessed by considering the relationship between sales and customer industry output value. In 2023, factors such as war and conflict, China's housing debt crisis, and inflation and interest rate hikes affected the pace of market recovery, resulting in a downward trend in the environmental and social externalities generated by the overall product. For further details, please refer to Chapter 2.7 "Green Products and Circularity".

Note 9 In consideration of the differences in the economic conditions of countries, the value coefficient is adjusted based on the Gross National Income (GNI) per capita measured by purchasing power parity (PPP) in each region. Inflation and exchange rate factors are also taken into account. The time boundary is aligned to the monetary value with 2021 as the baseline year. The methodology is determined with reference to OECD (2012) and PwC UK (2015).

Note 10 For further information on the methodology and analysis results of the sustainable impact, please refer to the Qisda 2023 Sustainability Impact Valuation Report.

1 Corporate governance

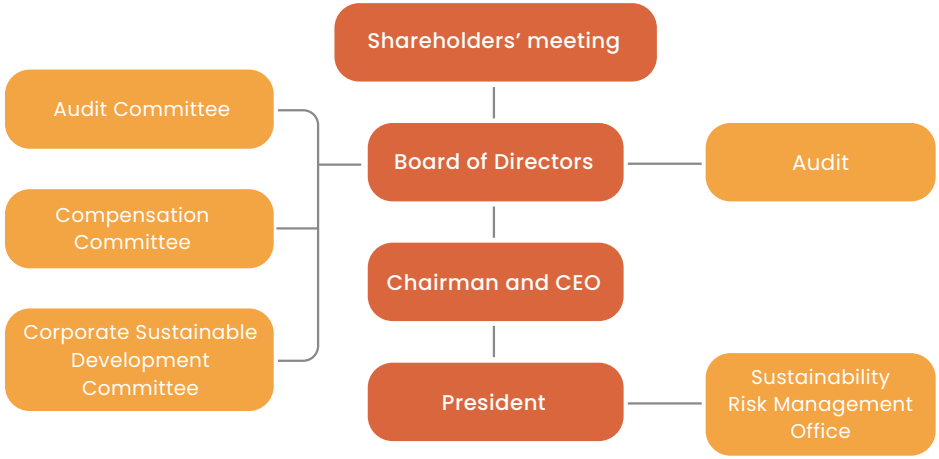
- Organization and Operation of Governance
- Code of Conduct
- Legal Compliance
- Operating Performance
- Risk Management
- Information and Privacy Security
- Sustainable Supply Chain Management
- Customer Satisfaction



Organization and Operation of Governance

Qisda is committed to the protection of shareholder rights and advocates for transparency and fairness when disseminating information. Since the shareholders' meeting in 2012, the Company has adopted an electronic voting system an a case-by-case voting method for each meeting' s agenda, in order to enhance shareholder attendance at the meeting and make sure the shareholders are able to exercise their rights at the meeting in accordance to the law. At the meeting, we also actively present an overview of our operational and financial performance to the shareholders and receive their inquiries. The Audit Committee, Compensation Committee, and Corporate Sustainable Development Committee have been established under the Board of Directors to assist the directors in reviewing all proposals and ensure the decision-making quality of the Board. These management teams, consisting of experienced and professional managerial officers, not only supervise the activities of the directors, but also facilitate shareholder rights to the fullest extent.

Organizational Structure of Corporate Governance



Structure and Operation of the Board of Directors

The Board of Directors serves as the top decision-making unit of Qisda. In accordance to laws and the Articles of Incorporation, all Board members are elected for a term of office for three years by shareholders through voting at the shareholders' meeting as per the "Procedures for Election of Directors" . Currently, there are nine members on the Company' s Board of Directors (including five independent directors) and the average term of office is 5.78 years. Two members of the Board are 51–60 years old, while the other seven members are 61–70 years old. Member of committees operating under the Board are nominated and selected upon the Board' s resolution according to their respective organizational regulations. The independent directors all comply with the professional qualifications, work experience requirement, restrictions, and independence of independent directors with concurrent positions under the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." The Chair is elected by the directors, who all have more than five years of work experience related to business, legal affairs, finance, accounting, or other operations essential to the Company.

According to paragraph 3 of Article 208 of the Company Act, Peter Chen acts as both the CEO of the Company and the chairperson of the Board of Directors. He is expected to oversee the transformation and innovation of the group, as well as leveraging his industry knowledge and innovative leadership mindset through his comprehensive experience in R&D and management to demonstrate the value transformation achievements. He represents the Company externally, effectively coordinates the operations management teams, and leads Qisda' s transformative value creation through investment and M&A. Qisda' s transformation is further characterized by the rapid expansion of its medical business, the acceleration of solution development, and the deployment of its network communication business. During the discussion and voting on the proposals at the Board meeting, when a director has a personal interest in the proposal discussed and their involvement may clash with the Company' s interests, the director should, according to Paragraph 2, Article 206 of the Company Act, avoid taking part in the discussion and voting

Access to annual report:
https://www.qisda.com/tw/investor/shareholder

of the proposal in compliance with the rules of conflicts of interest avoidance under Article 178 of the Act. When necessary, the Chairman will appoint another director to serve as the chairperson of the meeting. Any conflict of interests at the Board meeting will be disclosed in the corporate governance section of our annual in compliance with the law.

Qisda's Board meeting is held at least once every quarter to monitor and conduct a thorough supervision of the Company' s operations. Guided by a goal to maximize shareholder equity, the Board members abide by their duty of care and of loyalty, exercising their authority, evaluating operations, and making significant decisions in a careful and disciplined manner. To increase the directors' participation in business operations, the Company has set standards requiring all directors to take part in 80% of Board meetings in person. In 2023, there were seven Board meetings convened, with an average attendance rate of 100%.

Functional Committee

	Description of Duties	Operation in 2023
Audit Committee	• Established in 2008, the Audit Committee, consisting of all independent directors as required by local laws and regulations, is subject to the "Audit Committee Charter" formulated by the Board of Directors. It mainly takes on a supervisory role, conducting close inspections of the operation implementation status of the Company and the Board of Directors. The committee meets at least once a quarter. • Reports and inquiries regarding the audit status of the latest financial statements, internal audit results, major lawsuits, financial and business overviews, etc., are made to the Audit Committee members by the accountants (every six months), the internal audit unit (quarterly) and the risk management, legal affairs, finance, and accounting units (irregularly). This way, the Audit Committee members can ensure the validity of our corporate governance and maintain information transparency for investors, thereby protecting the shareholders' equity.	• In 2023, there were six Audit Committee meetings convened, with an average attendance rate of 100%. • The relevant implementation highlights and operational status of the Audit Committee ithis reporting year have been disclosed in the "Operational Status of the Audit Committee" section of our 2023 Annual Report. Details regarding the status, topics and results of its communication have been disclosed in the "Investor Relationship – Committee – Communication Status of Independent Directors and Internal Audit Officer with CPAs" page of our official website.
Compensation Committee	• The Company established the Compensation Committee in 2011 and had the Board of Directors develop the "Compensation Committee Charter" in order to boost corporate governance and enhance the compensation system for our directors and managers. The Compensation Committee members exercise duty of care and loyalty as per fiduciary laws, and submit the suggestions to the Board of Directors for discussion. It holds meetings at least twice a year; the meeting can be convened at any time when necessary. • The principles of responsibility, reasonable basic compensation, and factors such as industrial risks; the duties of persons in charge, directors, and independent directors; and the operational scale of the Company etc. are taken into consideration to measure the performance of the Company' s top management, deciding how much compensation they should receive. The distribution of compensation is then subject to approval by the Compensation Committee and the Board of Directors, and is reported during the shareholder' s meeting as a proposal independent from the stakeholders' opinions. Related information about the compensation received by top management such as the Board of Directors and managers has also been appropriately disclosed for all the stakeholders to understand the connection between the compensation to high-level executives and corporate ESG performances.	• In 2023, there were four Compensation Committee meetings convened, with an average attendance rate of 100%. • The Company' s compensation policies and the implementation highlights and operational status of the Compensation Committee this year has been disclosed in the corporate governance section of our 2023 Annual Report and the "Investor Relationship – Committee – Operational Status of the Compensation Committee" page of our official website.

The introduction of Board members in the Investor Relationship section of the Company' s website:
https://www.qisda.com/tw/investor/governance/director

	Description of Duties	Operation in 2023
Corporate Sustainable Development Committee	• The Company established the Corporate Sustainable Development Committee in 2023 to ensure the Board of Directors develops and abides by the "Sustainable Development Best-Practice Principles." The Committee is the decision-making and supervisory unit for work related to the sustainable development of the Company, covering three major domains: the environment (E), society, social (S), and corporate governance (G). This enables the Board of Directors to perform its duty to protect the rights and interests of the Company, employees, shareholders, and stakeholders. It holds meetings at least once a year; the meeting can be convened at any time when necessary. • The Corporate Social Development Committee handles information disclosure in accordance with relevant laws, regulations, and the Company' s Corporate Governance Best-Practice Principles. In preparation for corporate sustainable development reports, they adopt internationally recognized standards or guidelines to disclose the promotion and current status of sustainable development, thus ensuring the implementation of corporate governance.	• The Company has convened one Corporate Sustainable Development Committee meeting in 2024 with a 100% attendance rate. • Annual work objectives and operations related to the Company' s sustainable development are disclosed in the corporate governance section of our 2023 Annual Report and the "Investor Relationship-Committee-Operational Status of the Corporate Sustainable Development Committee" section of our official website.

Election and Diversity of the Board Members

It is specified in our Articles of Incorporation that a candidates nomination system has been adopted for the election of directors, and it is set forth in Article 20 of our "Corporate Governance Principles" that diversity will be considered when deciding the composition of Board of Directors. The number of directors concurrently serving as the Company' s managers should not exceed one-third of the overall number of directors, and the Company should, according to the operations, business type and development needs, formulate an appropriate diversity policy basic criteria and values including but not limited to age, gender, nationality, culture, professional expertise and skills (i.e. professional background, professional skills and industry experience).

Currently, there are two directors who are also the employees of the Company (22.22% of the Board) and five independent directors (55.55% of the Board). the Company' s specific management targets of diversity policy: two female directors, more than half of the Board members as independent directors, and less than one-third of the Board members concurrently serving as managers.

The Investor Relationship section of the Company' s website:
https://qisda.com/tw/investor/shareholder

Diversity of the Board Members + Risk Management Background

Title	Concurrently an Employee	Independence of Non-executive Director	Name	Gender	Nationality	Age		Professional Background and Ability							GICS Level1 Industry Experience
						51-61	61-70	Business Management	Academic Research	Industrial Knowledge	Information Technology	Venture Capital	Finance and Accounting	Sustainable Development	
Chairman	●		Peter Chen	Male	Taiwan		●	●		●		●		●	25 Consumer Discretionary
Director		●	Representative of AU Optronics Corporation: Shuang-Lang (Paul) Peng	Male	Taiwan		●	●		●		●		●	20 Industrials
Director		●	Representative of AU Optronics Corporation: James CP Chen	Male	Taiwan	●		●		●					20 Industrials
Director	●		Representative of BenQ Foundation: Joe Huang	Male	Taiwan		●	●		●				●	25 Consumer Discretionary
Independent Director		●	Charles Yen	Male	Taiwan		●	●				●	●		40 Financials
Independent Director		●	Jyuo-Min Shyu	Male	Taiwan		●		●		●			●	45 Information Technology
Independent Director		●	Liang-Gee Chen	Male	Taiwan		●		●		●			●	45 Information Technology
Independent Director		●	Chiu-Lien Lin	Female	Taiwan		●						●		40 Financials
Independent Director		●	Shu-Chun Huang	Female	Taiwan	●		●		●	●	●		●	45 Information Technology

- The director did not serve as a senior manager of the Company in 2023.
- The director and his/her family member(s) did not accept more than US$60 thousand from the Company or any of the subsidiaries thereunder in 2023 unless otherwise permitted by the US SEC 4200 clause.
- None of the director' s family members were employed by the Company or any of the subsidiaries thereunder as senior managers in 2023.
- The director is not a consultant of the Company or the management team, and has no conflict of interest with consultants of the Company.
- The director has no conflict of interest with the Company' s major customers or suppliers.
- The director has not entered any service contract with other companies or their executives.
- The director has no conflict of interest in non-profit organizations whose main sources of revenue are donations from the Company.
- The director was not employed and did not serve as a partner of the Company' s external auditor in 2023.
- The director has no conflict of interest with the independent operations of the Board of Directors.

Note 2: The information about the educational background, experience, term, concurrent positions in other companies, Board meeting attendance rate, shareholders with control, etc., of the Company' s Board members has all been disclosed in our annual report.

In 2023, Qisda continued to be ranked among the top 6%–20% in the 10th Corporate Governance Evaluation, having already completed an external performance evaluation of the Board of Directors. In 2024, we will continue keeping track of new indicators of corporate governance with an eye to improve both the corporate governance system and evaluation results.

Evaluation of Board Performance

In compliance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies," every director of Qisda engages in continuing education for at least 6 hours per year, thus improving the knowledge our highest governance body possesses in relation to economic, environmental, and social issues. In 2023, the Board members received up to 9.7 hours of continuing education per person on average, with courses covering information security governance, sustainability information disclosure, and sustainability risk management. For the details of the continuing education, please refer to our annual report/corporate governance report.

To ensure corporate governance and enhance the function of the Board of Directors, Qisda passed the "Rules for Performance Evaluation of Board of Directors" in 2018, specifying that a performance evaluation of the overall Board of Directors, individual directors, and functional committees shall be carried out internally at the end of each year and externally at least once every 3 years.

At the end of 2023, we completed the internal performance evaluation of the Board and the functional committees. The completion rate of self-evaluation exceeded 99%, reflecting the overall operational efficiency of our Board of Directors. The evaluation results have been reported to the Board in Q1 2024. Additionally, it is stipulated in our Rules for Performance Evaluation of Board of Directors that the performance shall be evaluated by an independent external professional institution or an external group of experts and scholars at least once every 3 years as well as being evaluated internally at the end of each year. In 2021, the Company commissioned the Taiwan Governance Association, an independent external evaluation institution, to evaluate the performance of our Board of Directors. The evaluation was made based on eight dimensions: composition, guidance, authorization, supervision, communication, self-discipline, internal control, and risk management of the Board; the methods of evaluation included an online self-evaluation, a review of relevant written documents, and an on-site visit completed on September 27, 2021. The persons evaluated included the Chairman, three independent directors, the Corporate Governance Officer, and the Audit Officer. The Company plans to conduct another external performance evaluation in 2024. The relevant external evaluation results have been disclosed in the "Board of Directors Performance Evaluation" on our official website.

Compensation System for the Directors and Managers

As of 2023, the Company has decided to establish a long-term compensation plan for the Chairman and CEO, President, and other senior managerial officers, not only rewarding them for their management performance in relation to financial indicators, but also their ESG performance (performance indicators related to corporate governance, social engagement, and environmental sustainability). The plan grants long-term rewards and compensation based on the achievement of ESG performance indicators every year. The compensation of the President, for example, is expected to constitute 0%–10% of his overall annual remuneration according to his target achievement status.

The ESG performance achievements of the Chairman and CEO, President and other senior managerial officers in 2023 are as follows:

Compensation System for the Directors and Managers	Environment (E)	Society (S)	Corporate Governance (G)
Goal	Implementation of the pathway to carbon net zero	Enhancement of social engagement and sustainable influence	Improvement of the ESG rating results both in Taiwan and abroad
Description	With 2021 as the base year Scope 1 and Scope 2 GHG emissions: **106,672** tCO_2e	Internal Improvement of the employees' participation Engagement survey in 2021: Average score: **4.55** points (out of 6 points)	Increase EPS Be selected in international sustainability rating events or continue to improve in DJSI
Achievements in 2023	Result: Achieved Goal: GHG emission reduction by **10%** (10,667 tons) Actual Performance: **51.1%** reduction (54,502 tons)	Result: Achieved Goal: An average employee engagement score of **4.6** Actual performance: **4.62** points	Result: Achieved Goal: Be selected by AREA or improvement by 5 points or a place higher in DJSI Improve of one of the indicators and achieve bonus points in the domestic Corporate Governance Evaluation Actual Performance: (1) DJSI improved from **67** points to **81** points, advancing 2 places in ranking. (2) Qisda was selected by AREA (-Asia Responsible Enterprise Awards) for 2 awards
2024	GHG emission reduction by **20%**	Average employee engagement score **4.65**	Be selected by AREA or improvement by 5 points or a place higher in DJSI Improve of one of the indicators and achieve bonus points in the domestic Corporate Governance Evaluation
2025	GHG emission reduction by **30%**	Average employee engagement score **4.7**	Be selected by DJSI or MSCI or improve by 5 points or a place higher in DJSI Improvement of one of the indicators and achieve bonus points in the domestic Corporate Governance Evaluation
2030	GHG emission reduction by **60%**	Average employee engagement score **5.0**	Be selected by DJSI Improve of one of the indicators and achieve bonus points in the domestic Corporate Governance Evaluation

Code of Conduct

The rate of the employee code of conduct training remained 100% in 2023.

Policy and Commitments

Ethical management is a business' most basic social responsibility, as it is beneficial to the operations and long-term development of a company. Unethical behaviors not only bring loss to a company but also leads to a low level of morality among employees and distrust in the relationships with customers and business partners. Lobbying, bribery and other illegal behaviors might subsequently occur, which would impair the corporate governance system and cause the overall operational environment to deteriorate. To turn the mission of "dealing with the customers, suppliers, creditors, shareholders, employees and general public with integrity" into the core corporate culture of Qisda, we have passed the "Corporate Governance Best-Practice Principles," "CSR Best-Practice Principles," "Code of Ethics for Board of Directors and Managers," and "Ethical Corporate Management Best-Practice Principles" upon the Board' s resolution in May 2015. The new "Ethical Corporate Management Best-Practice Principles" were supervised and approved by the Board of Directors in November 2020, with some provisions added as per the requirements of the Taiwan Stock Exchange. Meanwhile, the "Code of Conduct," "Code of Ethics for Board of Directors and Managers" and "Anti-corruption and Anti-bribery Policies" have been formulated. These all act as reference for every employee to keep in line with. Content of the aforementioned policies cover regulations relating to integrity, anti-corruption and bribery, discrimination and harassment, conflicts of interest, anti-trust, management of conflicts of interest, insider trading and money laundering, intellectual property rights, data protection, environmental protection, health and safety, human rights protection, etc. For regulations regarding donations and sponsorships, it is explicitly stated in the Code of Conduct that the Company will not make any direct or indirect political contributions, that the engagement in political events shall be strictly subject to local regulations and careful assessment, and that the donations and sponsorships shall not be a disguised form of bribery. In 2023, Qisda did not provide any political contributions, but still maintaining the employees' entitlement to civil rights.

Management Procedures

The Company has formed a dedicated unit for ethical business management to ensure the thorough management of ethical business and organized the Ethical Management Implementation Task Force in compliance with the "Ethical Corporate Management Best-Practice Principles" approved by the Board of Directors. The members of the task force are the professional personnel in the fields of human resources, risk management and auditing; they are responsible for overseeing the development and implementation of the ethical management policies and related preventive programs. Also, upon the Board' s resolution, Qisda authorized the ESG Committee, in which the Chairman, Peter Chen, serves as the committee chair, to supervise and manage the progress of our corporate sustainable business activities (including ethical business), and take charge of the proposal and implementation of corporate sustainability policies, systems or related management guidelines and concrete promotional plans.

Since 2015, the committee has regularly reported the implementation status of CSR and ethical management of the year to the Board (at least once a year) to discuss relevant issues with the directors. The most recent report will be given to the Board in Q1 2024, and the related information has been disclosed in the corporate governance section of the 2023 Annual Report and the Company' s website.

Connection of Code of Conduct to Performance Bonus

Since 2023, compliance with the Code of Conduct has been added to the performance evaluation system (as shown below). From now on, employees' compensation and performance evaluation are directly associated with the Code of Conduct.

Performance evaluation system – Evaluations based on the Code of Conduct

Article	Behavioral standards	Content
1	Integrity and self-discipline	Understand and comply with the company's standards of integrity. The business handled by the company has accurate records and is responsible for the correctness of its own business-related records, information and data.
2	Compliance	Comply with the laws and company regulations of your country or region.
3	Personal Information Protection	Respect the privacy and intellectual property rights of employees and customers. Protect the personal information and intellectual property rights of all shareholders, consumers, distributors, suppliers, business partners and colleagues.
4	International Norms	In the process of business execution, fully follow international trade laws and relevant norms of international industry alliances, and pay attention to the human rights impact caused by business development.
5	Risk Identification	Identify relevant risks in daily work. (ex : safety, progress, quality, etc.)
6	Risk Assessment	Assess the likelihood and severity of known internal and external changes that impact the achievement of goals in daily work.(ex : extent of delay or damage.)
7	Risk Response	For potentially significant risks to take contingency and mitigation actions. (ex : sea to air, training, passing on manufacturers, overtime, substitute materials, multiple suppliers, process improvement, etc.)
8	IT Security	Ensure awareness of the importance of IT security, abide by the company's IT regulations during business execution. Protect the confidentiality, integrity, and availability of the company's information assets through computer and network security knowledge.
9	Information Security	Understand and follow the company's information security policy to protect the confidentiality, integrity, and availability of the company's information assets and to avoid internal or external deliberate or accidental threats.
10	Network Security	Understand and follow the company's network security and network resource access security management to protect the security of data transmission and system communication in daily work.

Qisda' s Code of Conduct is disclosed on the home page of the Company' s internal website. When important festivals such as Lunar New Year are coming or when necessary, the Company also sends newsletters to the employees through email, for example, to remind them that no external presents can be accepted, increasing their awareness of observing the standard.

Every new employee must agree to observe the Company' s Ethical Corporate Management Best-Practice Principles by signing the employment contract when coming on board. Existing employees are given online training on the Code of Conduct (including anti-corruption) on an annual basis; the employee training completion rate was 100% in 2023. Thanks to the training and dissemination with respect to the code of conduct, there were no violations of the ethical management principles in 2023.

Percentage of Communication and Training on the Code of Conduct*

Area	Employee Category	Number of Participants	Completion rate
Taiwan	Direct Labor	201	100%
	Indirect Labor	1,309	100%
Suzhou, China	Direct Labor	4,162	100%
	Indirect Labor	958	100%
Vietnam	Direct Labor	877	100%
	Indirect Labor	114	100%
Total		7,621	100%

* The contents of the Code of Conduct were communicated to the employees in the form of training by October 31, 2023. A total of 7,621 employees participated in the training.

Besides the communication with and training of employees with regard to ethical conduct, we have sent letters disseminating anti-corruption messages to all the members of the Board of Directors (currently 7 members) on a regular basis since 2014, and anti-corruption clauses have been added to the contracts entered into with our business partners. In addition, we send a letter of "Qisda Ethics Promotion" to our suppliers on an annual basis. The letter was sent to about 8,614 suppliers in 2023 to achieve our goal of zero incidents of corruption. In 2023, the Company did not receive any whistleblowing reports from the suppliers.

Report and Suggestion Communication Mechanism

The Company has established the **"Whistleblowing and Complaint Handling Regulations"** and the President mailbox; corresponding announcements on our website have been made concurrently. For serious inappropriate behaviors that violate internal policies relating to integrity, conflicts of interest and avoidance, fair trade, bribery and illegal payments, or any illegal or improper treatment, we have a complete set of procedures for whistleblowing reports and the communication of suggestions. When anyone or any matter is found to be non-compliant with the spirit of integrity or the regulations under the Ethical Corporate Management Best-Practice Principles, employees may send messages directly to the President through the President mailbox to get such cases handled by the company' s senior management. Employees and external stakeholders (e.g. suppliers, customers) can also file (anonymous) reports or complaints via the integrity mailbox (Integrity@Qisda.com) in Mandarin, English or other local languages. The Audit Officer is responsible for accepting the whistleblowing reports in relation to integrity, and the dedicated unit will launch investigations and compile investigation reports. Once the facts are confirmed, cases are handed over to the Personnel Evaluation Committee for further processing. Qisda strictly guarantees the confidentiality of the whistleblowers, ensuring their safety and protecting them from revenge attacks. In 2023, the Company did not receive any whistleblowing reports.

Category of Code of Conduct/ Number of Valid Cases	2020	2021	2022	2023
Number of whistleblowing reports regarding violation of Code of Conduct (related to ethics)	0	0	0	0
Corruption or bribery	0	0	0	0
Discrimination or harassment	0	0	0	0
Customer privacy/personal data protection	0	0	0	0
Conflicts of interest	0	0	0	0
Money laundering or insider trading	0	0	0	0
Fair competition	0	0	0	0
Trade secrets	0	0	0	0
Others	0	0	0	0
Number of valid cases (with violation of business ethics confirmed after investigation)	0	0	0	0

Principles of Punishment

Explanation of the Principles of Punishment and the Zero-Tolerance Policy

According to Qisda' s Code of Conduct, we will take on a zero-tolerance policy when dealing with any violations of the code and investigate whistleblowing reports in a timely manner. Depending on the severity of the circumstances, the employee concerned may receive verbal admonitions or warnings in writing. For more severe violations, employees can be dismissed in accordance to local laws and the employment contract. They will also be punished and asked for reparations as dictated by law.

A. Violating the Company' s policy

B. Asking others to violate the Company' s policy

C. Failing to promptly report the non-compliance found or suspected

D. Failing to cooperate in the investigation conducted for possible non-compliance with a certain policy

E. Taking revenge on the employee who reported the non-compliance

In order to effectively make sure that all the employees adhere to the ethics of the Code of Conduct, Qisda has accepted RBA VAP and SA8000 external audits on a regular basis at our manufacturing sites around the world. Since the first implementation of third-party audit in 2006, there is yet to be any non-compliances with the requirements of our Code of Conduct.

Legal Compliance

Qisda's operating bases are located all over the world. We fully comply with the laws and regulations in Taiwan and different countries, and have established relevant policies and by-laws accordingly, with the scope covering personal data protection, confidentiality, anti-bribery, anti-discrimination and anti-harassment, environmental protection, health and safety, fire protection, intellectual property right protection, anti-insider trading, anti-competition, human rights protection, etc. In order to ensure internal regulations adhere to changes in policy, a control system has been set up. Relevant dedicated units implement the compliance according to laws and regulations, and review legal changes to correspondingly adjust or arrange new communication and training on internal legal compliance. It thereby supports the departments to perform their duties in accordance to the law, and takes auditing measures to make sure that the performance of duties is in line with relevant requirements.

All the employees of Qisda must participate in the communication and training on legal compliance escalating our business performance through interdepartmental collaboration. Internally, we ask our employees to maintain ethical integrity in an active manner, and improve occupational health and safety by providing a safe, healthy and pollution-free work environment. In terms of the entire product life cycle, we proactively reduce the use of environment-related substances, not only abiding by environmental regulations but also constantly mitigating our impact on the environment. Meanwhile, we carry out our internal anti-trust law compliance plans through education and training for new hires, newsletters, online training courses, and dissemination posters. In 2023, the Company faced no lawsuits on antitrust grounds. In addition, the Company has taken response measures for the EU General Data Protection Regulation (GDPR), such as education and training, impact analysis of the laws and regulations that the relevant departments are involved in, and so on. The project teams have implemented and set up applicable legal compliance mechanisms like management procedures or templates of forms and documents. Also, we have tracked and paid attention to the legal development trends of personal data protection laws in different countries to stick to responsibilities regarding personal data protection. Qisda did not have any significant violations or fines in 2023*

* Definition of a significant violation: Any single incident that results in (1) a fine of more than NT$2 million or (2) restrictions imposed by the government or a regulatory agency or public institution on the activities or operations of the organization. Non-significant violations: Due to insufficient records of employee work hours, the company was fined in 2022 (fines range from NT$20,000 to 300,000). Qisda has improved their attendance system since the violation, and has not had any further violations in 2023.

Operational Performance

Financial Performance

In 2023, as the global economy has yet to fully recover and customers have adjusted their inventories, Qisda' s consolidated revenue was NT$203.6 billion, which was NT$36.2 billion less than that of the previous year. The consolidated operating profit totaled NT$5 billion, and the consolidated post-tax profit was NT$4.5 billion; the net profit attributed to the owners of the parent was NT$3 billion, and the EPS after tax was NT$1.51.

The following table details Qisda' s operational performances in the past four years. This information has been disclosed in the financial highlights section in the Company's annual report and consolidated entities covered in the Company' s consolidated financial statements have been disclosed in our 2023 financial statements. According to laws and regulations,

2023 Economic Value Distribution of Qisda's Parent Company in Taiwan

Unit: NT$

	Item	Amount	Note
A. Direct Economic Value Generated			
a	Revenue of the parent company in Taiwan	75.4 billion	
B. Economic Value Distribution			
b	Operating cost	71.8 billion	
c	Employee compensation and welfare	3.4 billion	Employment expenses
d	Payment of interests or allocation of dividends	4.48 billion	Net amount of interest expense of NT$550 million; dividends of NT$3.93 billion allocated to the shareholders
e	Tax	140 million	Income tax
f	Investment in communities	N/A	
Economic Value Retained=A-b			
Total economic value retained		-4.4 billion	

tax preferences such as tax exemption or investment tax credits are applicable to Qisda's capital increase or investment in machinery, equipment, and R&D. In 2023, Qisda's companies and the plant in China received a tax credit of NT$120 million as per laws and regulations.

Qisda's Operational Performances in the Past Four Years *

Unit: NT$ million

Item \ Year	2020	2021	2022	2023
Operating revenue	191,702	225,961	239,837	203,595
Gross operating profit	26,827	32,557	34,561	33,076
Operating profit (loss)	6,613	7,361	5,852	5,011

Tax Governance

The Company implements tax governance and executes regular trading principles pursuant to the letter and spirit of local tax laws of the countries where our operating bases are located. The tax policy is approved by the Chairman. The Company does not engage in radical tax planning or participate in tax avoidance schemes that lack legitimate business purposes. Additionally, we refrain from utilizing tax havens or secrecy jurisdictions for tax avoidance activities. We improve the transparency of information by disclosing tax information to stakeholders in our financial reports and local tax returns. The tax department is responsible for the tax governance of the Company and the financial department of each major subsidiary is responsible for the tax governance of their respective companies. All the significant transactions and decisions of the Company are planned pursuant to local tax laws and agreements, and whether regular transactions meet local tax laws is verified regularly at each operating base. If the competent taxation authority has questions about any transactions of the Company or significant subsidiary, the tax department of the Company forms a project team to communicate with local taxation authorities about tax related issues. In addition, the Company submits a country-by-country report of the previous year pursuant to laws and regulations at the end of the year and conducts a secondary filing in the Netherlands to be used by taxation authorities outside of Taiwan.

Disclosure of Tax Information in Recent Two Years

Unit: NT$ thousand

Item \ Year	2022	2023	Average tax rate in global electronics industry
Earnings before Tax	16,623,301	6,319,740	
Reported Taxes	5,544,231	1,803,661	
Effective tax rate (%)	33.35%	28.54%	22.5
Cash Taxes Paid	2,308,616	5,404,706	
Cash tax rate (%)	14.69%	85.52%	24.35

Note: The average tax rate in global electronics industry is derived from the data published by S&P Global.

Description: The effective tax rate of the Group in 2022 and 2023 were higher than the average tax rate in the global electronics industry. The 2022 cash tax rate was lower than the average tax rate in global electronics industry, because Qisda and its subsidiaries applied for relevant investment credits for the deduction or exemption of other taxes payable under the Statute for Industrial Innovation and applied for appropriate tax preferences and subsidies based on the business type of each company. The 2023 cash tax rate was higher than the average tax rate in global electronics industry, because the income tax expense on the disposal of overseas subsidiaries in 2022 was paid in 2023.

* This is the consolidated income statement with IFRS adopted; this table includes all consolidated entities of our consolidated financial statements.

Risk Management

Since 2005, Qisda has formulated risk management policies and established the Risk Management Committee (RMC) in accordance with the ISO 31000 Risk Management–Principles and Guidelines. With importance placed on the systematic operation of risk management, the vision and policies for risk management are established, management goals are set and performance indicators are routinely followed up on. Furthermore, risks that are likely to have negative influence on our operating goals are regularly identified, assessed, handled, reported, and monitored every year. By implementing these measures, we effectively control the risks that exceed the Company' s risk tolerance. Meanwhile, management tools are utilized to ensure the optimization of total risk management cost and the risk management mechanism is incorporated into the routine operations.

Vision for Risk Management

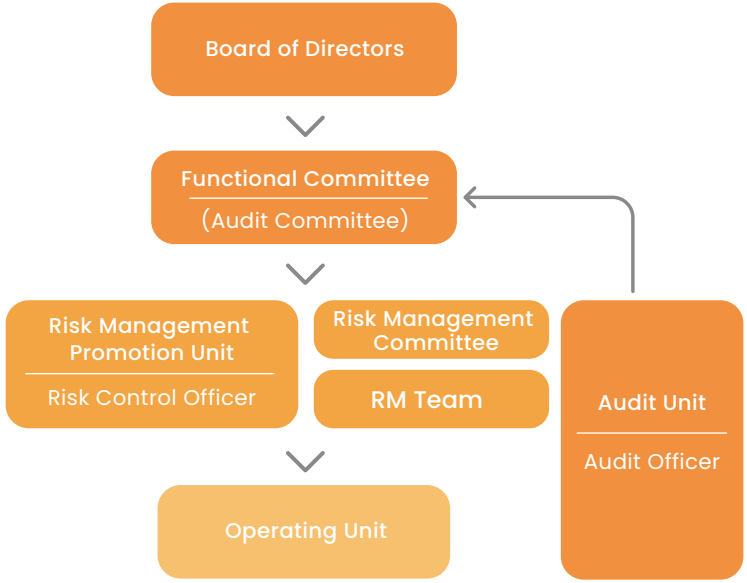
- The Company is committed to the continuous provision of products and services to create long-term values for the customers, shareholders, employees, and society.
- In terms of risk management, a systematic organization and risk management procedures are required to effectively identify, assess, handle, report and monitor the significant risks that can impact our business survivability in a timely manner, and raise the employees' awareness of risks.
- Instead of having "zero" risks, our goal is to optimize risk management costs by achieving the greatest profit under the acceptable risks.

Corporate Risk Management

Risk Management Policies and Governance Structure

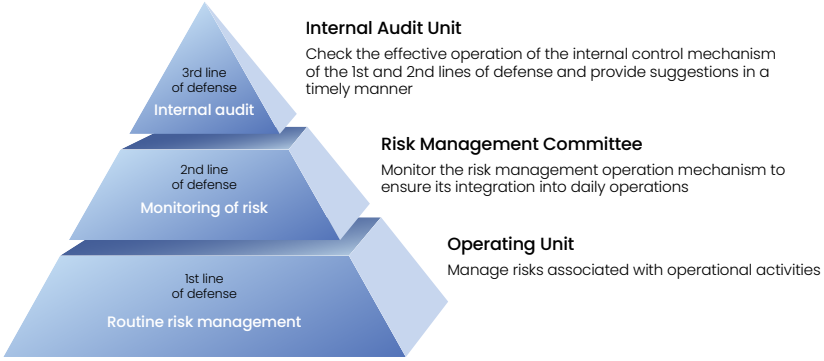
Qisda has established risk management policies and procedures that have been approved by the Board of Directors as the highest guiding principle of the Company's risk management. The Board of Directors, serving as the top decision-making unit for the Company' s risk management, plays a role in ensuring our operational strategies are consistent with the risk management policies, overseeing the operation of the risk management mechanism and verifying its effectiveness. We have five independent directors specializing in financial and governance risk management, IT risk management and information security risk management. The Audit Committee assists the Board of Directors in risk governance; it reviews the policies, procedures, and implementation of risk management to keep track of the effectiveness of risk management, checks the risk appetite, and ensures that the risk management mechanism and resource allocation can constitute an effective response to the risks we face. The Audit Committee also reports to the Board on the implementation of risk management on a regular basis.

Risk Governance Structure



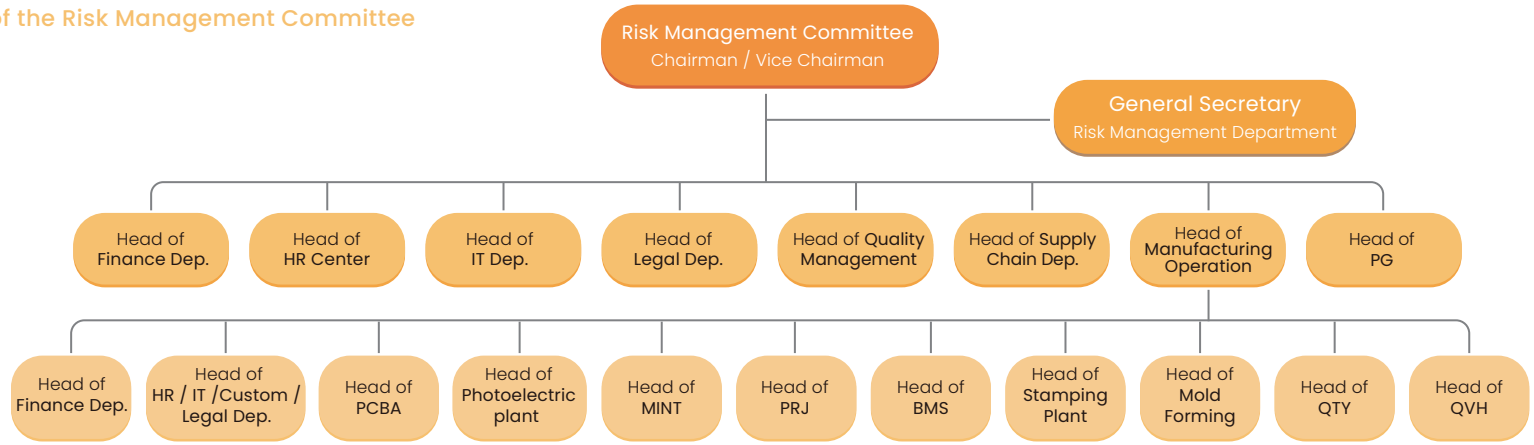
Risk Management Structure and Procedures

In June 2005, Qisda established the inter-departmental Risk Management Committee (RMC) to pursue the Company' s goal of sustainable development and operation through consistent risk management based on four categories: strategy, finance, operation, and damage. With the President serving as the committee chair, the Sustainability & Risk Officer serving as the vice chairman, and the top-level executives of different units acting as the committee members, it discusses and determines the risk management strategies, decides on the risk appetite, and sets annual targets and risk performance indicators of Qisda, incorporating the risk management mechanism into the routine operations.



Qisda has established three lines of defense for risk management. First, each operating unit implements risk control in daily work. For example, the procurement, sales, and factory units work together to regularly monitor inventory levels and hold review meetings to reduce excess inventory or avoid the impact of material shortage on production and shipment. In addition, according to the emergency notification management regulations, when the severity of an accident reaches a predetermined standard, a notification and contact procedure shall be implemented to reduce the occurrence of the accident or prevent it from worsening. As the second line of defense, the Risk Management Committee analyzes the annual Top 3 risk items according to the procedure, identifies the factors of each risk item, sets Key Risk Indicators (KRIs) and their contents, and regularly collects and monitors change in KRI values to achieve the risk warning function. The last line of defense is annual internal audits. The Audit Office draws up an annual audit plan with reference to the annual RMC Top 3 risk items and the material risks identified every year. It performs relevant audits on a regular basis and conducts an overall internal control assessment every year to ensure that the control guidelines are implemented within monitoring coverage of the daily operation. The Audit Committee conducts risk governance, reviews the effectiveness of risk management, and regularly reports the implementation of risk management to the Board of Directors. In addition, annual external audits are conducted to reduce operational risks, such as the quality management unit ISO9001/ISO13485/QC08000. Simultaneously, we plan to complete the ISO 31000 external verification in 2025.

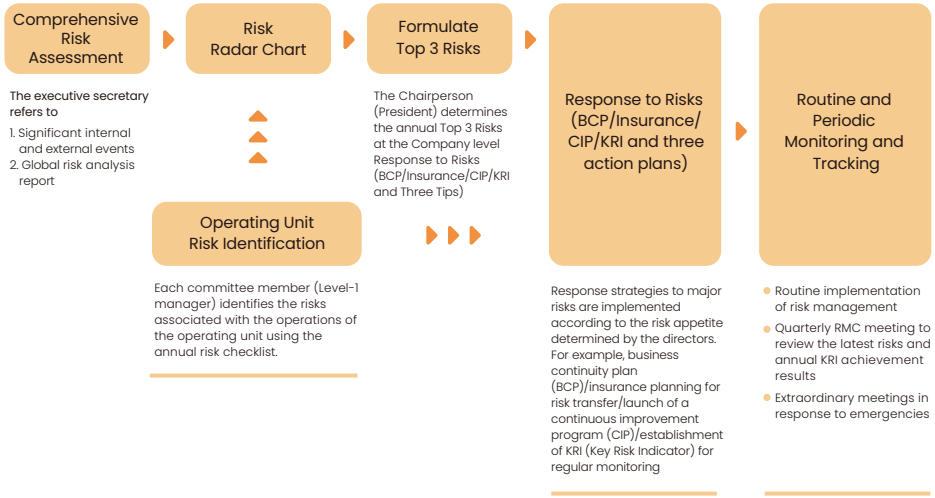
Organization of the Risk Management Committee



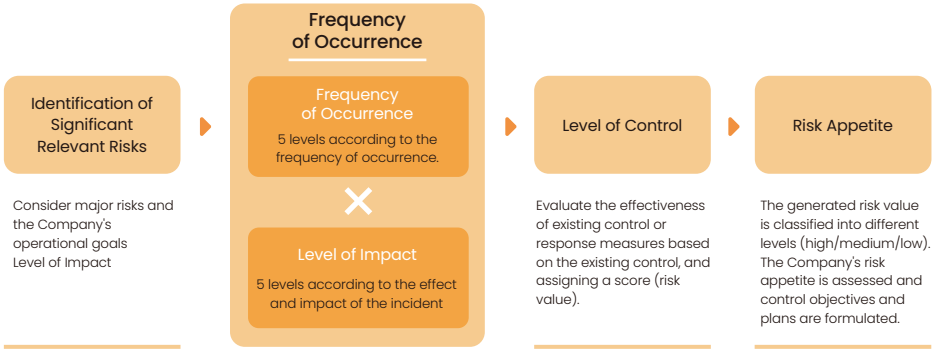
In addition, The Sustainability & Risk Officer is appointed to be the executive secretary of risk management to identify potential risks based on internal and external matters, prepare risk radar charts, arrange risk management meetings, conduct quarterly follow-ups to the risk targets, stay on top of the implementation of improvement plans, and facilitate interdepartmental communication. The operations of the Risk Management Committee are supervised by the Audit Committee/Board of Directors; a report on the implementation of risk management is submitted to the Audit Committee/Board of Directors every year.

The Risk Management Committee meets quarterly; extraordinary meetings may be held if any matters of concern arise. The Committee conducts a comprehensive assessment and analysis every year. It refers to the global risk reports of domestic and foreign professional institutions and focuses on climate-related, human rights, nature-related, and biodiversity risk issues. Simultaneously, the Committee considers the impact on the Company's operations to determine the annual Top 3 risk items at the Company level. Each committee member performs risk identification (frequency of impact, scope of impact) and formulates risk countermeasures (degree of control) for relevant issues within the unit using the annual risk checklist to identify material risks. It takes comprehensive consideration of risk items that have a greater impact on the Company's operations and conducts risk responses, such as the business continuity plan (BCP)/insurance planning for risk transfer/the launch of a continuous improvement program (CIP). The Committee establishes quantifiable Key Risk Indicators (KRIs), considers significant internal and external events occurring in the past, assesses their impacts on the Company based on risk topics of different natures, and determines the risk appetite. The results are reviewed at the RMC meeting upon approval of the Board of Directors. Also, the Committee reviews significant issues, legal changes, abnormal incidents, etc., occurring both locally and abroad in the meetings to propose effective countermeasures and thus ensure that the organizational goals can be achieved. In the case of COVID-19, for example, it is estimated at the meeting that production capacity will be seriously impacted when over 30% of employees on the production line test positive for COVID-19, in turn impacting the shipment and sales for the month. For this reason, the risk appetite will be set so that the numbers of employees contracting COVID-19 and taking time off does not exceed 30%. At the same time, three action plans are formulated as countermeasures and strategies. A total of 10 Risk Management Committee meetings were convened in 2023, including 4 regular meetings and 6 extraordinary meetings. (These were convened individually at overseas operation locations).

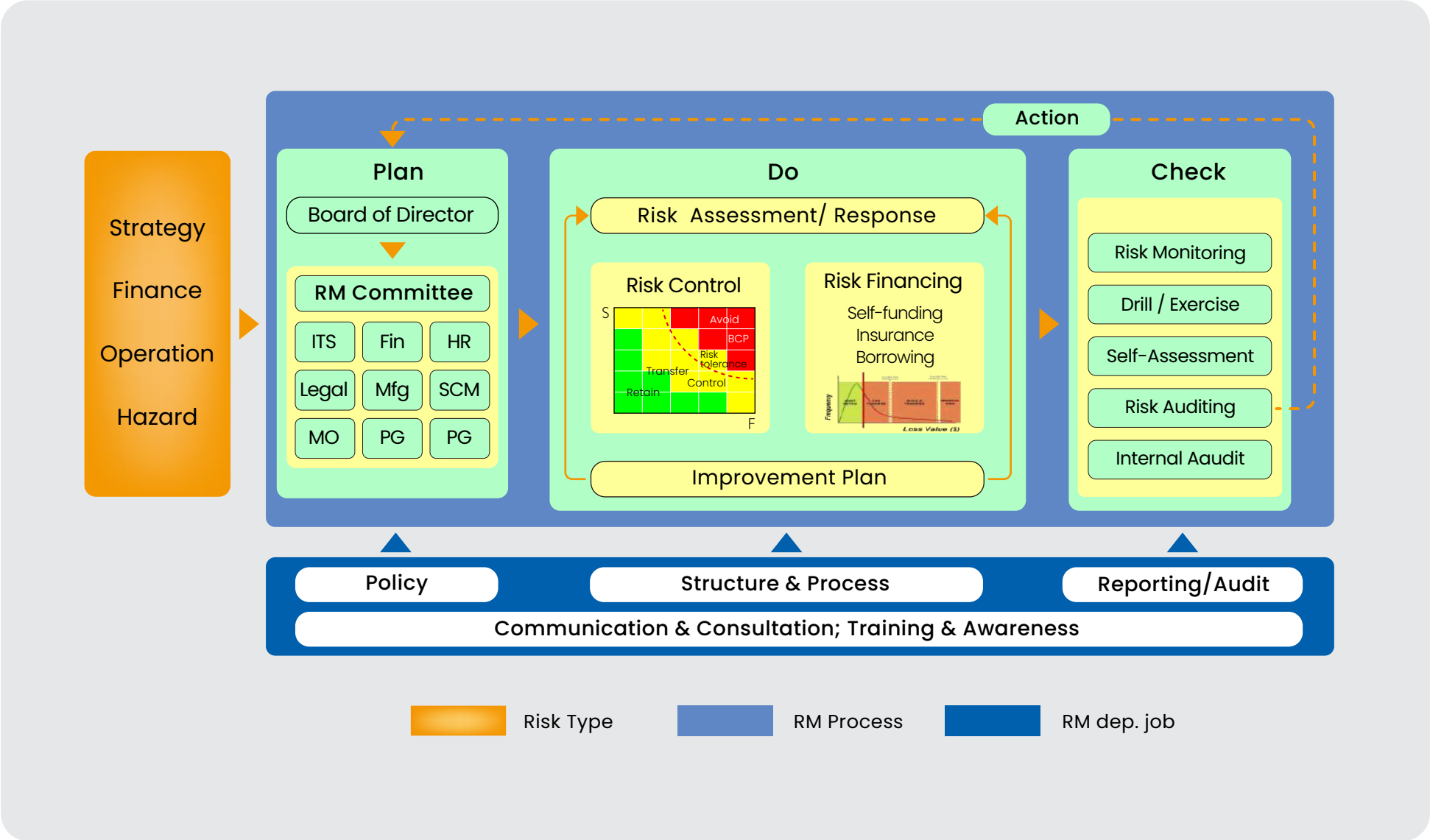
Risk Control Process



Risk Appetite Determination Process



Risk management structure



Risk Management Structure and Procedures

Risk Category		Focus	Sensitivity Analysis	Stress Testing	Countermeasures
Non-financial Aspect	Risk of business interruption due to significant statutory notifiable diseases	Percentage of infected employees	90% of the production capacity of Qisda is in China. In light of government regulations, such as the zero-COVID policy, which may impact the Company's operations, the RMC continues to pay attention to the epidemic through weekly and extraordinary meetings, thus maintaining the Company's operations and production capacity.	If the weekly number of confirmed cases exceeds 30%, it may affect the normal production and shipment.	Procurement of sufficient pandemic prevention supplies; taking self-tests to slow the spread risk of COVID-19; implementation of various pandemic prevention measures. RMC holds temporary or weekly pandemic prevention meetings to monitor and respond accordingly. 1. Prohibit visits to other sites or floors for conversation purposes (telephone/video conferences were used to facilitate communication instead) 2. Shift adjustments/shift work pattern/WFH *7 days fully implemented (by site) 3. Staggered people flow for internal control. 4. Provision of meal boxes in place of the food in the cafeteria. 5. Prohibition of unnecessary visit; negative COVID-19 certificate required for necessary visit.
Financial Aspect	Bad debt/credit risks	Quick collection of accounts receivables to reduce the risk of bad debt	Inability to obtain sufficient credit insurance limit from customers, which affects shipments, or unable to receive payment on time, which has a negative impact on sales.	If the bad debt ratio is higher than 0.06%, the Company's irrecoverable accounts receivables will increase, which will directly reduce the Company's net profit and affect the financial health, credit rating, borrowing cost, and financing ability. In addition, the bad debt ratio higher than what is expected may cause investors to worry about the Company's future profitability.	1. Arrange credit insurance to diversify risks. 2. To monitor and reduce risks, annual KRIs and three tips are determined at the RMC meeting, and follow-ups and reviews are conducted at the quarterly RMC meeting: ● New customers cannot obtain the insurance limit and need to provide other guarantees or advance receipts before shipment. ● The insurance limit is insufficient due to an increase in the transaction volume of the existing customer. It is necessary to obtain the insurance limit, and the shipments are carefully assessed based on the type of customer and the payment status. ● The existing customer does not have sufficient insurance limit because the insurance company adjusts down the limit, and it is required to control the shipment within the insurance limit, or the customer shall be requested to pay the receivables that have insufficient insurance coverage earlier.

Qisda has established risk management mechanisms at different levels based on the severity (sensitivity) of non-financial and financial impacts. Non-financial impacts cover employee health and safety, environmental safety and health regulations, and the Company's reputation; Non-financial impacts cover the risks of significant accidents and disasters, labor disputes, information security, and equipment abnormalities. Once risks of different levels occur, in addition to the established contingency plans, emergencies are reported through the RMC organizational structure. The senior executives make top-down decisions and relevant execution units carry out damage and disaster reduction actions to minimize negative impacts. For example, in 2023, in response to the emergencies such as the Russian-Ukrainian war, the Israeli-Palestinian conflict, and the Panama Canal drought, the sales and procurement units investigated the impact these events had on upstream and downstream supply chains and responded immediately to ensure that the shipment, incoming material, and production were safe. In the face of the ever-changing environment and world situation, global emergent and unexpected challenges are frequent. After sensitivity assessment, we adjust risk management measures and improve response capabilities for possible material risks to the organization to ensure the sustainable operation of the Company.

Risk Identification Results

In 2023, Qisda' s Risk Management Committee identified 34 key risks with the risk radar chart and the risk checklist, and set key risk indicators that could be quantified. Categories include:

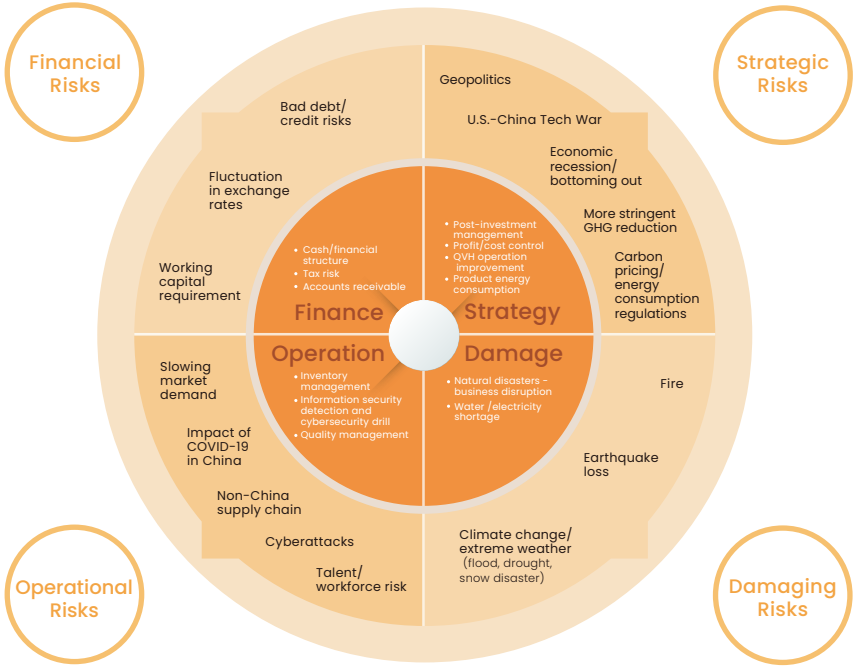
1. **Finance:** The risk of increase in the financial debt ratio (syndicated loans) must be < 100%;
2. **Management:** Compliance with climate change regulations in various countries and the requirements of new green product regulations, control of costs, and prevention of significant impacts to the shipment of products.

In addition to the major global risk of climate change, there are also risks such as geopolitics, the Israeli-Palestinian conflict tense US-China relations, and exchange rate fluctuations. These indirectly cause supply chain disruption, demand decline, and inventory increase, bringing significant impacts on corporate operations. Each unit has set control objectives and contingency guidelines in an effort to minimize the impact on the Company's operations.

Due to the slowdown in global demand for electronic products and the impact of international inflation, the KRI Accuracy Rate in 2023 decreased to* 82%. KRI items that do not meet the standards continue to be controlled by the Risk Management Committee in 2024 to strengthen contingency plans and reduce the impact on the Company's operations.

* The formula for calculating the KRI accuracy rate is the number of KRI items that meet the target in the current year divided by the total number of items in the current year x 100%. In 2023, there were a total of 34 KRIs, of which 28 reached the goals. As such, the accuracy rate was calculated to be 82%.

Qisda's 2023 Risk Radar Chart for Risk Identification



2023 Top 3 Risk

1	**Strategic risks** For example	• Declining demand • Profit/cost control • Ramp up speed of QVH operation
2	**Operational risks** For example	• Impact of COVID-19 in China • Information security risk/detection and cybersecurity drill • Quality Risk
3	**Financial risks** For example	• Accounts receivable • Tax risk • Financial structure

Business Continuity Management System (BCMS)

In accordance with the framework of ISO 31000 risk management principles and guidelines, Qisda assesses the potential impact of various risks on corporate operations to implement corporate governance, achieve sustainability goals, and protect stakeholder rights. The Company's risk management framework and business continuity management system are based on three major approaches, namely: identification and prevention before an accident, loss control and mitigation during the accident, and recovery and transfer after the accident. The Risk Management Committee defines the significant risks, simulates risk scenarios, and assesses the impacts of these risks on the organization' s operations. Business continuity plans (BCP) are developed based on the risk scenarios, and updates of risk scenarios and drills are continually carried out to ensure that the organization can keep working through disruptions that may impact the Company' s operations. This ensures the impact of risks can be mitigated when risks occur and operations can return to normal as soon as possible.

In addition, the Company' s Business Continuity Management System (BCM) takes reference from the ISO 22301 guidelines to formulate BCPs in response to material risk scenarios. We identify and control risks before an accident occurs, limit losses when an accident occurs, and quickly resume the provision of products and services after an incident occurs. The scope covers information, procurement, factory, and human resources, such as ISO27000, ISO28000, ISO45001, ISO14001, and SA8000. Furthermore, we have set up a joint defense mechanism centered around Qisda and covering more than 170 companies thereunder, integrating the loss prevention resources of the Group and enhancing their emergency response capabilities through discussions on projects at regular meetings, information integration, and sharing of practical experience, in order to reach the target of risk control. In 2023, the Qisda Group convened 6 regular meetings in total, making emergency responses, business continuity plans, CSR/ESG, and education on risk management culture accessible to employees of companies under the Group through a platform. Via educational training and practical drills, the Group has developed rapid crisis response and handling capabilities. The mechanism of sharing resources, information, and experience has enabled the Group and the companies to have robust prevention and management measures in place before the risk events happen as well, reducing the occurrence of accidents from the very beginning.

Structure of Qisda corporate risk management and BCMS

Implementation Results of Business Continuity Management Plan

Since 2004, Qisda has successively updated and developed business continuity plans (BCPs) for different scenarios based on international trends, legal requirements, internal changes in and adjustments to the Company' s product lines, and topics that the customers are concerned over, with a view to cope with urgent and material risk events. To boost the employees' familiarity with how to carry out the plans, BCP drills are performed on a periodic basis. The scenario planning and repeated practice of countermeasures under a variety of simulated scenarios help enhance the employees' risk awareness and response capabilities. This way, the Company can rapidly implement the plans when any risk event occurs, achieving the target of bringing the operations back to normal as quickly as possible. All the BCPs are described in "Crisis Management Manual" and act as guidelines for the Company when incidents of significant impact occur.

In the event of a global outbreak of COVID-19, the Risk Management Committee has convened multiple extraordinary meetings from February 2020 to March 2023 to closely monitor the global pandemic and prevent it from affecting corporate operations. We also followed the policies of the CECC and adjusted the Company's response instructions in a timely and active manner. Our employees, except for those on the production lines and

in R&D, have adopted the WFH pattern since April 2022, with their rapid self-test results reported every week. We have encouraged the replacement of physical meetings with online ones, reduced direct contact among employees with partitions in meeting rooms and the cafeteria, required the incoming suppliers and visitors to take rapid tests, etc., to keep the weekly percentage of infected and isolated employees below 5%. In May 2022, we managed to have a hotel become our own quarantine hotel through the integration of the Group resources and collaboration with relevant government units, meeting the needs of our employees (including migrant workers) for isolation of confirmed cases to lower the risk of pandemic. At the beginning of 2023, the Company continued to monitor the number of confirmed cases of COVID-19 to prevent the number of confirmed cases from exceeding 30% at the same time consequently affecting production and shipment. This was set as the KRI target for the factories. In addition to the quarterly RMC review, an extraordinary meeting at the Group level was convened for monitoring purposes. We have actively implemented epidemic prevention and control to reduce the spread of the infection, effectively controlling the infection rate to under 10%. During the three-year period, all units of the Company acted in line with the pandemic prevention measures to ensure the sustainable operation of the Company.

In addition, in response to the expansion of the mass production scale of the Vietnam Plant, the implementation of the operation continuity plan was completed in 2023 to further identify the risks in the organization, establish a BCP team, provide relevant training for members, allocate corresponding resources, and implement fire safety management. Fire drills were conducted to strengthen the operational resilience after the disaster and minimize the impact.

Risk Culture

To secure Qisda' s corporate culture of risk management, the Company has incorporated various risk management indicators into the daily management performance, and included Qisda Top 3 risks in KPIs for measurement. For example

1. Revenue and profit are one of the important strategies for risk control. Therefore, each department sets revenue and profit as a KPI target accounting for 60% of the overall performance to ensure that the Company's overall operating performance meets the target.
2. To control the Company's information security, the IT department has set operational disaster recovery as a KPI to avoid operational risks and ensure that the operating system can be restored within 6 hours after a system attack.

As for general employees, the ability to identify and respond to risks is also included in the behavioral standards section of their performance evaluation. All employees are subject to the performance evaluation once every six months, and the performance bonus is paid with reference to the achievement of their KPIs.

Further, we provide risk-related education and training on a regular basis. In 2023, online and on-site education and training on the culture of risk management was delivered to all employees. The vision and procedures of the Company' s risk management were disseminated, and the content focused on the three main phases – "prevention and detection before the matter," "impact reduction during the matter," and "claim and recovery after the matter" – to improve the employees' understanding of risk management. There were 7,621 employees in the Company, and their online training hours totaled 7,621 hours; 100% of employees attended this training. For other high-risk items, we also arranged relevant training sessions or drills to heighten the employees' awareness of risks; the training topics included, among others, the BCP drills for fire and earthquake, information security risks, employee integrity risks (e.g., insider trading, corruption risks), GDPR risks, occupational health and safety (earthquake and fire safety), and safety at work.

Whenever the employees find any identifiable, existing, or potential risks during the life in the Company, they may make immediate or early reports through the President mailbox, 2885 platform, secretary of their unit, employee representatives, HR contact person, gate guard, risk management unit, etc., to avoid and prevent any accidents and disasters. If they have any problems with their work, they can also check the contact information of all responsible units announced by the Company, report and handle the problems right away via multiple channels such as phone calls/MVPN, email and communication software (Skype/Teams/Line/WeChat/Messenger), and follow up the matter until the case is closed. With such procedures, the problems can be solved and the risks can be minimized. Meanwhile, labor–management meetings in which the Company engages in face-to-face conversation with the employee representatives are held periodically to understand and respond to the needs of the employees.

Qisda's products undergo risk management assessment during the process of design; this will be recorded in the documents of design. The engineers also have to measure the risk impact in relation to each requirement for engineering change, if any. In the future, we will continue to enhance the employees' awareness and the Company's culture of risks through a variety of innovative methods.

In addition, regarding the GDPR, we regularly invite consultants to give courses every quarter to share the most recent developments in international privacy laws and regulations. We also invite each unit to put forward the incidents encountered at work for discussion, in order to strengthen and clarify concepts for the employees and thereby reduce the risk of violation noncompliance. Qisda must follow the seven major stages of the internal "New Product Development Procedure" during the product development process (conception, planning, design, trial production, engineering trial, trial production, and mass production) to control the design change factors in the product development process and ensure product quality. Risk is incorporated into the development process and the NUDD Checklist (New, Unique, Difference, Difficult) is used to identify high, medium, and low risks in product design to effectively control and reduce risks. For some specific products, risk management assessment reports and risk management files are prepared during the planning stage. The risk management reports and risk review records cover the contents of the risk management plan, intended use, hazard identification, risk analysis, risk control, residual risk assessment, and post-production information. (Note: Qisda internal rule QTY0-0B-007 "New Product Development Procedure" ; Qisda internal rule QTY0-0B-008 "Q System Technical Data Management Procedure" , Document Nos. Q10-108 Risk Management File & Q20-208 Risk Management File & Q20-208 Management Report)

Long-term Emerging Risks

Qisda' s Risk Management Committee has identified the long-term material risk issues in Q4 2023, among which emerging risks regarding information security and extreme weather events were analyzed and countermeasures were taken as followed:

Probability of Failure

5 High	No clear control method
3 Medium	Control methods & verification available
1 Low	Verified and effective control methods at exit Q30 stage

Severity of Impact

5 High	Incompliance with specifications, functional failure
3 Medium	Compliance with specifications and possible customer satisfaction concerns
1 Low	Compliance with specifications

Risk Category	Operational risk
Risk Item	There are various methods of cyberattacks, and emerging technologies such as AI are used to exacerbate the complexity and damage of such attacks.
Description of Risk	As artificial intelligence (AI) and machine learning (ML) technologies mature, hackers leverage new technologies to optimize their operation modes, increase the speed and power of attacks, and expand the impact of the information security incidents.

Impact on the Operations

1. The cyberattack caused interruption of the Company's operating system, making production and shipment impossible.
2. Risk of data theft and breach
3. Risk of impairment of goodwill

Countermeasures

Monitoring is performed through third-party cyber security risk management systems, such as Security Scorecard; information security system risk analysis is performed consistently.

Formulate corporate information security policies in accordance with the ISO 27001 international information security standard, pay attention to laws and regulations, conduct annual risk self-assessments, and implement control and solutions for high-risk issues.

Introduce a vulnerability scanning mechanism to scan the vulnerabilities of each system at least once every two weeks to ensure the security of the Company's systems.

Regularly perform system restoration drills and back up data to a remote location every day.

Require third-party service providers to sign contracts and comply with confidentiality and network security regulations.

Regularly organize information security online education courses and email social engineering drills for all employees to enhance their information security awareness and incorporate this into daily operations.

Risk Category

Strategic risk

Risk Item

With the advent of flexible work mode and diverse job options, it may be challenging to recruit and retain suitable talent and workforce.

Description of Risk

The sudden and unstable global situation has shifted production centers and transformed values, causing a labor supply-demand imbalance. Workers now prioritize work-life balance, freedom, and flexibility. With intensifying tech competition, the Company is actively transforming, increasing the demand for key talents. The Company faces rising labor costs and the need for new talents.

Impact on the Operations

Impact on business operations:

- The Company's future development and product design must be implemented and developed by outstanding key talents to create competitiveness. Without key talent, no company can compete.
- Insufficient labor productivity makes it impossible to fulfill orders. This will reduce the Company' s revenue.

Countermeasures

Construct a friendly work environment and a comprehensive wage and welfare system to create a happy workplace.

Improve employee' s capabilities and plan learning in all aspects. This includes strengthening relevant knowledge and skills, such as the trend of AI transformation.

To solve the manpower gap, we promote the digital transformation plan to introduce artificial intelligence and automation into the production line. We also encourage the application of RPA (robotic process automation) to solve the problem of the declining labor force.

Encourage employees to perform job rotation, which not only facilitates employee growth, but also achieves talent retention and makes the organization stronger.

Optimize the recruitment process, attract suitable talents more effectively, and quickly respond to market change. For example, through industry-academia collaboration and campus recruitment, we help new employees get to know the Company and join the team earlier.

The corporate culture emphasizes teamwork, respect, and diversity, and we actively demonstrate a positive company image. We adhere to the principle of sustainable management.

Information and Privacy Security

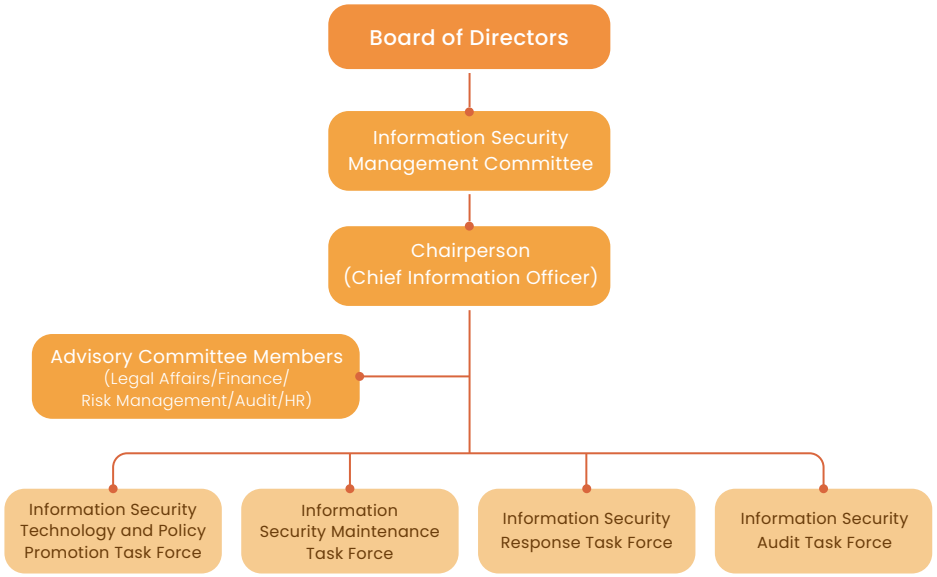
Information and Privacy Security

To protect the confidentiality, integrity, availability, and legality of IT assets from intentional or accidental threats posed internally or externally, and to ensure the business continuity of the Company, we have developed the corporate information security policy in accordance with ISO 27001, the international information security standard, and passed and obtained the ISO 27001 certification in August 2020; the certificate was renewed upon expiration after passing the reexamination in July 2023. The certified scope covers 100% of Qisda' s operations and key systems. Conversion to the ISO 27001:2022 version is expected to be carried out in 2024.

Link to our information security policy: http://portal/pdf/%E8%B3%87%E8%A8%8A%E5%AE%89%E5%85%A8%E6%94%BF%E7%AD%96.pdf

To achieve better implementation of information security management, Qisda has formed the Information Security Management Committee to take charge of the overall information security risk management. The committee consists of the President, top-level executives of different units, and the Chief Information Officer. With the President acting as the convener and the Chief Information Officer as the chair (Chief Information Officer: Li-Wen Huang), it is responsible for the regular discussion and review of the Company' s information security plans and response measures, etc. The Information Security Management Committee meets every six months, reports the management performance to the Chairman or the President every quarter, and reports management performance, information security issues, and directions to the Board/Audit Committee at least once a year. Reporting for 2023 was completed in November.

Organizational Structure of Information Security Governance



The Company' s independent director, Allen Fan, graduated from National Taiwan University with the bachelor's degree in electrical engineering, and was formerly an executive in an industry related to information security, such as the President of Microsoft Taiwan and the Vice President of HP. Another independent director, Jyuo-Min Shyu, graduated from UC Berkeley with the doctoral degree in electrical engineering and computer sciences, and has formerly played a role in deciding the national information security regulations and development as the Minister of Science and Technology of ROC. These two independent directors provide guidance and suggestions with regard to the Company's information security policy based on their relevant experience.

Information Security Risk Management

To reduce information security risks, Qisda acts in accordance with the information security policy, ensuring a good information security management mechanism through multiple approaches such as implementing operations management and other key measures for data protection, as well as raising awareness of data protection. In terms of the prevention of information security incidents, the vulnerability scanning system has been introduced for regular vulnerability scanning of each system at least once every two weeks, so that our system safety is guaranteed and no sensitive information will be leaked due to system vulnerabilities. Also, we arrange a system recovery drill every year and make remote backups of ERP data every day.

For the information security management of suppliers, the cyber security risk management system, SecurityScorecard, has been adopted to analyze ten major risk categories, including cyber security, robustness of the network naming scheme, vulnerability repair, endpoint security, IP credit rating, and app security. The information security system risks are thus monitored and continuously analyzed. We have set the target of maintaining an overall SecurityScorecard score of 95 or above (out of 100; the average score in the industry is 85); the score has been maintained at 95 in the past three years.

The following important projects related to information security were introduced or implemented in 2023:

1. SOC (Security Operations Center): Integrate and manage cyber security information in different circumstances, conduct emergency response to information security incidents in accordance with the control mechanism, and integrate and analyze security incidents to ensure information security.
2. Red team drills: Perform the drill at least once every six months to help the Company discover vulnerabilities in information security and verify detection and response capabilities, so as to continuously strengthen and improve the Company' s information security protection capabilities.
3. PAM (Privileged Access Management): Access security policy for privileged accounts, used to control, supervise, protect, and audit privileged identities and activities in the enterprise IT environment.

With the establishment of the information security management system (ISMS), Qisda has developed and periodically reviewed relevant indicators based on the information security policy, and continues to enhance the Company' s information security control mechanism, reducing information security risks through the PDCA system.

Information Security Policy Measurement Indicators

Information Security Control on the Internet

- Check the user accounts of the production operating systems
- Perform spot checks on settings concerning system security of the production systems and PCs (incl. laptops, public computers, workstations, and file hosts)
- Review and check the firewall rules

Data Access Control

- Have all the employees sign the non-disclosure agreement
- Check the user accounts of the production AP
- Request that any changes to the application systems shall be subject to authorization and made within the scheduled period
- Retain the records of personnel entering and leaving the computer rooms and give appropriate authorization

Response and Recovery Mechanism

- Assess the risks, and put forward and implement an improvement plan within one month
- Report the information security incidents (if any) within the specified period
- Arrange drills for continuous operation and review the availability of the fundamental equipment in computer rooms and the perimeter network on a regular basis every year
- Annually perform vulnerability scanning and put forward an improvement plan for critical vulnerabilities within two months

Audit and Dissemination

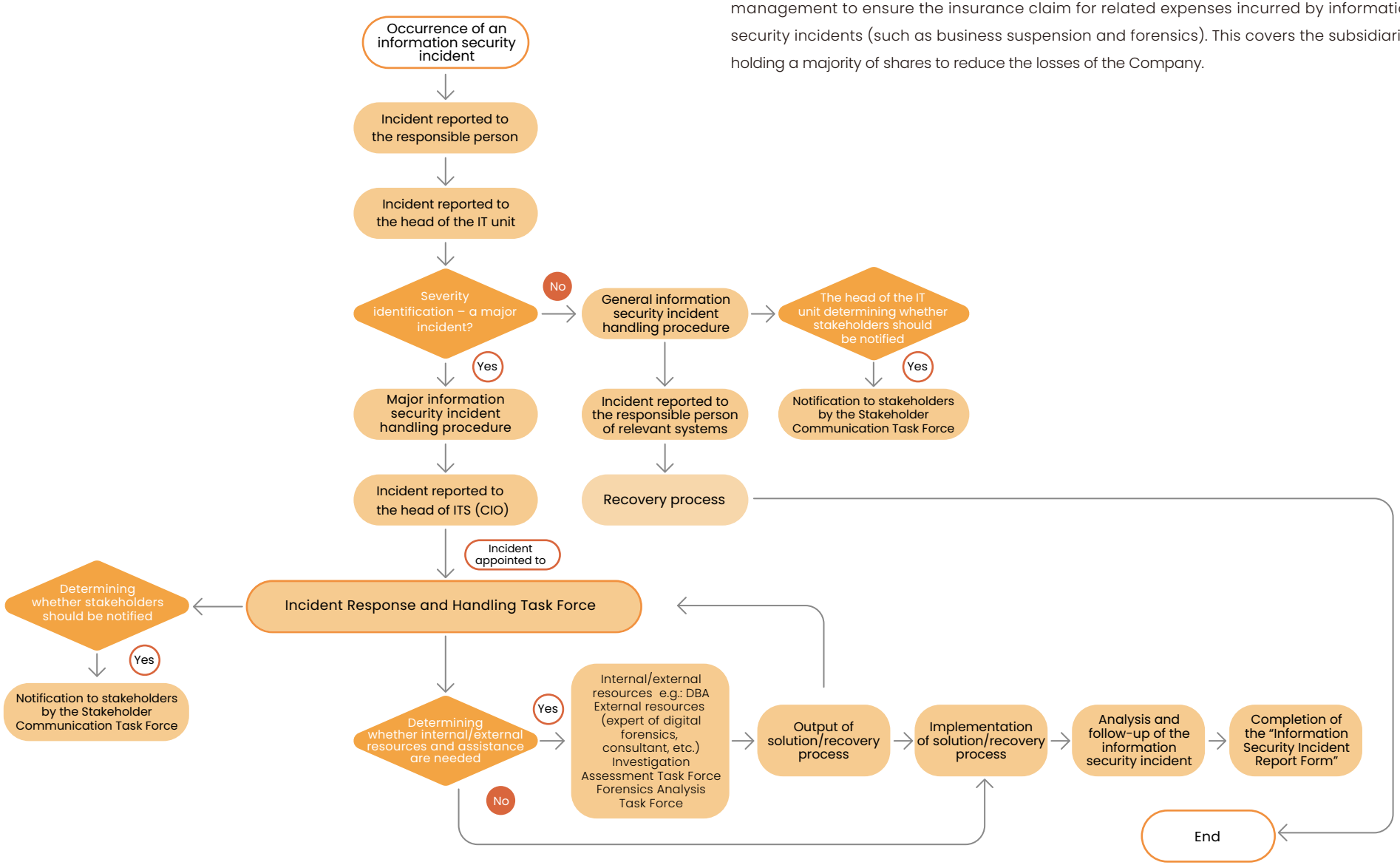
- Review the once a year
- Have all the contracted, dispatched and temporary workers hired by the Company sign the relevant documents such as the information security policy agreement
- Give IDL workers appropriate education and training on information security as per regulations

Raising Awareness of Information Security Protection

As part of Qisda' s information security management system, we conduct annual reviews of each regulation, evaluating and making relevant adjustments to our internal information security regulations to ensure compliance with local laws. The relevant information is then disseminated to the employees. We also request that our suppliers observe regulations regarding non-disclosure and cyber security when entering into agreements with third-party service providers. Aside from the basic information security-related training received by newcomers, we also aim to lower the risk of employees accidentally clicking on malicious emails by regularly holding social engineering drills over email, and providing educational training for related information security knowledge regarding the sending and receiving of emails. In 2023, all the employees passed the email social engineering drill. 2,038 employees took part in online information security education and professional information security courses, amounting to a total of 2,217 training hours. With such arrangements, we improve the employees' awareness of information security, and ensure that the concept of information security is integrated in daily operations.

2023 Training	Course Name	Target (Department and Category)	Number	Hours	Coverage
Information Security Officer	[BSI] NIST CSF Cybersecurity Framework Lead Auditor training	Information Security Department - Information Security Officer	1	40	100%
	[ECIH] EC-Council Certified Incident Handler Course	Information Security Department - Information Security Supervisor	1	24	100%
	[SSCP] SSCP Systems Security Certified Practitioner Course	Information Security Department - Information Security Supervisor	1	40	100%
	[CISSP] CISSP Certified Information Systems Security Professional Course	Information Security Department - Information Security Supervisor	1	40	100%
	[CCISO] EC-Council CCISO Certified Chief Information Security Officer Course	Information Security Department - Information Security Supervisor	1	40	100%
General Staff	Major Information Security Incidents, Information Security Awareness Outreach, Social Engineering Security, Ransomware, Information Security Trends 2023	All	2033	1	100%

Information Security Reporting and Handling Process



Information Security Insurance

Since July 2017, Qisda has applied for the insurance for enterprise information security risk management to ensure the insurance claim for related expenses incurred by information security incidents (such as business suspension and forensics). This covers the subsidiaries holding a majority of shares to reduce the losses of the Company.

Measures for Significant Information Security Incidents

During the establishment of the ISMS, Qisda has enhanced the SOP and organized a series of drills to improve the emergency response process. We will continue to conduct simulations for different information security attack incidents with related personnel participating in the drills, in order to ensure that we can kick off the emergency process when the incident happens and effectively lower the response time and losses on the Company. No information security incident took place in 2023.

Information Security Incident	No. of Cases in 2023	Goal for 2024
No. of violation cases related to information or cyber security	0	0
No. of data leaks	0	0
No. of customers and employees impacted by data leaks	0	0
Amount of fines imposed for cases related to information or cyber security (NT$)	0	0

IT operation continuity plan

The purpose of disaster recovery is to restore the system to a normal or acceptable operating level quickly using the disaster recovery mechanism when a natural disaster, human negligence, or malicious damage brings about damage to the information system. This will ensure the sustainable operation and operation continuity of the organization.

Qisda developed a unified operation continuity plan in 2021 so that all systems use a standardized plan format. We also began to implement the operational continuity plan twice a year for critical systems and once a year for non-critical systems, and recorded the process to verify the feasibility of the plan and procedure. Internal information security audit items and regular progress tracking have been incorporated in the plan.

Privacy Protection

Qisda values and strives to protect privacy and personal data. Referencing to local laws and regulations related to privacy protection at each operating location along with the EU "General Data Protection Regulation (GDPR)," we have established privacy policies to protect all personal data. We also required the subsidiaries, joint ventures, suppliers, contractors, external consultancies and subcontractors to comply with the policies in the hopes of protecting the rights of the personal data owner.

For private information collected and used for business needs, Qisda has set specific criteria relating to data collection/management of collected data/reasons for use and scope of personal data, as well as restrictions for sharing, cross-border transfer, a data protection system and the data retention period to make sure that personal data and the right to privacy is protected. At the same time, we include the right to privacy in the scope of risk management. The Risk Management Committee implements monitoring and management based on the policy of risk management, and controls risks by including the overall system in the scope of internal control. If there are any questions about the privacy policy, please direct it to the specified responsible unit. To protect the rights of a personal data owner, or if there are any opinions or questions related to the right to privacy, please file the complaint or report by calling (03) 359- 8800, faxing to (03) 359- 9000, or emailing to Grace.Wu@qisda.com.

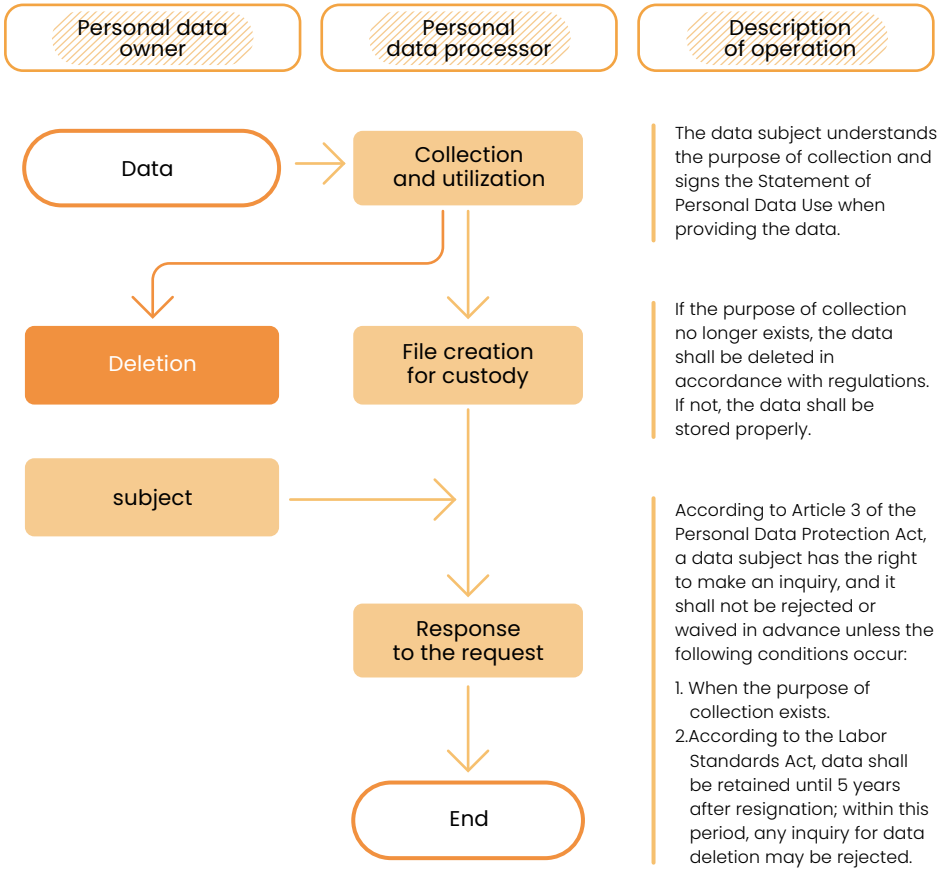
In 2023, Qisda provided two courses about the right to privacy with the titles of (1) Personal Data Protection Act and (2) GDPR_Manual for Personal Data Protection and Management respectively. Every worker had to participate in the courses, which were also an essential part of training for new employees. Taking 2023 as an example, there were 122 new employees and the total privacy training time was 122 hours.

Number of complaints about personal data leaks	2020	2021	2022	2023
External agency	0	0	0	0
Customer reflection	0	0	0	0

To ensure the effectiveness of current management methods, we regularly verify whether there are any incidents of data loss occurring each year. Should there be any, we will launch a full-range review. In 2023, no complaints were received due to the occurrence of incidents related to data loss or leak. We only utilize the collected data within the scope where it is necessary and do not use the personal data twice.

Process of Personal Data Processing and Reporting

Personal Data Processing Flowchart

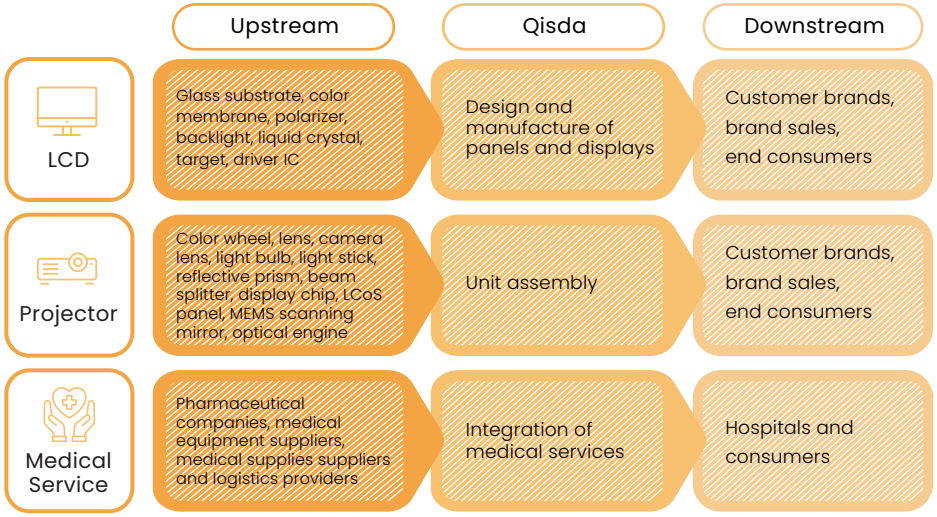


Sustainable Supply Chain Management

Based on the premise of closely interconnected global industries and the desire to meet customer demands, suppliers have become Qisda' s most crucial partners. As the head of the Grand Fleet, Qisda bears the responsibility for leading the supply chain to towards a sustainable future. Therefore, we have established a systematic sustainability management mechanism for the supply chain. Internally, we raise the level of supply chain management and improve the management process; externally, we stimulate the suppliers' sustainability actions and performance to create mutual benefits and co-prosperity in the industrial chain together. We are committed to move alongside the suppliers towards the vision of "Bringing Enjoyment ' N Quality to Life."

As an ODM/OEM, Qisda provides services for electronic products, such as consumer electronics, commercial electronics, industrial and medical electronics, and those related to daily application. We focus on three aspects as our main business: LCDs, projectors, and medical services. Upstream mainly refers to the suppliers of different types of parts, components and equipment, while downstream mainly refers to customer brands and end consumers.

Qisda Industry Chain



Overview of Supply Chain

The headquarters of Qisda is located in Taiwan. Our suppliers are located all around the world, including Taiwan, Japan, China/Hong Kong, Singapore, South Korea, Malaysia and Vietnam. Overall, we had 986 suppliers in 2023. With a selection mechanism (removing the customers and spot dealers with a transaction amount of less than NT$1 million), there are finally 703 Tier 1 suppliers. We categorize our suppliers based on the different products they provide: panels, electronics components, mechanical parts, packaging materials, and consumables. We selected a total of 328 significant first-tier suppliers of 2023 with conditions related to significant suppliers. Also, investigating general situation of non-first-tier suppliers to properly manage sustainability risk in the supply chain. In 2022, we controlled the conditions of a total of 127 non-first-tier suppliers.

- **Supplier:** Referring to product-selling suppliers.
- **Definition of a significant suppliers:** A significant suppliers is a single supplier that provides key materials, is ranked top 95% in terms of procurement amount, and leads in technologies. Customers, spot dealers and suppliers with a transaction amount of less than NT$1 million are not included.
- **Definition of a high-risk supplier:** We perform risk assessment on the suppliers based on four major aspects: "sustainability action," "labor," health and safety" and "environment." High-risk suppliers are then identified according to the comprehensive assessment

Overview of Tier 1 Suppliers in 2023 (Region)

Asian countries	China	Taiwan	Japan	Others	Subtotal
Number of suppliers	521	127	17	26	691
American countries	**USA**	**Canada**		**Others**	**Subtotal**
Number of suppliers	3	1		0	4
European countries	**Germany**	**Italy**	**Switzerland**	**Others**	**Subtotal**
Number of suppliers	4	2	1	1	8
				Total	703

Overview of Significant Non-Tier 1 Suppliers in 2023 (Region)

Asian countries	China	Taiwan	Japan	Malaysia	Singapore	Subtotal
Number of suppliers	109	17	0	0	0	126
European countries	**Germany**					**Subtotal**
Number of suppliers	1					1
					Total	127

Type and Number of Critical Non-Tier 1 Suppliers in 2023 (Product)

Procurement Items	Electronics	Parts and components	Packaging materials	Total
Number of Significant non-Tier 1 suppliers	26	77	24	127

Number of Tier 1 Suppliers and Proportion of Proportion of Procurement in 2023

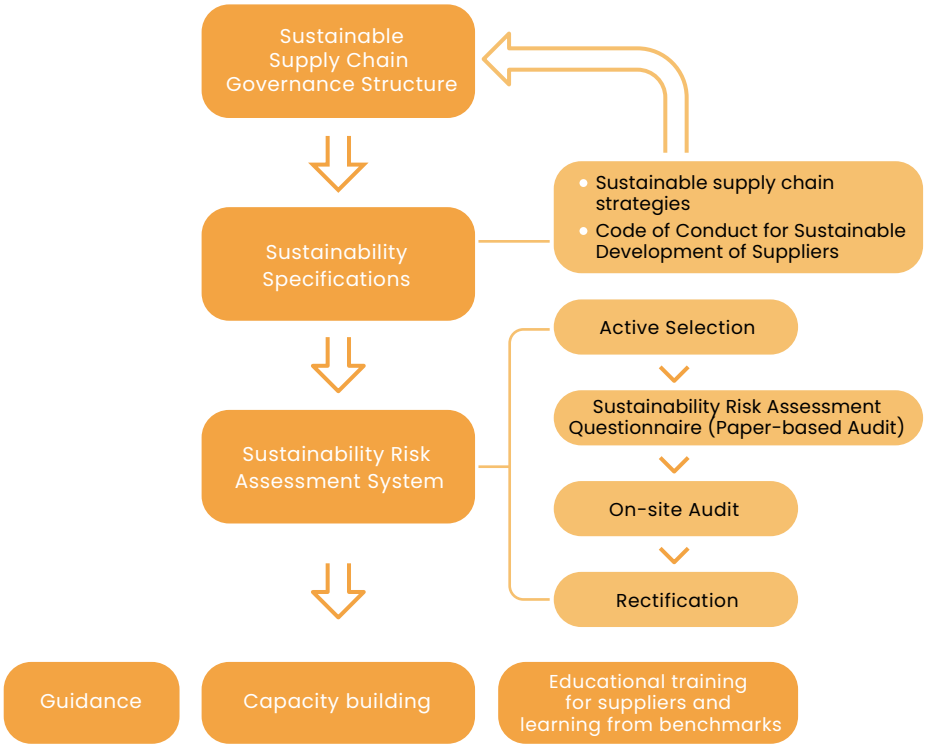
Product	Asia	Europe	America	Subtotal
Panel				
Number of Tier 1 suppliers	22	0	1	23
Number of Significant Tier 1 suppliers	16	0	1	17
Percentage of Significant Tier 1 suppliers (%)	2.28%	0.00%	0.14%	2.42%
Percentage of Significant Tier 1 suppliers in procurement amount (%)	9.84%	0%	0.01%	9.85%
Electronics				
Number of Tier 1 suppliers	208	4	3	215
Number of Significant Tier 1 suppliers	103	1	3	107
Percentage of Significant Tier 1 suppliers (%)	14.65%	0.14%	0.43%	15.22%
Percentage of Significant Tier 1 suppliers in procurement amount (%)	30.34%	0.02%	3.76%	34.13%
Parts and components				
Number of Tier 1 suppliers	375	3	0	378
Number of Significant Tier 1 suppliers	173	1	0	174
Percentage of Significant Tier 1 suppliers (%)	24.61%	0.14%	0.00%	24.75%
Percentage of Significant Tier 1 suppliers in procurement amount (%)	41.95%	0.06%	0%	42.01%

Product	Asia	Europe	America	Subtotal
Packaging materials				
Number of Tier 1 suppliers	54	0	0	54
Number of Significant Tier 1 suppliers	21	0	0	21
Percentage of Significant Tier 1 suppliers (%)	2.99%	0.00%	0.00%	2.99%
Percentage of Significant Tier 1 suppliers in procurement amount (%)	5.81%	0%	0%	5.81%
Consumables				
Number of Tier 1 suppliers	32	0	1	33
Number of Significant Tier 1 suppliers	9	0	0	9
Percentage of Significant Tier 1 suppliers (%)	1.28%	0.00%	0.00%	1.28%
Percentage of Significant Tier 1 suppliers in procurement amount (%)	0.64%	0%	0%	0.64%
Total				
Number of Tier 1 suppliers	691	7	5	703
Number of Significant Tier 1 suppliers	322	2	4	328
Percentage of Significant Tier 1 suppliers (%)	45.80%	0.28%	0.57%	46.66%
Percentage of Significant Tier 1 suppliers in procurement amount (%)	88.59%	0.08%	3.77%	92.44%

Framework for Sustainable Supply Chain Management

Qisda has a framework for sustainable supply chain management. First, we explicitly notify the suppliers about the sustainability specifications and require them to ensure compliance with relevant requirements. Second, we assess sustainability risks in different aspects through the sustainability risk assessment system for suppliers, and review the risks that the supply chain faces. Finally, we address and rectify the identified issues. In addition to enhancing important strategies for the future development of Qisda and the industry, we give guidance to supply chain to build capacity with relevant information, hoping that we can progress alongside the suppliers and move forward towards a sustainable future.

Framework for Sustainable Supply Chain Management



Governance Structure

Qisda continues to focus on the development and management of the supply chain. Not only do we report the daily management performance in the quarterly ESG Committee meeting, but the Chief Sustainability Officer also reports the implementation results and performance of the sustainable supply chain to the Board of Directors annually. Simultaneously, the Board of Directors guide and make decisions for the development of the sustainable supply chain to make sure that the management of the sustainable supply chain complies with the Company's sustainability strategies.

Organizational and Management Structure of the ESG Committee

Supplier Sustainability Management Process

Qisda has initiated a four-stage supply chain sustainability management process to implement the sustainable supply chain strategy. We conduct supplier guidance and capacity-building programs to ensure that suppliers meet our standards and requirements. Additionally, we have established a reward and elimination mechanism directly linked to suppliers' sustainability performance to enhance their overall compliance and improvement. By incorporating ESG-related indicators into regular evaluations, we have been creating a virtuous cycle in supplier chain management.

Compliance with Sustainability Standards

Suppliers must understand and follow the "Corporation Code of Conduct for Sustainable Development of Suppliers" and complete signing of the "Code of Conduct for Sustainable Development of Suppliers"

ESG Risk Investigation

- **Proactive screening:** Qisda has established evaluation criteria for new suppliers and proactively screens suppliers to reduce potential risks. Our assessment factors include ESG, operational-related factors, country of location, industry-related, and product-related risk factors to ensure the stability and sustainability of the supply chain.
- **Independent risk assessment:** The Company conducts a self-assessment of risks through the "Supplier Sustainability Risk Assessment Questionnaire(SAQ)" to further identify high-risk suppliers.

Sustainability Audit Assessment and Validation

- **Paper-based Audits:** We send the "Supplier Sustainability Risk Assessment Questionnaire (SAQ)" and require suppliers to complete it and submit relevant supporting materials to complete the paper risk assessment.

  The SAQ covers four main aspects: "sustainability action" , "labor" , health and safety" and "environment."
- **On-site audit:** To confirm the status of supplier risks, we plan to confirm the risks with four methods such as paper-based audit, on-site second-party audit, on-site third-party audit and assessment based on industry relevant standards to further control the suppliers' sustainability risks
- **Sustainable supply chain strategy:** As the highest guideline for Qisda's sustainable actions, our strategies not only cover quality, speed, innovation/technical, delivery, and cost, but also include corporate sustainability (ESG). We continue striving for the overall sustainable value of the supply chain.

Guidance and Rectification

- **Deficiency Management:** Regarding deficiencies identified during audits, suppliers are required to create corrective action plans within a specified timeframe. Additionally, we offer improvement suggestions and guidance for prompt resolution.
- **Supplier capacity building:** Qisda implements supplier capability improvement projects to enable suppliers to continuously improve their sustainability capabilities. We collaborate on each project for more than half a year and invest relevant resources in the hope of advancing in the sustainability performance of our suppliers through these efforts.
- **Reward and elimination mechanism:** Through relevant evaluation mechanisms, Qisda identifies suppliers with outstanding sustainability performance and increases the procurement proportion from these suppliers. Moreover, we give them a priority for adopting new products. We eliminate suppliers with disappointing performance to promote overall progress and growth of the entire industry chain.

Qisda' s Training for Internal Personnel

Qisda requires all procurement staff to undergo sustainability-related education and training each year, including courses on understanding the RBA Code of Conduct and SA8000 Social Accountability Standards, ethics training, educational training for intellectual property management and specifications, information security, health and safety, and risk management. These courses enable the procurement staff continue improving the professional capabilities that sustainability information requires, and further apply these to sustainable supply chain management. Our purpose is to ensure that the procurement staff are able to put their skills to good use in the process of supplier selection, regular evaluation, sustainability risk assessments, high-risk supplier identification, audits, guidance and improvement.

With respect to the aforementioned sustainability-related education and training courses, there were a total of 1,397 procurement staff who should participate in the training in 2023, all of whom had completed the courses, meaning that 100% of the procurement staff were covered in the training. The total training hours reached 1,147.5 hours.

Sustainability Specifications

Sustainable Supply Chain Strategies

In order to steadily move towards the net zero goal by 2050, Qisda firmly believes in the importance of promoting sustainable supply chain management. Therefore, Qisda has formulated a set of sustainable supply chain strategies related to quality, speed, innovation/technical, delivery, and cost, aiming to amplify the overall sustainable value of the supply chain.

Code of Conduct for Sustainable Development of Suppliers

With reference to relevant international specifications and initiatives including the RBA Code of Conduct, SA8000 social accountability standards, the UN Guiding Principles on Business and Human Rights, the UN Universal Declaration of Human Rights, and the Ten Principles of the UN Global Compact, Qisda has established the "Code of Conduct for Sustainable Development of Suppliers" that includes labor, health and safety, environment, ethics and management systems. In terms of environmental management, we have also established and published Commitment to No-Deforestation and Biodiversity to lessen impact on the environment. We require that all suppliers understand and obey the content of the "Code of Conduct for Sustainable Development of Suppliers" . Also, we take the suppliers' implementation status into consideration of procurement decisions. In 2023, the signing rate of the Code of Conduct for Sustainable Development of Suppliers was 99.7%. Simultaneously, Qisda requires the suppliers to develop their own specifications/Code of Conduct regarding sustainability and communicates our requirements to upstream supply chain for ensuring the sustainability across our value chain.

Aspects of Qisda's "Corporation Code of Conduct for Sustainable Development of Suppliers"

Labor
- Human rights risk
- Freedom to choose an occupation
- Child labor and Young workers
- Working hours
- Wages and Benefits
- Humane Treatment
- Non-discrimination/Non-harassment
- Freedom of Association and Collective Bargaining
- Layoff

Health and Safety
- Occupational safety and industrial hygiene
- Emergency Preoaredness
- Occupational Injury and Illness
- Physically Demanding Work and Machine Safeguarding
- Sanitation, Food and Housing
- Communication and Grievance

Environment
- Permits and Reporting
- Pollution Prevention and Resource Reduction
- Hazardous Substance
- Solid Waste and Air Emissions
- Water Management
- Material Restrictions
- Energy Consumption and Greenhouse Gas Emissions
- Biodiversity

Ethics
- Business Integrity
- No Improper Advantage
- Disclosure of Information
- Intellectual Property
- Fair Business,Advertising and Competition
- Whistleblower protection
- Responsible Sourcing of Minerals
- Information Security and Privacy

Management System
- Commitment,Accountability and Responsibility
- Risk Management and Improvement Objectives
- Training, Communication and Grievance
- Assessments, Corrective Action, Documentation and Records
- Supplier Responsibility

Sustainability Risk Assessment System

Proactive Screening

We appreciate that supplier sustainability performances may indirectly affect Qisda's reputation and even bring potential risks. Therefore, we have established evaluation criteria for new suppliers and proactively screens suppliers to reduce potential risks. Our assessment factors include ESG, operations-related factors, country of location, industry-related, and product-related risk factors. When significant international events occur, we also conduct investigation and assessment on affected regions, industries and supply sources to secure the stability and sustainability of the supply chain.

Item	Content
Environmental	Carbon footprint investigation, investigation of five persistent, bio-accumulative and toxic (PBT) chemicals under the US Toxic Substances Control Act (TSCA), ISO 14001 or relevant environmental management procedures
Social	Human rights and ethics, labor rights
Governance	Education and training on financial status, operational competitive edge, and occupational safety and health.
Operation related	Basic data, product information, major customers, production and equipment status, investment, and product planning
Country of location	Status of the supply (whether affected or not) in the located region, conflicts between countries (military coup related problems), local policy constraints, natural disasters and epidemic
Industry of location	RBA Code of Conduct assessment, sustainability risk assessment, parts and components suppliers, human resources agency, on-site service providers
Product of location	procurement fee, supply category, no legal documents related to restriction of hazardous substances, conflict mineral investigation

Furthermore, we use environmental and social standards to screen new suppliers. In 2023, we recognized a total of 19 new suppliers and all of them were screened according to environmental and social standards.

Year	Number of new suppliers	Number of new suppliers screened according to environmental and ethical standards	Proportion %
2023	19	19	100%

Sustainability Risk Assessment Questionnaire (Paper-based Audit)

In order to continuously control the conditions of sustainability risks in the supply chain, we continue to distribute the Supplier Sustainability Risk Assessment Questionnaire (SAQ) to first-tier and non-first-tier suppliers and require them to fill out the questionnaire with submitting relevant evidence to complete independent risk assessment. We hope to identify and manage high-risk suppliers by collecting the SAQ and relevant written information. The SAQ covers four main aspects: "sustainability action" , "labor" , "health and safety" and "environment" with a total of 58 questions. In 2023, a total of 455 questionnaires were distributed to significant suppliers (including first-tier and non-first-tier suppliers), and 455 questionnaires were responded with a 100 % response rate.

2023 "Supplier Sustainability Risk Questionnaire" Survey Overview

significant Tier 1 Supplier	Number of suppliers investigated	328
	Number of suppliers completed	328
	Completion rate (%)	100%
Number of significant non-Tier 1 suppliers	Number of suppliers investigated	127
	Number of suppliers completed	127
	Completion rate (%)	100%

On-site Audit

To confirm the status of supplier risks, we created four ways of risk identification, including paper-based audit, on-site second-party audit, on-site third-party audit and assessment based on industry relevant standards to further control the suppliers' sustainability risks. In 2023, we primarily conducted paper-based audit, on-site second-party audit, and industry standards (such as the RBAVAP) to evaluate supplier sustainability.

Audit method	Description
Paper-based audit	Assessing the risk status of suppliers based on the response data of the "Supplier Sustainability Risk Assessment Questionnaire" .
On-site second-party audit	On-site supplier audits conducted by Qisda or other appointed consultants.
On-site third-party audit	On-site audits conducted by an independent third-party verification institution
Industry standards	Conducting paper-based audits or on-site audits according to industry or regulations

In 2023, we completed the "Supplier Sustainability Risk Assessment Questionnaire" survey of 703 suppliers, including 328 significant first-tier suppliers and 47 high-risk suppliers. Qisda completed the first-tier high-risk supplier sustainability audit of 46 high-risk suppliers (one supplier did not act for the survey). Based on the sustainability audit results of first-tier high-risk suppliers, the statistics on deficiencies in four main aspects (sustainability action, labor, health and safety, and environment) are divided into Major Non-Conformance and Minor Non-Conformance. During the audit, no major non-conformance was found among the first-tier high-risk suppliers. Most of the minor non-conformances were related to the sustainability, accounting for 42.1% of the total non-conformances, followed by the non-conformance of 22.8% in terms of the labor, 19.3% of health and safety, and 15.8% of the environment.

Statistics of Non-conformance in Audits for Tier 1 Suppliers in 2023

	Sustainability action	Labor	Health and safety	Environment
Percentage of major non-conformance	0%	0%	0%	0%
Percentage of minor non-conformance	42.1%	22.8%	19.3%	15.8%

Non-Conformance and Corrective Plan Regarding deficiencies identified during audits, suppliers are required to create corrective action plans within a specified timeframe. Additionally, we offer improvement suggestions and guidance for prompt resolution. In 2023, Qisda gave guidance to 46 first-tier high-risk suppliers for rectifying non-conformances.

Non-conformance Improvement Actions for Supplier Audits in 2023

Aspect	Topic	Corrective Action
Sustainability action	Transparency	Plan and write a sustainability report
	Anti-corruption related policies/code of conduct	Amend or update relevant policies and procedures
	Information Security	Amend or update relevant policies and procedures
	Operational risk management	Establish an emergency response plan
	Sustainable Supply Chain Management	Expand supplier investigation items; amend or update relevant policies and procedures
	Responsible procurement	Establish a due diligence system
Labor	Human Rights Risk Assessment	Establish a human rights risk assessment system
	Human rights policy	Formulate human rights policies; implement regular education and training.
	Working hours management and communication channels	Amend or update relevant policies and procedures; establish corresponding communication channels
Health and safety	Occupational Health and Safety Management System	Amend or update relevant policies and procedures
	System management	Establish corresponding communication channels
	On-site operations management	Conduct statistics on occupational injuries and diseases; enforce the wearing of personal protective equipment; strengthen education and training.
Environment	Environmental management system	Regularly maintain the permit documents required for operational activities
	Energy	Assess the use of renewable energy.
	Hazardous substances	Amend or update relevant policies and procedures
	Water resources	Establish wastewater management procedures
	Waste	Implement waste recycling; entrust registered waste disposal contractors to dispose of waste.

Guiding Our Suppliers Toward Sustainability

Educational Training for Suppliers

In line with our commitments along with the goal of collaborating with the alliance and reducing carbon with the supply chain partners, the BenQ Qisda Group has specially established the "Workshop for ESG Sustainability Action" Through the BenQ Foundation's platform, we hire professional lecturers to open educational training and courses which start with GHG inventory. We have arranged 18 sessions of online educational training courses on ISO 14064-1 with 6 hours for each session in 2023 for all suppliers to participate. By the end of 2023, the training on GHG inventory has attracted 696 suppliers, thereby enhancing their capabilities of inventorying GHG emissions. We help the suppliers set up carbon reduction targets, manage energy effectively and implement actions for carbon reduction in the hope of facilitating our movement towards the goals of energy saving and carbon reduction, working together to make the world better.

Benchmark Learning of Suppliers

During the Meeting for reducing carbon emissions together, Qisda invited chairpersons of benchmark suppliers, which were "major panel manufacturers" , to share their extensive practical experiences in energy saving and carbon reduction, including:

1. **Green design:** Adding green elements in the stages of raw material sourcing, manufacturing, design and recycling.
2. **Organization promoting:** Processes and ideas of long-term deployment such as the establishment of the CSR committee in 2013 and the Sustainability Headquarters and appointment of the Chief Sustainability Officer in 2018.
3. **Green business opportunities:** Subsidiaries' actual performance in transforming crises into opportunities. For example, the subsidiary that specializes in wastewater recovery begins to conduct carbon inventory and management for other companies while AI relevant digital technologies are used to help companies improve manufacturing processes and efficiency, further achieving energy saving and carbon reduction.

By inviting benchmark suppliers to share their excellent performance and experiences, Qisda enable all suppliers continue learning and growing together.

Suppliers' Capacity Building

To facilitate continuous growth of suppliers in sustainability, Qisda has implemented supplier capability improvement projects. Each project lasts for more than half a year and involves the investment of relevant resources, in the hope of improving the sustainability performance of our suppliers through these efforts.

Project Timeline and Operation	Capacity Building
Name of Capacity Building Project: **Supplier's Capability of Carbon Inventory**	
Relevant educational training, guidance and communication has been implemented since July 2022, aiming to cultivate the suppliers' capability to perform GHG inventory. During this period, Qisda's project leader has helped confirm the GHG emissions inventory results of each supplier in 2021, and assisted the suppliers in planning the GHG inventory and third-party verification schedules for 2023. This is to accompany the suppliers during relevant processes and establish their capabilities for future needs.	Assistance for three suppliers in capacity building in terms of GHG inventory
Name of Capacity Building Project: **Continuous Improvement Program**	
In the first half and second half of the year 2023, we assisted suppliers in the 6-month Continuous Improvement Program (CIP program). Qisda and suppliers worked together to analyze the causes of problems, formulate improvement strategies, implement improvement measures, and evaluate the benefits of projects. These actions not only optimize Qisda's existing practices, but also enhance the problem-solving capabilities of suppliers.	A total of 24 suppliers (12 suppliers in the first half of 2023 and another 12 in the second half) have participated in the process improvement, such as advancing operational efficiency, improving product design, and enhancing customer satisfaction with products.

Supplier Reward and Elimination Mechanism

Qisda has built a supplier rewarding and elimination system to encourage suppliers to move towards sustainable development. Through related evaluation mechanisms, Qisda identifies suppliers with exceptional sustainability performance and increases the procurement proportion from these suppliers. Moreover, we give them a priority for adopting new products. We eliminate suppliers with disappointing performance to promote overall progress and growth of the entire industry chain.

Evaluation mechanism:

Dimensions of evaluation: quality, innovation/technology, speed/response, delivery, cost leadership, and ESG. Serving to select and manage the suppliers, this mechanism has 5 levels ranging from A (over 90 points) to E (lower than 60 points). ESG relevant factors include sustainability, health, labor, environment and green products, which occupy 11.4% in grading.

Frequency: Twice a Year

Reward Mechanism

Reward measures: According to the evaluation results, excellent suppliers ranked Level A may have a higher proportion in procurement and priority in the adoption of new products after being confirmed by the review team.

Elimination Mechanism

For the suppliers rated Level D or below, we not only reduce their proportion in procurement depending on the situation, but also require them to devise improvement plans and perform stricter incoming inspections. The elimination mechanism is as follows:

- The suppliers rated Level D (or below) twice in a row will be required to undergo the supplier selection and management operation again at the discussion meeting of the evaluation. Based on the results, discussions over whether the suppliers shall be disqualified for future collaborations with Qisda will be made.
- The suppliers rated Level E twice in a row will be disqualified for future collaborations at the discussion meeting of the evaluation.

KPI Goals for Sustainable Supply Chain and the Performance Achievement

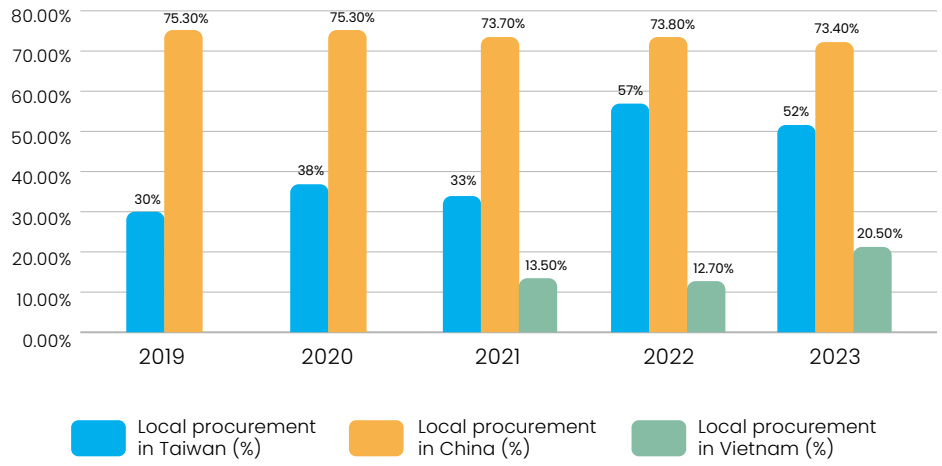
Sustainable Supply Chain KPIs	2023	
	Performance	Goal
Proportion of suppliers surveyed with Supplier Sustainability Risk Questionnaire (%)	100%	95%
Number of suppliers surveyed with the Supplier Sustainability Risk Questionnaire	703	667 suppliers
Audit ratio of significant high-risk suppliers (%)	97%	90%
Significant high-risk supplier audit	46 suppliers	42 suppliers
Guidance on the improvement for audited supplier deficiency	46 suppliers	46 suppliers
Supplier capacity building	24 suppliers	24 suppliers
Percentage of paper survey of new suppliers' behavior in terms of human rights, environment, and labor (%)	100%	100%
Percentage of new suppliers engaged in conflict minerals paper survey (%)	100%	100%

Reasons for significant high-risk suppliers not meeting the audit standards: There was one supplier failed to cooperate in the inspection.

Local procurement

Qisda is committed to the corporate philosophy that "The purpose of business is to create value and contribute to society in a sustainable manner to make a positive impact" . As a leader of conglomerate, we are pledged to improving the resilience of the supply chain and striving for sustainable development together with the entire supply chain to realize the vision of "Bringing Enjoyment ' N Quality to Life" . It is our responsibility to work with suppliers to build a supply chain that respects the environment, human rights, safety, health, and sustainable development. Qisda strives to implement local procurement to establish a closer cooperative relationship with suppliers and improve supply efficiency and support local economic development. Based on the procurement ratio of Qisda in 2023, the local procurement ratio of Qisda in China was 73.4%, the local procurement ratio in Vietnam was 20.5%, and the local procurement ratio in Taiwan was 52.2%.

Local Procurement Percentage (Chart)



Region	Type of Procurement	2020	2021	2022	2023
Taiwan	Local procurement (%)	38%	32.8%	57%	52.2%
	Non-local procurement (%)	62%	67.2%	43%	47.8%
Mainland China	Local procurement (%)	75.3%	73.7%	73.8%	73.4%
	Non-local procurement (%)	24.7%	26.3%	26.2%	26.6%
Vietnam	Local procurement (%)	N/A	13.5 %	12.7%	20.5%
	Non-local procurement (%)	N/A	86.5%	87.4%	79.5%

Conflict Minerals Management

The armed forces of the Congolese and surrounding countries often use the mining of 3T1G (tantalum, tungsten, tin, and gold) as a source of income, which becomes the capital of the armed forces and causes major bloody conflicts in the region. Since conflict minerals can lead to human rights abuses and environmental damage, if a company producing electronic

Qisda's Conflict Mineral Management Progress

2011
The initial request for suppliers to sign the Conflict Mineral Investigation Commitment Letter.

2011
Qisda adopted the Conflict Minerals Reporting Template developed by the RBA and GeSI and performed the conflict mineral investigation among the suppliers. Qisda also requested suppliers to undertake not to use minerals from conflict mining areas.

2012
Qisda installed a conflict mineral investigation system in response to the US Conflict Mineral Act, which requires disclosure of the metal from conflict mining areas, if any, in the products.

2013
Conduct annual suppliers conflict minerals investigation by using the system.

2016
'Encouraging smelter listed and submitted by suppliers become a aqualified smelters under the Responsible Minerals Assurance Process (RMAP)' were added to the Buyer PO.

2017
The smelters of products were identified and listed in line with the Conformant Smelters List announced on the official website of the Responsible Minerals Initiative (RMI). Conflict mineral investigations were also conducted through Qisda' s Conflict Minerals System, which required the suppliers to disclose sources of minerals and sign the Conflict Minerals Commitment. The smelters of products provided to Qisda were subject to the RMAP list.

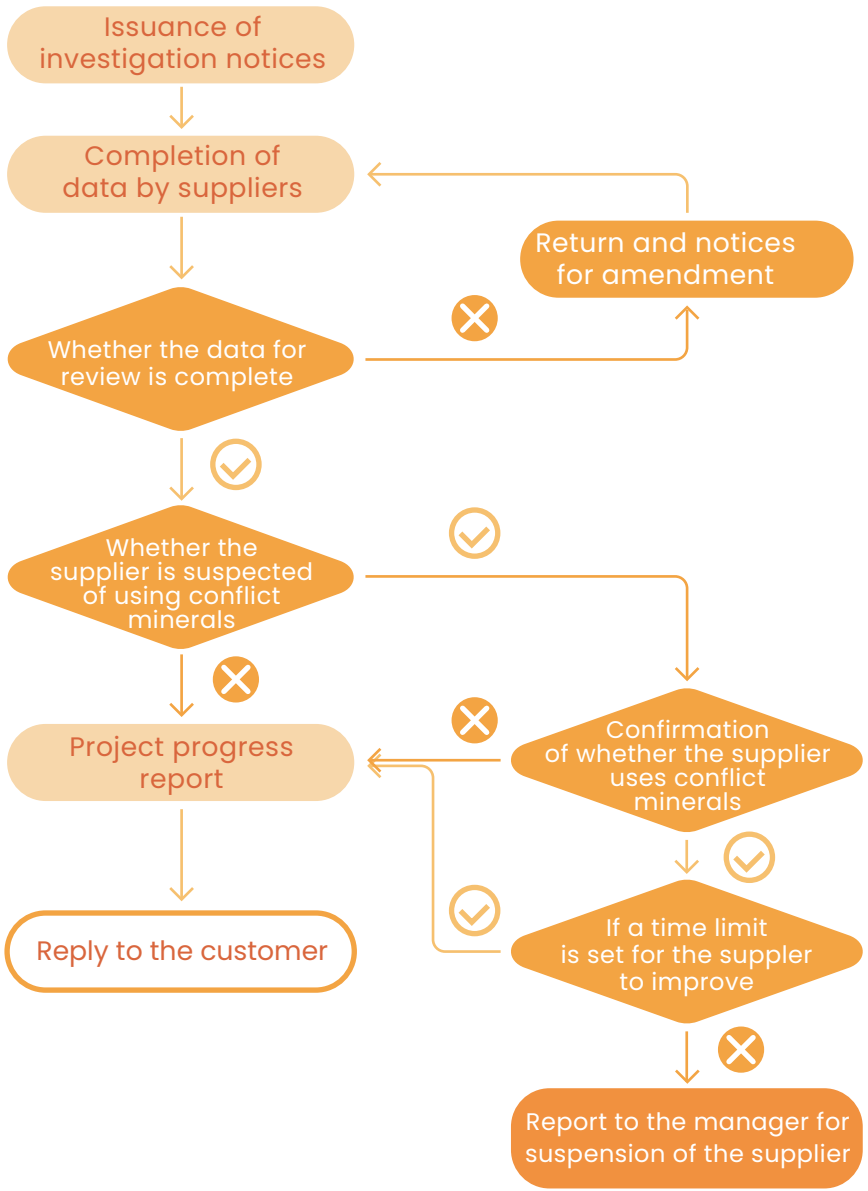
2023
Optimized the functions of the conflict minerals system and incorporated the Extended Minerals Reporting Template (EMRT) into the system.

these conflicts. Therefore, the Responsible Business Alliance (RBA) and the Responsible Minerals Initiative (RMI) have required their members to implement the responsible procurement procedures to ensure that their metal procurement procedures are in line with social and environmental responsibilities. The "Conflict-free Smelter Program", "Conflict Minerals Reporting Template" and Extended Minerals Reporting Template (EMRT) are developed accordingly. They request their members and suppliers to investigate and disclose the sources of the conflict minerals such as gold (Au), tantalum (Ta), tungsten (W), tin (Sn), cobalt (Co), and mica commonly used in electronic products for the supply chain and avoid using the minerals from conflict regions.

Being a global citizen, Qisda supports the boycott activities of the international society for conflict minerals and establishes the Qisda Conflict Mineral Commitment. In addition, we refer to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas of the Organization for Economic Cooperation and Development and work with the suppliers to perform conflict mineral investigations in order to prevent direct or indirect purchase of the conflict minerals by the suppliers.

We have developed an internal management procedure. After reviewing, we will return the documents to suspected suppliers for confirmation. If a supplier confirms the use of smelters not listed under the Responsible Minerals Assurance Process(RMAP), they are required to submit an implementatioin plan and will be informed of relevant risks. In 2023, a total of 336 suppliers were investigated. By signing the Code of Conduct for Sustainable Development of Suppliers, we ensure compliance with the OECD's relevant requirements for conflict minerals. In 2023, the proportion of suppliers signing the Code of Conduct for Sustainable Development of Suppliers was approximately 99.7%.

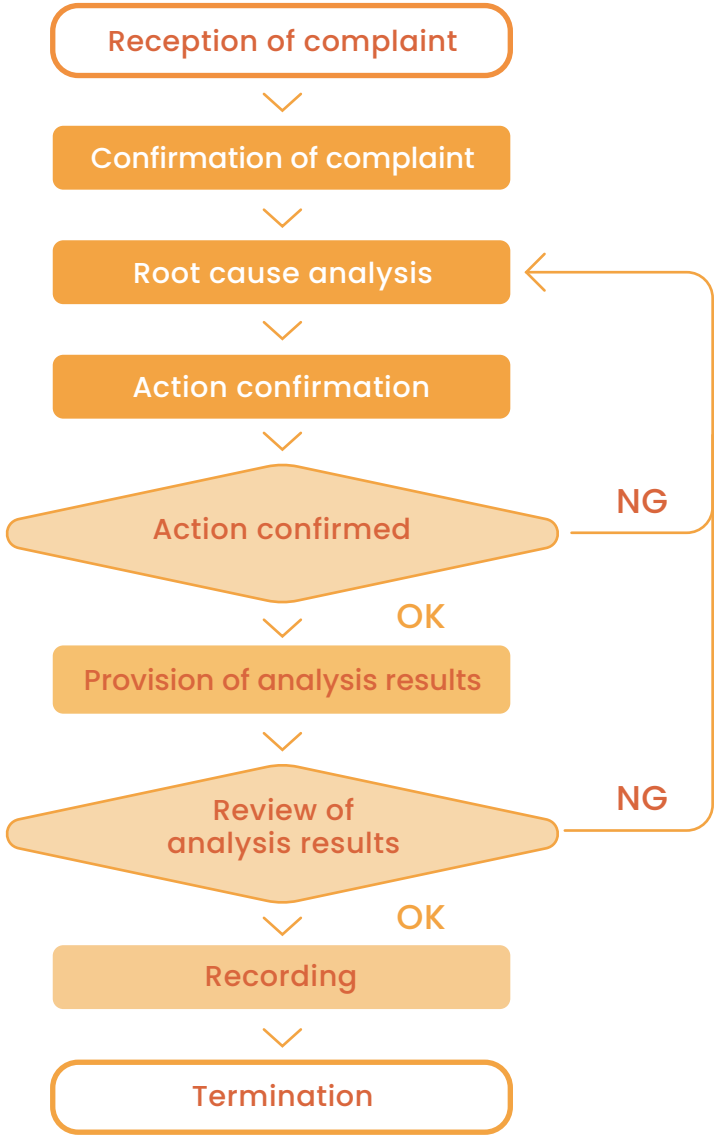
Implementation Process of Conflict Mineral Investigations



Customer Satisfaction

With the enhancement of the satisfaction of our customers and business partners as a top priority, Qisda has conducted surveys through questionnaires to learn about the customers' and our business partners' scores for our commitment to delivery time, costs, technology, quality, customer service, related regulations, and overall evaluation. This allows us to constantly ensure that the customer's demands are met. To promptly respond to and meet the various demands from the customers, Qisda has set up a Customer Service Division (CSD) to listen to the voice of customers and solve their problems. The customers can provide feedback through the communication mailbox on the Company' s website. In 2023, we received one question about the contents of the ESG report, and we had given a reply and closed the case within 24 hours.

Customer Commitment



Customer Satisfaction Survey

To ensure that the customer demands are understood and satisfied, Qisda carries out a full-scale customer service satisfaction survey during January and July every year. The CSD sends notification emails to the contact persons of each customer, inviting them to give ratings on Qisda's questionnaire survey system. The rating results are collected by the CSD and then delivered to the responsible departments, which then work with high-level executives to review the customer feedback according to the survey results, and thereby work out improvement measures for the enhancement of product and service quality. Qisda scored 94 points in average according to the customer satisfaction survey results for each product line in the first half of 2023, showing that Qisda' s performance on customer service and satisfaction had won the great recognition from customers.

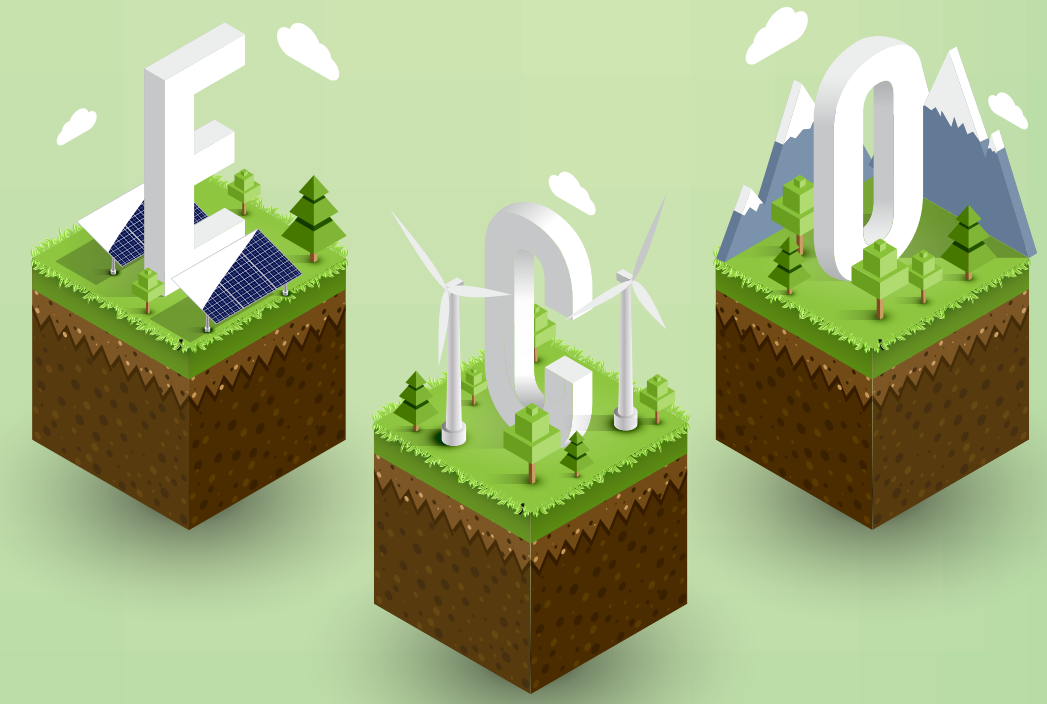
Customer Satisfaction in the Most Recent 4 Years

	2020	2021	2022	2023	Goals for 2023
Customer satisfaction score (points)	95	95	96	94	93
Customer coverage rate (%)	100	100	100	100	100

Customer Satisfaction Survey Results (Points) in the First Half of 2023

2 Environmental protection

- Environmental Policy and Management
- Climate Adaptation and Mitigation
- Energy Consumption and Conservation
- Making Good Use of Water Resources
- Waste and Pollutants
- Biodiversity and Forest Conservation
- Green Products and Circularity



Environmental Policy and Management

Environmental Policy

Qisda knows that the impact of human beings on the environment is irreversible, and only focusing on economic and social development is not sufficient to meet the expectations of the stakeholders. Hence, Qisda is committed to investing resources into reducing volume, saving energy and reducing carbon in the product design, introducing integrated design (ISO 14006) and combining green design (IEC 62430) to ensure both products and processes can save more energy and are more environmentally friendly. Qisda guarantees to manufacture products that are compliant with relevant laws and meet health and safety demands from customers. In the meantime, all manufacturing plants of Qisda have passed ISO 14001 environmental management system verification, and external stakeholders such as suppliers, service providers, contractors, transportation and logistics providers, group companies, value chain partners, and joint ventures are required to comply with Qisda' s environmental policies to achieve Qisda's commitment to social responsibility, environmental protection, and energy. (For the complete environmental policy, please visit the website of the Company.)

Environmental Management

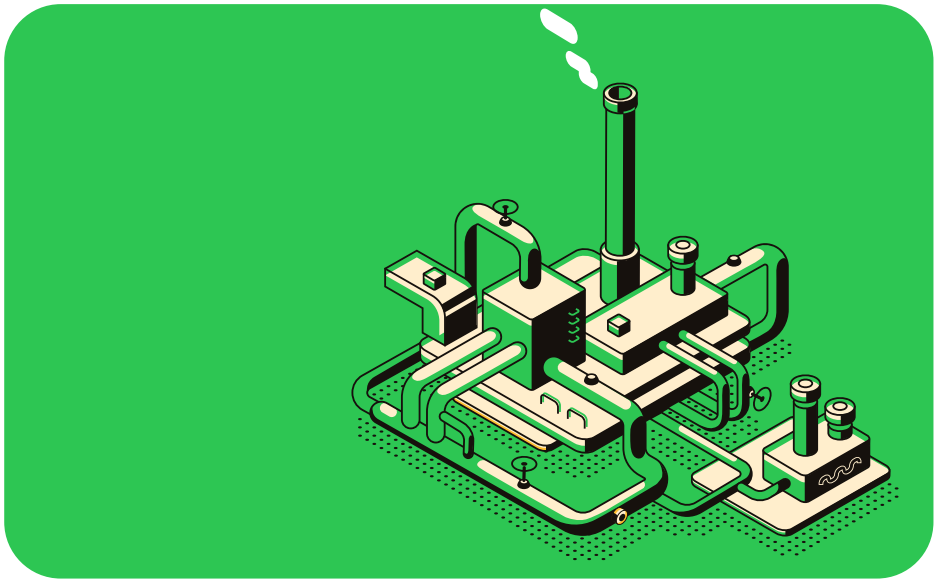
We continue to conduct regular environmental audits at global manufacturing sites in accordance with the management system framework, and implement in-plant management to ensure that the operations of the Company comply with local environmental regulations and the expectations of stakeholders.

To promote the environmental protection awareness among employees, Qisda introduces the Company's environmental policies and explains energy conservation, carbon reduction, water conservation, resource recycling and waste reduction management measures during the orientation education and training for new employees. On occasion, Qisda also communicates the importance of environmental protection to all employees through various meetings and announcements. Environmental management performance is reviewed and reported quarterly by members at the ESG Committee meeting.

Qisda did not have environmental violations in the past four years from 2020 to 2023. The statistics are as follows:

Number of environmental violations

2020	2021	2022	2023
0	0	0	0

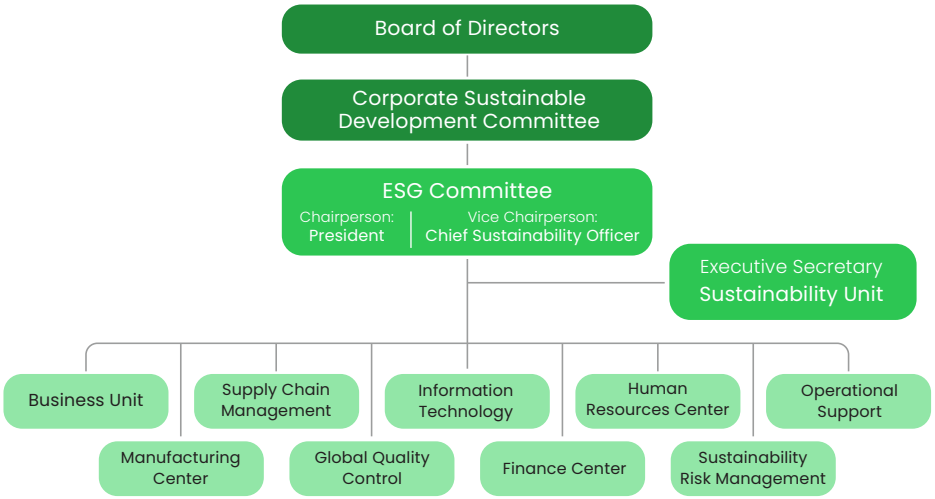


Climate Adaptation and Mitigation

Since the industrial revolution, humans have been burning fossil fuels on an extensive scale, causing large amounts of carbon dioxide and other greenhouse gases to be generated and released into the atmosphere. The increasing concentration of GHG in the atmosphere worsens the greenhouse effect and raises the average surface temperature of the Earth, leading to sea level rise, changes in rainfall and climate in some areas, and further altering the entire ecosystem. The issue of climate change poses a significant threat to the living environment of all organisms, and as domestic regulations on the reduction of GHG and the international Paris Agreement have come into effect, the general public are becoming more concerned about carbon management issues. Hence, in addition to monitoring the business operations that may be affected by climate change, Qisda also promotes corporate sustainable development by planning climate strategies and implementing carbon management. We have referred to the recommended framework of the Task Force on Climate-Related Financial Disclosures (TCFD) to assess the risks and opportunities and formulate countermeasures in response to the risk of climate change. Every year, we regularly illustrate the results of sustainability development and the performance of reduction to the stakeholders through our annual sustainability report. Qisda also shows concern about the issue of climate change and its management methods by actively participating in the international Carbon Disclosure Project (CDP) survey, and Qisda has been recognized by many for taking this action.

Climate Governance Framework

Climate Governance Framework



TCFD

Governance

a. The Board' s oversight of climate-related risks and opportunities

To promote corporate sustainability and climate change governance, the Company established the Corporate Sustainability Development Committee under the Board of Directors on August 4, 2023 to define the business vision, create strategies, and set goals for corporate sustainable development. The Committee members are comprised of members from the Board, including 2 directors and 5 independent directors. The Committee holds meetings on a regular basis. To align with the establishment of the Corporate Sustainable Development Committee, we have expanded the scope of the existing ESG Committee. All Level 1 executives have been made members of the ESG Committee, and the Chairman and President shall set short-term and medium-term sustainability goals. We have made management more effective with an internal top-down approach.

The Company has decided to establish a long-term remuneration plan for the Chairman, CEO, President and other senior managerial officers starting from 2023. This plan is connected to the ESG performance (corporate governance, social engagement, and environmental sustainability performance indicators) and grants long-term rewards and compensations based on the achievement of ESG performance targets every year.

b. Management' s influence in assessing and managing climate-related risks and opportunities

Climate issues are becoming increasingly severe, and as paying attention to climate risks aligns with Qisda' s overall sustainability goals, the Company deems climate-related risks immediate and highly important, appointing the Chief Sustainability Officer to take the responsibility for climate related issues, and designates the ESG Committee to promote sustainability related developmental affairs. Relevant issues are discussed at the senior managers' meeting on a quarterly basis, and a report is made to the Board of Directors once a year. The Board has committed itself to reaching net-zero targets by 2050 (it already committed to join the SBTi in 2022). Please refer to the "Metrics and Targets" chapter for more details. Qisda has introduced the corporate risk management structure since 2005, and has further established the Risk Management Committee. In addition to the annual risk radar chart and Top 3 risk assessment at the management level, we also assess risks at the operational level through risk checklists. Preventive and mitigation measures against high-risk items are followed-up on a quarterly basis. The climate change risk has been part of the annual risk radar chart since 2016. We assessed the severity and likelihood of the risk in 2023, and followed up on two major risks: production interruption in factories and supply interruption of suppliers. We also established response strategies such as the Business Continuity Plans (BCP).

Strategy

a. Identified climate-related risks and opportunities over the short, medium, and long term

Qisda has defined the period for the short term (2021–2025), medium term (2026–2030), and long term (2031–2050). Adopting the climate scenarios of the RCPs, we have identified 9 transition risks, 3 physical risks and 8 opportunities. Through the creation of a climate risk matrix, we have completed the management of climate risks and formulated countermeasures. The climate risk matrix can help Qisda better understand the impact of climate change on our business and guide the Company on how to respond to and manage risks that may arise due to climate change in the future. The items that affect the Company's business are transition risks related to domestic and foreign regulations and laws (medium-term and long-term) and customer behavior changes (medium-term), and energy-saving commodities have been identified as an opportunity (medium-term and long-term). In terms of risk, the Company' s products may not be allowed into target markets due to new carbon reduction policies or regulation. To meet customers' carbon reduction goals, we conduct carbon emission inventories and obtain certifications for all the plants. A systematic platform has also been adopted to manage product carbon footprint inventory. In addition, the benefits of green product R&D are taken into consideration for our transformation plans, as it will have a positive and long-lasting financial impact on the Company. In this matrix, risks are divided into two major aspects: "impact" and "frequency," and then classified as "low," "low-medium," "medium," "medium-high" and "high" according to their levels. The period of impact for each climate risk is also identified in advance, enabling Qisda more accurately estimate the duration our operations will be impacted by climate risks.

b. Climate-related risks and opportunities that have significant impacts on business, strategies and financial plans

We have not only inventoried climate-related risks and opportunities, but also calculated and listed the potential impacts that these risks and opportunities may have on our business, strategies, and finances. Based on the identified climate risks and opportunities, the responsible department manages the "risk content," "potential impacts on business, strategies and finances," and "adaptive and responsive actions," which serve as references for Qisda when setting up relevant hedging and risk control measures. (Please refer to the following paragraphs on climate-related risks and financial impacts.)

c. Taking different scenarios of climate change into consideration

Qisda's 2 ° C scenario is based on the RCP 2.6, 4.5 and 8.5 climate scenarios of the UN Intergovernmental Panel on Climate Change (IPCC). Further, we not only conduct assessments on transition risks along with immediate and long-term physical risks, but also implement the NDCs' simulation scenarios with respect to transition risks. (Please refer to the detailed content below for the simulation data for physical and transition risks)

Risk Management

a. Process of identifying and assessing climate-related risks

In compliance with the TCFD framework, Qisda identifies risks/opportunities that have impacts on business, strategies, and financial planning. Risks/opportunities are defined and listed by the department concerned. Apart from that, Qisda' s 2° C scenario is based on the RCP 2.6, 4.5 and 8.5 climate scenarios of the UN Intergovernmental Panel on Climate Change (IPCC). Further, we not only conduct assessments on transition risks along with immediate and long-term physical risks, but also identify and analyze the climate-related risks and opportunities within the Company' s scope of operations over the short, medium, and long term.

b. Process for managing climate-related risks

To address the risks associated with climate change, each unit implements countermeasures for the identified risks, such as the issue of carbon reduction. The ESG Committee sets relevant goals and takes countermeasures. With the approval of the Chairperson, the implementation of these goals is reviewed on a quarterly basis to ensure that the Company's sustainability goals can ultimately be achieved. In addition, Qisda proposes responsive plans in accordance to the risk scenario analyses. We commissioned Fubon Insurance to investigate the risks of floods in 2020. The investigation is taken as a reference for establishing responsive strategies against physical climate risks. In order to mitigate and adapt to relevant climate risks, we have also established responsive strategies for climate change issues such as droughts resulting from the rising surface temperature, or floods brough by the increasing precipitation.

1. Plans for fighting droughts

Drought fighting measures will be activated once the drought monitoring signal of any area turns green. We use water consumption inventory and days of stored water supply as main indicators, and aim to deal with the situation through plans to "provide water for two days and cut off the supply for another two."

2. Flood Control BCP

If there are potential climate risks in the region where the supplier is located, Qisda thoroughly investigates the supplier' s BCP or recommends it to take appropriate adaption measures. By playing a proactive role in risk management, we are able to stabilize the supply chain in a crisis, further preventing damage in the business operation of the supplier as well as protecting the benefits and rights of our stakeholders. Qisda also commissions external experts to perform climate risk assessment on the Company' s key facilities as a reference for improving and adapting to climate risks.

c. Methods of integrating and including the process of climate-related risk identification, assessment, and management in the overall risk management

Qisda has introduced the corporate risk management structure since 2005. We have also established the Risk Management Committee and conducted annual risk identification and assessment every year. In addition, preventive and mitigation measures against high-risk items are also taken and followed up on a quarterly basis. The climate change risk has been a part of the annual risk radar chart since 2016. We implemented assessments according to the severity and likelihood of the risk in 2023, and followed up on two major risks: production interruption in factories and supply interruption of suppliers. We also established response strategies such as the Business Continuity Plans (BCP).

Metrics and Targets

a. The metrics used to assess climate-related risks and opportunities in line with the strategy and risk management process

Qisda is concerned about the impact of climate issues on our operation. Hence, the Board of Directors has approved of the commitment to and focus on relevant goals, and attached importance to:

1. Renewable energy target: Achieve RE60 by 2030 and RE100 by 2040.
2. Carbon reduction target: Reduce Scope 1 and Scope 2 GHG emissions by 42% by 2030. Achievement status: Renewable energy usage reached 26.2% in 2023; excluding the reduction of emissions due to lowered business operation, Scope 1 and Scope 2 GHG were still reduced by 29.1%.

b. Scope 1, 2 and 3 emissions and relevant risks

In accordance with SBTi and the Company' s carbon reduction roadmap, Qisda continues to invest in green power and carbon reduction projects.

GHG emissions have been listed as one of the important sustainability performance indicators by Qisda and are assessed by the ESG Committee every quarter. Due to changes in industry in 2023, the production output value declined and thus the greenhouse gas emission intensity increased by 28.68% compared to 2022. We prioritize the replacement of old, energy-consuming equipment and the use of energy-saving equipment to save energy. Smart electric meters are introduced in the factory to analyze the power consumption of production lines and processes to find out the best control solutions. We set up self-owned solar power generation and storage systems within the plant and purchased renewable energy certificates to offset our energy use.

As for the responsive measures for possible carbon fees in the future, the collection mechanism is yet to be determined. While we have identified this as a potential GHG emission-related risk, the full extent of its impact is currently unknown. Qisda will continue to pay attention to this issue.

2023 Unit: tCO2e	Scope 1	Scope 2	Scope 3
GHG emissions equivalent	3,501	Location-based: 63,084 Market-based: 48,405	1,756

Management of targets for climate-related risks and opportunities and performance against targets

Short term:

Use 30% renewable energy by 2025; Scope 1 and Scope 2 carbon reduction of 21% by 2025

Medium term:

Use 60% renewable energy by 2030; Scope 1 and Scope 2 carbon reduction of 42% by 2030; Scope 3 carbon reduction of 25% by 2030

Compliance of renewable energy use with RE100 by 2040; achievement of zero carbon emissions (net zero) by 2050.

Governance

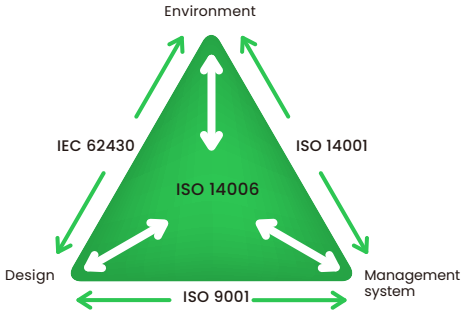
The Board of Directors of the Company is responsible for the review and supervision of climate change strategies, action plans and annual goals. The Sustainability Officer is authorized to take the responsibility for the formulation, planning and implementation of the strategies. He/she detects and responds to climate change risks in the Risk Management Committee and Corporate Sustainability Management Committee every quarter, and in addition to reporting the implementation of mitigation measure to the Board of Directors regularly every year, he/she reviews the greenhouse gas reduction goals and its achievement.

Strategy

Qisda implements environmental sustainability and sustainable development from the three facets of "green products," "green operations," and "green supply chains." The goals set for the development strategies and management measures are monitored through KPIs (Key Performance Indicators). As a company engaging in the design and manufacture of electronic products, Qisda is not only concerned about the greenhouse gas emissions of the organization, but also conducts analysis and management with respect to the environmental impact of the products to ensure compliance with international standards, such as EU Energy-related Products Directive (ErP) and the carbon footprint of the organization (ISO 14064-1).

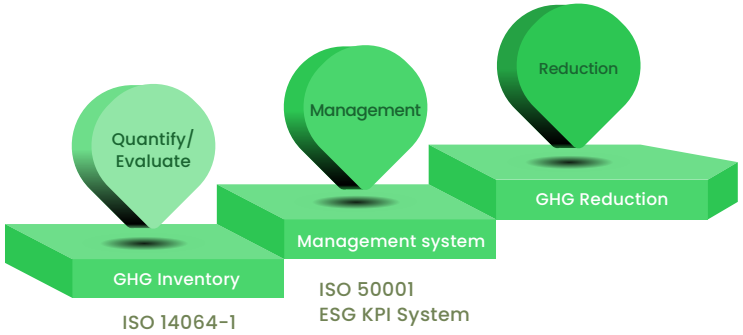
Green Product

Qisda reviews the carbon emissions of the products and identifies opportunities to reduce carbon through the application of life cycle thinking. The Company places importance on the green design, uses the eco-design approach, and takes the environmental impact and carbon reduction into account at the design stage. A carbon footprint report is produced via the management platform and the Company takes follow-up and management measures for the performance of the carbon reduction.



Green Operation

With the quantification/assessment, management and carbon reduction as the core, Qisda takes actions starting from the inventory of the organization' s greenhouse gas emissions (ISO 14064-1) and sets up the energy management system (ISO 50001) and the corporate sustainable development (ESG) KPI management system to understand the accomplishment status and reduction performance of each energy saving measure.



Green Supply Chain

This is implemented in three phases as planned: Awareness, Implementation and Sustainability. Education and training of key suppliers on GHG inventories is an element in the awareness phase. The suppliers of key components are encouraged to conduct GHG inventory and reduction in the implementation phase. In the last sustainability phase, it is expected to improve the independent management capability of the suppliers and disclose their climate change strategies and reduction performance in the Corporate Social Responsibility (CSR) Report.

Awareness
- Inspection of the supplier's social responsibility, environment, safety and health
- Self-assessment on the Responsible Business Alliance Code of Conduct (RBA Code)

Implementation
- On-site audit of the supplier's social responsibility, environment, safety and health
- Implementation of the Responsible Business Alliance Code ofConduct (RBA Code)

Sustainability
- Supplier's independent management
- Preparation of the Corporate Social Responsibility Report
- Extension to the Tier 2 supplier

At present, the risks and scenarios that Qisda has identified through assessments are sorted below:

Qisda's Climate Simulation Scenario in 2050

Scenario	RCP 2.6		RCP 4.5		RCP 8.5	
Indicator	mean air temperature	precipitation	mean air temperature	precipitation	mean air temperature	precipitation
Country	Average temperature in 2050	Average precipitation in 2050	Average temperature in 2050	Average precipitation in 2050	Average temperature in 2050	Average precipitation in 2050
Taiwan	Increase by 0.3 - 2.1°C	Increase by -5.3% to 12%	increase by 0.7 ~ 2.4°C	increase by -4.7 ~ 13.6%	Increase by 1 - 3.1°C	increase by -7.7 ~ 13%
China	Increase by 0.8 ~ 2.7°C	Increase by 1.7 ~ 11.3%	Increase by 1.2 ~ 3.2°C	Increase by 2.1 ~ 12.8%	Increase by 2 ~ 4°C	Increase by 3 ~ 17.1%
Vietnam	Increase by 0.6 ~ 1.7°C	Increase by -6.6~10%	Increase by 0.8 ~ 2.0°C	Increase by -4.6 ~ 9.9%	Increase by 1.1 ~ 2.6°C	Increase by -2.7 ~ 14%
Possible impact on climate	The annual temperature is expected to increase 1.7°C in Vietnam and more than 2°C in both Taiwan and China, which will possibly result in a temperature rise in facilities and their surroundings, further affecting production efficiency. As a result, investment into devices for improvement is required. The increase in precipitation might cause increases in flooding, especially when the maximum rate of precipitation increase in all 3 countries exceeds 10%. If drainage equipment around the facilities is poor, the facilities can be easily flooded, and losses of raw materials, end products and machines will become highly likely.		The annual temperature in Vietnam and Taiwan is expected to increase by 2.4° C and 2.0° C respectively. On the other hand, the annual temperature in China can rise 3.2 ° C to the most. This will possibly result in a temperature rise in facilities and their surroundings, further affecting production efficiency. As a result, investment into devices for improvement is required. Not only that, due to the longer duration of high temperatures in recent summers, improvements in ventilation and air conditioning equipment might be necessary to prevent the employees from experiencing heat stroke. Hence, electricity bills and equipment maintenance expenses will increase. In addition, the increase in the average precipitation might cause increases in flooding. Currently, the annual precipitation in the locations of Qisda' s facilities has risen by around 9.9% to 13.6%. If drainage equipment around the facilities is poor, the facilities can be easily flooded, and losses of raw materials, end products and machines will become highly likely. Furthermore, factors such as the local terrain, drainage and flood prevention measures shall be taken into consideration.		Although Taiwan and Vietnam still have lower temperatures compared to China, it is possible that the temperatures increase more than 2° C and further lead to progressively increasing temperatures. As a result, continuous improvements of air conditioning in factories are necessary. The rise of the annual temperature can cause a decrease in the number of typhoons and increase the occurrence of droughts. In extreme climate conditions, floods are more likely to occur in the three regions/countries where Qisda operates when compared to other climate scenarios. Apart from potential flooding in factories, transportation disruptions, employee commute and employee injuries may also occur.	

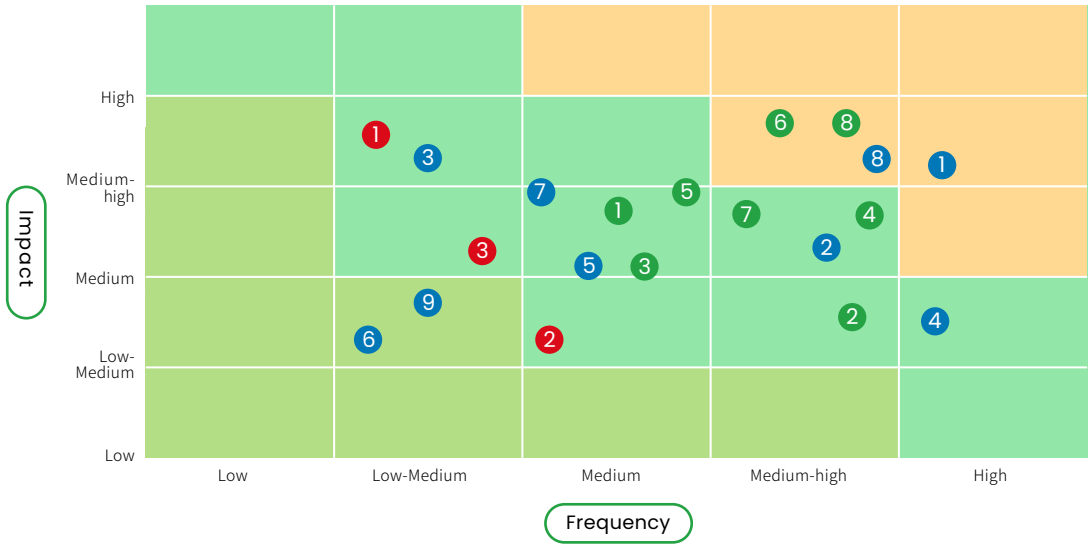
Parametric Hypothesis	Today - 2023	2031~2050	Operational & Financial Impact			Management Methods
			Upstream (Suppliers)	Qisda	Downstream (Customers)	
Physical Climate Scenario RCP2.6						
Annual temperature Annual rainfall		Annual temperature: Increase 0.3 - 2.1°C in Taiwan Increase 0.8 - 2.7°C in Suzhou Increase 0.6 - 1.7°C in Vietnam Annual rainfall: Increase -5.3 - 12% in Taiwan Increase 1.7 - 11.3% in Suzhou Increase -6.6 - 10% in Vietnam	If precipitation increases abnormally, it may cause shipping delays and further affect Qisda's production and shipment.	The annual temperature is expected to increase 1.7°C in Vietnam and more than 2°C in both Taiwan and China, which will possibly result in a temperature rise in facilities and their surroundings, further affecting production efficiency. The increase in precipitation might cause increases in flooding, especially when the maximum rate of precipitation increase in all 3 countries exceeds 10%. If drainage equipment around the facilities is poor, the facilities can be easily flooded, and losses of raw materials, end products and machines will become highly likely.	The customers can require Qisda to prepare materials in the warehouse in advance to respond to possible material shortage crisis.	We require the factories and the internal units of Qisda to pay attention to the height of the factory' s foundation for flood prevention. We also regularly pay attention to occurrences of abnormal natural disasters that affect the operation of factories and Qisda. In addition, Qisda conducts BCP drills with respect to natural disasters, checks the height of each factory' s foundation, and implements improvement and flood prevention measures. Finally, sufficient key materials are regularly stored in the warehouse in accordance to the FCST in preparation for unexpected needs.
Physical Climate Scenario RCP4.5						
Annual temperature Annual rainfall		Annual temperature: Increase 0.7 - 2.4°C in Taiwan Increase 1.2-3.2°C in Suzhou Increase 0.8-2.0°C in Vietnam Annual rainfall: Increase -4.7-13.6% in Taiwan Increase 2.1-12.8% in Suzhou Increase -4.6-9.9% in Vietnam	Most suppliers are located in Suzhou. If the temperature increases 3.2 ° C, the attendance and health of factory personnel can be affected, leading to production disruptions and material shortages. If precipitation abnormally increases up to 10%, the flood it brings can affect the attendance of employees, and factories will be unable to proceed with production and shipment. This will have further impact on Qisda' s production and shipment. Abnormal natural disasters can also affect the stability of the power supply. If the Company fails to proceed with production, costs will eventually increase.	The annual temperature in Vietnam and Taiwan is expected to increase 2.4° C and 2.0° C respectively. On the other hand, the annual temperature in China can rise 3.2° C to the most. This will possibly result in a temperature rise in facilities and their surroundings, further affecting production efficiency. As a result, investment into devices for improvement is required. Additionally, the longer duration of high temperatures in recent summers can lead to sick employees and further affect the operation of the Company. In addition, the increase in the average precipitation might cause increases in flooding. Currently, the annual precipitation in the locations of Qisda' s facilities has risen by around 9.9% to 13.6%. If drainage equipment around the facilities is poor, the facilities can be easily flooded, and losses of raw materials, end products and machines will become highly likely. Furthermore, factors such as the local terrain, drainage and flood prevention measures shall be taken into consideration.	In addition to more inventory, customers require an additional second source.	We require the factories and the internal units of Qisda to pay attention to the height of the factory' s foundation for flood prevention. We also regularly pay attention to occurrences of abnormal natural disasters that affect the operation of factories and Qisda. In addition, Qisda conducts BCP drills with respect to natural disasters, checks the height of each factory' s foundation, and implements improvement and flood prevention measures. In addition to preparing inventory, key materials are imported into the second source.

Parametric Hypothesis	Today - 2023	2031~2050	Operational & Financial Impact			Management Methods
			Upstream (Suppliers)	Qisda	Downstream (Customers)	
Physical Climate Scenario RCP8.5						
Annual temperature Annual rainfall		**Annual temperature:** Increase 1-3.1°C in Taiwan Increase 2-4°C in Suzhou Increase 1.1-2.6°C in Vietnam **Annual rainfall:** Increase -7.7-13% in Taiwan Increase 3-17.1% in Suzhou Increase -2.7-14% in Vietnam	Higher temperatures and extreme precipitation or drought can result in severe power shortage. Thus, the suppliers may need to spend more money to improve working environments and ensure personnel safety. The time needed for material preparation may be longer, and transportation methods may need to be changed, which will result in increasing costs.	Although Taiwan and Vietnam still have lower temperatures compared to China, it is possible that the temperatures increase more than 2 ° C and further lead to progressively increasing temperatures. As a result, continuous improvements of air conditioning in factories are necessary. The rise of the annual temperature can cause a decrease in the number of typhoons and the occurrence of droughts. In extreme climate conditions, floods are more likely to occur in the three regions/countries where Qisda operates when compared to other climate scenarios. Apart from potential flooding in factories, transportation disruptions, employee commute and employee injuries may also occur.	The customers hope to have a second or third production site to prevent delivery dates from being affected by disasters in different locations.	Both manufacturers and Qisda have requested to pay attention to the height of the foundation at the location of the factory to avoid flooding. We also regularly pay attention to occurrences of abnormal natural disasters that affect the operation of factories and Qisda. In addition, Qisda has conducted BCP drills for natural disasters, checked the height of the foundation at each plant, and implemented improvement and flood control measures. Qisda has proactively established three production locations in Suzhou, Taiwan, and Vietnam respectively in response to different situations in each region as well as customer requirements.
Climate-related Transformation Scenario NDCs						
Net zero emissions The 1.5°C	1. Reaching an annual carbon reduction of 4.2% (Scope 1 & 2) 2. Reaching 60% green power by 2030	1. Reaching an annual carbon reduction of 4.2% (Scope 1 & 2) 2.Reaching 100% green power by 2040 3.The commitment to net zero by 2050	Due to the need for industrial transformation: 1. This will drive the growth of investment in low-carbon products, and the operating costs of the suppliers will inevitably increase. 2. Suppliers that fail to combat the challenge of low-carbon transformation will gradually lose orders and competitiveness.	In line with Taiwan's Pathway to Net-Zero Emissions in 2050, international trends, laws and regulations, and policies with respect to low-carbon transformation, the Qisda Group has established the goals of reaching 60% green power by 2030 and then 100% in 2040. According to the Group's product planning and the assessment of the factory capacity, the total electricity consumption in 2030 is 349,650 MWh, an increase of 20.3% compared to 2021. Therefore, it is necessary to increase the investment in energy-saving practices to accelerate energy transformation and increase the utilization rate of green electricity.	In response to the trend of low-carbon transformation, we will focus on increasing the ODM products originating from green manufacturing and design of low-carbon products. More demands for renewable energy and green products will be required from upstream suppliers.	1. Continue to invest in energy-saving facilities for plants, with an estimated electricity reduction of 25.89 million kWh. 2. Purchase 247 million kWh of renewable energy certificates (I-REC) 3. Implement carbon reduction according to SBT.

Risk Management

Every year, Qisda's Risk Management Committee leads the annual climate change risk and opportunity assessment with reference to the RCP climate scenarios. Each unit identifies transition risks, physical risks, and related opportunities, and predicts the possible time of occurrence (short-term, mid-term, long-term), which issue may arise, and the financial impact of these risks. Considering the frequency of occurrence, impact, and the Company' s ability to adapt to the risks and opportunities identified, the units are further asked to plan management measures and strategies in response. We have identified 9 transition risks, 3 substantive (physical) risks, and 8 opportunities, and created the climate risk matrix to help Qisda better understand the impact of climate change on our business and guide the Company in addressing and managing risks of climate change. In this matrix, risks are divided into two major aspects of "impact" and "frequency," and then classified into "low", " medium to low", "medium", "medium to high" and "high" according to the level of the risk. The period of impact is identified in advance for each climate risk, which enables Qisda to more accurately estimate the duration of which our operations will be impacted by climate risks. Lastly, for the identified climate risks and opportunities that Qisda faces, the responsible department manages the "risk content," "potential impacts on business, strategies and finances," and "adaptive and responsive actions," which serve as references for Qisda when setting up relevant hedging and risk control measures in response to the challenges that the climate change brings about.

2023 Qisda Matrix of Climate Change Risks and Opportunities



Transition risk

1. Domestic and international regulations and laws (medium-term and long-term)
2. Carbon trading and carbon tax (medium-term)
3. Green products and technology (long-term)
4. Energy-saving equipment (medium-term and long-term)
5. Purchase of green electricity (medium-term and long-term)
6. Consumer' s sustainability awareness (long-term)
7. Rising costs of raw materials (medium-term)
8. Customer behavior change (medium-term and long-term)
9. Reputation (long-term)

Substantial risk

1. Typhoon and flood (Short Term)
2. Water and Power shortage (Short Term)
3. Increase of annual Temperatures (Short Term)

Opportunities

1. Energy-saving benefit (short-term)
2. Water-saving benefit (short-term)
3. Efficient green building (medium-term and long Germ)
4. Installation of solar power (medium-term and long-term)
5. Low-carbon commodities and services (short-term and medium-term)
6. Sustainable value (medium-term and long-term)
7. Green finance (short-term)
8. Energy-saving commodities (medium-term and long-term)

Climate Change Related Risks and Their Financial Impact

Type	Climate Change Related Risk	Impact Period	Description of Risk Content	Potential Impact on Business, Strategies & Finance	Adaption & Responsive Actions
Transition risk	**Policy and Regulation**	Qisda regularly checks for compatibility with climate change-related laws and regulations every year, incorporating laws that pose a higher risk in the assessment performed by the Risk Management Committee and the ESG Committee. If they are confirmed as potential risks, they will be set as a key performance indicator for management that year, and will continue to be monitored every quarter.			
	Domestic and international regulations and laws	Medium-term and long-term	• The MOEA' s Bureau of Energy has required companies to reduce their electricity consumption by 1% every year. • The Administrative Yuan has introduced summer energy-saving measures. • The "Climate Change Response Act" was enforced in 2015, and major energy consuming companies are required to report problems relating to this Act. Inventory and certification of carbon emissions must be performed at the Company level in response to the requirement of "carbon disclosure" . • Possible risks can emerge when product labels (such as carbon labels, green labels) are found to be noncompliant with regulations in areas where we sell our products. • International issues and regulations have become increasingly stringent. Domestic and foreign regulations may ban or control the sale of energy-intensive products. • For cases of interpretation and fine from the competent authorities once the law is violated, it is time-consuming and time-consuming to seek relevant external law firms. • The FSC requires disclosure of the Company's ESG-related reports. Corresponding talent cultivation and education and training are required to comply with regulations.	• An increase in operating costs results from possible rise of electricity bills. • Energy saving improvement measures planned for the Taiwan factory at a cost of NT$500,000 per year. • The cost of obtaining evidence will increase. (e.g., the fees for the inventory and certification of carbon emissions that must be performed at the Company level in response to the "carbon disclosure" requirement are about NT$3 million. • Failure to comply with regulations in a timely manner may impact the revenue of NT$100 million per project or bring about a fine (estimated to be approximately NT$1 million for a single model). • The labor cost for the legal affairs department and the fees for external professional training courses, consultation, and external law firms are estimated to be about NT$840,000. • For compliance with laws and regulations, relevant units provide education and training, consultation, and publicity, optimization and improvement of software and hardware. This will cost about NT$430 thousand in total.	• The Company implements an energy saving improvement plan every year and sets goals through the ESG Committee. In terms of administrative and engineering control, we have implemented smart lighting and turn-off inspection measures, conducted air compression system improvements, and added scheduled checkpoints for electricity consumption on weekends and at night. We have held quarterly follow-up meetings to review the results achieved. • An exhaust system optimization project has been implemented in 2023 (costing approximately NT$175,000). We expect to commence improvement of our air compression system in 2024, with a budget of NT$800,000. • Relevant key performance indicators (KPIs) have been set up for control by the ESG Committee. We continue to pay attention to domestic and foreign regulatory requirements. Currently, Qisda has no domestic or foreign regulatory risks. The Company connects the strategic goals of the organization with the KPI of each unit, pursuing the achievement of their goals at all levels in a top-down manner. By setting quantitative targets, clear scoring principles, and assigning weight to different criteria, we drive the members to take corresponding actions to achieve the targets and thus achieve the strategic goals of the organization. For the strategic goals, the net-zero carbon roadmap must be followed and social engagement and influence in sustainability shall be continuously enhanced to strive for recognition and ensure the effectiveness of Qisda's ESG promotion. • We plan the evidence collection schedules and resources as early as possible, incorporate ESG orientation in the continuous improvement process (CIP), increase ESG-related activities and competitions, organize professional ESG talent training courses, and implement ISO14064 and ISO50001. In addition, we have introduced systems to assist in carbon inventory and improve carbon hotspot analysis for effective carbon reduction. We have also obtained certification to meet the "sustainability pathway" required by the FSC. • We participate in courses on climate change to stay updated with the latest information. Qisda responds to new regulations in a timely manner, and communicates with customers about plans to introduce relevant requirements into products. For example, the EU bans the sale of 8K TVs. To help employees better understand the risks associated with climate change and transition, we discuss long-term implementation plans with customers and conduct a pilot program starting in Europe. • Regulations related to energy conservation are growing stricter. Qisda will work with suppliers to meet such standards.

Type	Climate Change Related Risk	Impact Period	Description of Risk Content	Potential Impact on Business, Strategies & Finance	Adaption & Responsive Actions
Transition risk	Carbon trading and carbon tax	Medium-term	• The Carbon Border Adjustment Mechanism (CBAM) will gradually enter into force in 2023. • The US Clean Competition Act (CCA) may impact the Company's business. • As carbon fees continue to increase, more carbon credits must be purchased. According to the regulations of the Ministry of Environment, carbon fees are expected to be levied on companies with carbon emissions over 25,000 tons from 2024 onwards. • Internal carbon pricing (ICP): In accordance with the requirements of the FSC, we will adopt IFRS-S1, S2 (The 2023 annual report for the shareholders' meeting must disclose TCFD information).	• Importers will start paying for the EU's CBAM charge, which will cause a rise in import and export costs. • Clean Competition Act (CCA), expected to be implemented in 2024, is mainly devoted to the establishment of the U.S. carbon tax system and imposes carbon tariffs on various industries. • The estimated annual cost of introducing carbon pricing-related systems and systems is NT$9.6 million.	• At present, Qisda's products have not yet been included in the scope of carbon tax. We will continue to pay attention to this trend, and will respond to relevant issues that arise in advance. • In 2023, suppliers were required to conduct product carbon inventory and set carbon reduction KPIs. • In 2023, we completed our greenhouse gas inventory using ISO 14064-1 as a guide, and obtained third-party certification for the greenhouse gas inventory. The results of this inventory helped us to better understand the emissions of the Company' s business operations, and are used as reference in carbon reduction assessments. Through the Qisda Corporate Sustainable Development Committee, we have set carbon reduction goals for each unit and product, reviewed them quarterly, and actively enhanced the awareness of energy conservation amongst our employees, promoting action through education and training. • We analyzed the Company's carbon emission sources and the overall proportions of emissions coming from each of these sources through carbon emission hotspots. We further evaluated reduction measures for manufacturing, air conditioners, air compressors and other equipment. We continue to march toward the goal of "reduction first, energy conversion second" to effectively reduce carbon emissions. • We have formed a Task Force team to monitor changes in laws and respond to them in order to meet the requirements of the IFRS Sustainable Disclosure Standards in 2026. Establishing an internal carbon pricing system can help enterprises better understand and manage their carbon footprints and encourage them to take more sustainable business actions.
	Technology		Starting from the initial stage of product realization—product design—we aim to minimize carbon emissions and impact on the environment. As stakeholders have become more aware of product carbon reduction, Qisda has included this issue in our risk assessments since 2009.		
	Green product and technology	Long-term	• Changes in consumer awareness will lead to an increase in demand for green products. Consumer expectations and market demands must be met. For example, when integrating low-carbon technology and circular economy in the design of products, low-carbon materials or recyclable packaging materials must be considered.	• The energy-saving equipment used in R&D and production requires higher costs. For example, for LCD products, about NT$6 million is invested in R&D every year. • The cost of cultivating environmentally friendly materials management talents is approximately NT$1.2 million per year.	• We officially established an internal carbon footprint calculation system - the Carbon Management Platform - in 2010. Whenever a customer requires the provision of this type of information, we can calculate the volume of carbon emitted from the product. • Qisda has begun to incorporate eco-design concepts into our product development process, such as IEC 62430-verified eco-design, including liquid crystal displays and projectors, to create more environmentally friendly green products. • In order to comply with laws and regulations and customers' requirements for identifying low-carbon parts and components made of energy-saving and environmentally friendly materials, we have assessed and separately coded the part numbers of green and energy-saving parts and components to facilitate identification and management. • The safety department regularly pays attention to international regulations and customer requirements, and worked with the R&D team to develop products and designs that comply with regulations. • The R&D team enhanced the energy-saving design of the products to boost the competitiveness of the Company and add value to products. It also helped to increase the selling price and revenue of these products.

Type	Climate Change Related Risk	Impact Period	Description of Risk Content	Potential Impact on Business, Strategies & Finance	Adaption & Responsive Actions
Transition risk	Green product and technology	Long-term	To reduce carbon footprint and protect the environment, we encourage employees to move daily operations and meetings online.	To reduce carbon footprint and protect the environment, we encourage employees to move daily operations and meetings online.	We encouraged low-carbon and efficient meeting options and tools, such as Teams/Zoom meeting/Skype, etc., to reduce the movement of employees around the world, reduce carbon footprints, and save costs and time. We developed an online electronic signature system to reduce the consumption of paper and toner, not only improving work efficiency and facilitating environmental protection, but also reducing the costs of the Company.
	Green product and technology	Long-term	We purchase energy-saving equipment and materials.	In 2023, we replaced the chamber equipment with 3 energy-efficient units at a procurement cost of approximately NT$970,000. Replacing low-carbon materials results in an increase of the cost by about NT$40 million.	The maximum amount of power saved by the newly purchased chamber equipment reached up to 70%; the equipment saved 45% per unit on average. The water consumption unit can save up to 80% of water at the maximum. It is required that test equipment must bear a green label prior to purchase.
	Green product and technology	Long-term	Safety regulations in various countries have increasingly stringent requirements for energy efficiency.	The European Union will prohibit mercury projector lamps by 2027, and the electricity bill in Europe will rise sharply, thus driving consumers to pay attention to energy consumption. The replacement of the semiconductor light source projectors must have good energy consumption performance in order to compete with competitors or competing products (such as large flat-panel displays). As of 2024, no impact was imposed on Qisda products.	The safety regulation unit regularly pays attention to international regulations and customer requirements, and works with the R&D team to develop products and designs that comply with regulations. We developed and optically designed a laser light source with high energy efficiency, and used the vision and image quality adjustment technology to assist in improving the light efficiency. We introduced appropriate semiconductor light sources according to the characteristics of each market segment to provide consumers with more choices. While maintaining good color performance, we aim to improve energy efficiency every year to form a competitive advantage over competitors.
	Green product and technology	Long-term	Suppliers fail to achieve the goal of carbon reduction.	At present, both OEMs and suppliers can cooperate to introduce plastic-reducing or environmentally friendly materials. There was no financial impact in 2023.	Qisda's goals for sustainable raw materials and recycled materials: (1) No less than 60% of monitor models uses recycled materials, (2) No less than 50% of models uses paper plastic/paper folding. The above goals have been achieved in 2023.
	Energy-saving equipment	Medium-term and long-term	Old equipment operates on reduced efficiency, leading to high energy and electricity consumption. In response to the rising temperature, the demand for air conditioning increases, and the equipment and energy consumption must be reviewed to prevent power outages due to the simultaneous increase in electricity consumption.	Electricity expenses increased by 5%. Energy-efficient NB/PCs with energy-saving labels was purchased in 2023 to replace old equipment. In 2023, Taiwan Plant replaced the old UPS batteries; the cost of replacement was about NT$800,000.	We set equipment lifespan and replace outdated equipment with high-efficiency equipment. We purchase NB/PC and equipment bearing power saving labels. We made replacement for other production-related equipment to improve energy efficiency. We replace UPSs and generators to improve performance.

Type	Climate Change Related Risk	Impact Period	Description of Risk Content	Potential Impact on Business, Strategies & Finance	Adaption & Responsive Actions
Transition risk	Purchase green electricity	Medium- and long-term	In response to the RE100 plan, the proportion of purchased green power certificates increases year by year. he Company enhances the use of green energy and installs solar power-related equipment.	24,700 I-RECs were purchased at a cost of NT$413,625 in 2023. Qisda' s solar energy construction project cooperates with manufacturers and does not require construction costs. As part of the collaboration, we pay electricity bills lower than the market price to purchase green electricity. In 2024, MetaAge expects to build its own solar power facilities at a cost of about NT$7.25 million.	In addition to generating solar energy on the top floor of the factory for self-consumption, renewable energy certificates are purchased to increase the Company's renewable energy proportion. We purchase I-REC certificates every year for the factories in Suzhou and Vietnam, and the Taiwan factory purchases green electricity every year. Cooperate with manufacturers to build solar energy projects and purchase green electricity to reduce the cost of purchasing electricity. Phase II solar power generation project in Suzhou Plant in 2023. Phase I solar power generation project in Vietnam Plant in 2024. The second phase of the solar power generation project at the Taoyuan plant is expected to be constructed in 2026, with an estimated annual power generation capacity of 600 MWH and an estimated construction cost of NT$20 million. MetaAge plans to complete the construction of its rooftop solar power facilities by Q2 2024.
	Market		Consumers are becoming more and more aware of the environmental impact of the products they purchase. If the environmental performance of our products cannot meet their expectations, there will be market risks.		
	Consumer's sustainability awareness	Long-term	The increasing costs of additional labor and work hours associated with conducting LCA studies have eaten away at our revenues and profits. The market demand for cloud services or low-carbon products increases and transition is required more quickly.	Since 2010, the financial impact caused by changes in consumer behavior on the cost of conducting an LCA has accumulated to approximately $341,000. Agency or development of related cloud and low-carbon products is needed to maintain market competitiveness.	Qisda launched the "Carbon Management Platform System" in 2010 to provide customers with product carbon footprint reports immediately after mass production. The cost of conducting quarterly reviews on the ESG committee, establishing and maintaining a product greenhouse gas inventory system, and third-party verification has exceeded $342,700 in total. Distributing low-carbon products in the face of competition in the green market: Assist distributors in the sale of low-carbon products (cloud-based, process automation). In the future, we will continue to request transition to carbon reduction technology and low-carbon materials. We implement carbon reduction practices and performance through transparent disclosure of ESG reports and communication with stakeholders.
	Rising costs of raw materials	Short-term and medium-term	Reduced oil production affects transportation-related material expenses. Customers request recyclable packaging materials. In response to our declaration of cutting carbon emissions in the supply chain by 2030, suppliers with better carbon emissions and higher costs are selected.	The costs of transportation and related materials rise. The cost of recycled packaging materials is about 20% higher than that of ordinary materials (The average cost increases by NT$6 million per year). The carbon reduction target may increase the cost of materials.	We introduce local procurement to reduce the risk of transportation and material costs, which affect the profitability. We use recycled plastic for injection molding to achieve recycling, environmental protection, and reduction of the costs. The Company introduces a second source to the supply chain to improve the bargaining power of the procurement unit. In response to high-risk suppliers identified as a result of RBA audits, substitute material manufacturers will be organized.

Type	Climate Change Related Risk	Impact Period	Description of Risk Content	Potential Impact on Business, Strategies & Finance	Adaption & Responsive Actions
Transition risk	Customer behavior changes	Medium- and long-term	• Customers have increasingly high expectations for the Company to conduct carbon footprint assessments. • The customer sets goals for carbon reduction. • Customer or regulatory requirements require the use of FSC (Forest Verified) certified paper.	• Calculating a product' s carbon footprint adds additional time and labor. • Our customers are planning to request the Company to apply EPEAT to our products through PAS2050 or ISO14067. This will increase the annual product certification fees. • In order to meet customers' carbon reduction requirements, the costs associated with developing a GHG inventory system for products and requesting verification of data from suppliers continues to increase. • To comply with FSC, the estimated paper cost will increase by approximately NT$80,000.	• In 2010, the carbon footprint calculation system was used to improve calculation efficiency, meet customer requirements, and successfully reduce transformation risks. • We reduce the carbon emissions during transportation, increase the proportion of local procurement, and combine and ship raw materials from the same location to reduce the frequency of transportation. Some mechanical component manufacturers use recycling bins for delivery to reduce the one-time use of boxes. • We add ESG-related indicators to supplier evaluations, and include ESG as reference indicators for order allocation. • In the future, the transition to carbon reduction technology and low-carbon materials will continue to be a requirement. Taking Energy Star, a major energy efficiency regulation, as an example, 81% of our products complies with its energy-saving requirements as of 2023. • We developed a sustainable supplier evaluation system and continue to collaborate with sustainable suppliers. If suppliers are required to move their production bases, we will work with the procurement department to complete an investigation into the supplier's green product-related qualifications in advance. In addition, mineral oil-containing inks are completely prohibited, and we will cooperate with customers to gradually reduce the use of printed matter and paper.
	Reputation	The identification and management of climate risks can affect the way the Company is viewed by external stakeholders and further influence business in long term.			
	Reputational risk	Long-term	• Sales will decrease if errors occur during the certification of energy-saving products. • Due to poor carbon reduction efficiency, financial ratings are affected and financing costs will increase. • The lack of good corporate sustainability actions and failure to meet the expectations of stakeholders will indirectly affect the company's image and long-term development. In particular, if our carbon reduction efforts do not meet expectations, it will have a negative impact on our corporate reputation. At the same time, as domestic climate and sustainability-related regulations increase, operating costs will rise. • Failure to achieve carbon reduction targets will affect corporate reputation, thereby reducing the willingness of talents to apply for jobs.	• The impacted recertification and sales of some products are estimated to affect 1% of the revenue. Therefore, it is necessary to cultivate professional environmental protection talents to avoid related risks. The annual training course fee is estimated to be approximately NT$200,000. • If the supplier cannot continue to supply materials normally, it will lead to production suspension and ultimately affect shipments and turnover.	• Qisda will incorporate reputational issues with a high level of risk in the assessment conducted by the Risk Management Committee and the ESG Committee. The ESG Committee will establish a working group to suggest improvement plans and set KPIs for ESG-related issues, for example, establishing a carbon reduction plan with the relevant units to meet the stakeholders' expectations. • The Company has environmental safety professionals who pay attention to environmental protection laws and regulations, conduct compliance evaluations, participate in professional courses on corporate sustainable development, avoid related risks, follow the guidance of headquarters, and carry out related operations as planned. • In accordance with the customers' requirements, Qisda provides the GHG emissions data of the organization and products along with corresponding carbon emissions reduction plans.

Type	Climate Change Related Risk	Impact Period	Description of Risk Content	Potential Impact on Business, Strategies & Finance	Adaption & Responsive Actions
Transition risk	Reputational risk	Long-term		• The company has launched many projects for sustainability issues and consequently needs talents with professional knowledge of sustainability. As such, we will increase the cost of manpower and educational training courses. For example, a subsidiary has set up dedicated sustainability units and personnel, and continues to provide employee education and training. A total investment of approximately NT$2.6 million will be made in 2023. In addition, in accordance with relevant laws and regulations, we regularly compile sustainability reports every year, conduct greenhouse gas inventories and third-party audits, etc. The annual operating cost is approximately NT$1.45 million. • This may lead to an extension of talent recruitment time by approximately 20% (approximately NT$13,000), while affecting the retention rate of existing talent, increasing the turnover rate by approximately 6%.	• By promoting the company' s ESG activities and awards in campus talent recruitment activities, and by organizing related activities and industry-academia cooperation projects, the Company can simultaneously attract outstanding talents, deepen the understanding of ESG on campus, and cultivate sustainable talents to further promote the sustainable development of both society and the corporation itself. • Information related to Qisda's ESG sustainability results is disclosed on the official website, highlighting the company's continued emphasis and efforts on sustainability issues. The content of the ESG area is regularly updated to reflect the company's latest progress and achievements in sustainable development in a timely manner. Through continuous information disclosure and transparency, the company can build trust and interaction with stakeholders, further enhance the positive image and recognition of the company, and simultaneously strengthen the attraction and persuasiveness of the Company when recruiting outstanding talents and investors.
Physical risk	Acute physical risks		Qisda has established an emergency joint defense mechanism, further integrating the Company and the Group' s resources to assess and analyze climate events that may impact the Company' s operations every year.		
	Typhoon, flood, and snowstorms	Medium-term and long-term	• Floods can disrupt the business activity, production, and delivery of products. For example, some of Qisda's factories in Mainland China are low-lying and may suffer from flooding if there is strong torrential rain. • Extreme weather events, such as typhoons, earthquakes, and lightning strikes, lead to an increase in both the frequency and degree of property damage within factories and warehouses. Containers and front-line warehouses may be damaged during transportation, resulting in product loss. • Shipment will be suspended for 3 days due to torrential rain/snowstorm.	• If the factory in Mainland China is flooded, there is a possibility of power outages and production interruption for one day. It is estimated that the disaster may affect about RMB 150,000, and it is necessary to adjust the production process. • If goods are damaged, revenue will be affected; insurance premiums will also increase due to climate change factors (In 2023, no insurance claims were filed for typhoons and floods.)	• In 2021, we re-configured river drainage pipes for the plant in Mainland China and equipped them with flood prevention materials. In the event of an emergency of heavy rainfall, we will formulate plans to reschedule the work shift. Currently, we continue to monitor the annual water level changes and will take further measures if the risk increases. In addition, the confirmation of the availability of flood control and emergency supplies should be completed before the end of May every year, and the estimated amount is RMB 50,000 per year. • We plan capacity deployment in advance and organize alternative solutions with respect to manufacturers and products. We continue to cooperate with sustainable suppliers. • Through comprehensive professional analysis of climate disasters, we are able to transfer risks through insurance. In 2020, Fubon Insurance identified whether Qisda's Taiwan Plant was exposed to climate-related risks. We implement the relevant BCP and conduct practical inspections, maintenance, and drills, such as cross-plant and remote production deployment support, to minimize risks and disasters.

Type	Climate Change Related Risk	Impact Period	Description of Risk Content	Potential Impact on Business, Strategies & Finance	Adaption & Responsive Actions
Physical risk	Typhoon, flood, and snowstorms	Medium-term and long-term		Supply chain suspension and non-arrival of goods: As a result, materials are not completely available for the production line and production and shipment are affected; goods cannot be delivered to customers as scheduled, affecting subsequent payment collections.	Office buildings and warehouses are equipped with flood protection facilities, and an emergency response team is formed to cope with the occurrence of extreme rainfall. The plant is equipped with flood prevention materials; manual water flaps and manual emergency water pumping systems are installed in the engine room. We evaluate the construction of an autonomous floodgate system and establish early rainfall detection, guiding and drainage devices for the underground raft foundation (to increase the drainage water storage capacity). In the case of a typhoon forecast, we negotiate with the customer in advance to change the cargo flight schedule. We also collaborate with customers to conduct regular inspection of frontline warehouses.
	Long-term physical risks	Regarding the long-term global climate trend, Qisda has identified risks and progressively adopted responsive strategies to prevent possible impact.			
	Water and electricity shortage	Long-term	If power shortage occurs in the Suzhou Plant for a long period of time, production will be affected. The capacity of the Taiwan Plant will be affected in the scenario when Northern Taiwan suffers water scarcity and the policy of "providing water for two days and cut off the supply for another two" is implemented. In Vietnam, water shortage causes power curtailment in the summer, and this affects the production capacity. The resultingunstable voltage may affect production. Global climate variability leads to a decrease in rainfall. For example, the severe drought in the Panama Canal in 2023 affected ocean shipping and the global supply chain. Power shortage affects the supplier's production, and materials cannot be supplied as scheduled. Unstable power supply results in power outages or frequent generator starts.	Suzhou Plant: If the power is cut off by the government for 3 days, the production capacity can be adjusted without being affected. If power outage lasts for more than 5 days, it may affect orders of RMB 20 million. Taiwan Plant: The cost of purchasing water resources will increase, but as it accounts for a small proportion of production in the overall operations of the Company, the extent of impact is insignificant. The estimated impact of one day's shutdown of the Vietnam Plant is about NT$430,000. Or, voltage instability may cause decrease in production capacity. Using diesel to generate power costs about NT$53,000 for 12 hours of power. Ocean shipping costs increase by 1.3 times. Lack of materials makes it impossible to produce normally, resulting in loss of the production capacity and turnover. The computer room maintenance increases. In 2023, the preliminary SAP & Oracle DR cloud "drill" was completed at a cost of approximately NT$218,000.	In 2020, Qisda investigated in the status of the Group' s water use and simulated complementary management plans for water shortage during the occurrence of droughts. Work From Home is implemented for non-production line personnel in Taiwan to reduce the impact on production, extending water storage from 2.5 days to 3.5 days without affecting production. In response to the power shortage problem in Vietnam, solar energy generation facilities are installed and generators and voltage stabilizers are purchased (at the cost of about RMB 115,000). As Qisda has three factories in different countries, if a risk has a long-lasting impact on business in one country, the Company will appropriately allocate work to the other two factories to support production in that country. Bookings and shipments are made in advance to reduce the risk of port congestion and prolonged delivery time. We prevent material shortage on the supplier side by introducing a second source. We establish a cloud operating environment for critical systems and implement offsite backup plans to prevent power shortage.

Type	Climate Change Related Risk	Impact Period	Description of Risk Content	Potential Impact on Business, Strategies & Finance	Adaption & Responsive Actions
Physical risk	Long-term physical risks	Regarding the long-term global climate trend, Qisda has identified risks and progressively adopted responsive strategies to prevent possible impact.			
	Increase of annual temperature	Long-term	• More electricity consumption is required to satisfy the need for air conditioning and heating due to the rise of the average temperature. • Environmental factors lead to an increased machine maintenance rate.	• Expenses for purchasing air conditioners may cause a rise in costs. • The electricity bill increases. (The Vietnam Plant increases by 1%). • Increased maintenance costs and increased manufacturing costs.	• We have completed the replacement of the air conditioning and water-cooled chillers at a cost of NT$22.2 million after deducting government subsidies. • To cope with the rising global temperature, we have purchased energy-saving products and adopted energy-saving measures to regulate office temperature at 26 ° C. We perform regular air conditioning maintenance to ensure efficiency, promote water and electricity saving habits, and plan to commence evaluation of green building improvement projects after 2023. • The improvement of the air conditioning system in the factory has increased the efficiency and stability of cooling to ensure smooth and on-time calibration and measurement without affecting the factory and R&D product schedule. Air conditioners and blowers are installed to reduce the ambient temperature and increase the cooling efficiency, thus reducing equipment damage and maintenance needs, extending equipment service life, ensuring that the product verification schedule is not affected, and reducing additional expenses for the Company. • Control of the temperature and humidity of basic materials (15-35 ° C, 30-80% humidity) is performed. When the average climate exceeds the standard, the PCB will be relocated and stored in the same environment as the big warehouse. • When purchasing temperature and humidity regulating equipment, we have introduced an evaluation to assess the water recycling function of the system. • The highest temperature in Taiwan currently does not exceed 38°C, and the highest temperatures in Suzhou and Vietnam currently does not exceed 42 ° C. All production equipment areas are equipped with air conditioners, and exhaust fans and air conditioners are installed in the server room. If daytime temperatures exceed 45 ° C for a long period of time, employees will be asked to work at night and rest during the day. • Energy efficiency is optimized through the continuous promotion of energy-saving and carbon reduction measures.

Climate-related Opportunities and Financial Impacts

	Type	Impact Period	Potential Financial Impact	Responsive Actions
Resource Efficiency	Energy-saving benefit	Short-term	• The Taoyuan plant' s energy-saving plan will save approximately NT$830,000 in 2023. • We reduce paper usage and save company expenses (about RMB 60,000/year). • Instruction manuals are digitalized to reduce operating costs by 10% - 15%. • We monitor the risk of abnormal power consumption and immediately correct the problem and equipment, with a benefit of RMB 600,000/year. • Replacement of air compressors can save up to RMB 1.16 million of electricity per year. • Circular economy initiatives, such as recycling hot gas to reduce operating costs, creates an estimated benefit of RMB 200,000/year. • We optimize the production process and introduce automation to reduce our carbon footprint and production labor costs. • We introduce the use of low-carbon energy to reduce carbon emissions and carbon fees that may be levied in the future.	• In 2023, the frequency adjustment of the Taoyuan Plant' s exhaust 40HP*2 equipment will be reduced from 60hZ to 55HZ, saving approximately 224,069 kWh. • In order to mitigate the effects of customer requirements on Qisda, we have devised plans for relevant GHG emissions reduction. These plans fall into one of two categories: engineering improvement and administrative management. • The Company investigates the energy use of all plants, identifies energy-intensive equipment and processes, invests resources in their improvement, establishes energy management and energy saving goals, conducts an energy review on a quarterly basis, and monitors and continuously improves energy performance by promoting ISO 50001 (Energy Management Systems) and conducting energy reviews. We prioritize the replacement of old energy-consuming equipment and the use of energy-saving equipment as our main energy-saving measures. Smart electric meters are introduced in the factory to analyze the power consumption status of production lines and processes to find out the best control solutions. The daily production plan is adjusted through the smart cloud situation room. • Qisda continues to use energy conservation data as the basis for achieving sustainability goals, and conducts quarterly reviews to track our progress in emissions reduction. Using 2021 as a baseline year for our key performance indicators, we aim to achieve a 42% reduction in Scope 1 and Scope 2 greenhouse gas emissions. • In order to reduce energy consumption, Qisda has established relevant programs, such as replacing the original T8 (40W) fluorescent lights with LED (20W) lights in all office areas and some warehouses. The total accumulated expenses of restructuring engineering for energy saving are around US$190,000. • Suzhou Plant will switch to using energy-saving air compressors in 2023 and 2024. • We encourage employees to archive documents through scanning and reuse waste paper to reduce the amount of paper used for photocopying; we also digitalized the internal approval process to protect the environment, save energy, reduce pollution, and lower costs. In addition to publishing the electronic manuals on the website, we cooperate with customers to find other appropriate publishing (providing) methods in accordance with regulations, such as integrating the manual in the machine or providing it in a USB storage device. • In 2024, Suzhou Plant set up a power consumption monitoring system to identify abnormal power consumption problems and their causes and make improvements in a timely manner. • In the future, the heat from the air conditioner is expected to be collected to preheat hot water for use in the dormitory, reducing electricity consumption. • Conduct production process simplification projects through CIP to improve energy conservation and carbon reduction benefits. • We implement carbon reduction measures, carbon inventory, and transparent disclosure.

	Type	Impact Period	Potential Financial Impact	Responsive Actions
Resource Efficiency	Water-saving benefit	Short-term	• The cost for water bills and hazardous waste disposal in the Suzhou Plant is reduced by NT$12.7 million. • The Company promotes engineering improvements and administrative management of water conservation-related plans. (If the Vietnam Plant is expected to reduce water consumption by 0.05%, NT$54,000 can be saved).	• To reduce water consumption, Qisda has established a KPI (Key Performance Indicator) through the ESG Committee. Our target is to reduce water consumption by 18% per million USD of production by 2030 compared to the baseline year of 2021 through related programs. • Each manufacturing facility shall conduct quality inspection for discharged wastewater in line with the requirements of the local competent authority. • Qisda establishes relevant plans to reduce water consumption and leakage, which fall into one of two categories: engineering improvement and administrative management. These plans include checks on and repair of leakage, replacement of old pipelines, installation of water-saving equipment and promotion of water conservation. • The recycling rate of the wastewater in the production of the Suzhou Plant varies depending on the production line. The recycling rate is between 70% and 100%. As for the Taiwan Plant, the production volume is small and water consumption is not large, accounting for a relatively low proportion of the Company's overall cost, so its impact on operations is relatively minimal. The Vietnam Plant has launched a water-saving campaign and adopted smart technologies such as pressure regulators and automated water supply systems etc. to achieve more effective use of water resources and minimize waste.
	Efficient green building	Medium-term and long-term	• Lower indirect (operating) cost. • Obtaining this certification can have positive impacts on the corporate image and facilitate business development. We can collect the corresponding national policy support and provincial incentive funds, and have the opportunity to receive incentives up to RMB 500,000.	• The increase of energy efficiency in factories can bring about energy conservation and cost reduction. Qisda has set up relevant engineering improvement plans to make our buildings more efficient. • In 2022, the factory in Taiwan received a three-year extension for its Green Factory Label. • In 2023, the Green Building Label for the factory in Taiwan has been upgraded from the Bronze Level to the Silver Level for all existing buildings. • We applied for China's Green Factory Certificate of Jiangsu Province for the Suzhou Plant in 2023. For this, we will inventory our existing green products, green design and energy-saving measures as well as expand the scope for the ISO 50001 certification.
Energy sources	Solar energy installation	Medium-term and long-term	• The Suzhou Plant cooperates with an energy company by providing a site for the power company to install power generating equipment. After operation, Qisda purchases green electricity to use and pays the energy company electricity fees that are lower than the utility rate. It is estimated that the electricity bill will be saved by RMB 710,000 per year. • By deploying solar power, MetaAge can save electricity bills by NT$380,000 per year.	• At the end of 2021, solar energy installations were completed, including the grid connection of Suzhou Phase I Solar Power and Taoyuan factory. • In 2022, Qisda generated a total of 5.2 million kWh solar power, all of which were for self-consumption purposes. • In 2023, Qisda's solar power generation reached a total of 596,425 kwh, all of which are for self-use. Approximately NT$2.2 million was saved. • The Phase-II solar power installation at the Suzhou Plant will be implemented in 2023. • MetaAge completed the construction of its solar energy facilities in the second quarter of 2024. It plans to seek government subsidies for about NT$1.5 million. • Qisda Taoyuan Factory is expected to start subsequent solar energy construction projects in 2026, with an estimated annual power generation capacity of 600 MWH.

	Type	Impact Period	Potential Financial Impact	Responsive Actions
Product and service	Low-carbon products and services	Short-term and medium-term	• The indirect (operating) cost is reduced. The reduction of water consumption can result in a decrease in carbon and costs. • Using local maintenance services saves NT$19,000 per shipment when shipping back to the plant.	• The use of materials and GHG emissions shall be reduced by 5% in comparison with 2015. This goal must be achieved with the specific product of each business unit. • Establishment of local maintenance services: By establishing or seeking cooperation in local markets, there is no need to send maintenance products back to the factory, which can reduce carbon footprint and costs, as well as save maintenance time.
Market	Sustainable value	Medium-to long-term	• Responding to the government's sustainability policy, we strive for subsidies to reduce operating costs by approximately NT$2.1 million. • We disclose ESG reports on a regular basis. We show a positive corporate image of sustainability and obtain relevant certifications, such as the TCO certification for promoting the industry-leading environmental and ecological protection, in order to win the recognition of customers and increase sales. • The Company improves the supply chain evaluation result and expands the green market.	• We strive for the subsidies from the Industrial Development Bureau for the "One-Leads-Ten Project". • For display products, we promote TCO certification together with customers to improve product competitiveness. • We assist and request suppliers to comply with domestic and international sustainable supply chain regulations and implement environment-related regulations. • We make improvements and address deficiencies identified through third-party sustainable supply chain audits. We include sustainability issues in the supplier screening and procurement evaluation process. These issues are also incorporated in the supplier questionnaire as a reference for evaluating suppliers' sustainability performance.
	Green finance	Short-term	• We introduce green finance (financing). In 2023, we secured syndicated loans to the amount of NT$12 billion from 14 financial institutions, thereby reducing the operating cost and interest by approximately NT$3 million per year.	• The Company complied with the requirements of the bank's joint loan project and continued to achieve ESG indicators. • We implement carbon reduction measures, carbon inventory, and transparent disclosure. Based on the ESG performance, we continue to look for appropriate financing channels to benefit the Company.

	Type	Impact Period	Potential Financial Impact	Responsive Actions
Resilience	Energy-saving commodities	Medium-term and long-term	• We proactively develop the energy market to boost revenue growth. For example, ○ ACE Energy develops green products and achieves an annual turnover of NT$450 million. ○ In 2023, 81% of Qisda's LCD products, accounting for 72% of sales, met energy-saving regulations. ○ BenQ's products: In 2023, LCD product energy-saving products will account for 45% of the overall revenue. In addition, PDP has 100% obtained the energy-saving trademark. • Reuses crates and pallets to extend their life cycle. The recycling rate has reached over 90%, and has saved the Company about NT$11,000.	• Qisda is actively engaged in the development of energy-saving products, and expects that green energy products will make up a growing proportion of the Company's revenue every year. • Based on the concepts of smart energy saving and ESG sustainability, ACE Energy focuses on the provision of a full range of energy services, including energy-saving equipment and data management. They establish long-term partnerships with their customers to achieve their sustainability goals. From design to operation, they provide professional energy-saving solutions and maintenance services to ensure safe operation and energy-saving benefits. For example, they distribute low-carbon and cloud-based products to help enhance the Company's competitiveness in green products, and help enterprises make the transition to lower carbon by meeting customers' needs for low-carbon products and services as early as possible. • Business units incorporate energy label needs in the early product development stage, and adjust product specifications according to the needs during the development process. In addition, our panel manufacturers are constantly seeking new materials and technologies to reduce energy consumption. As for the safety regulations, OEMs, and panel manufacturers also pay close attention to the latest regulatory updates from the U.S. Energy Star to cope with the stricter energy conservation standards. • The transition to carbon reduction technologies and low-carbon materials will continue to be a requirement in the future. • BenQ: Currently, we use recovered materials for 35% of the plastic coats, and use EPS for packaging filler materials. In the future, we will use recovered materials for 65% of the plastic coats, and use folded paper or molded pulp materials for 85% of the packaging filler materials. • We implement circular economy and reuse plastic, iron parts, and paper packaging materials. Modular packaging materials helps us reduce waste and carbon. • In 2024, the Vietnam and Suzhou plants obtained the UL2799 landfill waste diversion certification.

Metrics and Targets

To achieve the goal of becoming a green enterprise, Qisda had committed to joining the SBTi in 2022 and has set up carbon reduction goals in 2023. In the future, we will engage with the value chain to march towards our RE100 and net-zero emission goals. The impacts of climate-related issues are of great concern to Qisda. Considering that the scope of these impacts covers every aspect of the Company's operations and future development, the Chairman of the Board of Directors personally supervises these impacts to ensure that the Board of Directors understands the implications of climate change for the Company's sustainability. At the same time, through effective internal top-down management, we have integrated ESG performance and achievement into the KPIs and remuneration of the CSO and other senior executives. The Company has decided to establish a long-term remuneration plan for the Chairman, CEO, President, and other senior managerial officers starting from 2023. This plan is connected to their ESG performance (corporate governance, social engagement, and environmental sustainability performance indicators) and grants long-term reward and compensations based on the achievement of ESG performance targets every year. Taking the President for example, the compensation is estimated to account for up to 10% of his total remuneration of the year.

Energy Consumption and Conservation

Energy management

Qisda joined the RE100 initiative in 2022 and pledges to use 100% renewable energy by 2040. Qisda promotes ISO 50001 (Energy Management Systems) at the three manufacturing sites in Taiwan, China (Suzhou), and Vietnam. The Company uses energy audits to better understand the use of energy within the scope of its business, identifying energy-intensive equipment and processes, and investing resources into its improvement. Additionally, the Company establishes energy management and energy saving goals, and conducts an energy review on a quarterly basis to monitor and improve their energy performance. Replacement of old energy-consuming equipment and use of energy-saving equipment takes priority in our energy-saving measures. Smart electric meters are introduced in the factory to analyze the power consumption status of production lines and processes to find out the best control solutions. Energy consumption is monitored daily, and production plans are adjusted accordingly. It is expected to save energy by 2,589 MWh and reduce carbon emissions by 1,481 tCO_2e.

Climate Indicator	2021 (used as the Baseline Year)	2020	2021	2022	2023	Reduction % (Compared to the Baseline Year)
Total GHG emissions (10,000 tCO_2e)	10.66	9.56	10.66	7.56	5.19	-51%
Carbon emission per personal hourly electricity consumption ($kgCO_2e$)	2.5	2.3	2.5	1.9	1.8	-29%
Electricity consumption per million USD production value (kWh)	27,532	29,338	27,532	29,436	38,957	41%
GHG emissions for each million USD value (tCO_2e)	21.9	23.1	21.9	17.7	17.7	-19%

- GHG emissions include Scope 1 and Scope 2. They are incorporated in the market-based calculation

Reduction Type	Project	Categorization & Scope of Emissions Reduced	Annual Energy Savings (MWh)	Annual Energy Savings (GJ)	Annual Emission Reduction (tCO_2e)
Policy or behavioral change	Installation of microwave induction lamps	Scope 2	4	14	2
Energy efficiency of processes	Addition of an independent gas supply for some workstations	Scope 2	360	1,296	209
Energy efficiency of processes	DQ9 air compressor energy saving	Scope 2	650	2,340	378
Energy efficiency of processes	Reconstruction of DQ9 water pump for energy saving in Winter	Scope 2	60	216	35
Policy or behavioral change	Street lighting control in the Suzhou Plant	Scope 2	55	198	40
Energy efficiency of processes	Energy saving of public equipment systems in the Taoyuan Plant	Scope 2	350	1,260	173
Energy efficiency of processes	Optimization of production equipment system in the Taoyuan Plant	Scope 2	10	36	5
Energy efficiency of processes	S1, S4, and DQ8 air compressor energy saving	Scope 2	1,100	3,960	639
Energy saving	Subtotal		2,589	9,320	1,481
Use of green energy	Phase II solar power generation project in Suzhou Plant	Scope 2	7,000	25,200	4,067
Use of green energy	Phase I solar power generation project in Vietnam Plant	Scope 2	3,000	10,800	2,166
Total			12,589	45,320	7,714

Energy Consumption

The energy consumption within the Qisda Group includes electricity used in offices and factories and fuels (natural gas, gasoline and diesel fuel). According to the ISO 14064-1:2018 inventory, the electricity used in offices and factories is the main source of energy consumption. A solar power system has been built in the plants in Taiwan and Suzhou, for self-consumption. Energy storage equipment has been installed to facilitate both load shifting and peak shaving. In 2023, Suzhou Plant expanded its second phase of the solar power system to continuously reduce the use of gray electricity and increase the percentage of renewable energy. In 2023, the in-plant solar power system generated about 5.2 million kWh, accounting for 4.6% of Qisda' s overall electricity consumption. The Company purchased approximately 24,700 MWh of renewable energy certificates for the plants in China and Vietnam, accounting for 21.6% of Qisda' s overall electricity consumption. The proportion of renewable energy was 26.2%. The energy intensity in 2023 was 38,957 kWh per million USD production value.

Energy		Unit	2020	2021	2022	2023
Electricity	Self-consumed & renewable	kWh	9,300	9,680	5,200,534	5,208,939
		MJ	33,480	34,848	18,721,922	18,752,180
	Purchased & renewable	kWh	0	0	3,500,000	24,700,000
		MJ	0	0	12,600,000	88,920,000
	Purchased & non-renewable	kWh	121,900,000	127,900,000	117,846,382	109,008,914
		MJ	438,840,000	460,440,000	424,246,977	392,432,091
Natural gas		1,000 cubic meters	623.7	180.6	339.16	198.53
		kWh	6,759,008	1,957,154	3,675,461	2,151,506
		MJ	24,332,408	7,045,748	13,231,649	7,745,414
Gasoline		Tonnes	22	13.9	99.97	96.86
		kWh	273,778	172,978	1,244,072	1,205,357
		MJ	985,600	622,720	4,478,656	4,339,283
Diesel fuel		Tonnes	9.5	10.8	14.68	29.58
		kWh	118,222	134,400	182,685	368,091
		MJ	425,600	483,840	657,664	1,325,125
Total renewable energy usage		kWh	9,300	9,680	8,700,534	29,908,939
		MJ	33,480	34,848	31,321,922	107,672,180
Total non-renewable energy consumption		kWh	129,051,008	130,164,532	122,948,600	112,733,868
		MJ	464,583,608	468,592,308	442,614,946	405,841,914

GHG Emissions

With the issue of global warming becoming more and more severe, Qisda, as a global citizen, has established a GHG inventory for global manufacturing sites with reference to ISO 14064-1 (Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals) and the GHG Protocol since 2007. GHG inventories and third-party verifications have been conducted annually. Currently, the GHG inventory of the organizational boundaries has reached 100%. Qisda further conducted third-party verification according to the ISO 14064-1:2018 standard for the GHG inventory data of all factories around the globe in 2023.

In 2023, the global total Scope 1 and Scope 2 GHG emissions of Qisda amounted to around 51,906 tCO2e (market-based). The main source of emission was found to be carbon dioxide resulting from the generation of the electricity we purchased for our operations. This accounted for more than 90% of overall emissions of the Company. In accordance with the ISO 14064-1:2018 standard, Qisda has also included Scope 3 indirect greenhouse gas emissions in the disclosure since 2021, which has been verified by a third-party verification institution. In the future, we will expand the scope of the disclosure and verify the types of indirect GHG emissions in each factory. Qisda complies with the principles of the National Renewable Energy Certification Center and applied for the Renewable Energy Certificate (T-REC) for the Taiwan Plant based on its volume of solar power generation in 2022. We also purchased international renewable energy certificates (I-RECs) for the Suzhou Plant. We will follow the GHG Protocol Scope 2 Guidance to disclose and describe Scope 2 GHG inventory reductions in the CDP survey.

Scope (tCO_2e)		2020	2021	2022	2023
Scope 1	Stationary combustion	353.3010	413.5096	769.0186	466.3072
	Mobile combustion	84.4237	71.1329	292.1813	284.4134
	Process emissions	0.0000	0.0000	0.0000	0.0000
	Fugitive emissions	1,799.2807	1,808.1099	3,743.7680	2,750.3169
Subtotal		2237.0054	2,292.7524	4,804.9678	3,501.0375
Scope 2	Location-based	93,414.1813	102,262.3510	73,031.8256	63,083.9485
	Market-based	93,414.1813	102,262.3510	70,758.5866	48,404.8585
Total (Scope 1 & 2)	Location-based	95,651.1866	104,555.1034	77,836.7934	66,584.9860
	Market-based	95,651.1866	104,555.1034	75,563.5544	51,905.8960

Substance of GHG emissions (tCO_2e)	2020	2021	2022	2023
CO_2	93,848.0291	102,927.4345	71,882.5382	49,142.8280
CH_4	848.4418	825.6514	726.5444	776.3730
N_2O	4.0222	3.6326	10.5304	9.3804
NF_3	0.0000	0.0000	0.0000	0.0000
HFC	930.9330	778.6795	2,924.1810	1,956.4792
PFC	0.0000	0.0000	0.0000	0.0000
SF_6	19.7605	19.7605	19.7605	20.8354
Total	95,651.1866	104,555.1586	75,563.5544	51,905.8960

Source of Scope 3 emissions (tCO2e)	2020	2021	2022	2023
Purchased goods and services				
Capital goods				
Fuel- and energy-related activities			1,473.7881 (*QTY)	1,252.6095 (*QTY)
Upstream transportation and distribution				
Waste generated in operations			65.2047 (*QTY)	75.2811 (*QTY)
Business travel	45.9524 (*QTY)	59.6214 (*QTY/QCS)	127.6748 (*QTY/QCS/QVH)	315.9706 (*QTY/QCS/QVH)
Employee commuting		16.7734 (*QTY/QCS)	135.1860 (*QTY/QCS/QVH)	111.9803 (*QTY/QCS/QVH)
Upstream leased assets				
Downstream transportation and distribution				
Processing of sold products				
Use of sold products				
End-of-life treatment of sold products				
Downstream leased assets				
Franchises				
Investments				
Total	45.9524	76.3948	1801.8536	1,755.8415

1. The GHG inventory at the organization level is based on the ISO 14064-1:2018 version. Operational control is adopted as the method of compiling the amount of GHG.
2. We adopted the global warming potential in IPCC' s Sixth Assessment Report in 2021. The emission factor is calculated in accordance with the value announced by the central competent authority at the location of the factory.
3. The amount of direct and indirect GHG emissions as well as emissions from imported energy (Scope 1 and Scope 2) has been verified by a third-party verification organization.
4. Scope 3 GHG emissions marked with "*" have been verified by a third-party verification institution: verified according to AA1000 in 2020, and verified according to ISO 14064-1 in 2021, 2022, and 2023.

Reduction Targets and Commitments

Qisda has committed to short-, medium- and long-term carbon reduction goals: cutting carbon from the supply chain by 30% by 2030, switching to 100% renewable energy by 2040, and reaching net-zero emissions by 2050. We have passed the target verification review under the Science Based Targets initiative (SBTi), an authoritative international climate action organization. With the scope of financial statements as the organizational boundary, we actively propose carbon reduction goals in line with the 1.5°C global warming threshold specified under the Paris Agreement of the United Nations Climate Summit. With 2021 as the baseline year, we will achieve a 42% reduction in Scope 1 and Scope 2 greenhouse gas emissions and a 25% reduction in Scope 3 greenhouse gas emissions by 2030.

The primary source of Qisda' s operational emissions is the use of the purchased electricity under Scope 2, accounting for approximately 90% of Scope 1 and Scope 2 emissions. Qisda officially joined RE100 in December 2022 to achieve the goals of carbon reduction. We actively promote the construction of renewable energy and energy storage systems at all manufacturing sites, and launch carbon reduction actions through replacing old equipment, applying power saving management measures, procuring renewable energy, and reducing the use of fossil fuels. After achieving RE100 in 2040, the Company will subsequently offset the remaining 10% of carbon emissions through carbon removal technology or carbon trading based on the prevailing technology and market environment at the time to achieve net-zero emissions.

The main sources of Scope 3 emissions include the procurement of raw materials, services, and during the product use stage. Qisda has established sustainable supply chain management by assisting suppliers in performing a carbon inventory in order to thoroughly reduce the carbon footprint of the supply chain. In terms of products, we are committed to implementing green design, creating low-carbon products, further reducing product energy consumption, and reducing material consumption to achieve our carbon reduction goals.

S1+S2 2023-2050 Roadmap

Making Good Use of Water Resources

Water Management

As extreme weather and climate events grown more common across the world, the issue of water resources has gradually attracted the attention of stakeholders. Qisda has obtained the ISO 14001 Environmental Management Systems certification to systematically manage environmental issues. Regarding water consumption, Qisda' s processes are not highly water-consuming and as such, does not require large amounts of water during production. As the water consumption assessment and analysis shows, the biggest sources of water consumption come from domestic water use and water used for factory equipment (e.g. cooling towers). Only a small portion of water is used during production processes. Water consumption in the plant area is achieved through the measures of attaching water-conserving devices to faucets and conducting rainwater and process wastewater recycling and reuse. The plant tracks water intensity every year to analyze the status of water consumption, sets water-saving targets, conducts monitoring and testing, and identifies water-saving opportunities to continuously improve water efficiency. Regarding the issue of wastewater, we have launched a process wastewater reuse project to reduce the concentration of pollutants in wastewater. Discharged wastewater is regularly sampled and monitored to prevent pollution to the environment and ensure that the quality of wastewater discharged meets the effluent standards required by local environmental protection authorities.

Qisda Water Management Actions and Goals

- Water use assessments to identify opportunities to water efficiency improvement
- Actions to reduce water consumption
- Actions to improve wastewater quality
- Establishment of targets to reduce water use
- Application of water recycling
- Awareness training provided to employees on water efficiency management programs

Utilization of Water

In 2023, the total water consumption of Qisda' s global manufacturing sites was approximately 410 million liters; total volume of discharge water was approximately 328 million liters. The total water consumption in 2023 was 106,977 tons less than in 2021, and the water consumption per million USD production value was 140 tons, an increase of about 31.7% compared to 2021. All Qisda' s factories rely on the municipal water supply as the only source of water, and no groundwater has been drawn for operational purposes. Although Qisda does not have any processes that are highly water-consuming or highly polluting, we still recycle and reuse process wastewater. In 2023, the recycling and reuse of process wastewater accounted for approximately 2% of our total water consumption.

Item	Water saving in 2023 (m^3)	Process wastewater reuse rate
Plant 8 reclaimed water reuse project	990	73%
Plant 9 reclaimed water reuse project	2700	99%
S5 washing reclaimed water reuse project	4500	100%
Plant 8 low-temperature evaporation system	20	97%

The water pollution control equipment of the Taoyuan Plant in Taiwan is operated and maintained by professional personnel and the contact aeration method is used to treat domestic sewage, which is then redirected to the sewage management system set up by the government. The sewage generated from the Suzhou Plant is directly discharged to the municipal sewer system. The wastewater generated from the Vietnam Plant is first discharged to the wastewater treatment facility of the plant and then to the wastewater treatment plant in the industrial zone. Wastewater from all three plants is directed to sewer management

systems, so wastewater will not directly affect bodies of water and land. In terms of water quality testing, the water quality at the Taiwan Plant was found to be higher than the standard set forth by the Guishan Industrial Park. Our Suzhou Plant complies with the Integrated wastewater discharge Standard and the Vietnam Plant complies with industrial park discharge standards. The water discharged from all the factories is monitored periodically and it is not reused by other organizations. All Qisda' s factories are located in industrial parks; we do not own, rent or manage any factory in ecological reserves or water reserves. We do not engage in any event that creates negative impacts on biodiversity. Likewise, our services and the process of product manufacturing does not harm the environment and the ecology.

Water withdrawal (m^3)	2020	2021	2022	2023
Water withdrawal (Million m^3)	0.562	0.518	0.441	0.417
Water discharge (Million m^3)	0.449	0.414	0.353	0.333
Water consumption (m^3)	0.113	0.102	0.088	0.084

1. The total water discharge is the tap water consumption of global manufacturing sites * 0.8 (0.2 is the estimated percentage of water vaporized due to the use of air conditioners).
2. The water consumption is statistically calculated based on the data in the organization' s water bill (minus the consumption by the tenants).
3. According to the World Resources Institute' s "Aqueduct Water Risk Atlas," Suzhou (China) and Hà Nam (Vietnam) have been identified as regions of water stress.

   Taiwan: The minimum standard of effluent water quality is COD: 480mg/L, SS: 200mg/L. The value we use for comparison to local standards is the maximum value of the annual testing data provided by the Guishan Industrial Park Service Center. The value in 2023 was COD: 49.6 mg/L, SS: 17.8mg/L.

   Suzhou, China: The minimum standard of effluent water quality is COD:500mg/L, SS:400mg/L. The value we use for comparison to local standards is the maximum value of the data in the test report. The value in 2023 was COD: 47 mg/L and SS: 42.0mg/L.

   Vietnam: The minimum standard of effluent water quality is COD: 150mg/L. The value we use for comparison to local standards is the average value in the test report, and the actual value is the average value in the test report . The value in 2023 was about 25mg/L.

Water Risk Assessment

Qisda conducts water stress assessment using the water resource risk assessment tool (Aqueduct Water Risk Atlas) of the World Resources Institute (WRI). The most prominent risk Qisda faces in relation to water use is the inability to supply water for domestic uses in the occasion of a water shortage. Other water resource risks are analyzed in the following table. To reduce water consumption, Qisda has established the ESG Committee, set up water saving KPIs, and manages the performance and achievement status of these KPIs regularly. We also adjust the goals for the following year with respect to water consumption and other related risks at the end of each year. In addition, Qisda holds meetings with all companies within the Qisda Group to check the water consumption status of all companies and factories and conduct simulations based on water limitation scenarios. By doing so, we are able to assess the regional water supporting mechanism of the Group, and further improve our response capabilities when water shortage or limitation occurs.

Table of Risk Assessment of Water Resources

Item	Description / Impact on Qisda's Operation
Water Withdrawal	Qisda does not have water-intensive process, but we need to provide clean domestic water for employees' daily demands. According to the results analyzed by the WRI Aqueduct's global water risk mapping tool, Taiwan is located in an area of medium to low risk, while the Suzhou (China) Plant and Vietnam Plant both located in high-risk areas in terms of water stress. However, as all Qisda's water supply is provided by the municipality, only one water shortage has occurred over the past 15 years.Qisda has established procedures for emergency response with respect to water shortages. Upon receiving notice from either the government or the media about the limitation or suspension of water due to water resource contamination resulting from typhoons or water shortage caused by droughts, the Company will notify contracted water trucks to compensate for the insufficient water supply.This way, we can avoid operational disruption caused by water shortage.
Level of Risk Low	Coping Strategies/ Management Mechanism 1. Continuous implementation of water saving 2. Drawing up water shortage response plan

Item	Description / Impact on Qisda's Operation
Drinking water Quality	All of Qisda's factories rely on the municipal water supply as the only source of water, and have not extracted groundwater for operational use. We also establish drinking-water filtration systems and regularly inspect water quality in accordance with the laws and regulations so as to ensure safe water.
Level of Risk: Low	Coping Strategies/ Management Mechanism: None
Water Pollution Control	The water pollution control equipment in the Taiwan Plant is operated and maintained by professional personnel. We use contact aeration to treat domestic sewage; the processed wastewater is then discharged into the sewerage system built by the government.The sewage discharged by the Suzhou Plant is directly discharged into the municipal sewer system without causing any direct impact on water bodies and the land. Moreover, effluent quality is regularly monitored and inspected in accordance with regulations at all operating sites, and the results have surpassed legal standards. In recent years, there have been no incidences of water pollution at any of the factories.
Level of Risk: Low	Coping Strategies/ Management Mechanism: None
Flooding	According to results analyzed by the WRI (World Resources Institute) Aqueduct's global water risk mapping tool, none of the factories located in Taiwan, Suzhou, and Vietnam face "high level" flood risks. For the past 15 years, there has been no loss caused by flooding in the factories. In addition, Qisda has set up control procedures for precautions and emergency response. Before typhoon occurs, we ask cleaning service providers to clean the drains to improve drainage and avoid factories being flooded due to poor drainage. We also prepare emergency equipment such as sandbags and floodgates beforehand lest any issue occurs.
Level of Risk: Low	Coping Strategies/ Management Mechanism: Regular drills

Item	Description / Impact on Qisda's Operation
Legal Compliance	Qisda regularly checks our compliance with water-related laws and regulations at the end of every quarter. If there are regulatory updates, we comply with them immediately. In recent years, there have not been any violations of water-related laws and regulations.
Level of Risk: Low	Coping Strategies/ Management Mechanism: Maintenance
Water Bill	The water bills in Suzhou, Vietnam and Taiwan are relatively low, and the Taiwan government has not yet imposed the water conservation charge. Considering that the factories maintain a medium amount of water usage, water bills have little impact to the costs in the future.
Level of Risk: Low	Coping Strategies/ Management Mechanism: Implementation of water saving

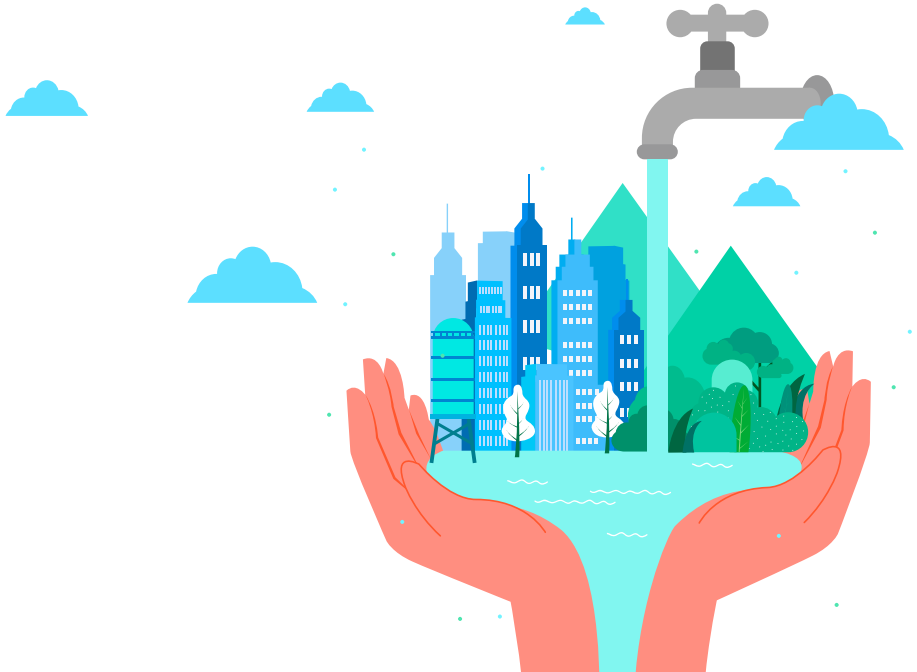


Table of Water Withdrawal, Discharge and Consumption

Water Withdrawal (1,000 tons)		All regions	Regions facing high levels of water stress	Percentage of water use in regions with high levels of water stress
Water Withdrawal by Source	Surface water (total)			
	Freshwater (≤1,000 mg/L total dissolved solids)	0	0	0
	Other water (> 1,000 mg/L total dissolved solids)	0	0	0
	Groundwater			
	Freshwater (≤1,000 mg/L total dissolved solids)	0	0	0
	Other water (> 1,000 mg/L total dissolved solids)	0	0	0
	Seawater (total)			
	Freshwater (≤1,000 mg/L total dissolved solids)	0	0	0
	Other water (> 1,000 mg/L total dissolved solids)	0	0	0
	Produced water (total)			
	Freshwater (≤1,000 mg/L total dissolved solids)	0	0	0
	Other water (> 1,000 mg/L total dissolved solids)	0	0	0
	Third-party water (total)			
	Freshwater (≤1,000 mg/L total dissolved solids)	410.586	350.206	85.29%
	Other water (> 1,000 mg/L total dissolved solids)	0	0	0
	Total water withdrawal by source of the third party, Total Water Withdrawal Surface water, ground water, seawater, produced water	0	0	0
Total Water Withdrawal	Surface water (total) + groundwater (total) + seawater (total) + produced water (total) + third-party water (total)	410.586	350.206	85.29%

Water Discharge			Regions facing high levels of water stress	Percentage of water use in regions with high levels of water stress
Total Water Discharge by Destination	Fresh surface water	0	0	0
	Groundwater	0	0	0
	Brackish surface water/ Seawater	0	0	0
	Third-party destinations (total)	328.468	280.165	85.29%
	Fresh surface water + ground water + seawater + Third-party destinations (total)	328.468	280.165	85.29%
Water Discharge by Freshwater and Other Water	Freshwater (≤1,000 mg/L total dissolved solids)	0	0	0
	Other water (≤1,000 mg/L total dissolved solids)	0	0	0

Water Consumption (1,000 tons)	All regions	Regions facing high levels of water stress	Percentage of water use in regions with high levels of water stress
Total Water Consumption	82.118	70.041	85.29%

Qisda conducts evaluations of water stress according to the World Resources Institute's (WRI) Aqueduct Water Risk Atlas.

Waste and Pollutants

Waste Management

Qisda's Suzhou Plant and Vietnam Plant have obtained UL 2799 platinum and gold certifications respectively. We classify types of waste and waste flow to seek opportunities of reducing waste by creating waste volume reduction plan. Moreover, we limit waste produced in plants by managing waste with 3Rs (Reduce, Reuse, and Recycle) and minimizing volume of waste incineration. Furthermore, the Company conducts education and training for employees of key units to enhance their awareness of resource recycling and sorting.

Waste Cycle

Qisda complies with regulations and designates responsible personnel in charge of environmental protection to effectively manage the generation, clearance, and disposal of waste. In addition to continuously conducting activities related to energy conservation and waste reduction, we adopt a source management strategy to manage waste: Incorporating non-toxic raw materials, recycled materials, reusable materials, and easy-to-disassemble structures in the design stage to minimize the environmental impact of product waste,

	2020			2021			2022			2023		
	Hazardous waste (Ton)	Non-hazardous waste (Ton)	Subtotal (Ton)	Hazardous waste (Ton)	Non-hazardous waste (Ton)	Subtotal (Ton)	Hazardous waste (Ton)	Non-hazardous waste (Ton)	Subtotal (Ton)	Hazardous waste (Ton)	Non-hazardous waste (Ton)	Subtotal (Ton)
Preparation for reuse	-	-	-	-	-	-	-	-	-	-	-	-
Recycling	32,521	16	32,537	37,619	12	37,631	31,561	6	31,567	24,317	127	24,444
Recovery	-	-	-	-	-	-	-	-	-	-	-	-
Incineration with energy recovery	2,838	191	3,029	2,968	196	3,164	2,578	163	2,741	1,599	148	1,747
Incineration without energy recovery	-	-	-	20	0	20	35	0	35	64	8	71
landfilling	-	-	-	-	-	-	-	-	-	-	-	-
Other disposal operations	-	277	277	-	418	418	-	708	708	-	438	438
Total	35,359	484	35,843	40,606	627	41,233	34,174	877	35,051	25,979	721	26,700

Note: Wastes are disposed of off-site.

reducing waste generated through process design, and actively implementing resource classification (reuse and recycle) in the manufacturing stage to achieve waste reduction in manufacturing plants and ensure that no hazardous wastes as defined under the Basel Convention are generated in the manufacturing process; Using standard wooden pallets in the distribution process to limit volumes of specific pallets and boost reuse rates; solder spatter, which appears appears during the manufacturing process, is reused after it is recycled and refined by the suppliers. Recyclable wastes are sorted and recycled in the onsite recycling area by outsourcing to contractors. To increase the recycling rate, Qisda has established waste management procedures and recycling targets, which are presented at the quarterly corporate ESG meetings for review of action plans and goals to achieve long-term monitoring goals. The rates of reusable and recyclable resources at Qisda have been 90% over the past four years.

Pollutants Management

Qisda's Suzhou Plant is committed to continually to enhancing environmental protection. The air emissions have decreased steadily year by year. The main measures taken are as follows: Oil-based paints were replaced with water-based paints for the coating production line with relatively high waste gas emissions and substituted raw materials in manufacturing On the previous measure basis, the terminal waste gas treatment equipment was upgraded by changing methods from the original activated carbon adsorption to the activated carbon adsorption and desorption process, with the treatment efficiency exceeding 80%. This project was praised by the Department of Ecology and Environment of Jiangsu Province and Suzhou Municipal People' s Government, and reported by multiple media outlets. Simultaneously, the project was selected as Suzhou's Environmental Protection Model Case of the Past Decade and was broadcasted during prime time on Suzhou TV. Regarding the waste gas treatment of the soldering process, Qisda introduces water spraying and activated carbon adsorption facilities to strictly control the quality of the iodine value. Moreover, the frequency of replacement of the activated carbon has changed from annual to quarterly. Also, we are committed to replacing traditional highly volatile solvents with environmentally friendly aqueous solvents for the use of cleaning solvents. Our improvement plans such as raw material substitution and optimization of treatment equipment not only greatly assists in reducing atmospheric emissions, but also make the workplace culture of Qisda more eco- friendly.

None of the manufacturing processes of Qisda's plants worldwide release SOx and NOx. No use of ozone-depleting substances is also one of a focus of our environmental management. We do not use ozone-depleting substances in our manufacturing processes. However, R22 refrigerant, which has ozone-depleting characteristics, is used in the air conditioners of employee dormitories. The filling amount in 2023 was 0kg and did not cause the depletion of ozone.

VOCs Emissions of volatile organic gases (metric tons)

	2020	2021	2022	2023
VOCs	15.33	11.62	7.33	5.76

Biodiversity and Forest Conservation

Biodiversity loss is a sustainability issue that has garnered an increasing amount of attention globally over the past few years. Qisda commits to protecting forest ecosystems and halting the loss of biodiversity in accordance with the United Nations Sustainable Development Goals and continues to stabilize the impact of its value chain on biodiversity. We have further published a publicly accessible **Commitment to No-Deforestation and Biodiversity**, and regularly report progress on this front to both the Corporate Sustainable Development Committee and the Board of Directors.

Policy and Commitment

Qisda's global operating sites are mainly located in industrial parks, and the Company does not conduct any of its business activities in key biodiversity areas. However, we still highly value the ecosystem resources in the areas surrounding our factories, and have conducted biodiversity surveys in the surrounding environment in addition to establishing action plans for avoiding, repairing, and offsetting any impact our operations may have on biodiversity. Through reforestation efforts and compliance with domestic and international laws, Qisda collaborates with its customers, suppliers, and partners to contribute to the protection of forest ecosystems and biodiversity. We commit to:

- Minimizing negative impacts on biodiversity by 2030.
- Achieving No Net Loss (NNL) and Net Positive Impact (NPI) goals regarding no-deforestation and biodiversity by 2050.

Additionally, we have included biodiversity within the scope of sustainability management. This procedure includes:

1. Developing a Commitment to No-Deforestation and Biodiversity and regularly holding Board meetings to review relevant sustainability issues.
2. In future years, assessing changes in biodiversity risks on a yearly basis, and include related issues in risk management discussions.
3. Confirming the scope of management for biodiversity risks within the first year (2023), and establish goals and benchmarks for management.
4. Designing long-term plans for biodiversity surveys.
5. Regularly conducting biodiversity surveys and confirming survey results; establishing a database and continuing to manage this over the long-term.
6. Confirming changes in biodiversity survey results on an annual basis, and reporting results to the Board of Directors.

Biodiversity Risk Assessment and its Scope

Qisda actively follows and responds to international ecological trends, biodiversity, and the Taskforce on Nature-related Financial Disclosures (TNFD). Qisda' s Risk Management Committee performs a comprehensive risk analysis annually, and holds regular meetings on a seasonal basis. They identify annual material issues by referencing domestic and international Global Risks Reports from professional organizations; following issues such as climate change, human rights, nature-related and biodiversity risks; and considering the operational impact of the Company. Although nature-related risks and biodiversity risks have not been classified as a material issue, the company continues to place high value on this issue, monitoring risk transformations and understanding ways to respond.

I. Stakeholder Engagement

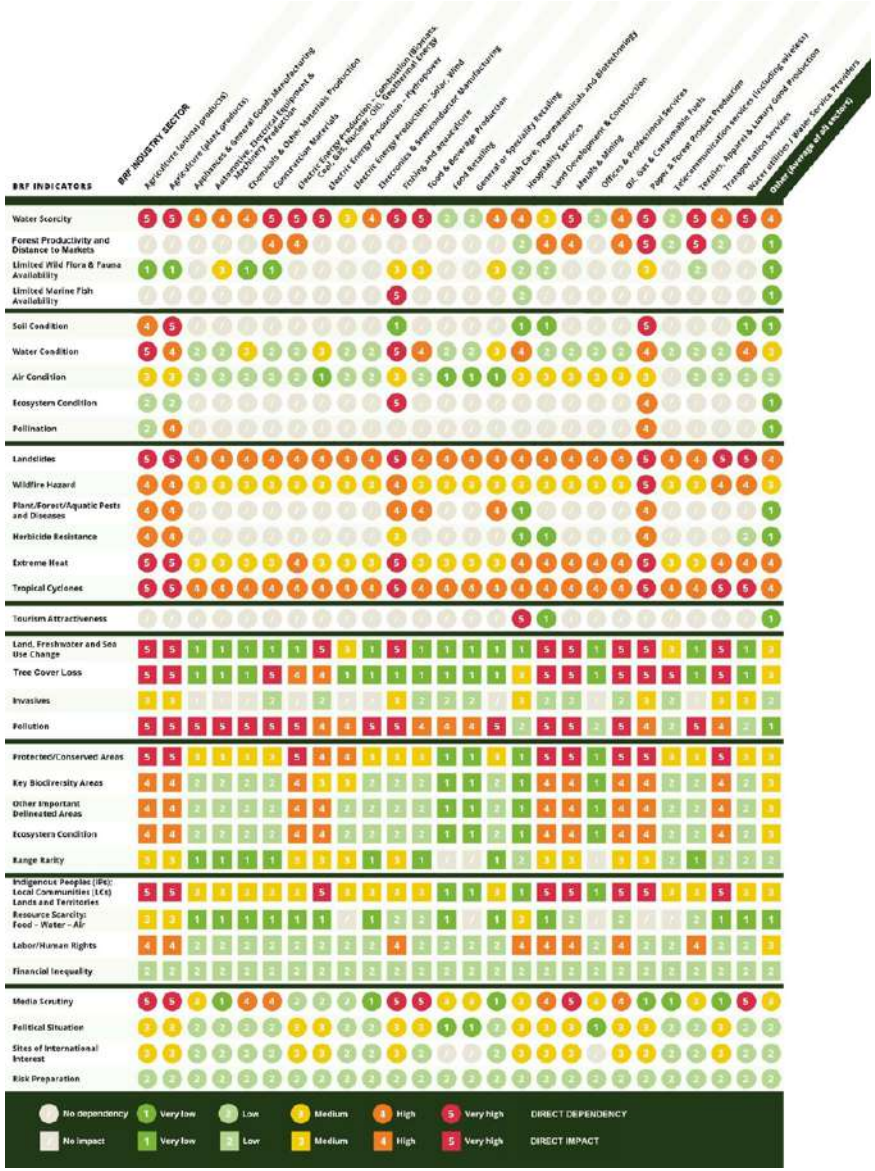
Through the process to determine material topics, Qisda found that the issue of biodiversity is not currently of high concern to its stakeholders, as no significant impacts or risks have been identified. Despite biodiversity not being a prominent issue to our stakeholders, we continue to collaborate with the BenQ Foundation to adopt fields long-term, not only supporting friendly farming but protecting the environment at the same time. Additionally, we conduct ecological surveys and hope to make the general public aware of our responsibility towards biodiversity conservation. Qisda has begun applying the TNFD framework to its operations, and will conduct simulations based on the Shared Socioeconomic Pathways (SSP) climate change scenarios. Henceforth, the Company will continue collaborating with external partners, actively consolidating the industrial value chain to perfect the relevant mechanisms and responses. This will allow us to promote biodiversity, accumulate carbon sinks, implement Nature-based Solutions and be a positive influence on nature overall.

II. Risk Assessment and its Scope

The corporation first employed the Biodiversity Risk Filter and its weightings table provided by the World Wide Fund for Nature (WWF) to identify potential dependencies and impacts in the field of electronics industry. Then, the assessment consisted of two parts – an evaluation using Biodiversity Risk Filter (BRF) analytical tool and a Questionnaire survey for the biodiversity efforts of the corporation.

The BRF analytical tool was introduced by the World Wide Fund for Nature (WWF) to assess risks and opportunities of corporate operations in different industries. The corporation utilized this tool to assess the global operations related to eight categories: Provisioning Services, Regulating & Supporting Services – Enabling, Regulating Services – Mitigating, Cultural Services, Pressures on Biodiversity, Environmental Factors, Socioeconomic Factors and Additional Reputational Factors.

Biodiversity Risk Weightings Table



1. Methodologies and Frameworks

In 2023, Qisda Corporation collaborated with BenQ Foundation and the Department of Soil and Water Conservation of the National Chung-Hsing University to investigate biodiversity dependencies and impacts. The corporation employed the Taskforce on Nature-related Financial Disclosures (TNFD) framework to disclose the natural risks and opportunities management of the corporation. The Locate, Evaluate, Assess and Prepare (LEAP) approach was used to demonstrate the resilience of the corporation when facing nature-related risks and meet the general public' s expectation regarding sustainable development. The TNFD LEAP approach is as follows:

- Locate the Corporation' s interface with nature
- Evaluate the Corporation' s dependencies and impacts on nature
- Access the Corporation' s nature-related risks and opportunities
- Prepare to respond to, and report on, material nature-related issues, aligned with the TNFD' s recommended disclosures.

2.Assessment Results (Biodiversity-related dependencies and impact)

BRF analytical tool

The results indicated that on average, the Physical Risks at each operating base were evaluated as high, while Reputational Risks were evaluated as moderate and Cultural Services received very low risk scores. Bases in Taipei, Taoyuan and Hanam were evaluated as low risk in Regulating & Supporting Services – Enabling, while the Suzhou base was evaluated as medium risk. All bases received medium-risk scores in Additional Reputation Risks. In regards to reputational risks, bases in Suzhou and Hanam were evaluated as medium risk in Pressures on Biodiversity while bases in Taipei and Taoyuan were evaluated as low risk. Aside from Suzhou base being evaluated as low risk, bases in Taipei, Taoyuan and Hanam received medium-risk scores in the Environmental Factors. In the Socioeconomic Factors, bases in Taipei, Taoyuan and Suzhou were given medium-risk scores, while the base in Hanam was evaluated as low risk .

In regards to physical risk categories that were evaluated as high risk all operating bases received high-risk scores in Provisioning Services and Regulating Services – Mitigating (see next page). As seen in the Physical and Reputational Risk Assessment Results, under

Risk Type Matrix Diagram

Biodiversity Risk Assessment

Operating site	Country	Physical Risk	Reputational Risk
Taipei site	Taiwan	3.42	3
Taoyuan site		3.45	3
Suzhou site	China	3.75	2.95
Hanam site	Vietnam	3.63	3.02

WWF Biodiversity Risk Filter Level

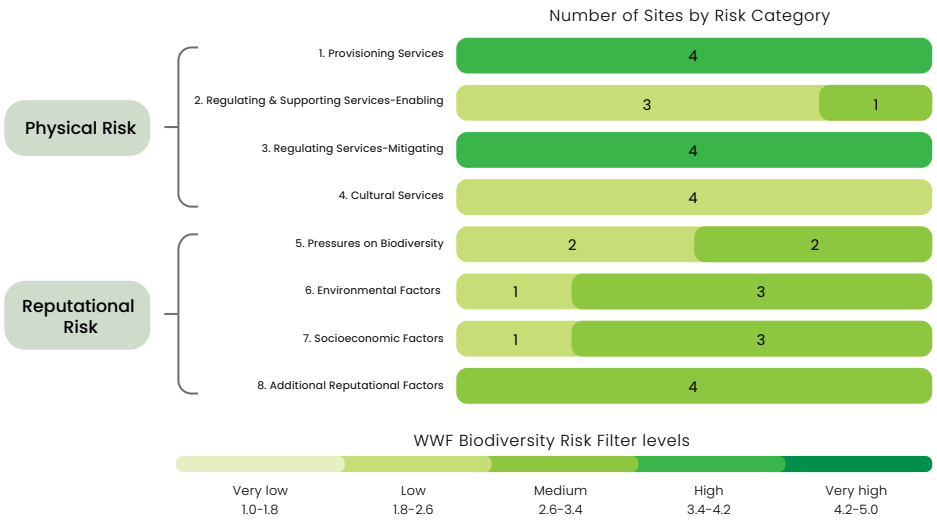
Very low	Low	Medium	High	Very high
1.0-1.8	1.8-2.6	2.6-3.4	3.4-4.2	4.2-5.0

Regulating & Supporting Services – Enabling, bases in Taipei, Taoyuan and Hanam were evaluated as high risk while the Suzhou base was evaluated as medium risk in Water Scarcity. All bases received high-risk scores in Limited Wild Flora & Fauna Availability. As such, Provisioning Services as a whole was evaluated as high risk. Under Regulating Services – Mitigating, bases in Taipei and Taoyuan were evaluated as very high risk while the Hanam and Suzhou bases were evaluated as high risk in Landslides. In Wildfire Hazard, the Hanam base received a high-risk score, the Taipei and Suzhou bases received medium scores while the Taoyuan base was given a low-risk score. In Extreme Heat, bases in Taipei and Taoyuan received low-risk scores while the Suzhou and Hanam bases were given high-risk scores. All bases were evaluated as high risk in Typhoons. As such, Regulating Services – Mitigating was evaluated as high risk overall.

Reputation Risk Assessment Results of Each Base

Physical Risk		Taipei site	Taoyuan site	Suzhou site	Hanam site
Pressures on Biodiversity	Land, Freshwater and Sea Use Change	1.5	1.5	2.2	1.8
	Tree Cover Loss	1.5	2.0	1.5	2.5
	Pollution	4.0	4.0	4.2	4.2
Environmental Factors	Protected/Conserved Areas	3.5	3.5	2.0	3.0
	Key Biodiversity Areas	2.5	3.0	1.5	2.5
	Other Important Delineated Areas	2.5	2.5	1.5	2.5
	Ecosystem Condition	2.2	2.2	2.0	2.2
	Range Rarity	3.0	3.0	1.5	3.0
Socioeconomic Factors	Resource Scarcity	2.5	2.5	2.5	1.8
	Labor/Human Rights	3.5	3.5	3.5	3.0
	Financial Inequality	2.5	2.5	2.5	2.0
Additional Reputational Factors	Media Scrutiny	3.0	3.0	3.0	2.0
	Political Situation	2.9	2.9	2.9	2.9
	Sites of International Interest	1.5	1.5	1.5	3.5
	Risk Preparation	2.0	2.0	2.0	2.5

Risk Analysis Stacked Bar Chart



Physical Risk Assessment Results of Each Base

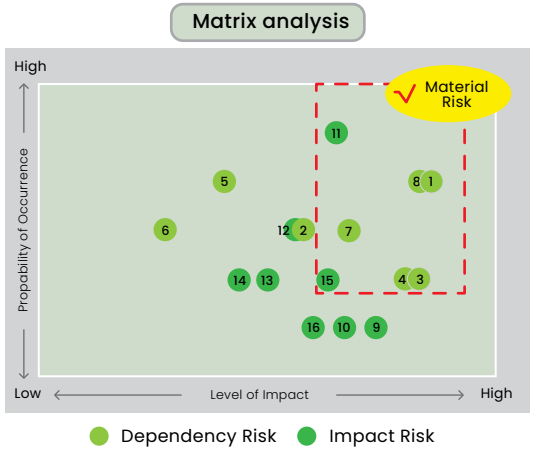
Physical Risk		Taipei site	Taoyuan site	Suzhou site	Hanam site
Provisioning Services	Water Scarcity	2.9	2.9	3.6	3.2
	Limited Wild Flora & Fauna Availability	4.0	4.0	4.0	4.0
Regulating & Supporting Services - Enabling	Water Condition	2.5	2.5	3.0	2.5
	Air Condition	2.5	2.5	3.0	3.0
Regulating Services - Mitigating	Landslides	4.5	4.5	3.0	3.0
	Wildfire Hazard	3.0	2.5	3.0	3.5
	Extreme Heat	2.5	2.5	4.0	4.0
	Tropical Cyclones	4.5	4.5	4.5	4.5

Biodiversity Questionnaire

The following diagram presents the results of biodiversity questionnaire. The table on the left indicated the evaluated risks and the corresponding numbers. A risk with high probability of occurrence and level of impact will be classified as the material risk. A total of 7 risks were identified as material risks, including Water Scarcity, Water Condition, Air Condition, Extreme Heat, Typhoons, Pollution and Ecosystem Condition. Among the material risks, Water Scarcity and Typhoons were evaluated as the most significant risks. In response, the corporation will develop corresponding management measures and conduct scenario analyses in accordance to these significant risks.

Questionnaire Risk Matrix Diagram

No.	Risk	
1	Water Scarcity	√
2	Limited Wild Flora & Fauna Availability	
3	Water Condition	√
4	Air Condition	√
5	Landslides	
6	Wildfire Hazard	
7	Extreme Heat	√
8	Tropical Cyclones	√
9	Land,Freshwater and Sea Use Change	
10	Tree Cover Loss	
11	Pollution	√
12	Protected/Conserved Areas	
13	Key Biodiversity Areas	
14	Other Important Delineated Areas	
15	Ecosystem Condition	√
16	Range Rarity	



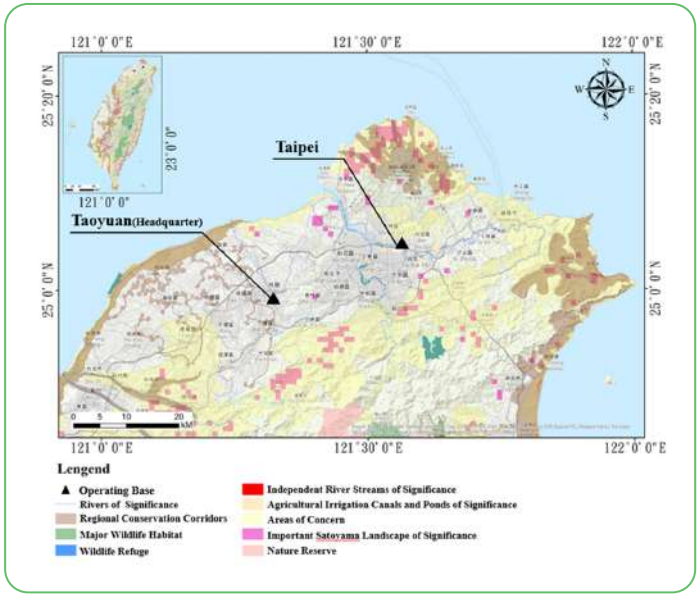
Scope of Assessment

Taiwan operating bases

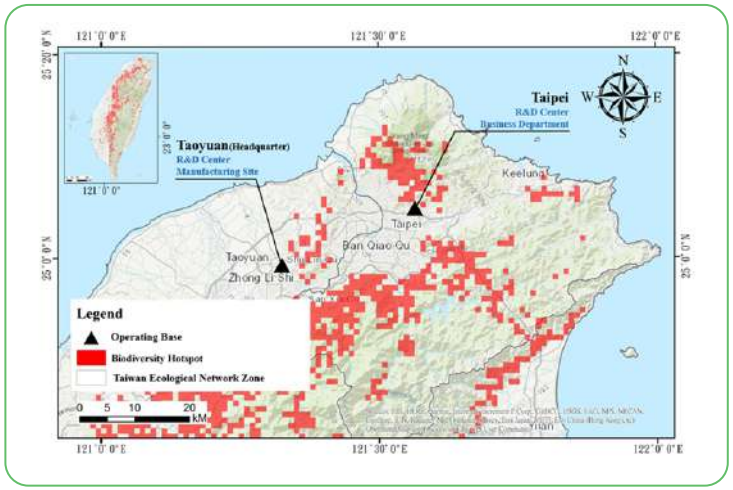
For Taoyuan and Taipei operating bases, the corporation conducted assessments based on the data from the Forestry and Nature Conservation Agency, Ministry of Agriculture, Taiwan. This data reflected the present environmental conditions of Taiwan. Through the application of the Taiwan Ecological Network Mapping platform, the corporation was able to conduct small-scale analyses and enhanced the reliability and precision of risk assessment.

By overlapping the Taiwan Ecological Network map with our operating sites, results show that the Taoyuan and Taipei operating bases are situated in the Northeast and North areas of the Ecological Network Map respectively. The Taoyuan operating base is located 3 kilometers from the Taoyuan Pond Plain Wetland Conservation Corridor and 700 meters from Nankan River, which is one of Taiwan' s rivers of significance. To preserve pond and wetland ecosystems of Taoyuan, the conservation efforts of the Taoyuan operating base emphasized the preservation of water resources. The Taipei operating base is located 800 meters from the Keelung River, and south of Yangmingshan National Park. Conservation will focus on the surrounding rivers, grasslands and forests connecting the base, Keelung River and Yangmingshan National Park. As both bases are close to rivers of significance, the corporation enhanced water resource management measures to prevent negative impacts on the environment due to change in water quality. Simultaneously, the corporation monitored and controlled water use in business activity to conserve water resources. Although the business activity of the corporation has no direct effect on local habitats, there are biodiversity hot spots located close to these two bases. Considering

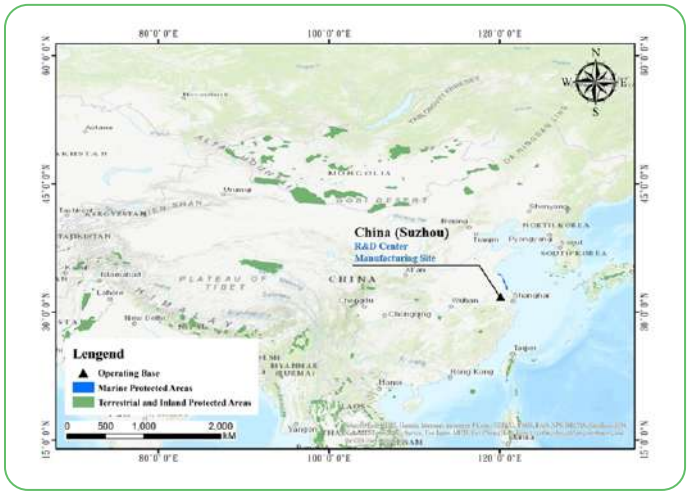
Taiwan Operating Bases



Biodiversity hot spots



Suzhou Operating Base

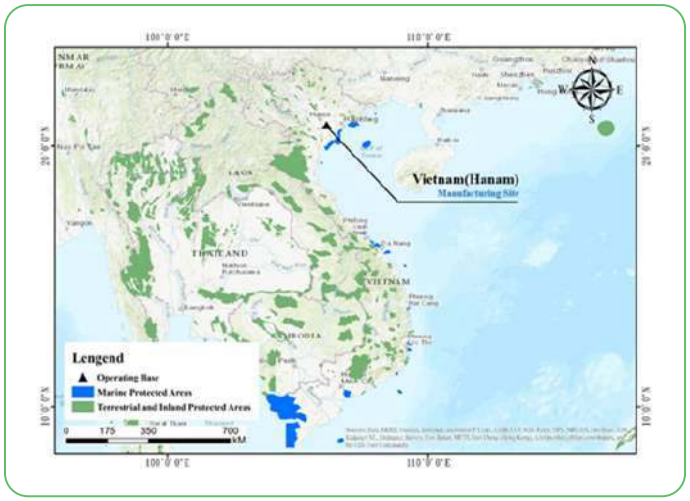


ecosystems may still be impacted, to maintain the biodiversity, the corporation continuously manages and monitors the environmental conditions in the areas surrounding these two bases. To minimize the impact, the corporation will conduct detailed evaluations of the potential impact on environment, establish buffer zones, as well as implement pollution control and ecosystem restoration measures during new projects.

Overseas operating bases

The corporation employed the World Database on Protected Areas (WDPA), a joint project between the United Nations Environment Programme (UNEP) and the International Union for Conservation of Nature and Natural Resources (IUCN), to determine whether Hanam and Suzhou plants are located in Marine, Terrestrial and Inland Waters Protected Areas designated by local and international government institutions. It was found that the overseas operating bases of the corporation are not located in any protected areas. Business activities are shown to not directly impact local biodiversity. Nevertheless, the corporation employed ecosystem conservation and impact mitigation measures were taken to prevent the business activities from indirectly impacting the surrounding environment.

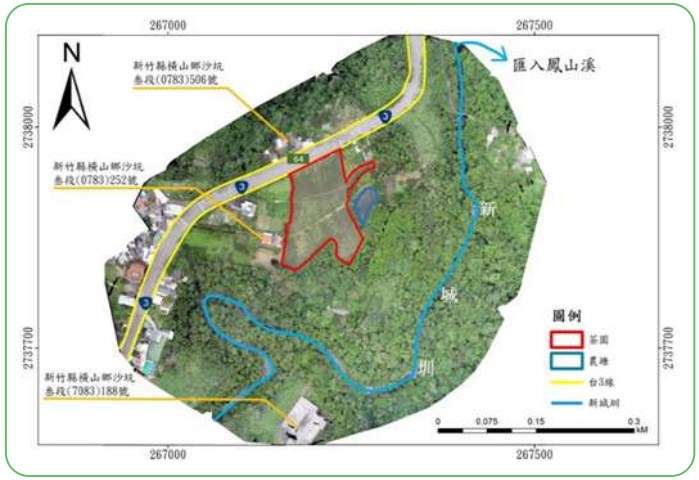
Hanam Operating Base



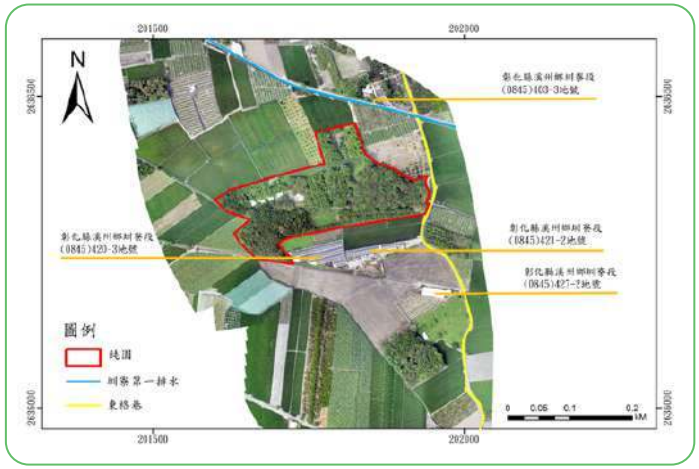
Other Corporation related regions

Aside from its domestic and international operation bases, the corporation also conducted biodiversity related investigations in corporation-sponsored friendly farming regions in Taiwan. Said regions include the "Hong Bao" tea plantation located in Hengshan Township, Hsinchu County and the "Chun Yuan" farm located in Xizhou Township, Changhua County . The biodiversity investigation covered mammals, birds, reptiles, amphibians, butterflies, and other arthropods. Other than manual methods such as Visual Encounter Surveys, Line Transects and Point Count Transects, automatic devices such as infrared cameras and microclimate monitoring systems were also utilized to assist the investigation effort. Through the results of investigation, the corporation was able to assess the effectiveness of the biodiversity promotion policy as well as accumulate biocredits. To assess effectiveness and overall carbon sink gains of long term friendly farming, soil samples from both friendly farming zones and non-friendly farming zones were collected from "Chun Yuan" farm on a monthly basis for further examination and analysis to compare and contrast the deviation between soil fertility and organic matter in each respective zone.

"Hong Bao" tea plantation, Hengshan Township, Hsinchu County



"Chun Yuan" farm, Xizhou Township, Changhua County



III. Identification of Risks

To identify and compile the biodiversity risks, the corporation analyzed the results of questionnaire and presented this in charts. Risks are divided into two charts, actual and potential risks, and further categorized the risks into positive effect or negative impact. The closer a risk is to the center of the chart, the more severe the impact and the more time the corporation needs to devote to measure the impact.

Qisda has already taken the appropriate measures to correct physical biodiversity risks. The high-degree negative impacts of the corporation include the dependency on ecosystem services and the destruction of ecosystems through the course of business activity. When ecosystem services such as water resources, land resources or atmosphere regulation are extracted from the environment during business activity, this may cause the environment to sustain damage.

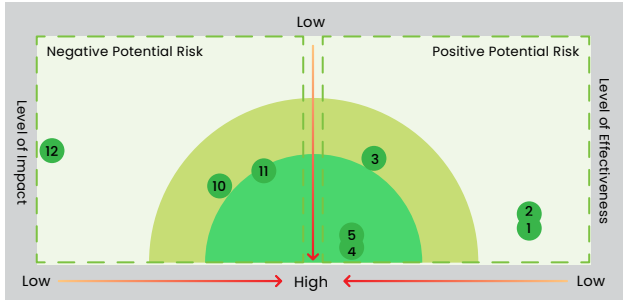
An actual risk with a positive effect is the use of environmentally friendly farming to promote the sustainable development. The corporation devoted long-term efforts on encouraging local farmers to conduct natural farming without the use of chemical fertilizers and pesticides. This prevents chemical residue in soil from altering the soil property and having a negative impact on microorganisms. These contribute to maintaining the fertility and health of soil and strengthening ecosystem services.

The potential risks chart presents threats the current business activity of the corporation may pose to the environment in the future, even if it is not evident now. Of these risks, risks with high-degree negative impacts include the scarcity of water resources in future business activity, the potential impact of business activity water use on stakeholders, and the environmental and reputational damage caused by breaching of the laws or inability to comply with new global standards. Risks with high-degree positive effects include the management and conservation of reservoirs and the accumulation of yellow, green, and blue carbon sinks. Through the conservation and effective management of watersheds, the corporation aims to secure the hydrologic cycle of water resources, enhance the capacity of water retention and carbon sequestration in watersheds.

The aforementioned results enable the corporation and related organizations to identify various risks of biodiversity associated with the business activity. Furthermore, these results are made available to the public. The policy makers can gain a better understanding of the nature and impact of these risks and establish precise and purposeful risk management strategies. It is expected to ensure ecological sustainability and preserve biodiversity.

Actual Risks Chart

Actual Risks Chart

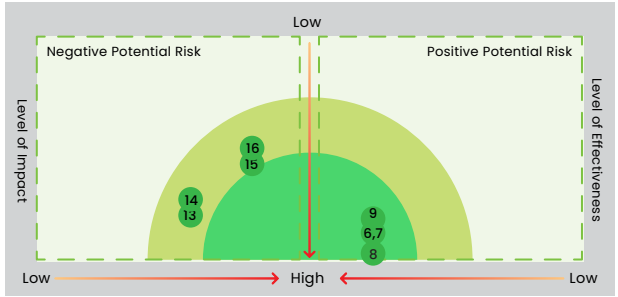


Time Frame

No.	Risk
1	The degree of which the corporation implements biodiversity promotion measures.
2	The degree of concern the corporation shows on the subject of biodiversity.
3	Proper implementations of carbon footprint inventories can assist in monitoring carbon emissions and reducing excessive emissions through the course of business activity.
4	The practice of friendly farming can increase biodiversity and sustainable development.
5	Participation in environmental sustainability-related courses and lectures can enhance the understanding of biodiversity.
10	The degree of dependency the company's products have on ecosystem services during the production process.
11	The degree of impact the company's business activity has on biodiversity.
12	Environmental pollution caused by business activity.

Potential Risks Chart

Potential Risks Chart



Estimated Time Frame

No.	Risk
6	Proper conservation and management of watersheds can increase Yellow Carbon, Green Carbon and Blue Carbon.
7	Employing modern marketing techniques can improve the sales performance of agricultural products.
8	Holding environmental sustainability-related courses and lectures can enhance others' understanding of biodiversity.
9	Sustainable development can be achieved by combining agricultural production management with environmental standards.
13	Potential scarcity of water resources in operating sites in the future.
14	The potential impact of business activity water use on stakeholders.
15	Reputational damage caused by the breaching of laws and the inability to keep up to date with evolving global standards.
16	Business activity interrupted by extreme heat results in poor business performance.

Protection of Forests

The world has lost a large amount of forest land due to deforestation, resulting in global warming and the loss of biodiversity, both of which pose significant threats to the survival of the environment we live in. In addition to developing the Commitment to No-Deforestation and Biodiversity, we pledge to use deforestation-free products such as toilet paper and printing paper.

We plan to restore deforested land by planting trees and comply with domestic and international laws, collaborating with our customers, suppliers, and partners to reach our NNL and NPI goal in 2050.

Giving Our All for Environmental Sustainability

Qisda collaborates with Taishin Securities to support the growth of bamboo forests and promote carbon fixation

Taiwan' s geography and climate conditions are optimal for bamboo growth. The efficient carbon storage and sequestration potential of bamboo plants are 3 to 6 times that of normal trees; using 8,000 Phyllostachys edulis plants per hectare as an example, around 47.36 tons of carbon will be sequestered per year, which is greater than the annual amount of carbon sequestered per hectare of an average forest, which ranges from 7.45 to 14.9 tons.

Making good use of resources from bamboo forests can help enhance the green competitive advantage of Taiwan' s industries. Through innovative processing technology, bamboo is also expected to be used as a natural fiber composite (NFC) and may replace plastics and other high-carbon materials.

This project is carried out in Nantou County' s Zhushan Township. With regards to the three facets of ESG, on an environmental (E) level, our participation in this project can contribute to the protection of the environment, as bamboo has an excellent carbon sequestration ability and can mitigate the effects of greenhouse gas. Socially (S), we play a role in increasing job opportunities and income for farmers and locals, and in relation to governance (G), we show that the Company' s Board of Directors is actively responding to our stakeholders' expectation of environmental sustainability.

Green Products and Circularity

Qisda is an electronic design and OEM company, whose large range of operations span across a variety of sectors. Our products and technical fields include high-end and professional displays; precision optics products; and industrial/commercial computers and peripherals. In recent years, we have actively accelerated the expansion of the medical industry and developed smart solutions in the hopes of combining the "blue ocean strategy" with our value-added products to capture new markets. We have maintained in a leading position in the field of LCD displays and projectors around the world through advantages such as proficiency in innovative and diverse product design, profound R&D technical ability, high-quality and flexible manufacturing capabilities around the globe, capacity for vertical integration for Group resources, and exceptional industrial design.

Continuing to leverage the existing innovative momentum of R&D and integration skills, we will uphold product design and manufacturing applications as well as commit to energy saving and environmental protection in line with corporate social responsibility to focus on the R&D and manufacturing of products, reducing emissions of all substances in a sustainable manner. In the future, we will focus on four major strategies for R&D to move towards the Company' s vision of "Bringing Enjoyment ' N Quality to Life."

Qisda's R&D Strategies

Account for the front-end R&D of products to ensure their quality and safety.

Continue to introduce the idea of innovative design for products in order to meet the ever-changing requirements in the market.

Keep on exploring and establishing new product technologies, and then applying them to product design and manufacturing.

Continue the implementation of industry-university cooperation for the joint R&D of new technologies and products

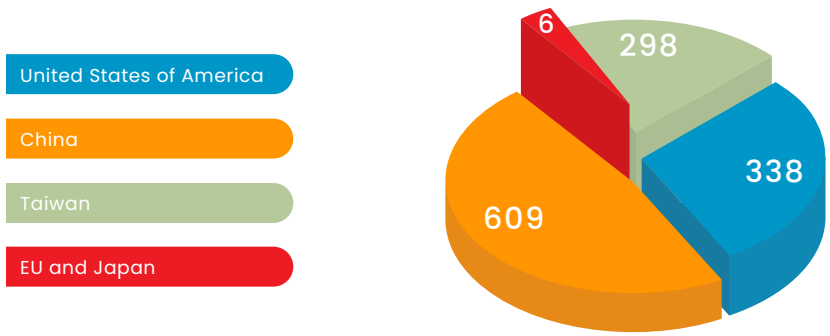
Product Innovation and Responsibility

Qisda spares no effort in the innovation and development of products to maintain our competitive advantages. In the past 4 years, we have invested an average amount of more than 2% of our revenue in the innovation and R&D of products every year. Moreover, the "Regulations for Rewarding Employees with Patents" has been established to encourage the employees to innovate, invent and apply for patents. Statistics show that in 2023, a total of 52 essential patents were obtained. As of the end of 2023, we had accumulated a total of 1,251 valid patents worldwide.

Item / Year	2020	2021	2022	2023
Funds invested in R&D (NT$10 thousand)	216,174	227,490	246,451	231,557
Percentage of R&D funds in revenue (%)	2.34	2.17	2.42	3.02
R&D personnel (persons)	588	599	587	581
Percentage of R&D personnel in employees (%)	40.3%	39.7%	37.6%	37.2%
Number of valid patents	1140	1192	1199	1251
Number of patent applications	289	206	238	248
Reward for employees with patents (NT$)	1,942,630	2,279,041	1,808,242	1,819,762

Note: Essential patents are defined as patents in the U.S. The goal is to obtain 100 essential patents per year by 2025.

Total Number and Regional Distribution of Valid Patents in 2023



Successfully developed technologies/products in 2023

LCD Display Product

Curved QD-OLED 27" (360Hz) QHD/31.5" (240Hz) UHD, Ultra-fast/500Hz IPS and 540Hz E-TN gaming monitors, cost-effective local dimming with 96 zones, the DisplayHDR 1400 certification, DP 2.1/4K displays, 1,000R curved displays, Thunderbolt 4 displays, 4-side like borderless displays, displays for special purposes with eye-care technologies and Privacy, Portable and Eyesafe certifications, G-Sync R4/high refresh rate and night vision monitors for gaming, professional color management display (for photography and photo-editing), and the Display Arrangement Manager application.

Projector Product

- Projectors used ultra-high-pressure mercury lamps as their main light source. In recent years, solid-state light sources have gradually matured. Qisda is committed to applying solid-state light sources to projectors as the main light source to replace ultra-high-pressure mercury lamps in the future. Solid-state light sources include LED light sources, blue lasers with fluorescent color wheels, and pure RGB lasers.
- Working with different solid-state light source manufacturers, Qisda integrates different solid-state light source manufacturers and successfully mixes different solid-state light sources to achieve a new generation of projectors that has a LED/Laser hybrid light source and high competitiveness in terms of the cost and size, Enabling projectors to reduce the proportion of mercury lamps year by year and creating greener and more environment-friendly projection products.

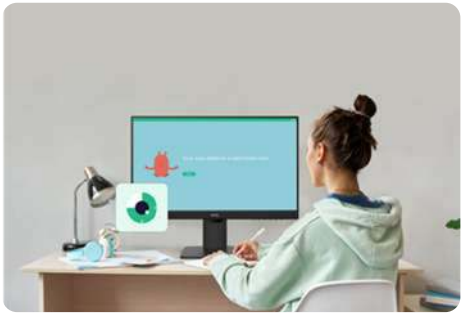
Medical Service

- We are committed to complying with new medical regulations and certifications. The entire ultrasound product line has obtained EU MDR certification within one year. This makes the Qisda become the first company in Taiwan to obtain the MDR certification for medical ultrasound.
- We use panel-related technologies to develop and demonstrate a new capacitive ultrasound probe technology, QMUT, which has three major characteristics: ultra-broadband, high-definition, and easy bending. It fully combines top medical level with the strength of innovative technology.
- BenQ Dialysis Tech reduces man-made process pollution through automated processes, strengthens quality management, and strictly controls the quality. Its excellent green manufacturing process won the TSAA Taiwan Sustainability Action Award for two consecutive years.
- We provide better user experiences and services, and introduce AI and intelligence, including AI dentistry, smart operating rooms, and smart care for seniors.

Business Model

Smart eye protecting displays

Nowadays, people use screens frequently. When it is needed to use displays for a long time, people should pay attention to eye protection functions, as well as fulfilling other requirements. Qisda has the second largest display market share in the world and performs in-depth research and development of exclusive eye care technology - eye care - in the technical field. We have key technologies such as professional color management of displays, zone dimming, high dynamic range (HDR), etc. These can reduce blue light components that are harmful to the eyes through hardware and software design.



Teaching for love – health-based smart classrooms

As a leader in technological innovation, Qisda Group has developed educational interactive touch displays, taking teachers and students as the starting point to create a warm digital learning environment, strengthening participation in education both in and out of class, and improving learning effectiveness.

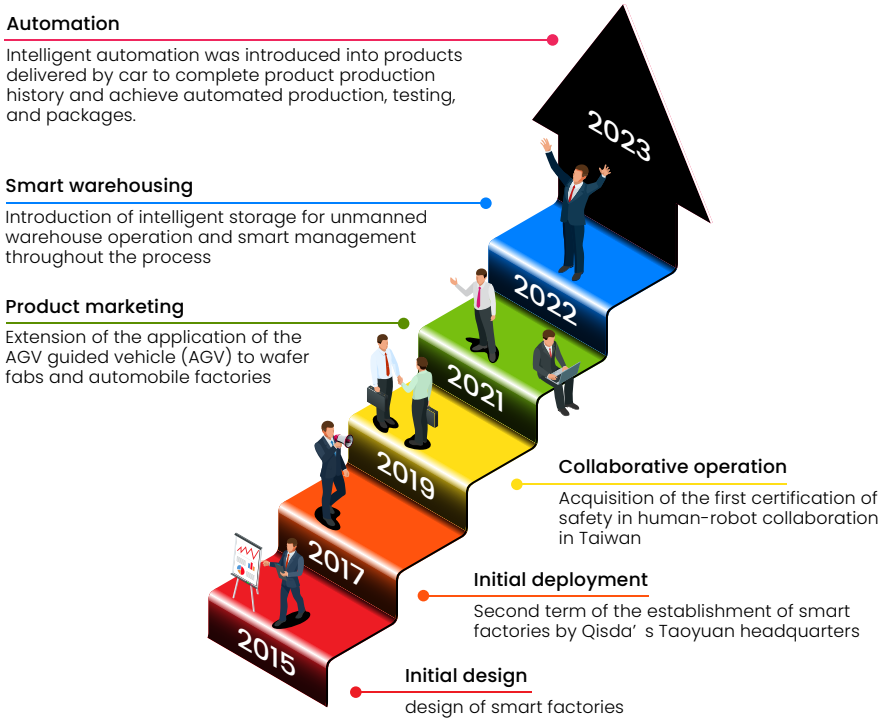
The educational touch display has functions such as monitoring air quality, protecting eye health, and reducing the spread of bacteria. The panel uses multi-layer non-toxic and long-lasting nano-silver ion antibacterial coating, allowing teachers and students to have a healthier learning environment, thus achieving the goal of health-based smart teaching and creating positive influence in the field of education.

Smart Factory and Innovative Actions

In order to meet market demands and maintain competitiveness, Qisda has introduced the design of smart factories since 2015. By combining statistical analysis, robots, AI and other technologies during the production, we have successfully transformed the production process in our factories, improving product efficiency and quality. We lead the industry in launching a production and manufacturing information system, providing a platform that integrates both hardware and software. In 2017, Qisda established the second term of the smart factory at its headquarters in Taoyuan, and further designed three safety protection mechanisms based on ISO 10218 and TS 15066 in 2019, through which we significantly enhance the safety of human–robot collaboration, being the first to obtain certification for this in Taiwan. Through the setup of smart manufacturing solutions, production quality can be improved while simultaneously reducing waste caused by sales per unit area, which enhances the overall production efficiency of the plants. We promoted the use of a smart factory-related technology - automated guided vehicles (AGV) – in wafer fabs and automobile factories in 2021. Further in 2022, we advanced to using a intelligent storage system that allowed products to be transported and stored in the warehouse, then shipped to the dock to achieve unmanned operations and implement smart inventory management throughout the process.

In 2023, intelligent automation was introduced into products travelling by car to complete product traceability and achieve automated production, testing, and packages.

Development History of Smart Factories



Green Products

Qisda aims to maintain and implement their corporate sustainable development (ESG) vision of "being an innovator for the design and manufacturing of ICT and medical products, boosting quality of life and staying environmentally friendly" through the production of green products. The process of promoting green, sustainable products can be divided into different phases. Our scope of focus extends beyond the organizational environment to look at the whole product environmental footprint, and we pay close attention to the environmental impact of our products during their life cycle, including after they leave the factories.

Qisda places importance on introducing green design elements from the early stages of design, believing that it is the only way to reduce the products' impact on the environment at each stage of their life cycle. We combine the techniques of green design with the quality control process, product design, and R&D procedure, conducting inspections at each stage of design and making the corresponding adjustments to reach the highest level of efficiency. Starting from 2010 (using 2009 as the baseline year), we have incorporated the elements of green design within our product design and R&D process, and established management systems with respect to the environmentally conscious design (IEC 62430) the incorporated ecodesign (ISO 14006) guidelines.

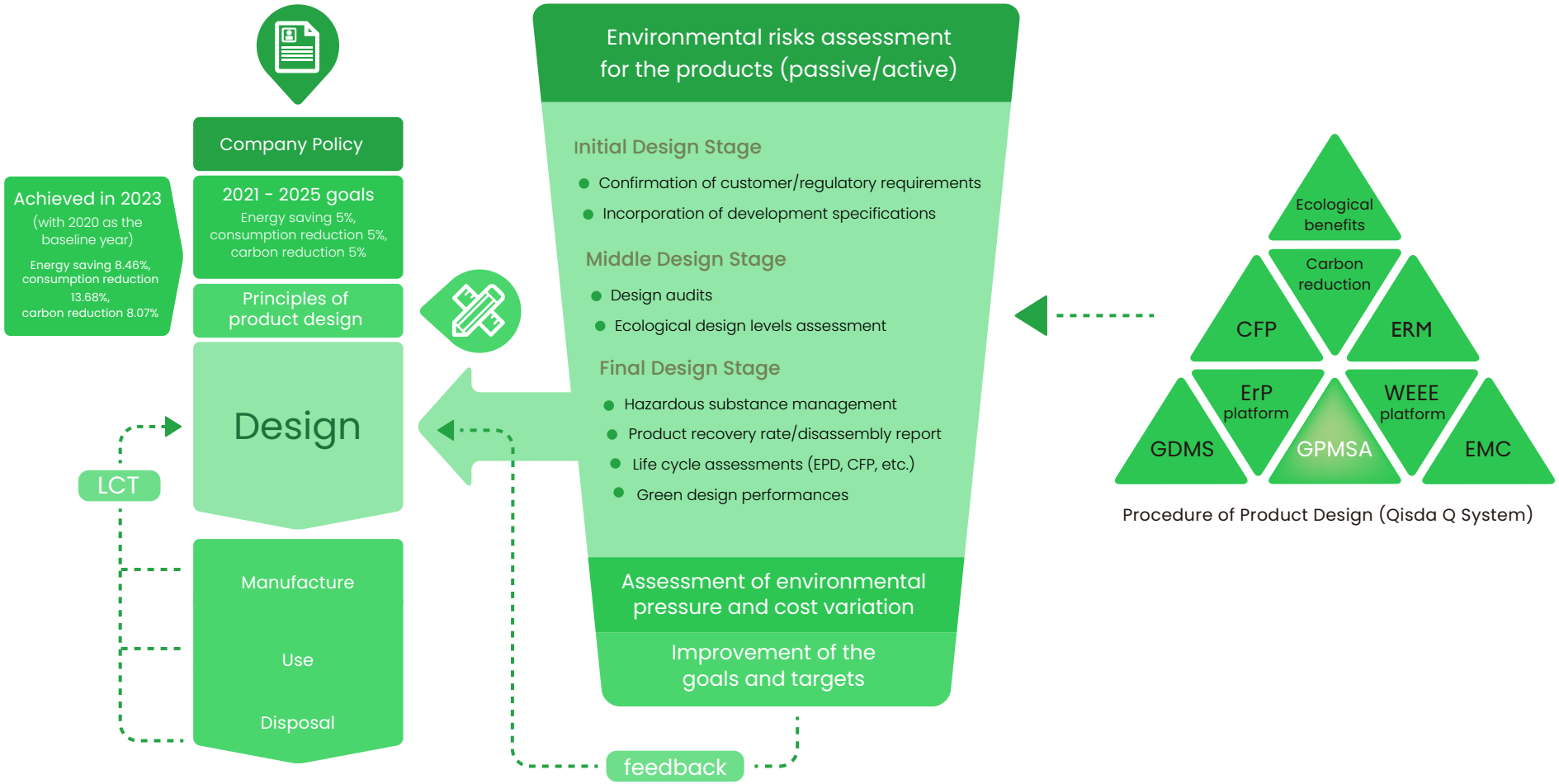
Qisda applies life cycle thinking to all stages of product design and R&D, setting up goals for green design from the beginning of the design process. We conduct inspections at every stage of design to ensure product compliance with the customers' requirements and the laws of importing countries. Moreover, we continue to enhance our products each year, improving the energy efficiency of the products and reducing resource consumption by doing so. Compared to the previous year, we saved 2.30% of energy usage, reduced material and resource consumption by 8.89%, and lowered carbon emissions by 1.90% in 2023; Furthermore, compared to our performance in 2020, we saved 8.46% of energy, reduced 13.68% of material and resource consumption, and reduced 8.07% of carbon in 2023. Qisda has mapped the future for 2025 and continued promoting the green design 555 (saving energy by 5%, reducing materials by 5%, reducing carbon by 5%) plan to reduce environmental pressure and increase the efficiency of products, providing better quality products to customers and establishing sustainable value in the products.

Qisda's Green Product Evolution Stages

Concept of Incorporated Design

Qisda has introduced environmentally conscious design (IEC 62430) since 2010, and continued to promote life cycle thinking with regards to the products we design. We require that green design elements be included in the beginning of the product R&D process to assess the potential environmental impact and risks caused by the designed products/components in different phases of the life cycle. Furthermore, we hope to simplify our design, so that we can begin to reduce the environmental impact of our products from the initial design stage. We believe that we should combine ecological design with quality management and produce products that are both helpful to the environment and possess great functionality. Since 2013, we have combined the guidelines for incorporating ecodesign (incorporated design; ISO 14006) with environmentally conscious design (IEC 62430), the environmental management system (ISO 14001) and the quality management system (ISO 9001), and introduced them to the R&D process, establishing a structure of incorporated ecological design. Since 2013, we have received statements of the integrated design (ISO 14006) and the green design (IEC 62430) for products such as displays, projectors, smart phones, scanners, multimedia players and light fixtures.

Qisda's Structure of Incorporated Ecological Design



Procedure of Product Design (Qisda Q System)

Concept

Principle/approach of ecological design

Requirements

Qisda specifies that green design must be incorporated from the beginning of the product R&D process to assess the potential environmental impact and risks caused by the designed products/components in different phases of the life cycle. We also require implementation of proper management from the very beginning of the design. Thus, based on the status and design experience of each product line, we established interdepartmental green design principles for the R&D staff as a guideline to inform choices for related manufacturing procedures. We place importance on four major green design approaches during the R&D stage, which are material reduction, hazardous substance management, energy saving and recycling. In the middle stages of design, we use the internal WEEE platform to make product recyclability assessments, and see if the recyclability of the product meets Qisda' s basic requirements. The product can only move on to the next stage of the design process after receiving confirmation that it has met all necessary requirements.

Methods

1. Reduction of raw material consumption
Reduce the volume and weight of products and packaging as well as the number of components within the product, taking modular design into consideration. As of 2023, the weight and the materials of products had been reduced by 8.89% on average across all production lines.

2. Hazardous substances
For environmentally harmful chemicals that could be used in products or during the production process, Qisda has formulated the "Hazardous Substance Control List" according to international regulations and the requirements of the customers. Qisda strictly manages the approval of components and raw materials, and conducts rigorous inspections of imported materials. We establish a systematic management mechanism to ensure that our products comply with international regulations and meet the customers' requirements. We hope to progressively reduce the usage of hazardous chemicals, simultaneously avoiding damage to both the human body and the environment during product transportation, use and disposal.

3. Energy saving
Qisda primarily focuses on increasing energy efficiency and reducing energy consumption during the product' s shutdown and standby modes. We also compare the data of contemporary models with that of models from the previous generation to confirm the achievement of energy saving goals. Qisda not only meets international requirements (such as ErP, TCO and Energy Star), but also takes self enhancement and continuous improvement as an aim, an area of consideration and a crucial part of our operational framework. Until 2023, all product lines had increased energy efficiency and saved energy by 2.3% on average.

4. Product disposal
Qisda takes the products' recyclability and the difficulty of disassembly into consideration from the start of the product design process. We think about the composition of products components and avoid using materials and manufacturing processes that make hard to dismantle, such as bonding, soldering or embedding. Products and samples with plastic components that weigh 25g or above should be labeled with a list of materials, and the plastic components used cannot be composed of more than two kinds of materials.

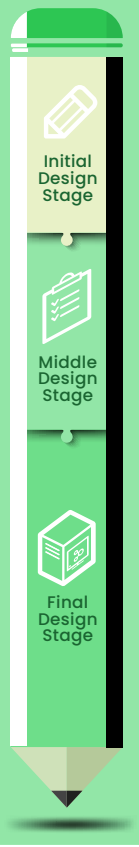
Concept

Process of ecological product design

Requirements

In order to implement ecological design for all models and meet the requirements of customers/importing countries while continuing to promote material reduction, energy saving and carbon reduction, the design process of the machines can be roughly divided into three stages.

Methods



(1) **Confirmation of customer/regulatory requirements:** Confirm the regulations/demands of the customers and the importing countries, and submit the requirements to the system, sending them internally to the management units responsible for subsequent processes.
(2) **Incorporation of development specifications:** Convert the regulations of the customers and the importing countries to design specifications as design inputs at the initial design stage.

(1) **Design audits:** Double-check the blueprints and prototypes to see if they meet the requirements and if there's any quality issue.
(2) **Ecological design levels assessment:** See if the products meet other international requirements in addition to those of the customers and the importing countries, and label the products with golden, silver and bronze medals according to their ecological design status. The advantages and disadvantages of the product design is also provided as an improvement guide for the next generation of products.

(1) **Hazardous substances management:** Provide corresponding reports for customers based on their requirements and check the compliance status of each component again.
(2) **Product recovery rate/disassembly report:** Calculate the recovery rate of the models and make disassembly analysis reports through the internal WEEE platform.
(3) **Life cycle assessment:** Collect internal and external information through Qisda's carbon management platform, and provide product carbon footprint reports and lists of recommendations for reducing carbon right after mass production.
(4) **Green design performances:** Compare existing products with the previous generation models and make assessments of design improvement performances to see the status of achieving goals such as energy saving, material reduction and carbon reduction.

Concept

Environmental impact assessment and benefits of products

Requirements

Based on the requirements of the customers/importing countries, Qisda actively assesses if the design of products can be further simplified to leave out unnecessary manufacturing processes and parts. Every year, we perform periodical assessments on the environmental impacts of each product type. The current and new design specifications/process of the product line are taken into consideration when assessing the possible impacts and risks brought by it in each stage of the life cycle. We also make comparisons with previous models or benchmark products in the industry to identify high-risk parts and manufacturing processes, and then establish affordable and feasible improvement plans to reduce environmental pressure. These plans shall be implemented for the next generation' s models.

Methods

1. Environmental impact assessment for products

Assessment method	Approach	As a percentage of the Company's total product revenue (%)
Full Life Cycle Assessments (Full LCAs)	Qisda utilized the SimaPro software and the Ecoinvent database to conduct LCAs of all products. The Company' s LCIA methodology continues to be designed in accordance with the ReCiPe 2016 Midpoint assessment method.	11.45
Simplified Life Cycle Assessments (LCAs)	For only one impact category: climate change, the carbon footprint calculation platform of Qisda and the Ecoinvent database were used for calculation.	43.23
Others (excluding those that have undergone the above two assessments)	Compliant with EU RoHS Directive	45.32
Products of the Company as a percentage of the environmental impact assessment		100

In 2023, products that received the Energy Star label accounted for 58.07% of the Company's annual revenue. Products given the label saved 471,443 tCO_2e in total

Concept

Platform data integration

Requirements

In 2010, Qisda became one of the first companies to establish a carbon management platform. By using the bill of materials (BOM) system, we listed the corresponding components and integrated them with the component approval system to collect the material and process parameters of each component. Then, we imported the data into the Simapro system before mass production, generating a product carbon footprint report. This led to significant reductions in operation time, allowing carbon footprint reports to be available immediately after mass production, when it previously would' ve taken six months to produce. We also widened the scope of our carbon inspection, inspecting not only one model, but other product lines and models at the same time. Thus, Qisda has achieved the goal of providing carbon footprint reports for all main models since 2012.

In the future, Qisda will also integrate information relating to product disposal and energy consumption on the WEEE platform so as to present the complete cradle-to-grave carbon footprint of the products.

In 2013, Qisda established the product-related environmental regulation management platform to connect with the customers' /company' s requirements. Based on the various requirements of each model, the system adapts to suitable specifications for mandatory and optional design audits, offering audit lists at the subsequent design stages to ensure that our product design meets the customers' /company's requirements, all the while avoiding rework costs.

We will continue to connect/integrate Qisda' s systems and resources to make the most of our data, and further reduce time spent on rework and sending information between departments.

Methods

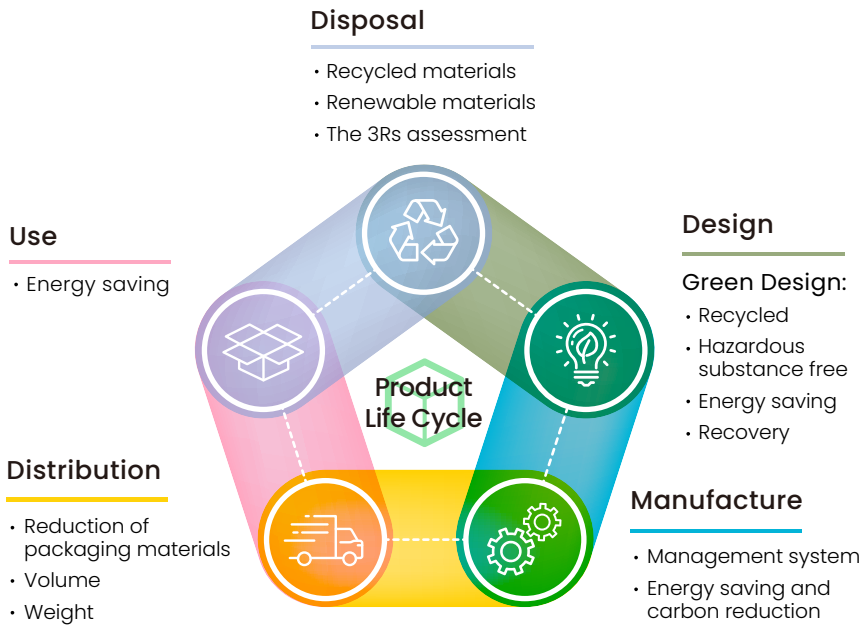
Continue to optimize the carbon footprint management system and avoid omissions with inspection reports.

Starting from the third quarter of 2023, the emission coefficient quoted on the Carbon Footprint Platform has been updated through the Ecoinvent database, and an independent third-party verification is expected to be carried out in early 2024 to ensure the "Product Carbon Footprint Report" generated by the software platform fulfils its intended purpose and that the GHG emission data outputted by the system for the products are consistent.

Requirements and Cases at each stage of product life cycle

Stage of Life Cycle	Requirements	Actions taken
Raw materials	In addition to considering using parts that consume less energy and reducing the quantity of the parts used, parts used are required to adhere to the EU Restriction of Hazardous Substances (RoHS) Directive or the customer' s personal requirements regarding the prohibition and limitation of the use of hazardous substances.	1. In 2023, all of the raw materials of the new products were in compliance with the EU RoHS Directive. 2. The quantity of materials for product design in 2023 was reduced by 8.89%. 3. Continue to promote the use of recycled materials. 4. Continue to promote the use of folded paper or molded pulp materials as packaging filler materials and acquire the FSC certificate.
Manufacture	Qisda has implemented the environmental management system (ISO 14001) since 1997 and introduced the occupational safety and health management system (ISO 45001) in 2001, committing to lowering both the impact on the environment and potential risks during production. We obtained the Green Factory Label in 2016 and established relevant energy saving and waste reduction performance indicators to achieve our green operation goals.	1. Qisda has been building solar power systems since 2022. In 2023, the electricity generated reached approximately 5,208,939 kWh, and helped reduce approximately 2,924 tCO2e of carbon. 2. A new energy-saving project was introduced in 2023, which is expected to reduce electricity by 1.489 million kWh/year. 3. The purchased renewable energy certificates totaled 24,700 MWh, offsetting 21.6% of the total power consumption. 4. In our sites around the world, the carbon emissions per personal hourly electricity consumption were 1.77 kgCO2e in 2023, falling by 29% compared to that of 2021, which was 2.5 kgCO2e. 5. The proportion of recyclable waste reached 91% in 2023.
Distribution	In the early stages of new product design, Qisda considers reducing the packaging volume of finished products and using lighter-weight materials as much as possible. At the same time, the Company optimizes the stacking of finished products to reduce fuel consumption during distribution, and avoid more impact on the environment.	1. Continue to optimize the pallet stacking method to increase transportation volume. For example, the recent shipments of models to Xiamen, China have increased by 8% and 50%, respectively. 2. Increase the loading rate through optimization of packaging material design.
Use	Qisda not only meets international requirements and customer requirements (such as the ErP, TCO and Energy Star), but also takes self enhancement and ongoing improvement as an aim to continue refining the energy consumption of products. In addition, Qisda has established an internal design for service and design verification mechanism to ensure that products meet brand customers' after-sales service and reliability requirements.	Energy consumption at the product use stage was reduced by 2.3% in 2023 as a result of the energy-saving design.
Waste disposal	Qisda takes the products' recyclability and the difficulty of disassembly into consideration since the start of the product design process. We think about the product composition and avoid using materials or manufacturing processes that make products hard to dismantle, such as bonding, soldering or embedding. Products and samples with plastic components that weigh 25g or above should be labeled with a list of materials, and the plastic components used cannot be composed of more than two kinds of materials. In the middle stages of design, we use the internal WEEE platform to make product recyclability assessments, and see if the recyclability of the product meets Qisda' s basic requirements. The product can only move on to the next stage of the design process after confirmation that the product complies with all necessary requirements.	From 2020 to 2023, the product recyclability had been in line with the WEEE requirements. Percentage of products complying with WEEE requirements: 2020 100%, 2021 100%, 2022 100%, 2023 100%

Qisda's Concept of Product Life Cycle



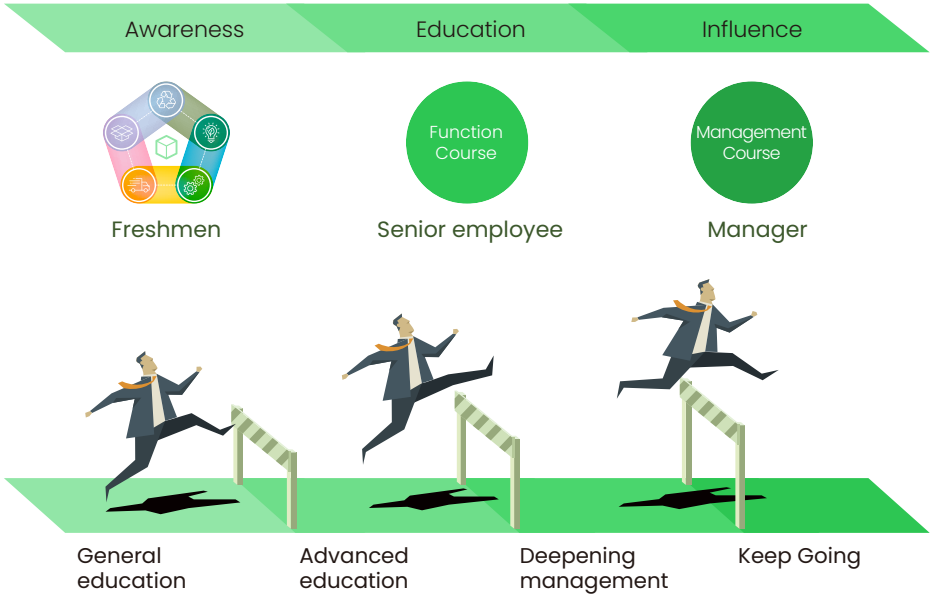
Training for Green Talents

Qisda organizes three levels of training for R&D personnel. For newcomers, the Company provides general education and training on green product design, and establishes internal instructors to help new employees develop awareness of the green design process. Through simple games, the Company gradually introduces green design elements and approaches to the product function design. This in turn guides employees to think about the design process and familiarize themselves with practical cases of Qisda's green products. Content of these courses include: the concept of the product life cycle, application of life cycle thinking, green product redesign, and green product structures and elements.

For senior R&D personnel, professional improvement courses are provided based on the needs of each business unit or project. After incorporating the relevant knowledge and technology into internal documents and SOPs, the Company distributed courses on this new information to R&D personnel through software platforms. In 2023, courses related to carbon footprint and circular economy were provided. Every year, relevant R&D personnel are also trained to continue constructing advanced green product courses, such as: understanding and interpretation of international regulations, life cycle inventory and evaluation, ecological design, design methods, product disassembly research and analysis, software platform application, and other related courses.

At the management level, Qisda regularly organizes green product management courses for R&D executives, strengthens management through influence, and continues to pay attention to the performance of product management to determine the appropriate management method based on the conditions of each product line.

Plans for training green talents



Circular Economy Workshop

Carbon Footprint Management Practice Workshop

i. Life Cycle Assessment

According to the ISO 14044:2006 standard, the product life cycle consists of five stages, including raw material acquisition, production and manufacturing, transportation and distribution, consumer use, and disposal. In the past two years, Qisda has conducted evaluations for products such as liquid crystal displays and digital projectors. The scope of the system is set as Cradle to Grave, covering the entire life cycle from raw material acquisition to disposal.

The following section details the 2023 environmental impact categories and results of the digital projector (3200/3500 lumen, 280W) life cycle assessment:

1) Method of calculation used to determine environmental footprint of products: Environmental footprint = activity intensity data × emission coefficient
2) The product life cycle is based on the verification and calculation of the product's environmental footprint at each stage of the life cycle (from raw material exploitation/ manufacturing, transportation, and manufacturing to product distribution and transportation, product use, and product disposal), including all emissions produced within the supply chain.

The principles of allocation are as follows:

Stage of Life Cycle	Allocation Method
Raw material acquisition	Parameters for the calculation of raw materials are set according to the actual amount (weight) of materials used in the production of a single unit. For the transport of raw materials, these parameters are multiplied by the actual transportation distance from the supplier's production location to Qisda' s Suzhou (China) Plant.
Manufacturing	For the input, output, and emission data at the manufacturing stage, "production working hours" is used as a factor to allocate activity to a single product.
Distribution and sale	The actual weight of the subject product shipped from the factory to the first distribution point (or warehouse) is multiplied by the transportation distance and then allocated to a single product.
Consumer use	Allocation is made according to the proportion of sales in each region.
Waste disposal and recycling	Based on the disposal method of each part after the product is disassembled, the weight is used as the basic allocation parameter for the calculation.

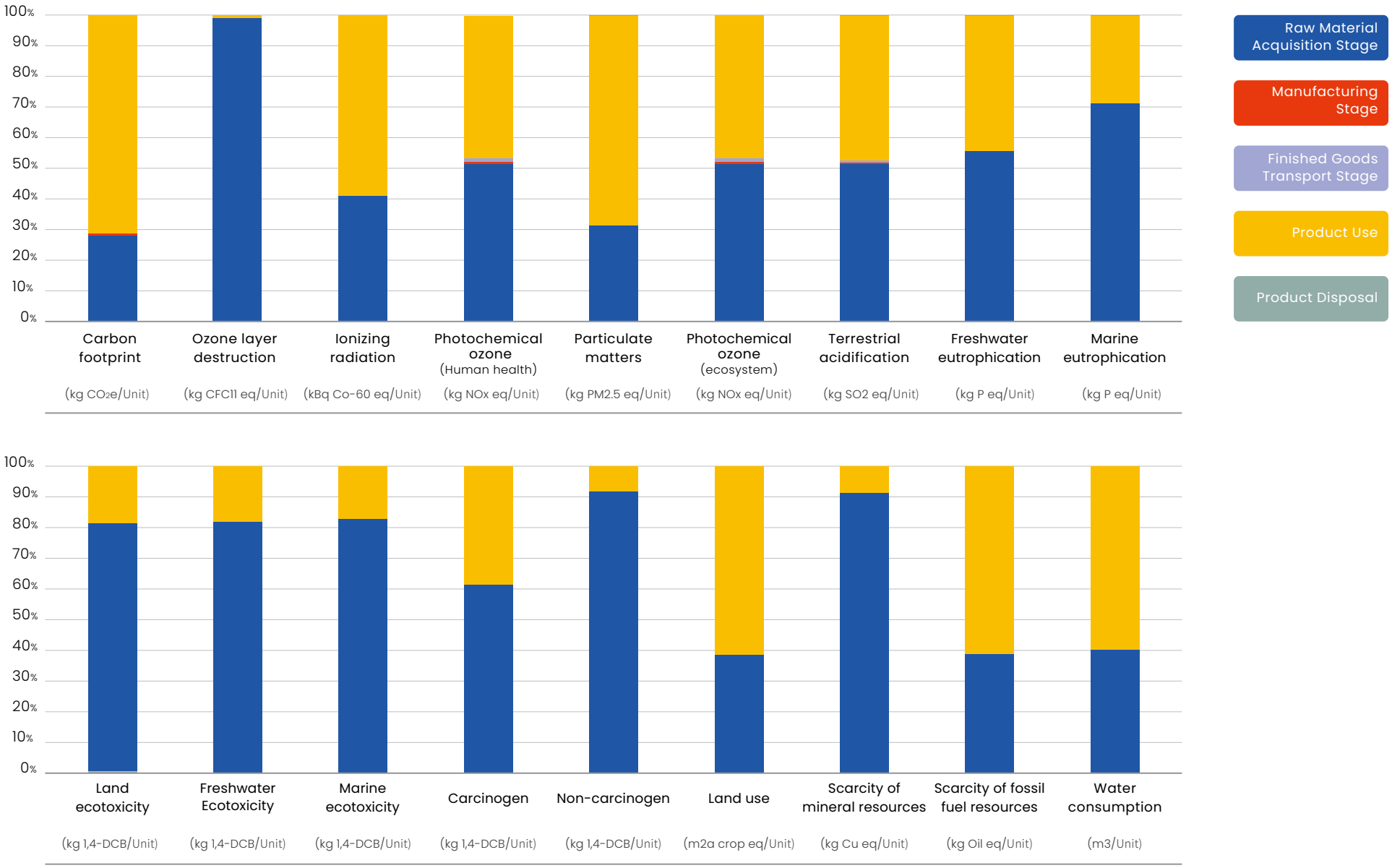
This year, we continue to use the ReCiPE 2016 midpoint method to evaluate the selected product's environmental footprint with respect to 18 environmental impact categories and indicators at each stage of its life cycle, from cradle to grave. The life cycle assessment tool used is SimaPro 9.5.0.2, and the database used is Ecoinvent 3.9.1. The analysis results show that the hotspots for environmental impact mainly occur at the raw material acquisition stage. Taking carbon footprint as an example, the product generates a total of 413.1 $kgCO_2e$ GHG emissions throughout its life cycle. Among them, the most significant 71.63% of the emissions occur in the product use stage, followed by the raw material stage, accounting for 27.83%. Among various parts and components, in terms of carbon footprint, printed circuit board assembly (PCBA) (77.65$kgCO_2e$, accounting for 66.68%), optical assembly (OP) (16.7 $kgCO_2e$, 14.33%) and mechanical assembly (MD) (7.7$kgCO_2e$, 6.61%) had high environmental hotspot rating.

The energy-saving/consumption reduction/carbon reduction goals and implementation results are reviewed every quarter for the development of projectors.

Environmental Impact Assessment Results at Every Stage of the Lifecycle

Impact category	Unit	Environmental impact results					
		Raw Material Acquisition Stage	Manufacturing Stage	Finished Goods Transport Stage	Use Stage	Product Disposal	Total
Carbon footprint	kg CO2e/set	1.15E+02	1.49E+00	5.04E-01	2.96E+02	1.54E-01	**4.13E+02**
Ozone layer destruction	kg CFC11 eq/set	8.11E-03	3.41E-07	2.04E-07	7.67E-05	3.47E-08	**8.19E-03**
Ionizing radiation	kBq Co-60 eq/set	1.09E+01	5.86E-02	3.19E-03	1.59E+01	1.06E-04	**2.68E+01**
Photochemical ozone - human health	kg NOx eq/set	3.64E-01	4.06E-03	7.23E-03	3.42E-01	3.50E-05	**7.17E-01**
Particulate matters	kg PM2.5 eq/set	2.82E-01	2.29E-03	2.26E-03	6.43E-01	7.52E-06	**9.29E-01**
Photochemical ozone - ecosystem	kg NOx eq/set	3.79E-01	4.09E-03	7.34E-03	3.54E-01	3.52E-05	**7.44E-01**
Terrestrial acidification	kg SO2 eq/set	6.04E-01	5.22E-03	6.91E-03	5.71E-01	1.95E-05	**1.19E+00**
Freshwater eutrophication	kg P eq/set	1.34E-01	2.91E-04	2.48E-05	1.08E-01	7.57E-06	**2.43E-01**
Marine eutrophication	kg P eq/set	1.66E-02	2.21E-05	9.16E-06	6.99E-03	9.89E-07	**2.36E-02**
Land ecotoxicity	kg 1,4-DCB/set	2.57E+03	3.25E+00	1.51E+00	5.96E+02	2.96E-01	**3.17E+03**
Freshwater Ecotoxicity	kg 1,4-DCB/set	5.60E+01	6.37E-02	5.20E-03	1.27E+01	1.18E-02	**6.87E+01**
Marine ecotoxicity	kg 1,4-DCB/set	7.42E+01	8.11E-02	7.77E-03	1.61E+01	1.68E-02	**9.04E+01**
Carcinogen	kg 1,4-DCB/set	1.30E+01	4.81E-02	2.30E-02	8.33E+00	9.76E-04	**2.14E+01**
Non-carcinogen	kg 1,4-DCB/set	8.94E+02	1.05E+00	1.12E-01	2.03E+02	2.21E-01	**1.10E+03**
Land use	m2a crop eq/set	3.84E+00	2.15E-02	5.41E-03	5.17E+00	6.84E-05	**9.04E+00**
Scarcity of mineral resources	kg Cu eq/set	3.63E+00	2.13E-03	1.04E-03	3.55E-01	1.79E-05	**3.99E+00**
Scarcity of fossil fuel resources	kg Oil eq/set	3.04E+01	3.00E-01	1.25E-01	4.90E+01	1.02E-03	**7.98E+01**
Water resource consumption	m3/set	1.02E+00	4.32E-03	5.52E-04	1.55E+00	9.14E-05	**2.58E+00**

Results of environmental impacts at various stages and their percentage share



II. Quality/hazardous substance management

Qisda devotes itself to promoting the quality management system (ISO 9001), the medical devices quality management system (ISO 13485), the automotive quality management system (IATF 16949) and the hazardous substance process quality management system (IECQ QC 080000). We design and manufacture products that conform to laws, regulations and the requirements for customer safety and health. In the "Quality and No-Hazardous Substance Handbook," we clearly disclose Qisda' s policies for quality and prohibition of hazardous substance use, and the policies are verified by a third party.

The President is the person at the highest position in charge of the quality/harmful substance management system at Qisda. He/she oversees dedicated personnel and establishes organizations at different levels to ensure that the requirements of the quality/harmful substance-free policy are implemented throughout the Company and adhered to by all employees. The President makes all employees of the Company understand the importance of compliance with regulatory requirements, the Company's quality policy, quality goals, and customer requirements through education and training, the Company intranet, and information dissemination cards, and reviews the suitability of the management system and the availability of resources in the management review meeting. These practices aim to pursue continuous improvement and problem prevention in the most economical /refined manner to achieve the continuous improvement process, reduce defects, reduce waste, improve quality and productivity, and meet the EU RoHS directive and customer requirements so that our products can fulfill social expectations and reduce its impact on the natural environment.

Management of Hazardous Substances in Products	Description of Management Objectives
2024	1 100% compliance with EU RoHS regulations and customer requirements 2 To be controlled on July 21, 2024: (Lead)/6(a)/7(a) / 7(c)-I
2025	1 100% compliance with EU RoHS regulations and customer requirements 2 To be controlled on July 21, 2025: (Cadmium)8(b)-I
2026	1 To be controlled on July 21, 2024: 2 (Lead)/6(a)-1/6(c)/7(a) 7(c)-V/7(c)-VI/7(c)-II
2027	100% compliance with EU RoHS regulations and customer requirements

In the past three years (2021-2023), customers' demands for the control of hazardous substances in products has been continuously updated to a total of 54 requirements, and inventories have been carried out in accordance with customers' requirements and international environmental regulations (EU RoHS regulations and customers' hazardous substance requirements). The inventory rate and compliance rates are both 100%.

In the past two years (2022-2023), the hazardous substances used in the organization's production have been managed through elimination, replacement, and engineering control. In addition to protecting the safety and health of personnel, these practices have minimized the environmental impact of our products..

Year	Production (Equipment Using Hazardous Substances)	Name of Hazardous Substance	Management through Elimination / Replacement	Scope of Improvement
2023	18 solder pots	Water-based 2.8 tons / year	Filter cotton was introduced in November (reduced water-based consumption by 0.3 tons / year)	SMT/MI shop 180
2022	20 solder pots	Hydrocarbon 15 tons / year	Water-based substitutes for hydrocarbon were introduced in May (reduction of hydrocarbon consumption by 15 tons / year)	SMT/MI shop 200 people

In 2023, there were no violations of laws and regulations or voluntary standards related to health and safety impacts in the product life cycle, or related to product and service information and labeling. In the same year, in response to customer requirements, a total of 97 models met the requirements for the new version of the TCO Certified Displays 9 voluntary display standard, and thus applied for certification. In terms of management, Qisda transforms feasible requirements into an implementation plan through the new product development system. From the initial conception to the final termination stage, the plan is divided into seven stages (Q00-Q60) according to differing tasks and management objectives to ensure product quality and reliability. In addition, Qisda establishes an internal product development process through the management system described above. We also ensure that all products produced by Qisda and delivered to the customers meet the following requirements:

According to the customer' s requirements, Qisda can only start mass production after obtaining product-related certifications through tests in order to ensure that the customers can receive the products without concerns about product safety.

1. Product safety:

Reduction and precaution of product-related danger such as electrical leakage, energy and fire generated by short circuits, heat during operations, chemicals and radiation. For instance, the Taiwan BSMI certification, the U.S. UL standards (UL60950-1 E d. 2/ IEC62368-1/UL62368-1), the China CCC standards (GB 4943.1-2011/GB8898-2011), etc.

2. Electromagnetic compatibility (EMC):

Detection of electromagnetic radiation emitted by electronic products and its impact on human bodies, public electrical grid and other electronic products that function normally; testing of whether the electronic products function stably without being affected in electromagnetic environments. For instance, the U.S. FCC labeling, the Canada ICES-003 issue 7, the EU CE marking (EMC Directive 2004/108/EC, Low Voltage Directive 2006/95/EC), etc.

3. Energy consumption of product

Reduction of energy consumption during the product life cycle to improve efficiency and reduce energy use. For instance, the U.S. Energy Star, the EU ErP Lot 5, the EU Energy Label, and the China Energy Label (CEL), etc.

All products must meet the requirements of the "Non-hazardous Substance Process Management Procedures"

Prohibitive measures with respect to environmentally hazardous substances have been implemented for all products produced by Qisda. In addition, we have presented requirements to the suppliers in accordance with relevant specifications to ensure the compliance with laws, regulations and Qisda' s rules. With this, source management can be implemented.

Qisda' s policy of quality/non-hazardous substance

1. Qisda complies with the goal: "Our products and services must conform to the promised quality, specification, cost and delivery date; We must devote ourselves to energy saving and environmental protection when designing and manufacturing the products, and fulfill the corporate social responsibility." We also comply with the quality/hazardous substance free policy and will spare no effort to promote and establish systems that meet the international standards, such as the ISO 9001 "quality management system" and IECQ QC 080000 "hazardous substance process quality management system." We strive to continuously improve our process, reducing defects and waste, and making improvements in quality and productivity by pursuing continuous enhancement and precaution with the most economical methods. Meanwhile, we are dedicated to complying with regulations related to hazardous substances (such as the EU RoHS Directive) , meeting the customers' requirements, and further complying our products with the society's expectation and reducing negative impacts to the environment.
2. Qisda also makes cards and built a mobile app (Qplay) about the quality policies for all employees to check them out anytime.
3. Relevant certificates are also stored on the internal and external websites.
4. Qisda verifies that its products comply with the EU Restriction of Hazardous Substances (RoHS) Directive and conform to the customers' personal requirement that we prohibit and limit the use of hazardous substances before mass production. Meanwhile, Qisda audits all suppliers regularly, strictly manages component and material approvals, and stringently inspects imported materials. By doing so, we establish a systemized management mechanism to ensure that the customers can receive the products without concerns about health.

The numbers of models qualified for environmental certifications and applications in 2023 are as follows:

Environmental Certification	Number of Models Submitted in 2023	Remarks
TCO Certified Displays 9	97 models	TCO Certified is a world-leading sustainability certification for IT products. Its criteria are designed to drive social and environmental responsibility throughout the product life cycle. Compliance is independently verified, both pre and post certification.
U.S. Energy Star	57 models	The U.S. Energy Star program was launched by the U.S. Environmental Protection Agency in 1992 with the aim of reducing energy consumption and the greenhouse gas emission of power plants. Participation in this program is not compulsory. Companies voluntarily participating in the program are allowed to put an Energy Star label on their qualified products. In 2023, the Energy Star products had a 58.07% share of the annual revenue. In terms of product environmental efficiency, the carbon emissions of the products are expected to be reduced by a total of 471,443 tons of CO_2e.

Environmental Certification	Number of Models Submitted in 2023	Remarks
China Environmental Labeling (the Ten-Ring Certification)	7 models	The China Environmental Labeling is a certification launched by the government. Products certified with the label not only pass the quality standard, but also meet the requirement of environmental protection during the process of production, use and disposal. Compared to other similar products, the certified products have advantages in environmental aspects, such as low toxicity and hazardous substances, resource saving, and so on.
RoHS	All models	RoHS is a compulsory standard formulated by the EU, mainly aiming to restrict hazardous substances in electric and electronic devices and further protect human health. It also ensures proper recovery and disposal of waste for environmental protection. Qisda' s products that are in compliance with the EU RoHS Directives account for 100% in the total product revenue.

Declaration and Label

Among the models shipped in 2023, the percentage in product revenue with respect to the environmental labels and declarations is as follows:

Proportion of product line in product revenue (%)	Energy star	TCO	China Environmental Labeling	Taiwan Eco Label	Acquisition of Environmental Label (4 items on the left side)	Compliant with RoHS
Total	58.07%	55.68%	55.49%	10.75%	64.66%	100%

III. Circular Economy and Recycling

At Qisda, we constantly seek opportunities at all stages of the product life cycle to create sustainable value, enable sustainable use of resources, and reduce environmental impact.

Raw material stage: In response to customer requirements and Qisda's pursuit of environmental friendliness, we gradually increase the use of recycled materials.

The proportion of the Company's recycled materials in terms of weight to the Company's purchased materials (excluding electronic materials) in 2023 is as follows:

Plastic 76% | Metal 10% | Total 43%

The revenue ratio of display models using recycled plastics and metals from 2020 to 2023 is as follows:

Proportion of display products that use recycled plastics in total product revenue	2020	2021	2022	2023
	36%	52%	62%	85%

In the case of plastic and metal recycling materials, for example, a total of 7,951 tonnes were purchased in 2023. It is estimated that 20,037 tCO2e can be saved when using recycled materials instead of new ones.

Proportion of full product line in product revenue (%)	Using recycled plastics	Using recycled metals
	70.55%	3.03%

The proportion of revenue from the use of recycled/environmentally friendly materials in the packaging materials of each product in 2023 is as follows:

Product Line Proportion in product revenue (%)	Cartons using recycled pulp	Use of eco-friendly water-based ink	Use of soy-based ink	Use of molded pulp material/ folded paper
Display	100.00%	54.16%	47.14%	72.49%
Projector	100.00%	98.17%	2.70%	0.58%
Industrial and commercial products	94.15%	88.38%	15.22%	46.09%
Automotive solutions	100.00%	100.00%	0.00%	26.97%
Others	52.91%	0.00%	0.79%	0.00%
Total	99.39%	62.19%	38.91%	62.16%

Manufacturing stage: The waste in the manufacturing process can generate economic benefits.

The annual waste recycling income of Suzhou and Vietnam plants from 2020 to 2023 is as follows:

Item	2020	2021	2022	2023
Suzhou Plant's income from waste recycling (Currency: NT$)	118,956,768	126,411,292	128,665,285	94,820,377
Vietnam Plant's income from waste recycling (Currency: NT$)	0	2,666,677	2,676,476	7,550,331
Total	118,956,768	129,077,969	131,341,761	102,370,708

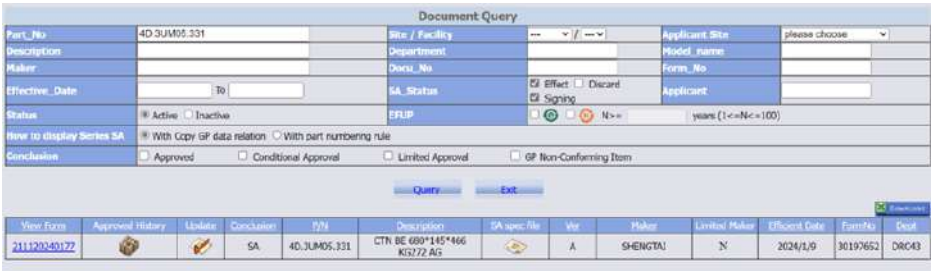
IV. Sustainable Materials

Qisda's goal for sustainable raw materials and recycled materials is that (1) no less than 60% of the display models use recycled content; and (2) no less than 50% of the models use molded pulp material/folded paper. All of the above goals were achieved by 2023.

According to **Qisda's Sustainable Raw Materials Policy**, sustainable materials are defined as "materials that impose minimal and harmless impact on Earth's environment and human health across the product's life cycle, from resource extraction, product manufacturing, transport, use and disposal." In Qisda's "Green Product Design Process," R&D personnel are required to follow the Qisda Green Design Guidelines. During the product design and development stage, the four main approaches taken to ensure green design are material reduction, hazardous substance management, energy saving, and recycling. The selection of materials is also included within our green design approach.

For product identification and assessment of environmental aspects and impacts, Qisda conducts IEC62430/ISO 14006/ISO 14001 internal and external audits annually in accordance with our "Impact Source and Risk Identification Management Procedures" in order to reduce the impact of materials on the environment by selecting environment-friendly materials, such as reducing the use of mercury lamps in our projector product lines. An online green design course is held every year for R&D personnel. The courses cover life cycle concepts, application of life cycle thinking, green product redesign, green product architecture and elements. (For further details, see Training for Green Talents.)

Suppliers, unique specifications, and the material composition of raw materials can be traced through the company's internal GPMSA system, and source information is obtained from upstream suppliers to meet customer needs.

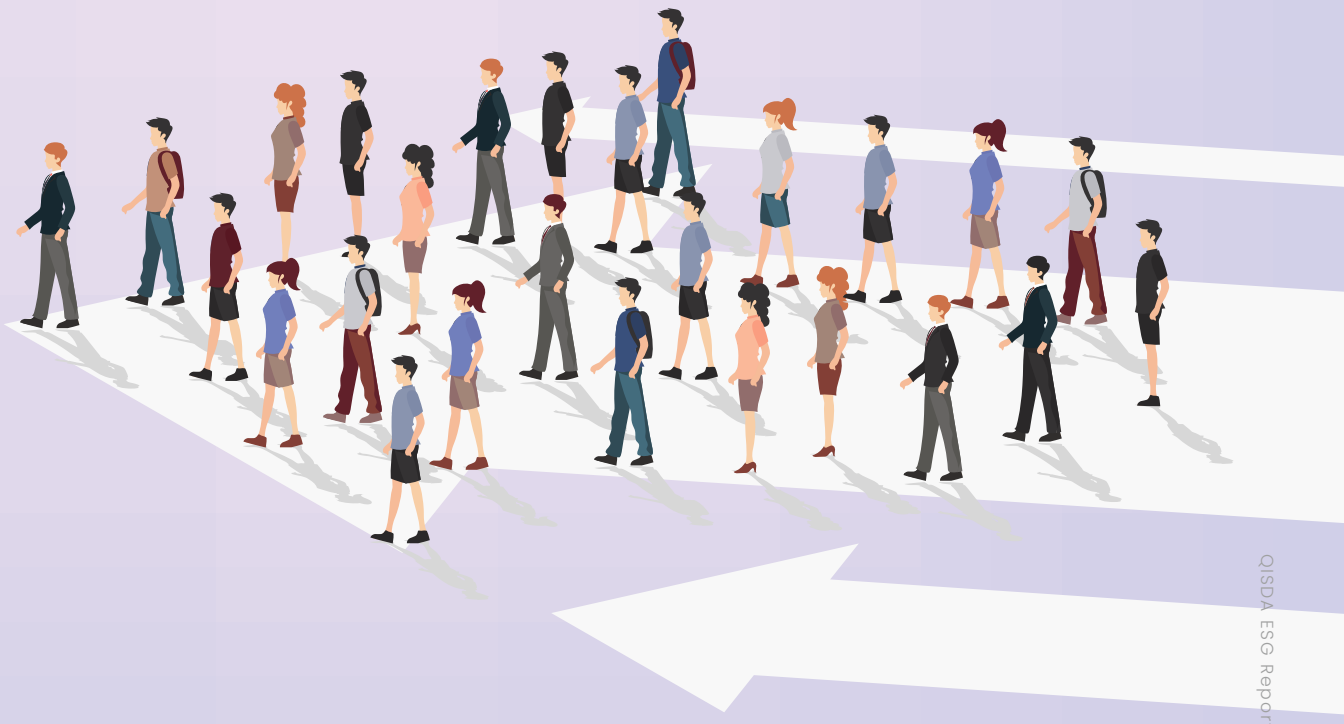


Qisda requires suppliers to understand and abide by the "Code of Conduct for Sustainable Development of Suppliers" which covers labor, health and safety, environment, ethics, and management systems. The environmental aspect further includes the commitment to biodiversity and no-deforestation to reduce environmental and social impacts. Qisda also conducts audits of suppliers, evaluating key areas such as whether their human rights policies regulate forced labor, child labor, youth labor, anti-discrimination, anti-harassment, and freedom of association. For deficiencies identified during the audit, suppliers are required to propose action plans and provide suggestions for improvement within the deadline. We guide them to complete the improvement as soon as possible.

Material	2023 Consumption (KG)	Recycling Proportion
Plastic	6,884,494	30%
Aluminum	1,572,671	0%
Cobalt	29,672	0%
Copper	578,591	0%
Steel	5,961,202	2%
Nickel	55,092	0%
Lithium	0	0%
Titanium	23,458	0%

3 Employees and society

- Talent Sustainability
- Talent Attraction and Development
- Protection of Human Rights
- Occupational Safety, Health and Management
- Social Care and Influence
- BenQ Foundation



Talent Sustainability

Creating a secure work environment (Environment), improving employee engagement (Satisfaction), and establishing an epitome of success guiding and spreading experiences (Guidance) are three main areas of focus of Qisda for sustainable talent development.

Talent Policy

Creation of a secure work environment (Environment): Qisda provides employees with an excellent work environment. We regularly evaluate and dynamically adjust employee management rules in accordance with local regulations and business conditions to maintain a good work environment and atmosphere. Simultaneously, we emphasize the promotion of diverse activities and commit to creating a workplace where employees feel real gratification.

Enhancement of employee engagement (Satisfaction): Qisda offers the possibility of self-actualization in career to enhance employee engagement. To illustrate, we advocate rotation and digital transformation; therefore, talents are encouraged to do more important things to maximize the value of organization and uphold the spirit of sustainability.

Establishment of an epitome of success guiding and spreading experiences (Guidance): As the head of the Group, Qisda will lead the subsidiaries with our "win" strategy to create synergy and communicate closely with each other for forming the best sharing circle of resources. We nurture collaboration with universities, build connection with society, and create infinite possibilities to virtuous cycle for the society and talents sustainability.

Growing Together: the Company, Employees, and Society

Qisda' s vision is to be an innovator in the design and manufacturing of electronic products to improve quality of life and be earth friendly. We hope to better the lives of people and create value in our daily life through technology. Our employees are encouraged to work together to raise value with the corporate sustainability as the core principle. Not only do we create a passionate, energized, innovative and challenging work environment, but we also arrange expatriate package, rotation, and assignment to affiliated companies of the Group to expand their professional capabilities and management perspectives. Therefore, enable employees to enjoy coming to work and love their lives, positioning Qisda as the company attracting talents.

Received the Best Companies to Work for in Asia Award for 5 Consecutive Years

Qisda has won the ""Best Companies to Work for in Asia Award"" award for five consecutive years since 2019, and received the Golden Award in 2023. There are multiple ranking methods for the "Best Companies to Work for in Asia Award." As a critical factor for winning award, the anonymous survey allows employees to share honest and candid opinions without fear. According to the survey result of this year, employees believe that the Company provides diverse training courses for talent cultivation, and the opportunities to develop career path. The Company enable employees to explore where they can contribute knowledge and strength to develop themselves, and provides job rotation for them to challenge. With such diverse and special work, this virtuous cycle can create significant benefits for Qisda.

A total of 339 companies participated in the "Best Companies to Work for in Asia Awards" in 2023 with only 12 companies won the Golden Award.

Talent Attraction and Development

Diversity, Equity and Inclusion in the Workplace

With a culture of open innovation, we welcome talents from all over the world to join Qisda and encourage diverse perspectives for business growth. From seeking talents to the development of employees, the Company follows a fair system of employment, promotion, and salary adjustment to ensure that everyone has career growth opportunities in Qisda. The Company offers employees autonomy and career advancement at work. Furthermore, we benefit female employees and parenting employees,therefore, they are likely to feel a sense of belonging in the workplace and work joyfully without any worries.

Diverse Recruitment Channels

To attract outstanding professionals, Qisda has established a diverse recruitment program to recruit potential talents through different platforms including job search platforms, social media, campus talent recruitment activities, industry–academia collaborations, internship, and headhunter firms to enhance industrial competitiveness. We uphold the principle of arranging right people in the right positions and prioritize internal recruitment to establish a talent selection principle that prevent discrimination based on any ground such as race, religion, skin color, gender or nationality. Moreover, the employment of children is also prohibited. A total of 1,484 new employee hires in 2023.

With regarding corporate sustainability as core value, Qisda promotes internal rotation and provides an internal referral mechanism to attract excellent talent. Simultaneously, a total of 6 campus lectures were held by the Company in order to enhance our growth momentum.

New Employee Recruitment Rate

Item	2020	2021	2022	2023
Total new hires (person)	3,558	3,166	2,764	1,484
Recruitment rate (%)	34.7%	42.1%	39.9%	19.3%
Internal Filling Rate (%)	65.3%	52.1%	58.5%	65.0%

Note: Formula for Internal Job Vacancy Filling Rate = No. of employees with internal job transfers of a year / total job vacancies of a year

Distribution of New Employee Hires

Distribution of New Hires		2020		2021		2022		2023	
		Number of People	%	Number of People	%	Number of People	%	Number of People	%
Gender	Male	2,487	37.2%	1,997	42.9%	1,882	42.3%	994	20.1%
	Female	1,071	29.9%	1,169	40.9%	882	35.7%	490	18.0%
Age	< 30	2,715	43.0%	2,535	70.4%	2,254	74.1%	984	27.9%
	30-50	838	22.4%	624	17.1%	502	14.2%	496	13.3%
	> 50	5	2.3%	7	2.6%	8	2.3%	4	1.0%
Area	Taiwan	230	13.4%	218	12.6%	194	11.8%	122	7.8%
	Suzhou, China	3,328	38.9%	2,526	46.9%	1,645	34.6%	705	13.8%
	Vietnam	-	-	422	105.8%	925	180.7%	657	66.3%
Employee type	Direct Labor	3,191	50.2%	1,527	33.9%	1,493	34.8%	1,312	25.8%
	Indirect Labor	367	9.4%	1,639	54.5%	1,271	48.3%	172	6.6%
Job Levels	Management	13	2.2%	5	0.9%	10	1.7%	6	1.0%
	Non-management	3,545	36.7%	3,161	45.6%	2,754	43.5%	1,478	20.8%

Distribution of Job Vacancy internally fills

Distribution of Job Vacancy internally fills		2020			2021			2022			2023		
		Taiwan	Suzhou, China	Vietnam	Taiwan	Suzhou, China	Vietnam	Taiwan	Suzhou, China	Vietnam	Taiwan	Suzhou, China	Vietnam
Gender	Male	171	104	-	151	96	23	188	118	29	125	94	13
	Female	91	69	-	74	85	4	87	64	12	80	50	11
Age	< 30	16	32	-	24	36	8	18	38	13	17	44	4
	30-50	234	139	-	188	142	19	226	133	25	154	95	20
	> 50	12	2	-	13	3	0	31	11	3	34	5	0

Recruitment of Diverse Talents

Qisda firmly adheres to the principle of Diversity, Equity, and Inclusion (DEI) and the People-First mindset to value talents as our greatest asset. Qisda uses multiple channels to attract diverse talents from around the world to foster diverse and inclusive workplace, and ensures proper implementation every year. As of the end of 2023 (December 31, 2023), Qisda has a total of 7,703 employees worldwide. Among them, 1,562 are in Taiwan, and 6,141 are in other region, distributed as follows: 5,125 in Suzhou, China; 991 in Vietnam; and 25 in other areas.

Distribution of Employees by Gender, Age and Employment Type in each region

Distribution of Employees		2020				2021				2022				2023			
		Male		Female		Male		Female		Male		Female		Male		Female	
		Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%
Age	< 30	4,298	64.3%	2,018	56.3%	2,327	50.0%	1,272	44.5%	2131	47.9%	910	36.8%	2,446	49.3%	1,082	39.8%
	30–50	2,233	33.4%	1,501	41.9%	2,136	45.9%	1,508	52.8%	2,073	46.6%	1,468	59.4%	2,222	44.8%	1,519	55.8%
	> 50	152	2.3%	66	1.8%	195	4.2%	78	2.7%	247	5.5%	95	3.8%	289	5.8%	120	4.4%
Title	Management	436	6.5%	131	3.7%	466	10.0%	134	4.7%	455	10.2%	139	5.6%	445	9.0%	142	5.2%
	Professional Personnel	1,085	16.2%	762	21.3%	1,147	24.6%	826	28.9%	1,115	25.1%	819	33.1%	1,030	20.8%	768	28.2%
	Technician / Assistants	5,162	77.2%	2,692	75.1%	3,045	65.4%	1,898	66.4%	2,881	64.7%	1,515	61.3%	3,482	70.2%	1,811	66.6%
Employment Type	Direct labor	4,246	63.5%	2,106	58.7%	2,689	57.7%	1,822	63.8%	2,564	57.6%	1,731	70.0%	3,384	68.3%	1,750	64.3%
	Indirect Labor	2,437	36.5%	1,479	41.3%	1,969	42.3%	1,036	36.2%	1,887	42.4%	742	30.0%	1,573	31.7%	971	35.7%
Area	Taiwan	1,039	15.5%	683	19.1%	1,069	22.9%	660	23.1%	1,016	22.8%	635	25.7%	969	19.5%	593	21.8%
	Suzhou, China	5,644	84.5%	2,902	80.9%	3,404	73.1%	1,984	69.4%	3,176	71.4%	1,585	64.1%	3,394	68.5%	1,731	63.6%
	Vietnam	-	-	-	-	185	4.0%	214	7.5%	259	5.8%	253	10.2%	594	12.0%	397	14.6%

Distribution of Job Vacancy internally fills

Distribution of Total Workforce		Taiwan		Suzhou, China		Vietnam	
		Male	Female	Male	Female	Male	Female
Contract Type	Non-fixed term employment	969	593	514	595	57	0
	Fixed-term employment	0	0	2,880	1,136	537	397
Total		969	593	3,394	1,731	594	397
Employment Type	Full-time	969	593	3,394	1,731	594	397
	Part-time jobs *	5	9	0	0	0	0
		974	602	3,394	1,731	594	397
Non-employee Worker **		6	16	1,844	805	78	29

* The interns in Taiwan are classified as part-time employees but not counted in the regular employees.

** The manpower will be conducted real-time adjustment based on workload, and the main duties of the personnel are highly repetitive on-site tasks.

Distribution of Nationality of Direct and Indirect Employees

Nationality of Employee	Taiwan				Suzhou, China				Vietnam				Total	Proportion of Nationality
	Indirect Labor		Direct labor		Indirect Labor		Direct labor		Indirect Labor		Direct labor			
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female		
Taiwan	901	454	47	71	24	2	0	0	12	0	0	0	1,511	19.7%
Malaysia	1	1	1	0	5	0	0	0	1	0	0	0	9	0.1%
Vietnam	0	0	19	67	0	0	0	0	106	118	431	279	1,020	13.3%
China	0	0	0	0	508	420	2,857	1,309	44	0	0	0	5,138	66.9%
Total	902	455	67	138	537	422	2,857	1,309	163	118	431	279	7,678	100.0%

Statistics by Job level, Age, Gender and Area

Job level	Age	Taiwan		Suzhou, China		Vietnam		Total
		Male	Female	Male	Female	Male	Female	
Management	< 30	0	0	1	0	1	0	2
	30–50	125	35	145	74	24	6	409
	> 50	116	20	29	7	4	0	176
	Total	241	55	175	81	29	6	587
Non-management	< 30	93	112	2,012	730	339	240	3,526
	30–50	542	364	1,160	889	226	151	3,332
	> 50	93	62	47	31	0	0	233
	Total	728	538	3,219	1,650	565	391	7,091

Proportion of Nationalities Among Employees and Managers

Nationality	Percentage in Total Employees		Percentage in Total Managers	
	No. of People	%	No. of People	%
Taiwan	1,511	19.7%	328	55.9%
Malaysia	9	0.1%	8	1.4%
Vietnam	1,020	13.3%	9	1.5%
China	5,138	66.9%	242	41.2%
Total	7,678	100.0%	587	100.0%

Employees with Disabilities

Qisda encourages diverse talents to create sustained growth momentum for the Company. Also, we comply with the different countries' domestic employment and labor regulations to hire talents with disabilities. In 2023, a total of 43 employees with disabilities were hired globally.

Disability	Taiwan					Suzhou, China					Vietnam				
	Indirect Labor		Direct labor		Total	Indirect Labor		Direct labor		Total	Indirect Labor		Direct labor		Total
	Male	Female	Male	Female		Male	Female	Male	Female		Male	Female	Male	Female	
No. of Employees with Disabilities	5	3	3	1	12	0	0	21	10	31	0	0	0	0	0
No. of Total Employees	902	455	67	138	1,562	537	422	2,857	1,309	5,125	163	118	431	279	991
Ratio	0.6%	0.7%	4.5%	0.7%	0.8%	0.0%	0.0%	0.7%	0.8%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%

Proportion of Senior Management Hired from the Local Community

Proportion of local labor	Area	2020	2021	2022	2023
Proportion of senior management	Taiwan	3.4%	3.4%	3.5%	3.6%
	Suzhou, China	0.1%	0.2%	0.3%	0.3%
	Vietnam	-	0.8%	0.4%	0.2%
Proportion of Senior Management Hired from local community	Taiwan	94.9%	96.6%	96.5%	100.0%
	Suzhou, China	16.7%	23.1%	23.1%	21.4%
	Vietnam	-	0.0%	0.0%	0.0%

- Senior management: Executives at the level of director and above.
- Calculation of the proportion of senior management: Total number of local management / total number of local employees (local: Taiwan, China and Vietnam).
- Calculation of the proportion of Senior Management Hired from local community: Total number of Local senior management / total number of senior managements within the plant (local: Taiwan, China and Vietnam)

Collaborating with Campus to Apply Learning

In 2023, Qisda held a total of 8 campus recruitment and 6 campus lectures to build relationships with universities. Additionally, we organized briefing sessions and recruitment events for Vietnamese polytechnic students, international students, and OPTO Taiwan. Furthermore, we signed MOUs and internship agreements with universities to provide a developing and learning opportunities for young students.

Campus Recruitment

I. Purpose:

- Contact and cultivate potential talents in advance.
- Strengthen employer brand exposure and increase brand favorability of the new generation students toward the Group through close interaction.

II. List of Universities

- National Taiwan University, National Chengchi University, National Taiwan University of Science and Technology, National Taipei University of Technology, National Central University, Chung Yuan Christian University, Yuan Ze University, National Cheng Kung University.

III. Number of resumes received: 2,305

- After the recruitment ,HR department will forward suitable resumes to the head of the department for subsequent interviews.

Diverse Talent Recruitment

I. Purpose (seeking foreign students) :

- Increase talent diversity and cultivate global perspective in the Group.
- Meet business needs in specific markets and regions.

II. Linking to Company Business:

The Vietnam Plant has the need to cultivate Vietnamese scientific and technical talents.

- The Asia-Pacific Market has the need to cultivate e-commerce talents.
- Talent recruitment channel: Participated in the recruitment event at an institute of technology and held briefing sessions to provide scientific and technical background Vietnamese students with the relevant information.
- A total of 169 students participated in the event.

Career-related Lecture on Campus

I. Purpose:

- Help students understand industry trends and the Group' s development strategies.
- Invite middle and senior management to share their experiences with students to broaden students' horizons and help them to plan for future. Through the presentations of the employees, enable students to understand different job positions and responsibilities for further exploring their career choices.
- Establish relationship between industry and academia to bridge the theory-practice gap and achieve social responsibility.

II. Approach:

- National Taiwan University: Starting from the brand value chain, shared the job responsibilities of employees in different positions within the value chain. Moreover, facilitated in-depth interaction between the students and the speakers in a way of group communication.
- National Chengchi University: Held the discussions around the asking and answering of questions with the senior students to enhance interactions.
- Cheng-Kung University: Through the experiences shared by the executive who have been with the Company for nearly 20 years, the students not only gain more insight into better vision of career planning, but also see the robust rotation mechanism and diverse challenging opportunities that we offer.

III. Student feedback:

- "I'm touched beyond words after hearing the stories shared by alumni. It helps me find the value of current field of study and enable me to embrace my future with confidence." (an excerpt from the Student Feedback).
- "Through the lectures, I have a better understanding of the Group and the responsibility of my ideal job position. It helps me to find the direction where I can strive toward." (Compiled according to the feedback of the student).

Premium University Memorandum of Understanding (MOU)

I. Partner school: National Taipei University, National Taiwan University of Science and Technology

II. Scope of Collaboration:

- Planning academic degrees, courses, and teachers.
- Organizing activities for talents to exchange insights and other activities related to academic, innovative learning and community service Industry–academia collaboration and student internship.
- R&D related to technology, knowledge, and intellectual property.
- Promotion of collaborative projects, space planning and space construction.

III. The Effects of Collaboration:

- **Company:** Contact potential talents, strengthen the employer' s brand image on campus, and increase students' favorability toward the Company.
- **Student:** Early exposure to industry to understand its perspectives.
- Start career planning early through enterprise visits, internship, and industry seminars.
- **School:** Share industry resources and provide students with diverse development and learning opportunities, exchange the latest industry perspectives with enterprises, contribute to R&D to enhance competitiveness of both parties.

Internship Opportunity

I. Number of interns: A total of 15 interns in 2023.

II. Internship Specialties: System Application, Technical Engineering Service, Measuring Construction, Software Engineering, Software Engineering, Human Resources, Environmental Health and Safety, Electronic Engineering, Industrial Design, etc.

III. Intern' s evaluation: (from the "Intern Satisfaction Survey")

- 90.6% of the interns are willing to become full-time employees.
  100% internship referral rate (willingness to recommend internship to friends).
- "I am very grateful to the company for giving me this opportunity to intern at Qisda. I' m so delighted to be working with and learning from the supervisors, who is nice, and the other excellent colleagues. My internship experience here at Qisda has been a special episode of my life!' (An excerpt from the Student Feedback).
- "I have already interned at Qisda for a year and found that there is still a lot of new knowledge or skills that can be learned. I am very grateful for the supervisors who are willing to enable interns to challenge new things, and the excellent full-time staff who were working hard together with us." (An excerpt from the Student Feedback)

IV. Implementation effects:

- **Company:** Contact and train potential talents in advance, and achieve benefits of retaining outstanding talents through the mechanism of transferring to full-time employees.
- **Student:** Apply learning on industrial projects. Develop areas of interest and specialization and improve skills at the workplace under the guidance from mentors and supervisors.

Career Support for Migrant Workers

In response to our global manufacturing footprint and customer requirements, we actively complied with government regulations and upheld the spirit of diversity and inclusion by employing 66 migrant workers at our plant in Taiwan. We provide a quality work environment and advanced employee training with barrier-free communication channels available 24 hours a day, enabling migrant workers to work without worries and enhancing their morale to improve stability and productivity for the Company.

Engaging legal employment agencies: Regularly audit employment agencies to conduct optimal manpower introduction plans, and those agencies assist in carrying out procedures and file management. Employment agencies also haveservice representatives proficient in the native language of migrant workers , providing them with comprehensive guidance for daily life.

Zero Placement Fee Policy

To enhance the stability of migrant workers, All the placement fee from overseas hiring fees, medical checkups, visas, airfare, and management costs after entering the country, all are paid by Qisda.

Barrier-free Communication

The Company employs full-time dormitory management personnel to assist migrant workers in communication in Taiwan and during the period of employment. Moreover, laws, slogan posters, and publications of migrant worker information are posted on the bulletin board at the dormitory.

Thoughtful Daily Living Care

The plant has set up a dormitory for migrant workers and an exclusive lounge to create a comfortable living environment. We offer lunch and dinner buffet for employees to experience a variety of dishes. Furthermore, we are thoughtful about the homesickness of migrant workers and organize festivals for them , ensuring that they feel the Company's care and concern.

Supporting Career Advancement for Female Talent

Distribution of Female Employees by Job Levels

Distribution of Female Employees	2020	2021	2022	2023
Proportion of female employees	34.9%	38.1%	41.5%	**35.4%**
Proportion of female managers	23.1%	22.3%	22.8%	**24.2%**
Proportion of female First-line managers	23.8%	23.4%	23.8%	**25.1%**
Proportion of female senior managers	17.9%	14.3%	15.3%	**15.8%**
Proportion of female managers in business-related units (marketing and sales)	36.7%	35.0%	43.1%	**38.8%**
Proportion of female STEM employees (R&D/engineering/industrial design)	21.6%	21.5%	21.6%	**25.8%**

Note 1 The word "business-related" means that the managers play roles of the line management in the marketing & sales departments, or directly contribute to the output of products or services (marketing &sales /customer service, in particular).

Note 2 STEM refers to science, technology, engineering and mathematics. STEM workers apply their knowledge of science, technology, engineering or mathematics to perform their daily duties. This is primarily related to the R&D/engineering technology/industrial design/finance and accounting.

Power of Women in Technology at Qisda:

Continuous and Steady Growth of Women's Power in Technology by Creating a Diverse and Inclusive Corporate Environment

Qisda is committed to creating a diverse and inclusive corporate environment, advocating for gender equality, and focusing on women's issues. First, actions taken by senior management to go beyond the legal requirements. In 2023, we added two female directors to lead the Company to consider gender issues important. Simultaneously, we have established the long-term goal for gender equality, which is planned to ensure the ratio of female first-line managers exceeds 30% by 2040. Moreover, we launched action plans based on four aspects to help achieve the goal.

Company Policy

1. Exceeding the legal requirements. we added two female directors in 2023.
2. Formulating clear policies and conducting training for all employees to prohibit discrimination and sexual harassment, and emphasizing the Company's commitment to diversity.
3. Supporting female employees in business travel by setting up a female employee business travel section on our internal business travel website. The purpose is to remind them to adapt to new culture when traveling and the precautions they should take.
4. To promote DEI mindset and encourage diverse talents to join Qisda, we have established the "Internal Referral Incentive Regulations." Additional referral rewards will be given if the referral is a woman, foreigner, or indigenouspeople. The Regulations are expected to be officially implemented in 2024. We encourage existing employees to recommend outstanding women to join the Company.

Talent Cultivation and Development

1. For internal vacancies, the human resources team pays special attention to whether there are suitable female candidates and notifies the supervisors. It is emphasized that the candidate' s ability, experience, and suitability are considered in the selection for vacancies in order to establish an equal recruitment environment.
2. For managerial vacancies, we simultaneously examine whether there are outstanding female candidates both internally and externally, and recruit them to increase the opportunities of development for female supervisors.
3. In order to more effectively cultivate female leadership talents, the Company planned the leadership training courses in 2023 to focus on cultivating potential outstanding female talents. The participation rate was approximately 30% and the completion rate was approximately 90%.
4. The Company convenes talent review meetings every six months to review the development and promotion status of talents. We make in-depth analysis and dissemination of the promotion rate of both genders to ensure that female talents have equal opportunities for promotion. The analysis results for the past two years show that the promotion rate of women has increased year by year, which reflects the Company's long-term commitment to promoting women' s career development.

Reporting rate	2021	2022	2023
Overall	**10.8%**	**11.0%**	**9.1%**
Male	**10.7%**	**11.0%**	**7.6%**
Female	**11.0%**	**11.0%**	**12.0%**

Note Promotion percentage for females = listed for promotion (female) / eligible for promotion (female)

5. The human resources unit provides a monthly manpower report for each business unit. In the report, the gender ratio of employees and supervisors is simultaneously analyzed and tracked. Subsequently, reminding unit supervisors are to pay attention to the balance within the organization and advocate gender equality.

Culture Promotions

1. Qisda has organized gender-based seminars to help both genders build a healthy and stable foundation for daily life, including managing the gender and family relationship.
2. Women's self-defense activities emphasize the importance of women's safety, including teaching simple self-defense skills on the spot, and promoting the safety of women and children, so that women can improve their self-defense awareness and learn practical defense skills.
3. We plan to add women' s leadership talks and occasional diversity-related issue activities to enhance employees' overall awareness of diversity and inclusion.

Employee cares

1. To be considerate of pregnant female employees, there are dedicated parking spaces and kind baby-raising equipment, and daily flexible breastfeeding time is set to enable female employees to fulfill their duties as a mother at the workplace.
2. The annual childcare allowance of NT$30,000 is exceeded the legal requirement to provide maternity care for women.
3. We provide a flexible working hours system for employees to achieve a balance between work and family life when it comes to time allocation.

Non- Discrimination and Anti- Harassment Policy

Open-minded, Respectful and equipment

Our Code of Conduct is built upon the values of "Integrity & Introspection, Execution & Excellence, Passion & Professionalism, and Caring & Contribution," helping employees fulfill Qisda's vision of "Bringing Enjoyment 'N Quality to Life.", and maintain a diverse, fair and accepting work environment that respects cultural diversity to stimulate the innovation from employees, motivate employees, and create a broader business perspective as well as a variety of experiences in the industry. The Company offers the employees fair promotion channels and communicates such concept to our global operating sites, in the hope of creating smooth communication in the workplace where all ideas and opinions can be fully expressed.

Pursuit of Equality in the Workplace, Including Gender Equality

Qisda strictly prohibits any forms of discrimination and harassment, sticking to the spirit of providing the employees with a work environment free of discrimination and harassment. This is applicable to the employment, training, performance evaluation, promotion, transfer, wage and other internal activities of the employees. The senior managers, employees, job seekers, customers and business partners of the Company are required to comply with the rule, and are also protected by the rule. All the factors unrelated to work, such as, nation, race, class, skin color, age, gender, sexual orientation, gender identity and expression, national origins or regions, disability, pregnancy, religion, political stance, former union member status , family responsibility, former military status , genetic information or marital status and other factors specified in the law, must be excluded from any decisions related to employee rights. All types of harassment, including defamation, offensive and sexually suggestive language, images, objects and physical contacts, that could make other employees feel uncomfortable, insulted, threatened or afraid, are strictly forbidden by the Company. Also, no discrimination against the employees is allowed in relation to the recruitment, actual practices, wages, promotions, rewards, access to training, dismissal, or retirement.

Qisda firmly believes that diverse talents will open the possibility of unlimited growth for an organization. Therefore, our female employees have the same opportunities and rights as male employees in all aspects. To make sure that all our managers and employees adhere to the "Qisda Employee Code of Conduct," we Conduct annual training for them every fourth quarter. The global employee training rate was 100% in 2023, with the training covering issues such as avoidance of conflict of interest, legal compliance, pursuit of a fair work environment, anti-discrimination and zero tolerance. The Code of Conduct and related systems are announced on the Company' s internal website for the employees to review at any time. Performance targets are set every six months, and the Code of Conduct is one of the evaluation items to ensure all our personnel adhere to it.

Ratio of Basic Salary and Remuneration of Women to Men

Rank	Taiwan		Suzhou,				Total	
	Salary	Compen	Salary	Compen	Salary	Compen	Salary	Compen
Executive level	0.96	0.96	1.26	1.22	-	-	0.97	1.00
Management level	0.97	0.95	0.98	0.96	0.95	0.96	0.97	0.96
Non-management evel	0.98	0.98	1.09	0.97	0.99	0.99	0.99	0.97

- The data above is the ratio of average salary and remuneration of women to men throughout 2023.
- **Executive level:** Executives at the level of director and above.
- **Management level:** Executives at the level of assistant manager and above.

Compensation and Benefits

Compensation Policy

To attract and retain outstanding talents, Qisda observes the local domestic labor laws and regulations in our operational sites worldwide. The pay to the employees is never below minimum wage required by the law and no difference based on the grounds of gender, religions, races, nationalities or political parties. To provide employees with a

compensation policy that is competitive on the market, the employee payment is adjusted based on the personal education background and experience, professional skills, and performance of the employee to ensure wages are compliant with the offer on the market and the fairness. We refer to the wage survey report of a third-party remuneration consultant and the business status of the Company every year, and review the achievement of the goal at the end of the year. As for the compensation to the senior managers, the Compensation Committee reviews the annual achievement rate of relevant performance indicators through committee meetings and determines the scope of the annual compensation.

Wage of Non-Management Employees in Taiwan (NT$ thousand)

	2020	2021	2022	2023	Deviation (%)
No. of full-time non-Management employees (people)	1,713	1,758	1,747	1,663	-4.8%
Average wage of full-time non-Management employees (NT$ thousand)	1,508	1,592	1,695	1,571	-7.3%
Median wage of full-time non-Management employees (NT$ thousand)	1,238	1,258	1,289	1,224	-5%

- As defined by the Directorate General of Budget, Accounting and Statistics, Executive Yuan, for material terms, a full-time employee means the one who works to the full normal working hours specified by a company or to the statutory working hours. We set 40 normal working hours and, thus, all the employees of the Company are full-time employees.
- The total wages include the basic salary, overtime pay, various allowances and bonuses, employee compensation, etc. The estimated amount of share-based payment under expenditure is not included.
- Average wage of employees = Total wages of full-time non-management employees / Total No. of full-time employees
- The median wage of employees refers to the value at the midpoint in a list of wages, after all wages are arranged in ascending order
- Deviation (%) = Gap between the data for 2023 and that for 2022 / data for 2022

Ratio of Standard entry level wage compared to local minimum wage

Ratio of standard entry level wage compared to local minimum wage

Taiwan	Suzhou, China	Vietnam
1	1.02	1.13

Note Calculation method: Starting Wage of Junior Staff / statutory basic wage

Commitment to Living Wage

Qisda is committed to ensuring that all of our employees earn a living wage. The purpose of living wage is to ensure basic livelihood of the workers so that they can pay their basic living expenses. As we care about our employees and their families, we are pledged are pledged to a living wage that ensures more security for families; therefore, our employees' remuneration can steadily meet the needs of their families.

Living wage methodology:

The calculation of the living wage is based on the living wage methodology that two living wage experts, Richard Anker (former International Labor Organization) and Martha Anker (former World Health Organization), had tested and improved for 15 years. This methodology is a new method that has been widely accepted for estimating the living wage. It is both internationally comparable and locally specific, and is suitable for estimating the living wage in different regions such as rural areas, urban areas, and peri-urban areas around the world. The living wage items calculated according to this methodology include the cost of living such as food, clothing, housing, transportation, and education.

Long-term Incentive Plan

Incentive	Applicable to	Implementation Method	Amount
Employee Stock Ownership Trust	After a 3-month probationary period, full-time employees in Taiwan are allowed to apply for the ESOT	The employees participating in the ESOT can purchase the Company' s shares according to their respective job levels and the corresponding financial rewards allocated by the Company; the higher the job levels, the greater the allocated financial rewards. Through this way, we motivate employees to strive for the promotion opportunities, meet the performance targets, and thus further contribute to a synergistic effect for overall operational performance of the Company. Employee voluntary contribution: Based on the personal job level, a participant contributes a certain amount from the monthly pay as the trust fund to purchase the Company' s shares. Company incentive: The Company also appropriates financial rewards of the amount up to 100% of the employee voluntary contribution (50% for those who working with the Group for 5 years and 100% for those who working for 10 years).	In 2023, the Company's allocated financial rewardsare exceeded NT$100 million Employee participation rate 89%
Retention Bonus	Talents in key positions critical to the organizational development	To ensure that the talents in key positions keep staying in the Company and creating steady long-term operating performance for the organization, we enter into a retention bonus contract with outstanding talents in key positions to reach an agreement that they can receive full retention bonus after staying in the Company for the specified retention years (i.e., 2 years as specified by the retention bonus program in 2023). By distributing retention bonus, we motivate talents in key positions to have better future performance as well as bringing long-term operational benefits to the Company, which reflects a win-win situation.	A total of 55 employees received in 2023, with a retention bonus of approximately NT$20 million.
Long-term Incentives for Executive Managers	Executive managers above thevice president level	Since 2023, Qisda has implemented the Long-term Executive Manager Incentive Plan. The plan aligns with the ESG performance goals of executive managers and distributes phantom stocks in three years (first year: 50%; second year: 25%; third year: 25%). The actual number of phantom shares acquired each year will be deposited in the employee's ESOT account in the form of trust assets with reference to the stock price of the Company at that time.	The achievement rate of the ESG goals in 2023 was 100%. Therefore, 50% of the phantom shares that are available in the first year under the long-term incentive plan for senior managers are distributed.

Employee Benefits Systems

With the concept of creating a healthy and joyful workplace, Qisda has promoted the diverse employee benefits that enable all the employees to work in a premium work environment. The Company mainly provides the benefits as shown in the following table. The dispatched workers enjoy the same benefits as the full-time employees except for the performance bonus, which is only provided to the latter. Only a few dispatched workers are not incorporated in the scope of the benefits due to their short-time working (less than 6 months). Qisda follows the regulations and systems of social insurance all over the world to protect the basic rights of the employees. Group insurance for the family members is also available for the employees to applye, and we arrange the personnel of the insurancecompany to provide on-site consultation services and assist with the application for claims.

With a view to making employees work without worries, those who need to take care of children or with health requirements may apply for flexible or less working hours in accordance with the Company' s "Regulations for Management of Flexible Working."

Qisda' s Major Benefits

Taiwan

Offered According to Laws

1. Health insurance and labor insurance
2. Allocation of the Worker' s Retirement Reserve Funds
3. Allocation of Wage Arrears Payment Fund
4. Allocation of Labor Occupational Accident Insurance
5. Infirmary and contracted on-site physician
6. Parental leave and paternity leave (for male employees)
7. Family care leave and vaccination leave

Regular benefits

1. Childcare allowance (childcare allowance for those with0-6 years old children; NT$30,000/child per year)
2. Gifts for Father' s Day and Mother' s Day

For the Happy Young event, we collaborated with Taiwan Foundation for the Blind on Mother' s Day in 2023 by combining social benefits and implementing social care!

3. Lunch allowance and free dinner
4. E-voucher of NT$11,000/person per year
5. Contracted hospital
6. Dormitory/production line uniform
7. Free sports center and diversed fitness/club courses
8. Services such as healthy massage/consultation on ergonomic issues/EAP psychological counseling
9. Professional allowance for forklift operators of NT$1,500/person per month

Better Than Legal Requirements

1. Vaccination leave
2. Self-paid group insurance for the family members of the employees
3. Allowance for marriage, funeral, festivities, and childbirth; consolation money for injury and illness
4. Employee stock ownership trust
5. Epidemic prevention insurance for the employees
6. Pension system
7. Volunteer leave and engagement leave
8. Referral of the infected employees to the quarantine hotel
9. Childcare allowance for children aged 0-6: NT$30,000 per year
10. 8 days of pregnancy checkup accompaniment and paternity
11. 8 days of pregancy checkup leave

Suzhou, China

Offered According to Laws

1. Social insurance (retirement, medical service, unemployment, occupational injury, childbirth)
2. Housing provident fund
3. Paid annual leave

Regular benefits

1. Infirmary
2. Sports Center
3. Meal allowance
4. Contracted store
5. Dormitory/uniform

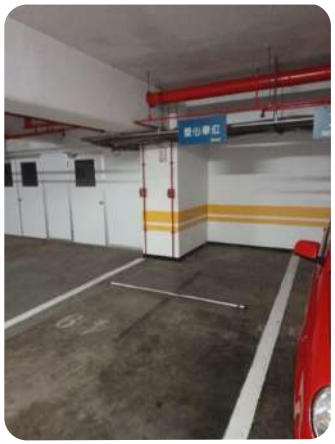
Better Than Legal Requirements

1. Education and training
2. Subsidies for employees' quarterly activities
3. Festival/birthday gifts

Care and Support for Women

Maternity Care

1. Demarcation of free parking spaces
2. Set up lactation rooms where open during working hours, with free milk storage bags provided by the Company and onsite medical staff are available for consultation at any time.
3. Health Check-up provided during convenient time slots.
4. Application for flexible working time arrangement (with clocking-in time adjusted to 9:00)
5. Maternity health and workplace health protection plan



Benefits for Childcare

1. Provide 8 days of pregnancy checkup accompaniment and paternity leave which exceed the legal requirement.
2. A total of NT$180 thousand childcare allowance: NT$30,000/child per year (up to age 6)
3. Contracted kindergartens for daycare

Statistics of the Number of Employees on Unpaid Parental Leave in 2023

Item	Taiwan	
	Male	Female
Number of employees eligible for application for unpaid parental leave in 2023 (people)	93	59
Actual number of employees applying for parental leave in 2023 (people)	10	17
Application rate of unpaid parental leave in 2022 (%)	10.8%	28.8%
Number of employees expected to be reinstated in 2023 (people)	8	13
Actual number of employees reinstated in 2023 (people)	5	9
Reinstatement rate in 2023 (%)	62.5%	69.2%
Number of employees reinstated in 2022 (people)	7	14
Number of employees reinstated in 2022 that had stayed in their jobs for one year (people)	5	14
Retention rate in 2023 (%)	71.4%	100%

Pension

Qisda follows retirement regulations and systems all over the world and protects the rights of employees who are planning for retirement. (Details are described below). For more information about the Compensation Committee, please refer to the "Corporate Governance Operation."

1. Allocation of the Workers' Retirement Reserve Fund in accordance with the Labor Standards Act

The Company makes a contribution to the retirement fund for the employees every month and deposits to the workers' retirement reserve fund account of the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. As of the end of 2023, the fair value of plan asset was NT$379,057 thoudsand. According to the law, the expenses that the Company recognized in 2023 was NT$12,479 thousand. The insufficient fund was presented as accrued pension liabilities. As of December 31, 2023, the total amount of the funds was NT$267,161 thousand.

2. Allocation of the Labor Pension in accordance with the Labor Pension Act

The Company allocates an amount equal to 6% of the monthly wage of an employee to the personal account at the Bureau of Labor Insurance. The amount of the expenses recognized in 2023 was NT$92,708 thousand. The overseas subsidiaries also allocate a pension every month in accordance with local domestic laws and regulations.

Qisda follows the regulations and systems of retirement all over the world and protects the rights of the employees who are for retirement. Details are described below. For more information about the Compensation Committee, please refer to the "Corporate Governance Operation."

Employee Engagement

Qisda firmly believes that employees are determining factors in achieving corporate sustainable operation. The Company has conducted the annual employee engagement survey since 2020 to listen to employees' opinions and feedback and use such feedback to improve the work environment and the employee satisfaction. Our goal is to gain insight into employee needs through these surveys and transform these insights into actions to promote employee happiness and the overall performance of the Company.

Qisda's employee engagement survey covers all factories and units worldwide to ensure the comprehensiveness and representativeness of the results. To guarantee validity and credibility of the survey, we ensure consistency in the structure, questions and analysis methods of questionnaires around the world. We also conduct trend analysis and horizontal comparisons based on the survey data to facilitate a deeper understanding and application of the survey results.

In the 2023, a total of 5,812 employees participated in the global employee engagement survey, (with a participation rate of 86%) and the overall employee engagement score reached 4.62 (out of 6 points), with an increase from 2022. This result indicates that effective measures have been taken to improve work resources, work performance review and work goals setting. These measures include expanding the promotion of online learning resources, training supervisors to build more effective performance feedback and communication skills and strengthening the top-down goal-setting mechanism. These measures not only improve employee engagement, but also enhance employees' sense of identity and engagement with the Company.

In addition to the annual employee engagement survey, we analyze employee well-being aspects such as job satisfaction, purposes of work, happiness and job stress. The analysis not only enriches our understanding of the employee engagement survey results, but also provides an important reference for the continuous improvement of the Company's system.

Based on this analysis, the Company promotes corresponding improvement measures to create a more satisfactory and supportive work environment for employees.

Aspect	Job Satisfaction	Purposes of Work	Happiness	Job Stress
Examples of Topic	• I am encouraged by others in my career development at work. • I feel that I have the opportunity for learning and growth at work	• The goals and vision of the Company make me consider my work important.	• I receive recognition and praise for outstanding work performance	• I feel that my supervisor or colleagues care about my personal situation.
Score	4.63	4.62	4.59	4.66

Employee Engagement

Survey Description	1. Refer to the questionnaire structure of Q12, the questionnaire includes four survey dimensions of basic requirements, manager support, teamwork and learning and growth. 2. Distributed to: All the IDL and DL employees of Qisda worldwide
Survey Scale	1. A six-point scale was used: 1 = strongly disagree, 2 = disagree, 3 = slightly disagree, 4 = slightly agree, 5 = agree, 6 = strongly agree 2. Definition of employees with high engagement: Respondents who chose 4-6 points

Distributed in		2020	2021	2022	2023
		Taiwan	Taiwan, Suzhou (China)	Taiwan, Suzhou (China) and Vietnam	Taiwan, Suzhou (China) and Vietnam
No. of Copies of Questionnaire		2,050	6,404	6,110	5,812
No. of Copies Responded		872	3,979	5,177	4,999
Response Rate		43%	62%	85%	86%
Average Engagement		4.34	4.55	4.57	4.62
Engagement (%)				80%	81%
Gender	Male	N/A	4.57	4.60	4.65
	Female	N/A	4.52	4.56	4.57
Age Group	< 30	N/A	4.53	4.69	4.72
	30-50	N/A	4.57	4.56	4.59
	> 50	N/A	4.56	4.46	4.56
Job Level	Management	N/A	4.52	4.56	4.59
	Non-management	N/A	4.58	4.59	4.62
Area	Taiwan	4.34	4.48	4.52	4.62
	Suzhou, China	N/A	4.61	4.63	4.66
	Vietnam	N/A	N/A	4.56	4.59

Note: In 2020, the employee engagement only conducted in Taiwan. In 2021, the employee engagement conducted in both Taiwan and China.

Engagement Survey in 2023

Employee Engagement in 2023		4–6 Points (%)
Overall Engagement		81%
Gender	Male	82%
	Female	80%
Age Group	< 30	83%
	30–50	80%
	> 50	78%
Job Level	Management	80%
	Non-management	81%
Area	Taiwan	74%
	Suzhou, China	85%
	Vietnam	84%

Note: No raw data of the year 2020 and 2021 were available for the statistics analysis due to an anonymous survey conducted by the external consulting company.

Employee Turnover Rate

Qisda hopes to manage the turnover intentions of employees effectively. When an employee submits a resignation letter, the immediate supervisor will be promptly notified and arrange a meeting to understand the reasons for leaving and attempt to retain an employee. Due to factors such as economic fluctuations and environmental changes, a healthy turnover rate ensures Qisda a continuous flow of new talents. The voluntary turnover rate of Qisda in Taiwan was 9.9%. In China, due to the specific local domestic labor market conditions, the turnover rate is generally higher, especially among direct employees. Qisda strives to provide working conditions for high-quality and reduce employee turnover rates by enhancing the leadership, paying attention to happiness in the workplace, providing opportunities for rotation and learning, and introducing incentive plans for employees to retain talents.

Employee Turnover Rate

Employee Turnover Rate		2020	2021	2022	2023
Total Turnover Rate (%)		17.8%	24.2%	20.7%	15.8%
Voluntary Turnover Rate (%)		17.7%	24.0%	20.3%	15.2%
Total Turnover Rate (%)	Male	19.2%	26.7%	20.2%	23.5%
	Female	15.3%	20.2%	21.6%	15.2%
Voluntary Turnover Rate (%)	Male	19.1%	26.6%	19.7%	15.7%
	Female	15.1%	19.9%	21.4%	14.3%
Total Turnover Rate (%)	< 30	21.1%	30.8%	29.2%	20.6%
	30-50	13.1%	18.6%	14.6%	11.8%
	> 50	5.5%	11.7%	7.3%	11.5%
Voluntary Turnover Rate (%)	< 30	21.1%	30.8%	29.1%	20.5%
	30-50	13.0%	18.5%	14.3%	11.3%
	> 50	3.2%	8.8%	2.6%	5.9%
Total Turnover Rate (%)	Taiwan	9.2%	10.5%	11.4%	12.0%
	Suzhou, China	19.6%	28.6%	22.6%	14.4%
	Vietnam	-	24.8%	32.6%	29.0%
Voluntary Turnover Rate (%)	Taiwan	8.7%	9.7%	9.8%	9.9%
	Suzhou, China	19.6%	28.6%	22.6%	14.2%
	Vietnam	-	24.8%	32.6%	28.9%
Total Turnover Rate (%)	Management	2.2%	3.3%	4.4%	3.9%
	Non-management	18.8%	26.0%	22.2%	16.8%
Voluntary Turnover Rate (%)	Management	1.7%	3.1%	3.4%	2.7%
	Non-management	18.7%	25.8%	21.9%	16.2%
Total Turnover Rate (%)	Direct Labor	25.5%	34.0%	27.0%	18.7%
	Indirect Labor	5.3%	9.5%	10.0%	10.2%
Voluntary Turnover Rate (%)	Direct Labor	25.3%	33.3%	26.7%	18.3%
	Indirect Labor	5.3%	9.5%	8.9%	9.2%

Note 1: The statistics on turnover rate above do not include those employed for less than 3 months.

Note 2: The calculation of the turnover rate in 2023 does not include the interns in Suzhou, China (due to the short-term period /planning purposes).

Talent Development

Qisda implements diverse career development plans to maximize competitive edge for the Company and enable employees to acquire knowledge and skills. We provide ample resources to integrate physical and online learning platforms, providing employees with diverse and comprehensive learning opportunities. We established the job-oriented Qisda Academy and its development blueprints based on the needs of business strategies and organizational growth, aiming to train employees effectively to develop knowledge and skills. We set an average of 26 training hours per indirect employee as the target for 2023. The actual results are that the average training hours per indirect personnel were 36 hours and the average training hours for direct personnel were 11 hours. The Company audits the implementation progress of training every 6 months to ensure the effectiveness of annual training.

Additionally, we not only offer courses related to green products but also provide other courses related to the Responsible Business Alliance Conduct (RBA), the Hazardous Substances Management System(IECQ QC 080000), and occupational health and safety as mandatory courses for all employees, demonstrating Qisda' s commitment to social responsibility.

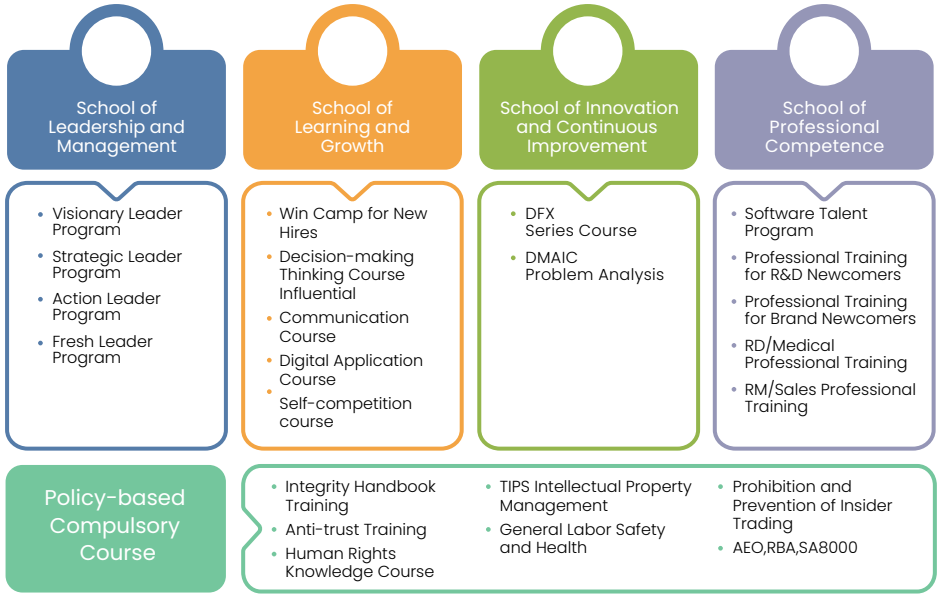
Talent Development System--Qisda Academy

With Qisda Academy as the foundation, the training system is structured with four academies that are divided into the School of Professional Competence, the School of Learning and Growth, the School of Innovation and Continuous Improvement and the School of Leadership and Management based on attributes and target audience. The four schools are committed to helping employees more effectively apply what they have learned in job by providing comprehensive training programs for different learning needs.

To provide employees with more real-time learning resources, we have established the online e-learning platform and knowledge sharing platform. In addition to physical courses, employees can participate in online courses for knowledge learning through these platforms. Since 2019, the Company has advocated mobile learning, increased the proportion of digital courses and developed the learning APP; therefore, the employees can utilize spare time to learn with their mobile phones. As of the end of 2023, the digital courses have made up 77% of our overall training. These measures aim to ensure the learning resources are accessible at employees' convenience for upgrading their professional skills to cope with today' s fast-changing work environment.

Training Courses of the Four Schools

School of Leadership and Management	Designing related courses for leadership and management of managers with different job levels to help them make further improvement and develop their own leadership.
School of Learning and Growth	Covering a complete set of training programs for new employees and internal instructors with four courses related to occupational competence focusing on decision-making capability, influential communication, digital application and self-competition.
School of Innovation and Continuous Improvement	Providing the innovation and development momentum, and introducing resources for the courses in business model innovation and design concepts, enabling the employees to achieve their full potential and create an organizational culture of innovation.
School of Professional Competence	1. Designing a variety of training programs in consideration of differences between job positions of the Company to improve professional skills of the employees. 2. In response to trends in the external environment, introducing relevant lectures to enhance the sensitivity of internal supervisors to external trends and environment.



1. Inspiring Employees Development Programs

Employee learning blueprints formulated for the employees to develop professional capabilities to take up future challenges

Outstanding talents are the key driving force for sustainable growth of a company. To continuously foster and strengthen the employees' workplace skills for adapting to the internal work environment and responding to external trends and changes, a series of learning courses are provided for the employees, including new hires and senior personnel, with the talent development strategy focusing on decision-making capability, influential communication, digital application and self-competition. We arranged elective courses as well as compulsory courses and integrated physical and digital resources, not only equipping the employees with the skills necessary in the workplace, but also enabling them to create a personalized organizational learning environment by selecting the courses they were interested in based on their work and requirements of career development with the flexibility of space and time. In 2023, a total of 1,309 people participated in related courses; the total training hours reached 9977.26 hours, and the average satisfaction rate for learning and growth courses was 4.6 points (out of 5 points).

Decision-making Capability

Developing systematic thinking to stay on top of the overall situation; ensuring insightful financial thinking to understand the operation focuses of the Company; stimulating creative thinking to develop processes of innovative products; facilitating multi-dimensional thinking to enhance personal capabilities of decision making and innovation at work

Systematic thinking and rational decision-making, problem analysis and data decision-making, design thinking and creative tools, etc.

Influential communication

Understanding the two-way communication of human nature and further extending to the skills of parallel and upward communication; fostering the utilization of simulation scenarios of presentation and business negotiation; building the skills required for both internal and external communication

Business negotiation, expression in presentations, cross-functional communication and coordination

Digital application

Helping the employees to know accurate problem definition, identifying necessary data and learning data analysis methods, boosting their problem-solving skills with data based on systematic problem-solving methods and data analysis tools

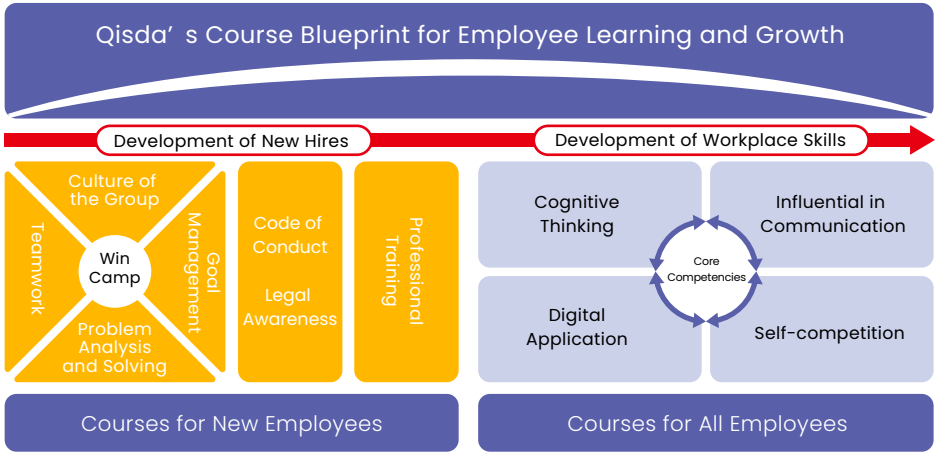
RPA, data analysis in Excel, Power BI data analysis, and ChatGPT for increase of productivity at work

Self-competition

With self-management, learning and growth as the core of development, enhancing personal capabilities of work planning and workplace competitiveness through courses on the awareness of personal strengths, creation of highly effective learning patterns, work time management, mindset of career development, etc.

Efficient learning, agile work management and establishment of a learning model tailored to individual strengths

Business Email Writing Skills, workplace strategies for strong-minded generation, etc.



2. Manager Leadership Development Plan

To develop the critical leadership and management capability required for managers at different levels, and to ensure the capabilities needed for the organizational growth in the future, we established the training and development system for the managers at all levels i based on our core management functions.

This system provides managers, whether novices with enormous potential or experienced managers, with individualized capability development plans under which they systematically acquired the leadership and management capability necessary for a benchmark leader through planned rank-based management courses and job rotation.

Training targets include managers at all levels. In 2023, a total of 25 executive training courses were provided, and the total number of trainees accounted for 64% of the Company's management positions.

I. Core of the Development Plan:

(1) Systematic training resources: Introduce the hybrid learning method of physical and online management courses to diversify learning channels for managers

A new version of the executive development and training blueprint was launched in 2023. The focus of manager training at each level is as described in the table below. A total of 246 employees completed the training, and the total learning hours for required and elective courses reached up to 4,125 hours, with an increase of 71% compared to 202 The average overall satisfaction score of managers with the program was 4.75.

(2) Job rotation and experience: Through planned job rotation, managers can accumulate experience in different positions in the organization and develop multiple mindsets and professional capabilities.

As of the end of 2023, the job rotation rate of the managers reached 83%. Job rotation enables managers to develop in diverse opportunities and enhance their adaptability, diverse expertise, and leadership.

II. Focuses of the Development Plan:

(1) Target audience: Managers at all levels (potential leader/junior management / middle management/senior executives)

(2) Leadership development focus of managers at all levels:

Title of Development Plan	Participant	Role and Mission	Cultivation Focus in 2023	Key Courses in 2023
Fresh Leader Program	Potential talents/ new managers	Professional leader Management expert Mentor of subordinates	Arousing management awareness and concepts, providing basic management knowledge, giving an overall picture of leadership, and enhancing the leadership of managers.	Online courses: Management talent development for new managers, talent recruitment interview
Action Leader Program	Junior Management	Professional leader Management expert Mentor of subordinates	Emphasizing effective delegation skills, new-generation employee cultivation and development, and performance management and communication skills	Physical course: Team building, Developing of subordinates Online Course: Performance management and communication
Strategic Leader Program	Middle Managements	Strategist Key team member Corporate expert	Emphasizing coaching leadership and employee empowerment, persuasion and influence	Physical Course: Delegation and empowerment, influence and persuasion Online Course: Coaching leadership
Visionary Leader Program	Senior executives/ heads of business units	Industry Pioneer Change driver Management master	Facilitating strategic business planning and deployment thinking, and developing the organizational leadership and the capability to shape the culture and environment	Physical courses: Business management, systematic thinking, strategy planning and implementation Online Course: Business decision-making management

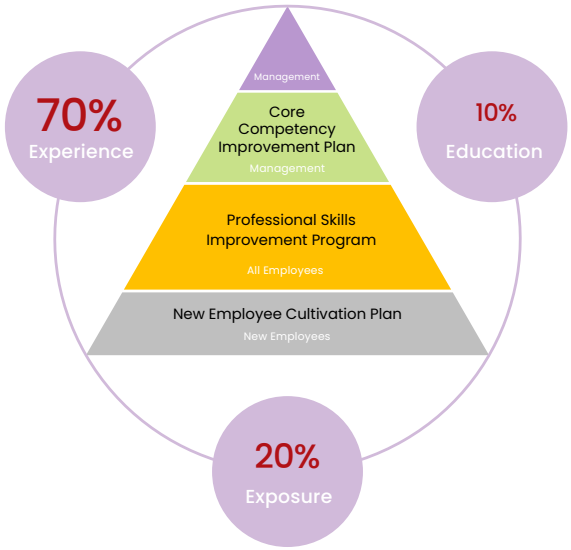
III. Leadership Development Methods and Demonstration of Training Results:

Title of Development Plan	Participant	Leadership Development Focus and Development Method			Demonstration of Training Results		
		Confirmation of Development Focus	1. Development Met hod: Education and Training with Hybrid Learning Model	2. Development Method: Job Rotation	Level 1/ Reaction Level→ Level 2/ Learning Leve	Level 3 Behavio Level	Level 4 Results Level (Having tangible and intangible operating performances for the organization)
Fresh Leader Program	Potential talents/ new managers	Vision communication Continuous improvement Problem Solving Effective talent selection	1. 2 digital courses, totaling 6 hours. 2. Number of people who completed the training: 131 3. Total training hours: 849 hours (person-times* course hours)	67 employees	4.72	1. Formulation of a management action plan (108 copies responded) 2. Average score for pre-class management competence: 3.4 points (out of 5 points) 3. Average score for post-class management competence: 4.1 points (out of 5 points)	1. Increase in the employee engage ment score in 2023 (from 4.57 → 4.62) 2. Increase in the percentage of highly engaged employees (80% → 81%) 3. Internal manager promotion rate 12%.
Action Leader Program	junior management	Vision communication Continuous improvement Problem Solving Effective talent selection	1. 1 digital courses, totaling 2 hours. 2. 2 physical courses, totaling 14 hours. 3. Number of people who completed the training: 85 4. Total training hours: 1,692 hours	83 employees	4.74	1. Formulation of a management action plan (160 copies responded) 2. Average score for pre-class management competence: 3.9 points (out of 5 points) 3. Average score for post-class management competence: 4.0 points (out of 5 points)	
Strategic Leader Program	Middle Management	Vision execution Innovation Driving Resources planning Talent development	1. 1 digital courses, totaling 2 hours. 2. 2 physical courses, totaling 14 hours. 3. Number of people who completed the training: 16 4. Total training hours: 435 hours	33 employees	4.83	1. Formulation of a management action plan (17 copies responded) 2. Average score for pre-class management competence: 3.6 points (out of 5 points) 3. Average score for post-class management competence: 3.9 points (out of 5 points)	
Visionary Leader Program	Senior executives/ heads of business units	Vision Guiding Leading innovation Operational decision-making Talent cultivation	1. 1 digital courses, totaling 2 hours. 2. 3 physical courses, totaling 24 hours. 3. Number of people who completed the training: 14 4. Total training hours: 370 hours	2 employees	4.71	N/A	

3. Comprehensive Job Development Plan

Qisda has encountered challenging talent management when facing external uncertainties. Therefore, we strive to reduce succession risks and talent shortage by selecting potential talents and establishing talent pool.

Additionally, the Company has developed the "Comprehensive Job Development Plan" since 2022 to implement sustainable growth to the organization and plan for our organization's future talent needs. Henceforth, we will continue executing this Plan.



We provide employees with comprehensive training and development for employees with different job levels and set performance goals every six months based on the core competencies of all levels. Simultaneously, we propose competency development plans for supervisors to provide necessary support and offer assistance for personal development.

Implementation methods:

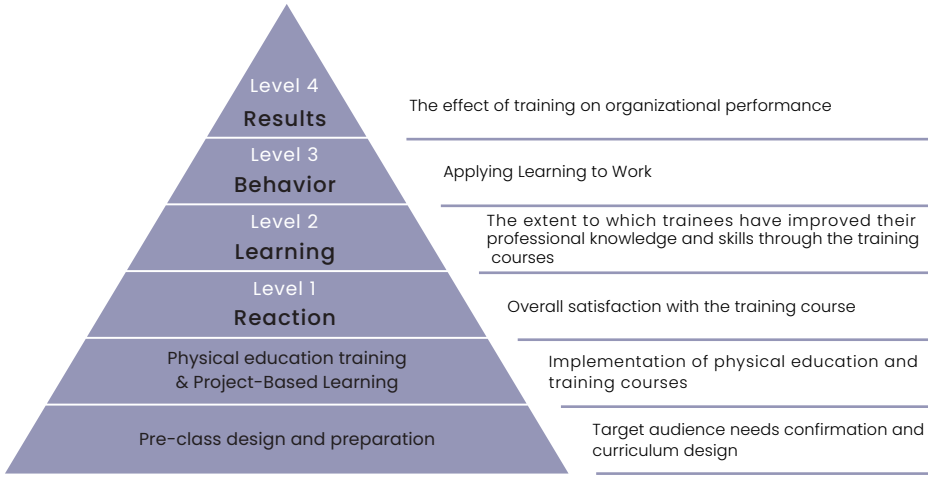
1. Establishing core competency systems of all levels.
2. Defining developmental approaches by different levels and implement personal development plans through the 3E (Experience, Education, and Exposure) model.
3. Implementing personal development plans when setting performance goals every six months, discussing with managers about the items to be developed, and providing support and assistance for employees during the implementation.

4. Key Talent Development Plan for Business Units

1. Target audience: Product managers (PM), Account managers (AM), and software and firmware R&D talents of each business 250 employees participated in the PM and AM training programs, accounting for 1% of the total FTE employees.
2. Business unit development plan: Formulating the development plan for the target audience based on the difference in the required responsibilities and professional knowledge and skills. The plans can be classified into two types: "Software and Firmware R&D Talent Development Plan" and "Product Manager (PM) and Account Manager (AM) Development Plan". Details are as follows.

Software and Firmware R&D Talents

Qisda officially executed the "Software and Firmware R&D Talent Development Plan" to response to market demands and cultivate professional talents in 2023 . The plan is implemented in two stages with a total training time of 30 hours. In the first stage, new R&D personnel must complete online professional foundation courses within 90 days after a member of group to strengthen their professional skills. The second stage is based on



the results of the probationary period. Those who finished the probationary period can participate in the "Software and Firmware R&D Program." The duration of this stage is 3 months (as shown in the figure below), including 25 hours of physical training, completion of homework, software programming, and knowledge test held on the training completion day. Only those who pass all stages are considered to have completed the training.

The overall plan aims to cultivate 62 professional talents. The total training time of software and firmware R&D talents in these two phases reached 1,334 hours. Simultaneously, Qisda held a completion ceremony and issued a certificate of completion to encourage and praise all trainees who have successfully completed the training.

Software and Firmware R&D Talent Development Plan and Training Achievement

Stage	Stage 1 Planning	Stage 2 Implementation	Stage 3 Training Result Demonstration (Level 1 - Level 4)			
Core	Pre-class design and preparation	Physical education training & Project-Based Learning	Level 1 Reaction level (Reaction) (Total score: 5 points)	Level 2 Learning level (Learning) (Total score: 5 points)	Level 3 Behavior level (Behavior)	Level 4 Result level (Results)
Implementation	Target audience needs confirmation and curriculum design	Implementation of physical education and training courses	Overall satisfaction with the training course	The extent to which trainees have improved their professional knowledge and skills through the training courses	Applying Learning to Work	The effect of training on organizational performance
Description	1. Selection of target participants: The R&D managers of each product line are requested to submit a list of participants for the software and firmware R&D of key products 2. Interviewing with managers of key software and firmware to confirm the key points of 2023 for software and firmware R&D talents to strengthen the professional knowledge and skills 3. Confirm the topic direction of the course 4. Conducting instructor selection and evaluation and communicating course design. 5. Considering the transfer of training effectiveness, designing knowledge test given after the courses, and selecting and designing software project implementation topics.	Phase 1 physical education and training (25 hours in total) ● Setup of Personal Data Management System (4hrs) ● Introduction and Implementation of Design Patterns (7hrs) ● Introduction to Open-Source Code License (2hrs) ● Secure Development Lifecycle (SDL) (part I) (6hrs) ● Secure Development Lifecycle (SDL) (part II) (6hrs) Phase 2 post-class software project implementation	4.3	1. **100%** pass rate for the knowledge and ability test 2. Average score: **85.6** points (post- class knowledge test) 3. Completed **42** software projects (67.7%)	1. Knowledge test: The pass score for the knowledge test given after each course is 80. The pass rate of all trainees for this test is 100%. 2. Received 42 Software projects and reviewed by external teachers and supervisors. 3. Enhancing the awareness of information security during the software development process to reduce the loss to the Company caused by information security risks. 4. Formulate standard reporting and operating procedures for software information security incidents; reducing handle time of information security incident	1. Key brand customer satisfaction reached 90 points 2. The overall software development quality was improved by 50% compared to 2022 3. Key customers ranked Qisda first among all foundries in the aspect of QBR (Quarterly Business Review) 4. Reducing software security (Security) incident cost and adding security-related inspection items into the development automation process to avoid leakage of sensitive information (no occurrence of information security risk) 5. Complying with regulations and industry standards: Application for ISO27001:2022 certification of SW development process will be sent in 2024. 6. 95% of the SW development environment process has met the security self-attestation requirements

Product Manager (PM) and Account Manager (AM) Development Plan

Due to fierce competition in the external environment, product managers (PMs) and account managers (AMs) play critical roles in business units. As a major technology OEM, we focus on improving the professional knowledge and skills of the Product Managers (PM) and Sales Managers (AM) to deliver better services to customers. The development plans for 2023 include customer relationship establishment and management, business negotiation, client reporting, and business presentation skills. The Company aims to improve the personal skills of the sales and sales teams through professional training to provide brand customers with a better service experience.

In 2023, the total number of participants of various courses for product managers and sales personnel reached 188; the total training hours reached 1,030 hours.

Results of the Product Manager (PM) and Account Manager (AM) Development Plan

Stage	Action Plan	Training Focus	Time	Demonstration of Training Results		
				L2 Learning Level Completion of Training and satisfaction	L3 Behavior Level Post-learning Application	L4 Results Level Benefit to the Performance of the Organization
1	Consulting + education and training	Client Reporting and Key to prepare business presentations	Consultation for 2 weeks (Including education and training)	Number of People who completed training: **71, 100%** of training completion and full participation rates A total of **184** consulting and training hours	Designing report template of Quarterly Business Review (QBR) to achieve the key customers' requirements and approved by customers	1. Reduction of PM/Sales talent turnover rate from 2.2% to 1.7% 2. Key brand customers gave 70% of their 2024 orders to Qisda 3. Key brand customers ranked Qisda first in the aspect of QBR (Quarterly Business Review)
2	Education and training	Skills for establishing customer relationship	4 hours	Number of People who completed training: **47** Total training hours: **188** Satisfaction: **4.6**	Case studies and sharing of future coping skills	
3	Education and training	Business negotiation skills	7 hours	Number of People who completed training: **46** Total training hours: **322** Satisfaction: **4.6**	Case studies and role playing Lecturer's comments	
4	Education and training + presentation drill	Business presentation skills	14 hours	Number of People who completed training: **24** Total training hours: **336** Satisfaction: **4.8**	Thematic presentations and lecturer's comments	

Training Result Demonstration

In response to the business diversification and globalization, Qisda invested a total of NT$ 86,081,112 in training in 2023. The average training cost was NT$14,663 per employee. The total training hours per employee was 128,798 hours with an average 22 hours. In consideration of market economic factors, the average total training hours per employee globally in 2023 was lower compared to 2022. In the terms of dividing results into the training hours of indirect personnel (IDL) and direct personnel (DL), the average training hours per IDL employee was 36 hours and the average training hours per DL employee was 11 hours. The table below shows the average training hours by gender, employee type, and management/non-management positions.

Human Capital Return on Investment (HCROI)	2020	2021	2022	2023
	1.31	1.27	1.18	1.19

Note 1 Human Capital ROI= (Total Revenue- (Total Operating Expenses-Total employee- related expense)) / Total employee- related expense

Note 2 The calculation method was adjusted based on operating costs + operating expenses for the years 2020-2023

Average Education and Training Hours of Employees in 2023

Category	Group	Average Training Hours per Person		
		Taiwan	Suzhou (China)	Vietnam
Gender	Male	52	13	10
	Female	37	13	10
Employee type	Direct Labor	22	10	10
	Indirect Labor	51	20	10
job levels	Management	58	14	3
	Non-management	44	13	10
Average training hours of All Employees		22		
Average training hours of All IDLs		36		
Average training hours of All DLs		11		
Average Cost of Training (NT$)		14,663		

CIP (6 sigma)

Six Sigma: Continuous Improvement Program

- Qisda unites and leads the Grand Fleet to execute the CIP (Continuous Improvement Program) projects to create sustainable values. We have executed more than 6,300 CIP projects globally to date, with estimated savings are approximately NT$12 billion.
- Qisda received the "2021 Taiwan Sustainability Action Award – Best Action Plan Award" from Taiwan Institute for Sustainable Energy.

Qisda has implemented the Six Sigma and developed the Continuous Improvement Program (CIP) since the beginning of 2007.

CIP is a program for gaining competitive edge of the Group. With the approaches and application of training and communication of Six Sigma, guidance and presentation of improved projects, and continuous reviews and improvements, all of our employees are enabled to acquire the ability of logical thinking and problem solving. The Company is able to conduct effective internal communications and external customer communications efficiently, for producing the culture of continuous improvement.

Continuous Improvement Program

CIP Vision

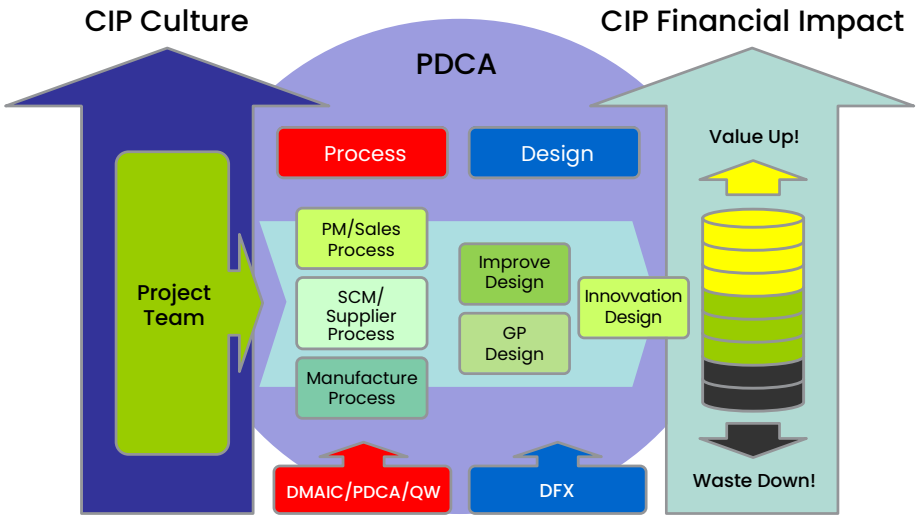
Building the culture of continuous improvement

CIP Mission

To enable employees with the knowledge, skills and attitude to facilitate quality, design and process improvement through voice of customer, time to market and financial impact.

CIP Structure

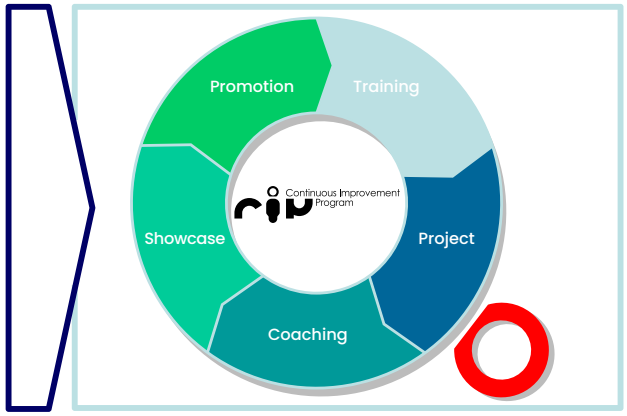
CIP is conducted based on PDCA cycle and expanded to the Group. The CIP projects not only conduct in the R&D department but also expand to manufacturing department, administration, support units, etc. Through different methods, includes DMAIC, DFX, Lean, QCC, and Quick Win, all employees are enabled to utilize the most suitable tools to improve work performance, reduce waste and enhance value, reaching considerable financial benefits for every year.



DMAIC=Define/Measure/Analyze/Improve/Contral
QW=Quick Win
DFX=Design for eXcellence

Implementation Process of CIP Projects

All employees of Qisda participate in activities related to CIP annually, including training, project, coaching, showcase, and promotion A total of more than 480 courses have been offered with over 10,000 participants since 2007.The participation rate exceeded 80% each year. These have become part of the essential activities of Qisda and formed a crucial corporate culture. A total of 616 CIP projects were executed in 2023. The CIP has noticeable effects as we have executed more than 6,300 CIP projects globally to date, with estimated savings are approximately NT$12 billion.

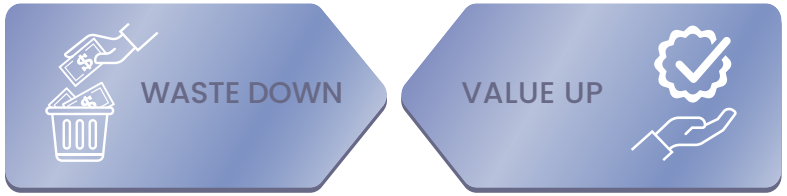


CIP Sustainable Development

The CIP not only create positive impacts on improvement of our business and the Group but also combines with the 17 Sustainable Development Goals (SDGs) to work with the suppliers, which represents a rare achievement in the industry. With this accomplishment, Qisda received the "2021 Taiwan Sustainability Action Award – Best Action Plan Award" from Taiwan Institute for Sustainable Energy. The CIP enables the suppliers to improve

efficiency and yield, and reduce waste. Moreover, it boosts revenue growth of both the suppliers and Qisda, creating a win-win scenario. The support of the Company for the suppliers has shown a good performance. In 2023, a total of 24 CIP projects were executed by the suppliers in Suzhou, with the quantified benefits approximately NT$25 million. To date, a total of 142 suppliers participated in the program and created 369 projects, reaching the quantified benefits to be approximately NT$490 million.

Concept of CIP



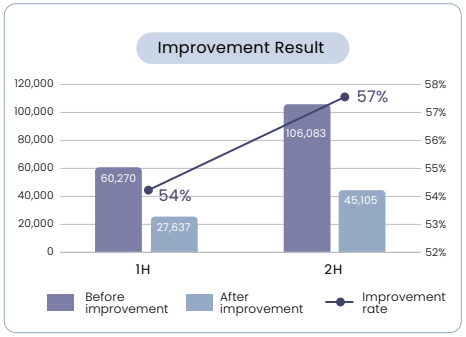
2023 CIP Overview	
Philosophy and Goals of Course	Adhering to the spirit of "there is no best, there is always a better", we are committed to continuously providing training and tools for each employee. The goal is for employees to acquire knowledge and skills for capability development.
Participant	**91** courses with more than **1,000** participants. The participants included companies of the Group such as Qisda, BenQ, Alpha Networks, Hitron Technologies, IDT, DFI, AEWIN Technologies, Partner Tech, New Best Hearing, BenQ Medical Technology, and BenQ Hospital.
Participant growth and participation	The enthusiastic and active participation of the participants made fruitful courses and brought about substantial growth and progress to the Group.
Curriculum project effects and contributions:	A total of **616** CIP projects were executed in 2023, with estimated savings are approximately NT$**12** billion, which highlights the substantial contribution of the CIP courses to the Company's performance. These highlights demonstrate the accomplishment the CIP course has made in helping the group companies to boost business efficiency, improve trainee' s capabilities, and save costs. Simultaneously, displaying the commitment to continuous improvement and future development.

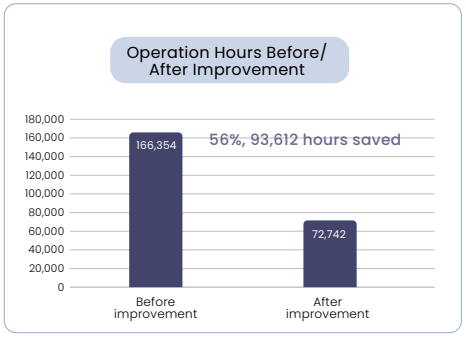
Lean Program - Reducing releases of unintentional waste in process to increase work value

Qisda introduces Lean Program for employees as a tool and concept of performance improvement. Through the design of a series of courses related to Lean program and the implementation of the Lean project, we help employees to apply learning theories in the workplace. The scope of the Lean project covers the improvement of individuals, departments, and even the entire company. Additionally, applying a various of methods, such as 7 Wastes/ECRS/VSM/standardization, we can help employees to improve job performance with the most appropriate approaches. The Lean technique not only practices in manufacturing, but also extends to all units (R&D and sales). The projects will continue to be promoted from training, project implementation, coaching, and showcase.

In 2023, more than 16 training courses were provided with more than 498 people attended the courses. It has become one of the crucial activities of the Company and formed an important culture of the Company. In 2023, 53 Lean projects were implemented, saving approximately 93,000 hours of work time, and the improvement rate reached 56%, in which the improvement of the process system automation accounted for 67%. The cumulative quantified benefit is estimated to exceed NT$100 million, showing a remarkable effect of improvement.

Number of classes	% of FTEs participating	Number of projects	Time saved	Improvement rate	Cumulative benefits
16 classes	2% employees	53 projects	93,000 hours	56%	>NT$100 million





Lean Project	
Project Topic	Customer A Reports - Automation Phase 1
Project Description	• Currently, sales team of Customer A prepares reports manually, which is time-consuming and prone to errors. • Sales team of Customer A uses ECRS took of the Lean (Eliminate/Combine/Rearrange/Simplify) to optimize and automate comprehensive workflows, enhancing report accuracy and the speed of preparation to boost customer satisfaction. • In the first stage, the data and reports required for GDS production are optimized through automation.
Project benefits	Total benefits of NT$983 thousand, saving 22,063 of work hours • Manpower requirements have been reduced from three people to one person; production time has been reduced from an hour to one minute. • The operation time is reduced by 99% by using automation software. • This project can be completed in less time and delivered reports to customers on time. Boosting customer satisfaction by eliminating those procedures that don' t add value.

Performance Management for Facilitating Growth

1. Performance Management System

To strengthen the mechanism of top-down communication of strategic goals for the Company, a KPI system is applied to all the employees. We connect the Company, departments and individuals in a top-down manner to pursue the organizational strategic goals at all levels. Additionally, we drive the members to take corresponding actions to achieve the targets by setting quantitative targets, clear scoring principles, and weight of each target. The types of performance evaluations of Qisda include regular performance target setting (including current period performance settlement and target setting for next period), multidimensional feedbacks, performance evaluation, and agile performance management that can be deployed on every occasion. During the performance appraisal process, particular emphasis is placed on the personal development of employees. Through regular setting performance targets, the Company discusses with supervisors to formulate an individual development plan (IDP), from which the manager will offer necessary assistance.

We are committed to continuously enhance employees' capabilities and build career development. For the one with the lowest performance rating, an individual performance improvement plan will be devised immediately as support to boost his/her performance.

Evaluation Type	Target Group	Frequency	Implementation Method
Management by Objectives	All employees	Twice/year	**Team Management by Objectives:** ■ Qisda holds an operating target alignment meeting every six months to discuss the targets and development for the next period with the Level-1. ■ The targets of the team for each unit will be decided and assigned downward to the team members, enables the employees at all levels work in tandem to attain the organizational strategic goals. **Individual Management by Objectives:** ■ Indirect labor: • After a unit setting team targets, those targets should be filled in the personal performance target form, making unit tasks be understand and reacted by employees. • Setting personal performance targets every six months and proposing action plans to facilitate the possibility of target achievement. The performance of the managers may be tracked occasionally and appropriate guidance and feedback may be given to assist employees in achieving their targets. • Establishing a daily work feedback mechanism to achieve targets through effective two-way communication. During the target implementation period, employees can use this platform to notify managers at their convenience and seek support and assistance. Conversely, managers can use the platform to provide feedback on the target items occasionally and monitor the progress of the target to achieve a two-way communication mechanism. • In the final evaluation stage, employees submit a self-evaluation first and managers evaluate the performance based on the achievement status, including indicators such as target achievement rate, code of conduct, risk management, and information security.

Evaluation Type	Target Group	Frequency	Implementation Method
Performance target management	All employees	Twice/year	■ Direct labor: • Linking performance targets to production capacity and quality of the Company. • The manager of each plant selects the best team and employee of the month based on indicators such as work quality, discipline, efficiency, and attendance to implement regular management of the targets **Open and Transparent Business Briefing:** ■ Holding quarterly business briefings in the form of open meetings, where Level-1 managers explain to all employees business progress of the unit and achievement status of the targets in previous quarter. Therefore, employees can understand the operating status of each unit and the Company. Moreover, they can provide timely updates to their KPI goals. ■ Business briefings ensure consistency and transparency of the targets of individuals and organization. The Company provides an evaluation and feedback mechanism to ensure efficiency and quality, which enable employees to grow together with the Company. **Team-based Performance System:** ■ Starting from the strategic goals of the organization, we connect the Company, departments and individuals in a top-down manner. By setting quantitative targets, clear scoring principles and weight of each target, the Company motivate members to take corresponding actions to achieve the targets, and therefore fulfill the strategic goals of the organization. ■ When evaluating performance targets, performance contributions start from junior employees, departments to the Company and gradually progresses upward to form a performance accumulation and sharing mechanism, creating a performance system that operates among team.
Individual Development Plan (IDP)	All employees	Twice/year	During the target setting process, employees must design an Individual Development Plan (IDP) in collaboration with their supervisor based on the competency requirements of different job levels. Also, achieving development targets through experiential learning, job instructions, and training and development. During the final evaluation, supervisors review the progress of the plan and gives feedback.

Evaluation Type	Target Group	Frequency	Implementation Method
Performance rating	All employees	Twice/year	■ Indirect labor: • The unit ranks and rates employees by management, non-management, and grade-based groups according to indicators such as the achievement of performance targets within the department and multi-faceted feedback. The ranking and rating are used as a reference for promotion, personal development, improvement of performance, and rewarding. ■ Direct labor: • Since the performance targets are linked to the Company's production capacity and quality, the manager of each factory ranks direct employees based on their performance quality, discipline, efficiency, attendance and other indicators.
Multi-dimensional feedback	All employees	Once/year	We give multidi feedback once a year to ensure more diverse evaluation channels. The feedback covers the core competencies that the employees are required to have for their respective job levels. Not only do the managers evaluate the subordinates (top-down), but the subordinates give feedback to the managers (down-top). This mechanism is a 180-degree feedback mechanism. The details therein are taken as references for the employees and managers during performance goals setting period, which helps facilitate subsequent career development planning. This type of evaluation was expanded globally in 2023.
Agile performance management	All employees	Available for any occasion	**Establishment of the daily work feedback mechanism:** During the target implementation period, employees can use this platform to notify managers about the assistance they need at their convenience and seek support during this period. Conversely, managers can use the platform to provide feedback on the target from occasionally and monitor the progress of the target to achieve a two-way communication mechanism. **Dynamic performance target management:** Collaborating with the team to set flexible performance targets to cope with environmental changes. Reviewing targets occasionally and timely adjust them to ensure that they are in line with the needs and targets of the organization, thereby proposing the most appropriate action plans to both individuals and the organization for accomplishing performance goals. .

2023 Performance Targets and Completion Percentage of Performance Evaluation

Category	Direct Labor (DL)		Indirect Labor (IDL)	
Category Gender	Male	Female	Male	Female
Performance Target Completion Rate	100%	100%	99.5%	99.3%
Performance Evaluation Completion Rate	100%	100%	100%	100%

Note The performance targets and the completion percentage of performance evaluation of 2023 are mainly based on the statistics of the Taiwan headquarters.

Rotation and Expatriate Systems

In order to enrich the career development of the talents and encourage diverse career development while simultaneously reducing succession risks, Qisda has implemented a rotation system and set year limits since 2017. Furthermore, we regularly review the status of talent rotation. In addition, the Company has created high value-added businesses by acquiring outstanding companies in Taiwan and overseas companies. We apply strategies of sharing the Groups' resources and extend the rotation system to subsidiaries for cultivating key talents and assigning them to subsidiaries to hold a key position.

	2020	2021	2022	2023
Rotation rate	88%	101%	95%	83%
Coverage rate of assigning to subsidiaries	54%	58%	63%	75%

Note Rotation rate = number of people who have been transferred under rotation/number of people who shall be transferred under rotation

Coverage rate of assigning to subsidiaries = number of subsidiaries to which talents are transferred under rotation/number of subsidiaries

Action Plan for Expatriate Management:

Implementation of the On Boarding Plan (OBP)

To assist supervisors assigned to subsidiaries in quickly adapting to their new work environment, the headquarters provides four training courses covering corporate governance, professional management, investment management, and cultural integration. These courses aim to enhance the leadership capabilities of these supervisors in their new roles. Additionally, the Chairmen personally imparts management insights, enabling supervisors to gain valuable experience and wisdom. This helps build leadership capacity and effective communication mechanisms. Therefore, supervisors assigned to subsidiaries are well-prepared to embrace various challenges.

Performance Tracking of Rotation

The headquarters has systematized the tasks that need to be handed over to subsidiaries, including KPI, job evaluations, shared training resources, compensation structure, group recruitments and CIP projects. This approach ensures those supervisors assigned to subsidiaries can smoothly adapt to the new environment and maximize their potential.

To strengthen effective communication with the headquarters, inviting supervisors to participate in a business meeting at the end of the year to report status and share goals. We establish a resource-sharing network by building stronger connections among the Group.

Positive Talents Interaction

As of 2023, the coverage rate of expatriates reached 75%. Through rotation, the management and thinking skills of the talents can be significantly enhances, offering them comprehensive development opportunities. Moreover, supervisors assigned to subsidiaries can apply to return to headquarters after a while, bring back accumulated experiences to provide diverse and elaborate solutions that add greater value to the Group

Protection of Human Rights

With people-first values at the root of its operations, Qisda believes that a good work environment can provide support for employees to grow without concern. A well-established training systemand complete design of activities can help to consolidate the strengths of each employee, enabling happy employees to lead the creation of the shared value among the Company, its employees, and society. We support and comply with internationally recognized human rights regulations and principles, including the UN Universal Declaration of Human Rights, UN Global Compact, UN Guiding Principles on Business and Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work. Meanwhile, we shape our human rights policy in accordance with the laws and regulations of the places our company is located in and ensure human rights are protected based on the principles of "protect, respect and remedy."

Qisda's Human Rights Policy

Qisda' s human rights policy is applicable to Qisda Corporation and its investees, including employees, customers, suppliers, partners and joint ventures. At the same time, we request that our suppliers, partners and joint ventures adhere to other standards equivalent to our policy for human rights protection.

In terms of the material issues related to human rights, the Company has formulated the following implementation approaches:

- Provide a safe and healthy work environment
- Ensure equal employment opportunities
- Prohibit discrimination and harassment in any form
- Offer fair and reasonable wages and working conditions
- Respect the freedom of assembly and association among the employees
- Forbid child labor and forced labor
- Pay a fair and full living wage on time
- Adhere to ethical values of integrity and anti-corruptionand prohibit accepting or offering bribes
- Provide stakeholders with communication channels
- Conduct human rights risk assessments and take appropriate measures to reduce impacts

Human Rights Management Measures

Qisda places a high level of importance on human rights issues, not only protecting the rights of the employees in the internal management system and work environment, but also raising the employees' awareness of the rights they and the relevant stakeholders have through active communication, education, and training. Qisda has implemented the Responsible Business Alliance Code of Conduct (RBA Code; formerly EICC) since 2017. We conduct education and training sessions to enhance awareness of the RBA on a regular basis and incorporate an ethical management system in our CSR and ESH management systems. In addition, the Company has established the Integrity Handbook in accordance with relevant international ethical management regulations and communicated it to the employees at our manufacturing plants all over the world. Recently, the plants in Suzhou, Taiwan and Vietnam have been subject to a third-party audit in response to requests made by our customers. Corrective measures have been taken for any nonconformities identified during the audit to ensure compliance with the RBA Code.

In addition, Qisda declares their commitment to protecting employees' rights and makes multiple channels for communication accessible to its employees. We have established the "Communication Management Procedure" to target and manage internal complaints of the employees. If an employee has experienced or witnessed any sexual harassment of improper treatment, they may report it to the HR unit directly in accordance to the "Whistleblowing and Complaint Handling Regulations." The Company will keep the identity or the whistleblower confidential. If an external stakeholder has any doubts about the issue, they may file the complaint through the CSR mailbox on the official website of the Company; the responsible ESG unit will give a reply.

Human Rights Management System

In 2022, Qisda built a human rights management system that covers the human rights policy and the process of human rights due diligence. With the thorough management process: plan, do, check, and act, material human rights issues of concern to the stakeholders

(employees, suppliers, customers, neighboring communities, etc.) of Qisda and its joint ventures are identified, and a grievance mechanism is made available to the stakeholders. At the same time, the risks of human rights issues are detected through the due diligence, with corresponding mitigation or remedial measures proposed to improve the human rights of stakeholders.

Human Rights Management Process

Plan

Build a human rights management system and formulate the human rights policy. Identify potential human rights risks that have considerable impact on the stakeholders through the process of human rights due diligence, and make improvements accordingly.

Do

Implement human rights management in our daily operations, and avoid any violation of human rights through systems and mechanisms, education and training, complaint channels, etc., as well as the compliance with laws, regulations and corporate systems and bylaws.

Check

Combine third party audits such as the SA8000 and RBA VAP certifications with our internal audit mechanism to detect the risks and deficiencies related to human rights in the process of management

Action

Develop improvement targets in a proactive manner based on detected risks and deficiencies related to human rights, and take corresponding mitigation or remedial measures to protect the rights of stakeholders.

Human Rights Risk Assessment

With reference to international indicators such as RBA, SA8000, and audit results, Qisda has identified the following potential human rights risks and implemented internal management policies as well as mitigation and compensation measures.

In 2023, the topics relevant to human rights of workers such as avoiding child labor, wages and benefits, humane treatment, non-discrimination, and freedom of association were compliant with RBA requirements.

Prevention and Mitigation and Compensation Measures for Stakeholders' Human Rights Issues

Human Rights Issue	Mitigation and Compensation Measures	Applicable to
Working Hours	• Observe local labor laws and the Responsible Business Alliance Code of Conduct (RBA Code) • Encourage employees to get off work on time • Set up a working hour reminder mechanism	All employees Suppliers/ contractors
Wages and benefits	• The wages paid to employees comply with local labor laws and the RBA Code, including a pay of no less than the minimum wage and equal remuneration for equal work and qualifications • Participate in investigation of wages in the industry to maintain competitiveness in the wage market	
Data privacy and security	• Observe local laws and the RBA Code • Qisda has established the "Personal Data Management Procedure" as a basis for the implementation of data security management • Provide education, conduct training, and disseminate relevant information	
Emergency Preparedness	• Observe local laws and the RBA Code • Formulate the "Emergency Response Management Summary Manual" and act according to the emergency response management procedure • Regularly hold fire drills and disseminate relevant information	

Human Rights Issue	Mitigation and Compensation Measures	Applicable to
Safety at Work	• Observe local laws, ISO 45001, and the RBA Code • Implement sourcing management, change management, and hazard identification to eliminate risk factors • Provide education, conduct training, and disseminate relevant information to help employees understand how to use equipment in the workplace • Periodically inspect machinery and equipment, and provide instructions in languages that employees can understand • In the event of a work-related injury, traffic accident, or critical illness, the Company provides employees with assistance, such as applying for group insurance.	All employees Suppliers/ contractors
Freedom of assembly	• Respect the employees' freedom of association. Currently, employees in the Suzhou and Vietnam plants organize and join labor unions on their own. • Encourage employees to participate in corporate clubs • Regularly hold labor–management meetings	All employees
Occupational injury and illness	• Observe local laws, ISO 45001, and the RBA Code • Investigate accidents and make improvements accordingly	
Public sanitation, food, and housing	• Observe local laws and the RBA Code	
Sexual harassment	• Observe the Gender Equality in Employment Act and the RBA Code • Qisda has established the "Management Regulations of Infringement Prevention during Performance of Duties" as the basis for implementing management concerning sexual harassment. • Provide education, conduct training, and promote activities to convey the Company' s zero-tolerance stance on sexual harassment. • Employees who discover related incidents are authorized to report it according to the "Whistleblowing and Complaint Handling Regulations." Based on the investigation results, the Company will act according to the "Discipline Management Regulations."	All employees Female employees

Human Rights Issue	Mitigation and Compensation Measures	Applicable to
Non-discrimination	• Observe the RBA Code • Qisda has formulated the "Work Rules." The Company treats all its employees equally, and promises to prevent unfair recruitment, wages and benefits, promotions, rewards and access to training, dismissal or retirement on the basis of ethnicity, race (including indigenous peoples), social status, skin color, age, gender, sexual orientation, gender identity and expression, national or territorial origin, disability, pregnancy, religion, political affiliation, union membership, family responsibility, veteran status, genetic information or marital status and any other factors specified by law. • There were no incidents of discrimination within the Company in 2023 • Provide education, conduct training, and disseminate relevant information	All employees Migrant workers
Freedom to choose an occupation	• Observe local labor laws and the RBA Code • No forced labor: The Company' s work rules clearly prohibit forced labor, slavery, and human trafficking. All employees sign the employment contract to confirm their willingness to work, eliminating any potential causes of forced labor • Employees can terminate the labor contract at their own will. • Qisda has 66 foreign migrant workers, and the Company bears all related expenses and handling fees for them to join the Company in Taiwan.	All employees Migrant workers Suppliers/ contractors
Young workers	• Observe local labor laws and the RBA Code • Qisda has established the "Child and Youth Labor Management Regulations." The Company verifies the identity of employees during the recruitment process and follows the above procedures to ensure that underage cooperative education students are not engaged in work that may bring risk to their safety and health. • No child labor: The Company' s work rules clearly prohibit child labor.	Teenage employees Suppliers/ contractors

Human Rights Issue	Mitigation and Compensation Measures	Applicable to
Responsible mineral procurement	• Observe the RBA Code • Qisda establishes the "Conflict Minerals Management Instruction" as a basis for implementing management concerning this topic • If the supplier is confirmed to have hired a smelter that is not in the list under the Responsible Minerals Assurance Process (RMAP), it will be requested to ensure smelters they use are publicly listed by RMAP and informed about related risks	Suppliers/ contractors

Education and training on Human Rights Issues

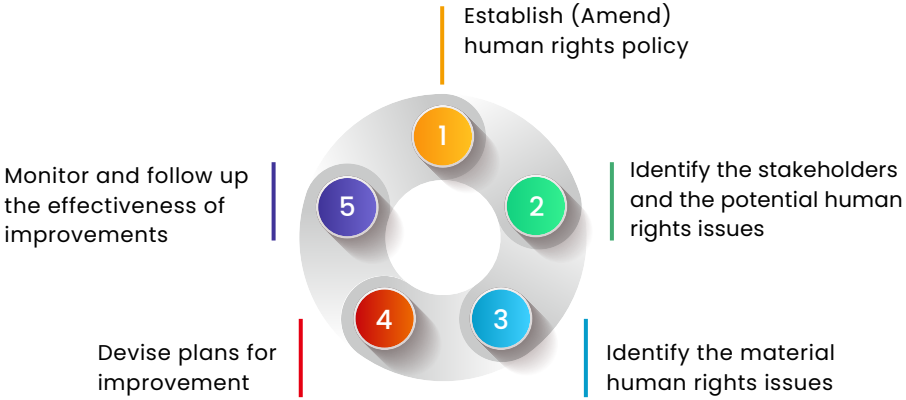
Since the issues of labor and human rights are critical to customers, the Company provides education and training on the Responsible Business Alliance Code of Conduct (RBA Code) and social accountability management systems (SA8000) every year. In 2023, 100% of employees finished the human rights training. Education and training on the RBA Code and human rights are also arranged for contractors such as security guards and cleaning service providers, who work within the premises of the Company or the plants. 100% of contractors finished this training. We also conduct sexual harassment prevention courses for every new employee to convey the Company' s zero-tolerance stance on sexual harassment, ensuring that employees understand the importance of human rights and protect the rights of themselves and others.

Human Rights Due Diligence

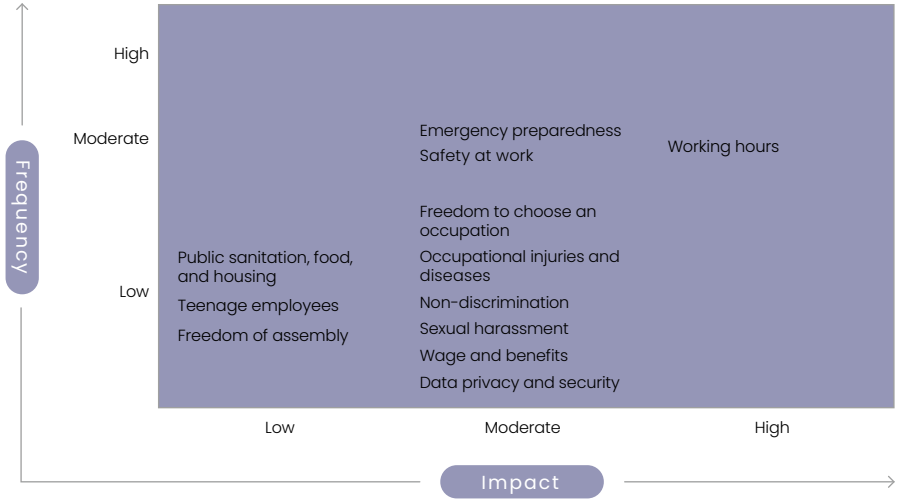
Qisda has established a human rights due diligence mechanism. We conduct a complete human rights due diligence management cycle once a year with the goal of identifying the impact and frequency of potential human rights issues within the scope of our business, discerning major human rights risk issues, and implementing risk mitigation and remedial measures. We follow up on the achievement of these measures on a regular basis. Since 2023, we have begun to conduct human rights due diligence on joint ventures (JVs) through questionnaires. This mechanism is used to enhance human rights awareness and protect the rights of the Group, ensuring significant human rights risks are detected and mitigated.

For more details, please refer to Qisda Human Rights Due Diligence Report.

Process of human rights due diligence



Qisda Human Rights Risk Matrix



Significant Human Rights Risks and Mitigation and Remedial Measures

In 2023, moderate- and high-risk human rights issues at Qisda were "working hours," "emergency preparedness," and "safety at work." Corresponding improvement measures, which were implemented in 2023, are listed below. Relevant action plans are documented in the Qisda Human Rights Due Diligence Report.

Human Rights Issue	Measures for improvement
Working Hours	■ **Communication and training:** Qisda has developed a human rights policy and declared their full devotion to human rights protection. Each year, education and training on the RBA Code and SA8000 are provided so that all employees understand their rights. ■ **System management:** Qisda has established a working hour management system. The system sends early warning notifications to the managers to remind them to adjust the workload of the personnel when appropriate ■ **System adjustment:** 1. Production capacity has been optimized, allowing for reasonable arrangement of tasks at the same time. 2. Automated equipment has been introduced to reduce reliance on manpower.
Emergency Preparedness	■ **Fire protection systems:** Ensure access to a complete fire protection system and conduct inspections of the system on a regular basis. ■ **Response process and reporting:** The Company has established the "Emergency Response Management Summary Manual," has an emergency response management procedure in place, and conducted reporting in accordance with the emergency reporting SOP. ■ **Training and drills:** The Company arranges emergency drills, fire drills, and dissemination of relevant information on a regular basis. ■ **Accident mitigation:** As outlined by the accident management procedure, in the event of an accident, the Company will perform an investigation to identify its cause, and take effective measures and actions to prevent further accidents.
Safety at Work	■ **Risk assessment:** Implement sourcing management, change management, and hazard identification to eliminate potential risk factors Education and training: Provide health and safety education, conduct training, and disseminate information to help employees understand the safety risks at the workplace. ■ **Friendly languages:** Provide SOPs and guidelines in languages that employees can understand. On-site management: Conduct regular inspections of machinery and equipment, manage chemical use, and distribute protective equipment for personal use. ■ **Mitigation of occupational accidents:** In the event of an occupational injury, we implement engineering control and management measures, and make improvements to machines similar to the one that caused the injury.

Joint Venture (JV) Human Rights Management

Starting in 2023, Qisda has conducted surveys on the human rights management status of the joint ventures (JVs) through questionnaires. The survey was conducted by the human rights management unit at each company, who assessed the situation of their respective company according to issues laid out in Qisda' s internal human rights due diligence.

- **Distributed to:** A total of 11 companies in which Qisda has an equity of more than 10%, excluding companies with less than 30 employees and investment holding companies.
- **Response rate:** Completed questionnaires were received from all 11 companies, resulting in a response rate of 100%
- **Findings:**

(I) Human rights policies and practices

1. Some of our joint ventures have been audited by a third party such as SA8000 or RBA, and have formulated human rights policies to demonstrate the importance they attach to human rights.
2. All joint ventures participating in the survey provide channels for labor communication or anonymous grievances. Additionally, 100% of companies have provided a safe working environment for their workers.

3. In 2023, a total of 7 cases of labor standard violations and unlawful infringement at the workplace were reported. Qisda will continue to track and assist in making improvements.

(II) Risk assessment, mitigation, and remedial measures

1. 100% of joint ventures assess their own human rights risks, identify potential risks, and implement mitigation and remedial measures.
2. In total, the human rights risks assessed by the joint ventures identified one high risk and two moderate risk issues. All other risks have been evaluated as low risk.

Potential human rights risks of joint ventures:

High risk	Working Hours
Moderate risk	Emergency preparedness, Safety at work
Low risk	Wages and benefits, data privacy and safety, freedom of assembly, occupational injury and illness, public sanitation, food and housing, sexual harassment, non-discrimination, freedom to choose an occupation, young workers, forced labor, fair opportunities, workplace bullying, and personal freedom and safety

Internal Communication Channels

In 2023, the Company did not receive any grievances or complaints regarding violations of labor rights, such as human rights issues, discrimination and harassment, workplace violence, and overworking. The RBA VAP and social accountability management systems (SA8000) verification is conducted at our global manufacturing sites every year to continuously protect worker' s rights and avoid new occurrences of labor-related incidents that may affect the production capability or reputation of the Company.

To maintain good labor–management relations between the Company and the employees, effective communication channels, such as business meetings, Welfare Committee meetings as well as labor–management meetings, have been set up internally for the employees to receive messages from the Company in a timely manner. Employees are also encouraged to provide suggestions regarding the overall business and development of the Company, which decision makers can later reference and act upon. Well established communication channels are not only favorable to the improvement of the labor–management relations, but also helpful for the Company to understand the needs of the employees and provide a better working environment. In addition to providing smooth internal communication channels for employees, we also encourage employees to engage in communication with the Company. As we consider communication to be one of the keys to the continuous improvement of the internal environment, workers will not be retaliated against for whistleblowing.

From employees in the Suzhou Plant, Taiwan headquarters, and Vietnam Plant, Qisda elects 16 (occupying 0.27% of the total employees at Suzhou Plant), 11 (occupying 0.7% of the total employees at the headquarters in Taoyuan), and 9 (occupying 0.9% of the total employees at the Vietnam Plant) representatives respectively. According to labor laws and the social accountability management standards, these representatives act on behalf of the employees of their respective business units and hold Welfare Committee meetings, as well as labor–management meetings, on a regular basis. They communicate with the management representatives of the Company on matters related to social accountability management standards at the meetings. At the quarterly labor–management meeting, the representatives can raise proposals regarding labor–management relations, labor conditions, labor welfare and other issues. They communicate with the representatives of the management and collaborate with them to resolve matters concerning labor rights. The Company will assess the feasibility of their proposals and incorporate them in subsequent improvement actions.

Communication Channels for the Employees

Communication Channel	Frequency	Main Topics of Communication
2885 Internal Communication Platform	At any time	Reports on issues encountered during daily life in the plants, suggestions for improving meals and cleanliness, and alerts to the Company regarding the maintenance of malfunctioning equipment, so appropriate response and preventative measures can be taken right away, reducing the risk of serious failure.
Labor–management meeting	Quarterly	Wage, benefits, occupational safety and health, and issues related to labor rights, employee relations, human rights, etc.
President mailbox	At any time	All issues related to the business operation and sustainable development of the Company
HR mailbox	At any time	Issues related to personal safety, such as discrimination, workplace violence, sexual harassment, mental health, industrial safety, and human rights.
CSR mailbox csr@Qisda.com	At any time	Complaints of human rights issues, and issues related to corporate sustainable development and ESG
Integrity mailbox: Integrity@Qisda.com	At any time	Reporting of non-compliance with the principles of integrity, conflict of interests and avoidance, fair trade, bribery and illegal payments, etc.
In-plant employee complaint mailbox	At any time	Improper treatment, punishment, verbal abuse, etc. Mistreatment, punishment, verbal violence, discrimination, and harassment

Employees' Participation Rate in Labor Unions

No. of employees with membership in labor unions / total No. of employees (%)	2020	2021	2022	2023
	3.69	7.54	10.15	21.12

The proportion of employees participating in labor unions has been increasing year by year, and the proportion of employees in the Vietnam Plant participating in labor unions is the highest among the plants, reaching over 90%.

Occupational Safety, Health and Management

As its commitment maintaining a happy and healthy workplace continues to grow, Qisda has expanded its scope of focus from ESG to ESG+H. Sustainable health management reflects the Company's commitment to employee care, and only when the employees are healthy can corporate competitiveness be enhanced. Thus, we have arranged diverse health promotion activities for our employees, enabling all of them to experience a high-quality work environment and a corporate culture that ensures health and happiness.

Employee Health Management

Qisda values the health management of its employees. In order to maintain the health and vitality of employees, Qisda has set up wellness centers and health management arrangements both in Taiwan and overseas factories since 2001. The Company promotes the physical and mental health of employees through six dimensions: the wellness clinic, parental support and maternity protection, disease prevention and care, emergency injury treatment, health management and follow-ups, and healthy and happy life. Every year, the Company conducts health checkups at a level that exceeds the minimum legal requirements, and the average participation rate of all employees throughout the years is reported to be approximately 95%. In 2023, this number reached 97%, serving as evidence that the Company has properly implemented the first level of public health management –by encouraging employees to undergo health screening, we enable them to detect health problems early on and seek early treatment, thus reducing further health risks. In addition to following up on the physical health of mothers, we have extended our care to the families of our colleagues as well. Since 2023, we have introduced childcare allowances for children aged 0-6. A total of 351 employees have been paid out over NT$10 million in subsidies to create a family-friendly work environment where employees can work with peace of mind.

Health Management Mode

In the Portal (the Company' s internal communication system), employees can click on the banner to enter the occupational health station, where they can browse physical and mental healthcare services the Company offers, as well as read articles related to health education. Simultaneously, employees can check their health checkup reports through the Health Bar to understand physiological changes over the years, pay attention to their own health, and implement employee self-health management.

Qisda' s health management model

Wellness Clinic (healthcare at the workplace)

To make receiving medical services and health consultations more convenient for employees, a clinic covered by the National Health Insurance program has been established on-site in the hopes of providing accessible and prompt health services to employees whenever it is needed .

(1) **On-site health service** : Safety surveys are conducted to prevent occupational accidents and reduce their occurrence.

(2) **Special health management :** The employees engaging in the tasks with special health hazards, including those whose work involves ionizing radiation, organic solvents, and noise, are subject to special tracking and management. The Company exceeds national special labor inspection regulations by providing personnel who work with bright lights with regular eye examinations and special protective equipment (goggles).

(3) **Health Risk Assessment :** In terms of the health risks of the employees, we use the assessment tool, Framingham Cardiac Risk Score, to annually assess the employees' risk of suffering from coronary heart disease within 10 years based on six indicators: age, cholesterol, HDL cholesterol, blood pressure, diabetes, and smoking. Those with a high risk (>20%) of contracting this disease are required to seek medical advice for a complete follow-up, while those with the moderate risk (10–20%) are required to complete all relevant online health education and training.

Health Risk Level	Distribution (%)	Management Measures
Low (<10%)	92.7	Provide health education promotion/lecture
Moderate (10–20%)	6.7	Complete relevant health courses during training (100% completion of training)
High (>20%)	0.6	Provide health examination recommendations from a certified doctor and encourage employees to seek medical treatment on a regular basis (100% occupational medicine consultation and regular medical follow-up)

(4) Up to now, no cases of occupational disease have occurred as a result of the work at Qisda, and no employees have been engaged in any work that exposes them to high risk or a heightened incidence rate of disease.

Parental support and maternity protection

Promotion of breast milk: Qisda has promoted breast milk at the workplace since 2007. To ensure working mothers can both focus on work and have a safe place to express breast milk at the workplace, Qisda attentively provides a more convenient and private breastfeeding environment and related supplies (e.g. refrigerator, sterilizer, milk collection bag, breast pump, and electric heater) at the Wellness Center, meeting the needs of working mothers.

Maternal health: Maternal health protection has been performed since 2017. Maternal health protection and maternity care was extended to pregnant and breastfeeding employees, as well as those who had given birth within the past year. 17 pregnant employees received protection from the Company in 2023, and their working environment was assessed to ensure their working conditions do not impact their health. Also, employees whose health is at high risk are reassessed, and the required preventive and health promoting measures are taken whenever necessary.

Childcare allowance: To support new parents and take on the burden of childcare, the Company has granted childcare allowances for those with children aged 0-6 years (NT$30,000/child per year) since 2023 to ensure that the employees can work without worries and build a family-friendly work environment.

Disease prevention and care

- The Company provides employees with information on the domestic and overseas epidemics and infectious diseases. We communicate the correct health and epidemic prevention measures to employees based on current international outbreaks and information from the Taiwan Centers for Disease Control. A global outbreak reporting system has been set up to understand the inventory of the resources and the health status of the employees in each subsidiary in a timely manner. In the meantime, the Company also provides newsletters related to epidemic prevention and health on an irregular basis to remind employees of their importance.
- Prevention of mental illness: As our employees' stress levels at work are of great concern to us, Qisda has implemented the Heartwarming Employee Assistance Program since 2012 to arrange mental health lectures specific to the needs of the employees every year. In addition, we promote articles that share advice so that employees can develop self-awareness and understand how to seek support and help when facing various problems. The Company continues the Management communication and care skills workshop. Every year, the online refresher training and test are taken to deepen the impression of the course and increase managers' awareness of the physical and mental health of their subordinates.
- In the summer and winter of 2023, four season-specific information articles relating to healthcare were provided.

Emergency injury treatment

The Company provides training on the first aid for general ailments (e.g. muscle cramps and nose bleeding) and accidents (e.g. cut or incised wound, drowning and shock), for example, education and training for new employees, first aid license courses, and emergency treatment courses. An AED was set up in the public area on the first floor in 2013 and a second AED was installed in the public area on the first floor of the factory in 2016. A select group of employees have been trained to operate the AED equipment. A total of 69 people completed the first aid training in 2023.

Emergency injury treatment

Based on the medical checkup data of the employees, abnormalities indicated in the medical checkup report are identified in the electronic health management system, and an employee concerned is notified. The Company will arrange a consultation between the employee and the on-site physician, who will help the employee understand his/her health and provide subsequent medical consultation services.

- The DSHA (Disease Specific Health Assessment) is used for a quantitative assessment of the health status, potential disease and/or the risk of death of an individual or a group of employees.
- In addition, the Company uses the ATPIII Framingham Risk Score model to assess the risk and opportunity of suffering from coronary heart disease within ten years and identify employees of high risk. These employees are subsequently given telephone interviews and health education. Health education and follow-up measures have been applied to 70% of subhealth group members among these employees without invading their privacy.

1. The activities of the Wellness Center in Taiwan

The Wellness Center organized health promotion events in six facets depending on the problems and needs of the employees with respect to their health: The Wellness Clinic, parental support and maternity protection, disease prevention and care, emergency injury treatment, health management and follow-up, and healthy and happy life.

2. The activities of the Wellness Center in Suzhou, China

A Wellness Clinic is set up in Suzhou, China to treat commonly seen diseases. Two breastfeeding rooms are available for mothers to use at the workplace. Medical check-ups are arranged before, after and during work for prevention of occupational diseases. A list of known occupational diseases is maintained to allow for follow-up action to be taken with respect to these diseases. In 2023, case management and tracking were implemented for people with hypertension.

3. The activities of the Wellness Center in Vietnam

The Wellness Center introduces health education service leaflets for basics of health checkups, and health education is expected to be carried out in 2024.

Qisda' s breastfeeding room

Three ways to avoid heat stress

Information on Seasonal Healthcare

Large Fluctuations in Temperature Between Night and Day - Understanding Myocardial Infarction!

Dissemination of a health risk issue

Essential self-defense techniques for women

Healthy and happy life

Stress management and exercise

Work stress has become an emerging issue when it comes to the protection of workers. Undoubtedly, the poor physical and mental health of employees will lead to considerable operating costs for a company. According to the "assessment by psychological counselors," an employee assistance program, the sources of stress caused by the Company's employees are divided into workplace stress, interpersonal relationships, and communication. We also provide various stress-relieving activities for employees.

Stress-relieving activities for employees

- Multiple counseling channels: In 2023, psychological counselors were available for in-house service, providing consultations by telephone or e-mail. For individual psychological counseling, 50-minute face-to-face or video consultations were provided.
- Psychological-related lectures: Lectures on communication and interpersonal relationships have been introduced. In 2023, employees were taught the stress-relieving skills of self-care - stress management and good sleep. These skills were applied in daily life and attracted 160 participants
- The Company planned the Management communication and care skills workshop in a total of 7 sessions (6 in-person and 1 online), providing about 240 mid-level managers with the skills to manage emotional stress in the workplace. Managers are required to observe their subordinates and fill in questionnaires identifying potential risks related to emotional stress on a quarterly basis. The Human Resource Management Department will report and provide the appropriate assistance to remedy abnormal situations, further promoting the employee assistance program and implementing it in the workplace.
- One piece of spirituality-related health education material was distributed for dissemination via email every quarter.

Employee stress-relieving activities: Self-care - stress management and good sleep

Management communication and care skills

Promotion of exercise

- Employees were encouraged to join sports clubs; approximately 300 employees took part in sports clubs
- Free core training and activities of yoga/basketball/volleyball/badminton clubs, etc., every week; around 6000 employees/year took part in these activities.

OH&S Management

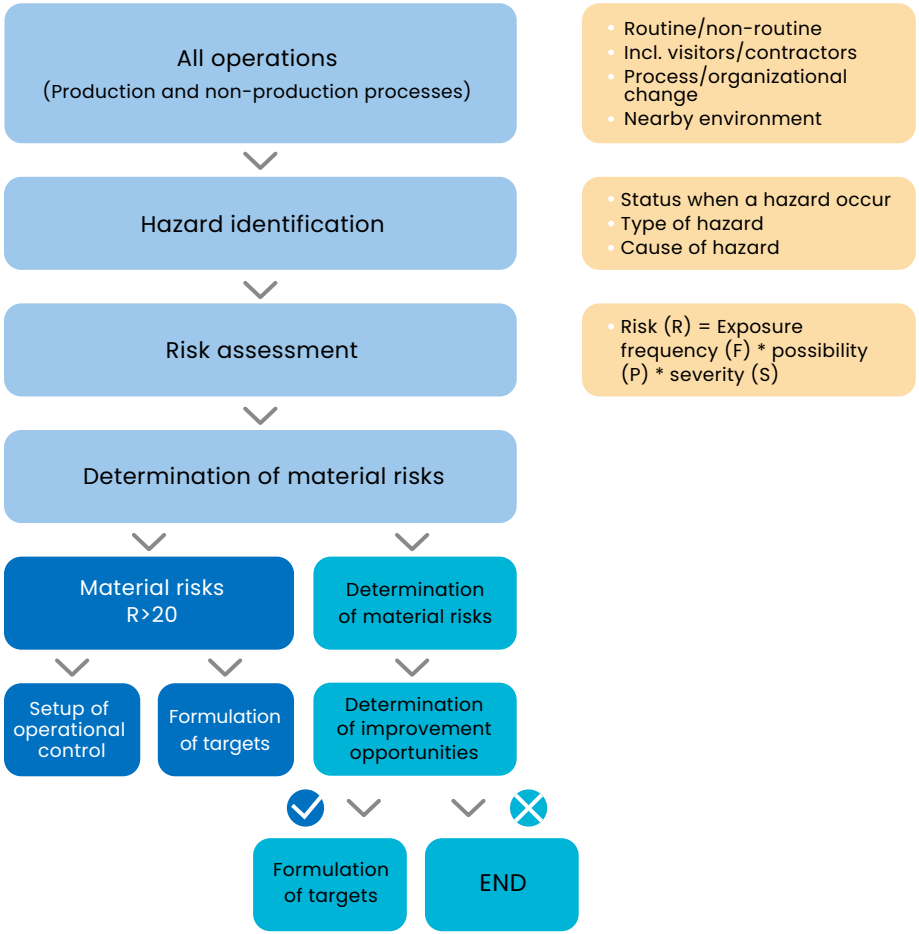
Qisda has formed the Corporate Sustainable Development Committee and the Occupational Safety and Health Committee to take actions on workplace health and safety. From top-level to entry-level positions, every employee holds a responsibility to complete their jobs safely. Qisda also meets all safety and health requirements through green operational activities. Qisda has obtained the Occupational Health and Safety Management Systems (ISO 45001:2018) certification for all operating locations since 2019, conducted hazard identification and risk assessment on an annual basis, and continued to ensure processes adhere with the ISO 45001 standards. Meanwhile, Qisda ceaselessly optimizes the occupational health and safety management system to facilitate the improvement of safety.

I. Occupational Safety and Health Policies and Goals

To implement and promote the concepts of CSR, energy management, ESH management and excellent corporate safety management, Qisda not only enhances the digital life of human beings through the provision of products and services, but also devotes itself to environmental protection, ensures the rights of workers, maintains a healthy and safe work environment, and guarantees the quality of life. Employees are required to know their roles and responsibilities, and the suppliers, service providers, contractors, subcontractors, logistics providers, companies of the Group and partners in the supply chain are requested to keep in line with Qisda' s CSR and ESH policies to collaboratively fulfill our commitment to social responsibility, energy management and ESH management. When a merger, acquisition or business collaboration is needed for the Company to meet the market demands and the requirements of organizational development, we will conduct due diligence in an objective manner as well.

1. Preservation of integrity in corporate management and strict adherence to code of ethics
2. Compliance with laws and regulations, customer requirements, and social responsibility standards
3. Commitment to pollution prevention, waste reduction, energy efficiency improvement, and greenhouse gas emission reduction.
4. Provision of a healthy and safe work environment, protection of labor rights, and reduction of occupational safety and health risks.
5. Emphasis of workers' rights to consultation and participation; continuous improvement of environmental health and safety management performance
6. Enhancement of product eco-design to reduce impact on product life cycle.
7. Driving the Group to create sustainable operations

II. Safety and Health Hazard Risk Assessment Flowchart



III. Occupational Safety Management Measures

Qisda ensures the employees' personal safety and protects the work environment by taking the following actions:

(1) Strict compliance with laws of the countries in which Qisda's factories operate in

Qisda complies with laws of the countries in which our factories located, and conducts the following : 1) occupational health and safety education and training, 2) self-inspection of production equipment and operations, 3) monitoring of the operational environment, 4) physical examinations for employees, 5) inspections of fire protection and firefighting systems, and 6) simulation exercises. The occupational safety and health units perform spot checks and patrol inspections regularly or irregularly to confirm the implementation status of each responsible unit. Each quarter, these units gather the management representatives, relevant responsible units and labor representatives for an Occupational Health and Safety Committee meeting, which is held to discuss the progress towards program targets, internal and external concerns, communication topics, ESH management plans and the implementation thereof, occupational disease prevention and health promotion matters, and ESH management performance evaluation, etc. In addition, the OSH management effectiveness is audited through the annual ISO 45001 third-party verification.

(2) Chemicals management

The chemicals used in the process of production have consistently been the focus of our OSH management. Qisda' s plants in Taiwan and Suzhou have progressively replaced high-risk organic solvents with low-risk neutral chemicals. With measures such as source management, operational process control and safety protection, we ensure the health and safety of both employees and our plants, and weaken our negative impact on the environment.

In 2023, none of Qisda' s plants in operation sites around the world had any accidents of chemicals, oil, or fuel spill.

(3) Safety management regarding equipment automation

In response to the trend of plant automation and safety management, Qisda has set up three levels of safety protection mechanisms according to ISO 10218 and TS 15066: effective demarcation, decelerated robots, and contact stop features. First, we make effective use of the workspace and designate working areas for workers and robots, with the manipulators on the inside and the workers on the outside. This way, workers and robots can collaborate with each other's movements. Second, we use grating sensors to slow down the robots the moment workers enter the alert area. Finally, if the workers make direct contact with the manipulators, the robots will stop immediately. These significantly increase the safety of human-robot collaboration by reducing the risks of mechanical collision and being drawn into the machine, as well as reduce the incidence of eye fatigue or other ergonomic hazards caused by remaining in a static position for long periods of time. Furthermore, Qisda has obtained the certification for safety in human-robot collaboration from the third-party industrial equipment verification agency Precision Machinery Research Development Center (PMC). Qisda has officially met the ISO 10218/TS 15066 standards, receiving an international safety certification and becoming the first manufacturer in Taiwan to receive a safe human–robot collaboration certification. This set a new benchmark for smart factories.

(4) Change management

Qisda has established safety assessment and safety inspection processes for changes in all new construction, reconstruction, and expansion projects, and in all procurement of production equipment, lab equipment and plant equipment for public use. The approval process is monitored via the purchase requisition systems, allowing for the identification of ESH and energy management risks from the source. Safety assessments are carried out for both construction and equipment, and the appropriate safety protection measures are subsequently imposed. Alternatively, high-risk chemicals are replaced with select low-risk chemicals as a control measure to ensure the health and safety of employees and the working environment.

Statistics on Change Management Cases in 2023	Change Control Application Form	Safety Inspection and Acceptance Checklist
	52 Total (Cases)	49 Total (Cases)

(5) Occupational safety and health education and training.

In order to strengthen employees' awareness of occupational hazards and ensure they have a clear understanding of health and safety, Qisda regularly organizes courses and training on general health and safety, professional knowledge and skills, and emergency response. Training may vary depending on the employee' s job position and the nature of their tasks.

These include the in-service training of general employees, general knowledge of chemical hazards, simulation exercises, forklift operation training, manager training for hazardous operations, in-service training of managers, and so on.

Statistics on Annual Training		No. of Participants	Total Training Hours
Taiwan	Employees	1,713	2,057
	Contractors	43	43
Suzhou	Employees	3,974	8,092
	Contractors	158	158
Vietnam	Employees	1,656	5,508
	Contractors	230	230

(6) Safety management of contracted construction

Qisda has standardized operating procedures and inspection record forms for the contractors' entry application, hazard notification to personnel, application for construction, application for dangerous operations, and all inspections before during and after operation. The procedures include the regular convention of consultative organization meetings to disseminate common deficienciesand matters requiring the cooperation of contractors, the inclusion of contractors during the identification and assessment of risks, and discussion of operational risks and control mechanisms prior to construction, etc. Through multiple levels of control as well as mutual communication and cooperation, we lower the construction hazard risks within the plants. When an accident takes place in a contracted case, investigation and analysis of the case will be conducted and the appropriate corrective and preventive measures will be adopted in accordance with Qisda's "Accident Management Instructions."

IV. Promotion of Climate Safety Assessments and Activities

The Suzhou (China) Plant continues to perform climate safety assessments. Through drafting and planning health and safety activities, Qisda connects the assessments with green operational performances and implements safety measures for employees from all job levels. This system incorporates continuous improvements of energy saving and health and safety performances, reinforcement of health and safety patrol inspections, implementation of work safety analyses, enhancement of participation in health and safety educational training, promotion of near miss incident reports, encouragement of health and safety proposals, etc. Through the above measures, we fulfill every requirement for health and safety, further improving the performance of health and safety management and reaching the goal of work safety. Due to the implementation of promotional activities, Qisda continued to keep the score above 90 in 2023.

Category	Frequency of Inspection	No. of Inspections	Defect Improvement Rate
Monthly ESH Patrol Inspection	Monthly	70	100%
Environmental Safety Patrol Inspection	Irregular		
Joint Patrol Inspection in Plants	Annually		
ISO 45001 Management System Internal Audit	Annually		

V. Occupational Safety Risk and Hazard Management

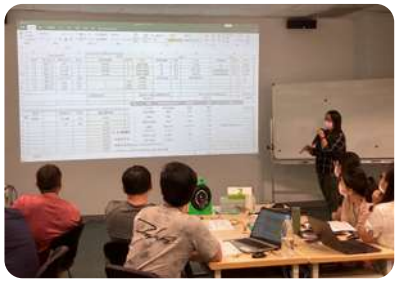
To effectively prevent occupational accidents, the Company has established procedures of hazard and risk identification. All the routine or non-routine activities of the employees, visitors, permanent suppliers, and contractors that may cause harm to personnel or lead to accidents are subject to the comprehensive operational hazard identification. The risk level of each hazard is determined based on the exposure frequency, possibility, and severity of the hazardous incident. Improvement management targets and occupation controls are set for the material safety and health risks identified, with the purpose of eliminating the unsafe behaviors and environment. In 2023, 11 material safety and health hazard risks were identified. With the risk of fire, damage due to the equipment maintenance and damage due to the use of chemicals as the three main categories, four active OSH management indicators were defined and met in 2023.

2023 OSH Management Indicator	Target Value	Status of Achievement
No. of Cases of Fire	0	0
Incidence Rate of Occupational Injuries		
Occupational Injury Frequency Rate per Million Hours Worked (F.R)	≦0.320	0.110
Number of Days Lost Due to Occupational Injuries per Million Hours Worked (S.R)	≦8.46	5.258
No. of Occupational Disease Cases	0	0

VI. Internal Audit

Internal audit

Ten non-compliances, all of which were related to operational control, were identified during the ISO 45001 management system internal audit in 2023. To lower the risk of these hazards, system and construction-related improvement have been made, employee education and training has been provided, and checks as well as patrol inspections have been enhanced.



Internal education and training in OSH management

VII. Causes of Occupational Accidents and Improvement Measures

In 2023, Qisda included the cases of occupational injuries requiring for a leave of more than a day in the calculation of injury rate and lost day rate. There were three cases of injuries in the year, which were all due to physical hazards; there were no occupational injuries resulting from chemical, biological, and ergonomic hazards, and no deaths were recorded. When an occupational injury occurs, the Company records the case, including the concerned parties, matter, time, location, and object at the time of occurrence, as per the "Accident Management Procedures." Any unsafe behaviors and environmental causes are also investigated so that the appropriate improvement measures and actions can be taken. In order to avoid the recurrence of abnormal incidents, thorough investigation into the protective mechanisms and preventive measures of machines of the same model or similar type is carried out as well.

In 2023, we recorded an average disabling injury frequency rate (FR) of 0.110 and a disabling injury severity rate (SR) around 5.258 in our global manufacturing sites; no occupational deaths and diseases occurred in the workplace. In Taiwan, the cumulative total work hours without occupational disaster since 2011 have reached 30.58 million. The total work hours without occupational disaster in 2023 were around 2.71 million hours. There were no work-related injuries or deaths of contractors working on-site.

Statistics on Employee Occupational Accidents

	2020		2021		2022		2023	
	Male	Female	Male	Female	Male	Female	Male	Female
Total Working Hours	31,759,521	8,683,766	32,466,025	9,243,573	27,753,840	8,176,522	20,859,767	6,528,672
Total	40,443,288		41,709,599		35,930,362		27,388,439	
Number of occupational accidents	4	0	5	1	4	0	2	1
Total	4		6		4		3	
Disabling Injury Frequency Rate (FR)	0.126	0.000	0.154	0.108	0.144	0.000	0.096	0.153
Total	0.099		0.144		0.111		0.110	
Disabling Injury Severity Rate (SR)	2.267	0.000	4.928	0.108	1.910	0.000	2.637	13.632
Total	1.780		3.860		1.475		5.258	
No. of Serious Occupational Injuries	0	0	0	0	0	0	0	0
Total	0		0		0		0	
Percentage of Serious Occupational Injuries	0	0	0	0	0	0	0	0
Total	0		0		0		0	
No. of Occupational Deaths	0	0	0	0	0	0	0	0
Total	0		0		0		0	
No. of Occupational Disease Cases	0	0	0	0	0	0	0	0
Total	0		0		0		0	
No. of Work Stoppages	0	0	0	0	0	0	0	0
Total	0		0		0		0	

Statistics on Non-employee Worker Occupational Accidents

	2020		2021		2022		2023	
	Male	Female	Male	Female	Male	Female	Male	Female
Total Working Hours	12,950,292	5,550,125	15,261,877	6,540,805	12,886,264	5,522,684	8,908,579	3,817,962
	Total 18,500,417		Total 21,802,682		Total 18,408,948		Total 12,726,541	
Number of occupational accidents	0	0	0	0	0	0	0	0
	Total 0		Total 0		Total 0		Total 0	
Disabling Injury Frequency Rate (FR)	0	0	0	0	0	0	0	0
	Total 0		Total 0		Total 0		Total 0	
Disabling Injury Severity Rate (SR)	0	0	0	0	0	0	0	0
	Total 0		Total 0		Total 0		Total 0	
No. of Serious Occupational Injuries	0	0	0	0	0	0	0	0
	Total 0		Total 0		Total 0		Total 0	
Percentage of Serious Occupational Injuries	0	0	0	0	0	0	0	0
	Total 0		Total 0		Total 0		Total 0	
No. of Occupational Deaths	0	0	0	0	0	0	0	0
	Total 0		Total 0		Total 0		Total 0	
No. of Occupational Disease Cases	0	0	0	0	0	0	0	0
	Total 0		Total 0		Total 0		Total 0	

Hazard Category, Cause of Accident, and Improvement

Hazard Type	Cause	Percentage	Improvement Measure
Physical hazard	Fall injury	100%	1. Laying anti-slip mats in the pantry and toilet 2. Post warning signs on the stairs 3. Add a voice reminder device to the stairs.

Physical hazard factors: Abnormal temperature, abnormal barometric pressure, noise, vibrations, and radiation.

Chemical hazard factors: Dust, organic solvents, strong acids/bases, toxic gases, and heavy metals.

Biological hazard factors: Microorganisms (bacteria, viruses, mold, etc.), parasites (maggots, pinworms, hookworms, liver flukes, etc.), insects (lice, fleas, mosquitoes, bees, etc.), animals and plants and their products (e.g., fur, secretion or excrement of animals, and pollen).

Ergonomic hazard factors: Problems resulting from the inappropriate arrangement of interface between the human and equipment, such as spinal injuries due to long-term bearing of weight, and carpal tunnel syndrome caused by highly repetitive wrist motions.

Psychosocial hazard factors: Cerebrovascular and heart diseases due to work (overwork), and mental illnesses recognized to be caused by work-related psychological stress.

Administrative measure for preventing falls: Never lower your head - urging employees not to use the smart phone with their heads lowered while walking.

Statistics on occupational accidents and other items are reviewed annually by a third-party certification body of ISO 45001 (occupational safety and health management system). The performance of the Company's employee absence rate and its employee absence rate in the past four years are as follows. The annual target is 0.3%.

Statistics on Absence Rate

Absence rate	2020	2021	2022	2023	2023Target
Employee %	0.13	0.11	0.12	0.09	0.11
Coverage rate %	100	100	100	100	100

Note 1 Data over the four years are calibrated using the following formula: employee absence rate %: total days/total number of days planned work in the year; coverage rate %: number of absent employees/total number of employees. The coverage rate includes all factories

Note 2 Statistics for the Vietnam factory (QVH) have been included in calculations as of 2021.

Social Care and Influence

At Qisda, we continue to work towards achieving our corporate vision of "Bringing Enjoyment 'N Quality to Life." By upholding the spirit of "Caring and Contribution" reflected in the Company's core values, we integrate our expertise and core competency with the BenQ Foundation to contribute and give back to society. Simultaneously, as net zero goals continue to sweep across the globe, we have integrated environmental sustainability initiatives into our everyday operations and lead the Group' s partners in cultivating organizations that have a positive sustainable impact on the world and spread our social influence. We also gather the love of many employees and cooperate, cooperate with local care projects and encourage voluntary participation in philanthropic activities , extending these to the local community to promote social wellbeing as a Company.

Public Welfare Blueprint

Qisda continues to invest resources in society. In order to measure the impact of our investment and review the overall situation, we refer to the London Benchmark Group (LBG) evaluation mechanism. According to the LBG framework, the three motivations of philanthropic impact activities are ""charitable activities," "community investment," and "commercial initiatives in the community" and four types of investment are "cash contributions," "in-kind contributions," "time contribution," and "management cost."

In 2023, the time that our employees around the world spent on charitable events totaled 3,631 hours. Cash donation prevailed as our most significant form of investment and accounted for 94% of the total hours. This year, the primary focus of our employees' philanthropy shifted from commercial initiatives to community investment. This included club participation in charitable activities, providing local care, and paying attention to disadvantaged groups.

Form of investment		Charitable activities	Community investment	Business activities	Total
2020	Invested amount (NT$)	0	14,403,361	7,124,646	21,528,007
	Proportion (%)	0%	67%	33%	100%
2021	Invested amount (NT$)	525,584	12,621,037	13,848,914	26,995,535
	Proportion (%)	2%	47%	51%	100%
2022	Invested amount (NT$)	0	7,323,410	9,166,062	16,489,472
	Proportion (%)	0%	44%	56%	100%
2023	Invested amount (NT$)	1,534,046	51,524,029	10,600,526	63,658,601
	Proportion (%)	2%	81%	17%	100%

Form of investment		Cash contributions	In-kind contributions	Time contributions	Management cost
2020	Invested amount (NT$)	18,446,836	842,421	2,952(hours)	2,238,750
	Proportion (%)	86%	4%	-	10%
2021	Invested amount (NT$)	17,270,555	6,303,209	1,956(hours)	3,421,771
	Proportion (%)	64%	23%	-	13%
2022	Invested amount (NT$)	13,211,539	1,008,483	2,250(hours)	2,269,450
	Proportion (%)	80%	6%	-	14%
2023	Invested amount (NT$)	81,715,358	2,477,431	3,631 (hours)	2,295,232
	Proportion (%)	94%	3%	-	3%

Happy Workplace for Happy Employees

Based on the philosophy of "Happy Workplace for Happy Employees," Qisda launches a range of innovative activities and policies every year to enable employees to reduce stress in their spare time and achieve a healthy work-life balance.

After years of the pandemic, Qisda resumed organizing large-scale events such as the Group's Year-end Party and Family Day in 2023. Through various activities and benefits, we aim to show our appreciation for our employees' hard work and build solidarity. We also value the relationship between employees and their families, creating bonding opportunities to strengthen the connection between our employees and their families. In addition to providing activities and entertainment, we demonstrate our sustainable value creation strategy through incorporating elements of environmental sustainability, integrating sustainable thinking into our daily lives. For example, a digital check-in system was adopted for the event, reducing the need for paper and printed materials. Disposable canvases and streamers were no longer used to create stage signs, and gifts handed out at the event were made from recycled materials in order to promote a sustainable mindset in employees and their families and thoroughly execute our strategy for sustainability. In addition to the elements of sustainability, we further implemented sustainable actions, such as organizing sustainability lectures, tree planting activities, beach cleanups, DIY from waste, and promoting the Company's internal sustainable e-Passports. Employees are invited to join sustainability initiatives, not only invoking their awareness of sustainability, but also maximizing carbon reduction efforts. A total of more than 10,000 people supported these events this year; their combined effort removed more than 3 tons of waste from the environment and reduced 10 tons of carbon emissions.

What is worth noting is that in addition to environmental sustainability, Qisda takes action in response to social issues. During festivals, we collaborate with various charitable organizations, such as the Taiwan Foundation for the Blind and the Down Syndrome Foundation, to purchase various gifts for employees providing them a steady source of income. We further invite social welfare groups to sell goods during the event, so that employees can understand and care about the stories at different corners of society and those of the social welfare organizations. Qisda hopes to demonstrate the mission of inclusion in a multi-ethnic society, therefore, the care of foreign employees cannot be overlooked. By organizing the Vietnam National Day event, our foreign employees have the opportunity to communicate and connect with their fellow Vietnamese employees. Through the event, the customs and sentiments of various countries are displayed and foreign employees can relieve their homesickness.

SDGs	Activity type	Activity topic	Description
5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH	Reward employees for their hard work and enhance employee loyalty	Forever 1 Year-End Party	Resume holding the in-person Year-End Party post-pandemic. Invite popular artists to perform, and show our appreciation to employees for their contribution.
	Care for employees and their families	Childcare allowance	Provide an annual childcare allowance of NT$30,000 to employees for children aged 0-6
	Happy gifts	Charity gift box	Purchase charity gift boxes for employees on Mother's Day, Mid-Autumn Festival, and other festivals. (Taiwan Foundation for the Blind, Down Syndrome Foundation)
	DEI	Vietnam National Day event	Multi-ethnic inclusion, and hold the Vietnam National Day event to help employees relieve their homesickness
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Strengthen family relationship of the employees	Group' s Family Day	Thoroughly implement the sustainable environmental policy, reduce paper and printed materials, and promote a sustainable mindset in employees and their families.
3 GOOD HEALTH AND WELL-BEING, 4 QUALITY EDUCATION, 13 CLIMATE ACTION, 15 LIFE ON LAND	Promotion of sustainability activities	Arbor Day event	Through planting trees, employees can take practical actions and make contributions to protect the earth.
		Sustainable e-Passport	Employees join the Sustainable Passport project to gather points. Through various mini games and environmental protection reports, employees become more interested in sustainable issues.
		DIY activities	Evoke environmental awareness in employees and enable them to experience hands-on waste recycling through DIY.
		Beach cleanup	Organize beach cleanup tours in Taoyuan, Taichung, and Yilan. Senior executives lead the beach cleanup activities to better understand how garbage causes harm to the ocean and the environment.
	Knowledge power supply	Positive force lecture	Enable employees to gain positivity through lectures. The topics are all-inclusive, covering content such as sustainable environment, life inspiration, legal issues, and education, so that employees can have a more diverse set of knowledge.
	Work-life balance and care for the society	Charity runs	Invite employees to participate in charity runs to expand the horizons of caring for the society.
11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Implement social practices	Participation in public welfare activities	Initiated by employees, charitable actions such as volunteer service, material donations, and material purchases are conducted through clubs and charitable units to thoroughly implement sustainable values and social practices.

Leading to the Way for Beach Cleanup

Group’ s beach cleanup tour

The Company held three events in Taoyuan, Taichung, and Yilan, and gathered over 1,500 people from the alliance to remove 3.1 tons of garbage.

To uphold the spirit of environmental sustainability, all products on-site, including gloves, hats, and towels, were made of recycled PET bottles. At the same time, the concept of environmental education was conveyed from the six aspects of life, production, ecology, cultivation, conservation, and education to communicate the urgency of environmental protection. We urged our employees to change their habits and work together to reduce plastics and waste on the ocean.

- Ren-Ping Chen from the HiiN Studio to was invited to share precautions for the beach cleanup and skills for sorting recovered material.

Clubs for Public Welfare

The "Loving Care Club" and "Public Welfare Ukulele Club" were organized by the employees full of care and compassion for the community. The purposes of these clubs are to provide a diverse public welfare platform for the employees, so that they can participate in volunteer events, give assistance to public welfare organizations, and take care of disadvantaged groups in society. In particular, the "Public Welfare Ukulele Club" aims to comfort people through music, encouraging employees to make use of their spare time to participate in volunteer music events and bring warmth to the organizations that they help.

Qisda Loving Care Club and Public Welfare Ukulele Club

22 charity events

- Event: Blood drives, charity bazaars, collection of donations, recruitment of volunteers, provision of companion, fundraising, etc.
- Target audience: Children with intellectual disabilities, elderly people living alone, disadvantaged children, and stray animals etc. The organizations that the public welfare clubs contribute to long-term include the Huashan Social Welfare Foundation, the Genesis Social Welfare Foundation, World Vision, the Hondao Senior Citizen' s Welfare Foundation, Taoyuan Home for the Disabled, Man Fair Social Enterprise, The Carpenter' s House, the Penghu Foundation, the Xinwu Catfirst Cat Shelter, the Parents' Association for the Visually Impaired, and the Chensenmei Social Welfare Foundation.

Social Care, Volunteering and Philanthropy

I. Taiwan

The Company encourages its employees to participate in social welfare clubs, not only demonstrating our commitment to corporate social responsibility, but also our determination to grow alongside the local community. Through connecting the three core values of responsive participation, voluntary subscription and physical action, the Company provides a public welfare participation platform to invoke enthusiastic attitudes and active participation towards social care. In 2023, we demonstrated our care for the local community through organising various activities. For example, the three blood donation events held not only effectively promoted our employees' health awareness and participation in public welfare, but also passed on care to those in need. In addition, in terms of charitable donations, employees are encouraged to make charitable donations during their birthday month. This personalized incentive measure is closer to the employees' daily life and allows employees to better resonate with the cause they are contributing to, thus enhancing their motivation to participate in public welfare.

In addition, the Loving Care Club and Public Welfare Ukulele Club actively encourages their members to participate in community activities, and most significantly, collaborates with local charitable organizations to give back to the community. For example, the Carpenter's House in Taoyuan City supports the disadvantaged in society; provides employment opportunities for the physically and mentally disabled, the middle-aged and the elderly in their newly-added second-hand furniture department and repair station; and allows them to develop their skills. In recent years, The Carpenter' s House has further established a "Cognitive Rest Station" by referencing the European dementia cafe concept to provide subhealthy elders, people with mild cognitive impairment and their caregivers a place to take a "break" and participate in various adaptive activities and health lectures. As part of its air conditioning replacement program, the Loving Care Club helped the Cognitive Rest Station of The Carpenter' s House replace or fix old and faulty air-conditioners. The Carpenter' s House called on volunteers to express its gratitude for their help and invited Qisda' s employees to participate in the "From Used Jeans to Cup Covers" event, enabling employees to experience the environmental protection activity, make unique personalized cup covers, and give second-hand clothes a new kind of continuity.

桃園市木匠的家關懷協會 全體員工 謝謝您!

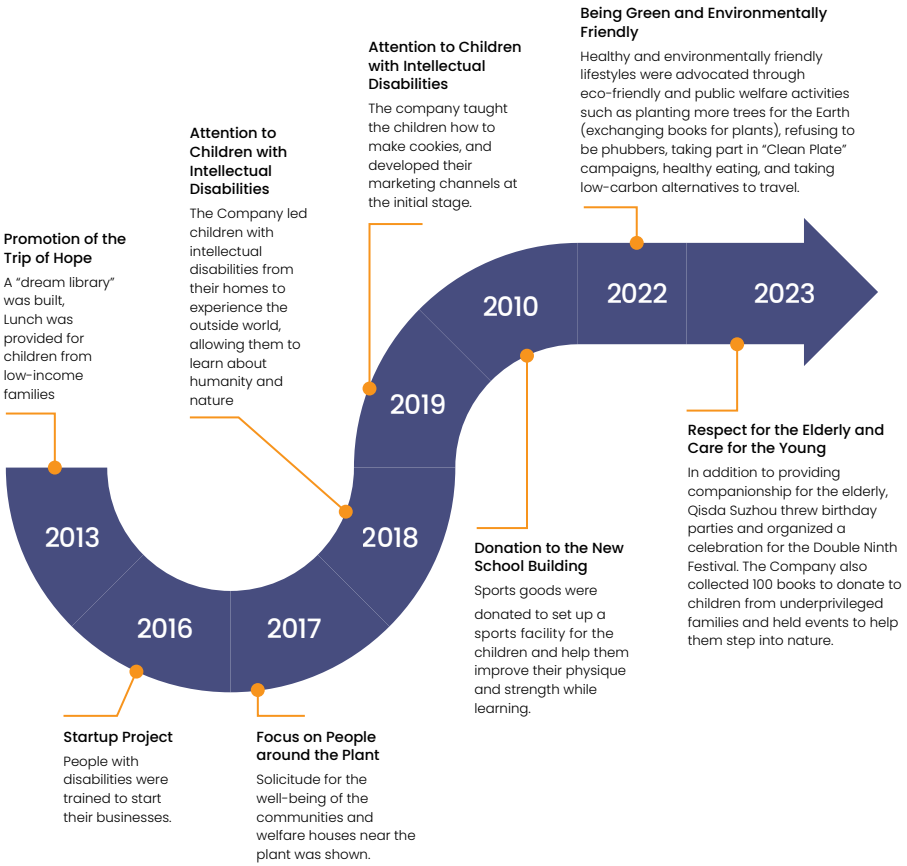
There are also announcements on the Company's communication platform for sharing public welfare information, such as the latest news about local community activities, public welfare organizations, and volunteer service opportunities. The goal is to help employees understand the public welfare needs and opportunities in the society and stimulate enthusiasm for participation. In May 2023, we organized a zongzi-making activity, planned by Taoyuan City DeLu Culture Promotion Association, on the eve of the Dragon Boat Festival. This not only demonstrated the Company's respect and support for traditional culture, but also brought warmth and care to disadvantaged families. In addition, our social welfare clubs collaborate with business units to assist charitable organizations in organizing charity sales, as well as donate second-hand laptops to the Penghu Ocean Citizen Foundation, helping it to promote more diverse courses. These not only strengthen the communication and interaction between the Company and employees, but also promote the establishment of an internal philanthropic culture and create a positive atmosphere of mutual care and participation.

- Assisting Public Welfare Groups in Charity Sales /Making Zongzi on the Dragon Boat Festival Eve

- Donation of Second-hand Laptops to Penghu Ocean Citizens Foundation

II. Suzhou, China

2013, Qisda Suzhou continues to implement CSR strategies and provide employees with a one-day volunteer time off to look after people in need and improve their life through public welfare practices. In 2013, Qisda Suzhou provided lunches for children from low-income families at Mingfan Elementary School. In 2016, the Suzhou Plant provided training for people with disabilities to acquire skills for their daily life, and in 2017, gave help and care to communities, welfare houses, and public welfare associations. From 2018 to 2019, Qisda Suzhou turned their focus to helping children with intellectual development disorders. Apart from expressing



solicitude for their material and mental life, Qisda Suzhou invited a baking teacher to teach them how to make cookies and assisted in the development of the marketing channels to help promote sales. They led children with intellectual disabilities from their homes to experience the outside world, allowing them to learn about humanity and nature, and helping them grow up healthily. In 2020, Qisda Suzhou donated sporting goods to Mingfan Elementary School' s new school building, assisting in setting up a sports facility for the children. In 2022, Qisda Suzhou upheld the notion of environmental protection by paying close attention and showing care to every aspect of the environment. Through planting more trees (exchanging books for plants), partaking in 'Clean Plate' campaigns, and taking low-carbon alternatives to travel, Qisda Suzhou promoted a more healthy and environmental lifestyles, attracting more people to take part in environmental change.

In 2023, Qisda Suzhou adopted the goal of spreading their social influence and promoted the ideology of "taking care of children and the elderly as you would with your own family members." By respecting the elderly and caring for the young, Qisda Suzhou supported people in different age groups to achieve the social value of mutual support and harmonious coexistence. We actively organize activities to provide companionship to the elderly, including holding social gatherings, throwing joint birthday parties, and celebrating the Double Ninth Festival to respect our elders. The Company also collected 100 books to donate to children from underprivileged families and promoted events to help these children step into nature.

III. Vietnam

In 2023, Vietnam Plant organized two activities related to humanistic care to fulfill corporate social responsibilities and spread influence. It called on employees to participate in the annual obligatory blood drive endorsed by the central blood transfusion hospital and the labor union of the industrial park in order to promote the knowledge that proper blood donation can both improve blood circulation and help those in need. A total of 30 people participated in the activity. The Charity Club of Qisda Vietnam donated notebooks and schoolbags to children in poverty-stricken areas and employees were called on to donate over 100 sets of school supplies, hoping to help children acquire the opportunity to attend school and learn new knowledge.

Participation in the Annual Obligatory Blood Drive .

Donation of School Supplies from the Charity Club

For sustainable behavior, we promoted the "Clean Plate" campaign to encourage employees to save food and reduce food waste. Saving food helps prevent food waste and ensure that more people have enough food to eat, thereby enhancing food security. Therefore, we put up posters in the cafeteria and distributed fans promoting the campaign to employees who took part in the "Clean Plate" campaign. A total of 500 people supported the action.

Sustainable "Clean Plate" Campaign

BenQ Foundation

In August 22, 2002, the Board of Directors of the Qisda Corporation (formerly BenQ Corp.) donated a sum of money to establish the BenQ Foundation. The BenQ Qisda Group is dedicated to the happy life of human beings, while the BenQ Foundation is committed to demonstrating the beauty of Taiwan and communicating the touching genuineness, kindness and beauty of the island.

With consideration for mankind and the land we live in at the core of its projects, the Foundation sets "Environmental Protection" and "Social Care" as its two main fields of interest. From the intersection between these fields, they extract four main focal points – "Towards Digital Equality," "Cultivation of Honest and Smart Employees," "Increasing Value in Original Culture" and "Implementation of Environmental Protection" – and combine core competencies with Qisda Corporation to address these issues. Simultaneously, the Foundation also pays special attention to the UN Sustainable Development Goals to guide its operations. It dedicates itself to four major goals: digital equality, fair education, cultural value, and environmental sustainability in relation to issues including "no poverty (SDG 1)," "zero hunger (SDG 2)," "good health and well-being (SDG 3)," "quality education (SDG 4)," "gender equality (SDG 5)," "decent work and economic growth (SDG 8)," "sustainable cities and communities (SDG 11)," "responsible consumption and production (SDG 12)," "life below water (SDG 14)," and "partnerships for the goals (SDG 17)." Moreover, it proposes corresponding actions for each point, follows evidence to review the connections between the project indicators and sustainability, and further engages stakeholders in comprehensive discussions of environmental protection (E), social responsibilities (S) and corporate governance (G) in the hopes of promoting sustainable awareness among civil groups. Externally, the Foundation brings positive influence to societies, and internally, it enhances the corporate culture of the Group to develop talent and cultivate kind members of society.

ESG performance in 2023

The Foundation continued to support friendly farming and the adoption of rice fields, accumulating 110.5 hectares from contract farming between the years of 2008 to 2023. It also encouraged the purchase of local produce, which brought nearly NT$5.45 million in revenue to remote areas, thus uplifting their sustainable food economy. It continued to conduct the "Plan for Beaches in Southern Miaoli" by leading volunteers of the Group to clean the beaches in Yuanli, Tongxiao and Houlong. Through this experience, volunteers were able to further their understanding of the risks associated with marine debris, learning how to co-exist with the ocean from the perspective of local groups. In total, participants collected 238.7 kilograms of trash, and the weight of all collected trash was uploaded by category to International Coastal Cleanup (ICC) in contribution to long-term ocean debris monitoring efforts.

With reference to the UN Sustainable Development Goals (SDGs), the BenQ Foundation acted as a bridge between the Group and cities or communities, making efforts to close the digital gap between more developed cities and remote areas. This was done by bringing in high quality, informative, diverse, and cultural education; influencing the way locals engaged with digital technology; and communicating and growing with cities and communities. Through brand empowerment, the Foundation assisted cities and communities in transforming the development of agricultural crafts to digital marketing. It even encouraged female workers to create their own business in small-scale online sales. Furthermore, it emphasized its support of food safety and promoted the economy of sustainable food industries starting from its source.

After having made efforts in digital inclusion and empowerment in remote areas for many years, the Foundation won the "Social Inclusion Leaders' Awards" under the Taiwan Corporate

Total performance of effective projects in 2022

Annual performance

200 activities held
Information courses, healthcare lectures, volunteer events, campus lectures, etc.

39,093 participants
Several people benefited from the relevant digital and educational cultivation projects and volunteer services.

1,375 participants
Number of senior people aged above 65 who received hearing care and online lectures and services from pharmacists

5.45 million and more
Support for friendly farmed food: friendly contract farming and understanding of products from small farms in remote areas.

Core element of public welfare

- Towards Digital Equality
- Cultivation of Honest and Smart Employees
- Increasing Value in Original Culture
- Implementation of Environmental Protection

Assisted parties

- Community residents/smallholders and merchants
- Locations for senior care
- Elementary and senior high school, and college students
- Artists
- Schools in remote areas and education units
- Friendly farming/NGO groups

Problems observed

- Residents in remote areas are not familiar with digital intelligence and applications.
- Medical services have low penetration and accessibility in remote areas.
- Insufficient funds on teaching sites and a lack of choice in lectures.
- Crisis of water resource, labor and food shortage in rural areas.
- Water resource and labor shortage in rural areas.

Actions of social influence

- Providing residents in Hsinchu-Miaoli regions with guidance and courses to learn new information for the long term.
- Contribute the Group's medical resources, holding health education lectures through relevant collaboration and providing channels for after-class consultation.
- Supporting topics outside the curriculum for the youth to explore themselves and make their dreams come true
- Improvement of corporate image
- Focusing on marine and land issues, matching volunteer services, and enhancing the awareness of environmental sustainability

Sustainability Awards (TCSA) in 2021 with its specific performance in the "Practice of Inclusion in the Rural Communities under the Influence of the Technology" . The award was a demonstration of the Foundation' s strategies in the connection of the economic, cultural and social facets on the basis of the education and its efforts in the implementation of the UN Sustainable Development Goals (SDGs). After having participated in the "Digital Opportunity Center Project" of the Ministry of Education for 14 years, the Foundation won the bronze award of the first "Taiwan Sustainability Action Awards (TSAA)" in 2021 with its "Creation of Community Sustainability: The Centurial Shi Qiang Village as a New Digitized Model of Co-Prosperity" ; won the golden award of the "Taiwan Sustainability Action Awards (TSAA)" in 2022 with its "Fushing Tea Road for Creating Sustainable Communities: Shakeng Hongbao to Enrich the Community Industry" ; and won the golden award of the "Taiwan Sustainability Action Awards (TSAA)" in 2023 with its "DOC Volunteers' Short Trip - Travel Volunteers and Sustainable City and Community Values" .

In terms of long-term social companionship activities, a total of 200 information courses, healthcare lectures, volunteer events and campus lectures were held. 39,093 people benefitted from volunteer services and relevant digital and educational projects, and of these, 1,375 senior people aged above 65 received professional services such as hearing care and online lectures from pharmacists.

With respect to internal communication and governance, the BenQ Foundation held the "BenQ Qisda Group Sustainability Action Initiative" kickoff meeting with the Group's Sustainability Department for the first time. 400 suppliers were involved in the meeting

either online or in person, and a total of over 700 domestic and overseas participants took part in the activity. The total market value of the enterprise participants totaled over 1 trillion US dollars. The Foundation delivered ideas of governance strategies, environmental commitment, and sustainability actions through addresses on specific topics to demonstrate governance in the global trend of net zero and expand its influence.

Consolidating its efforts over the years, the BenQ Foundation will reposition itself as an ESG expansion platform to further foster the Group' s culture of CSR, and take action to influence the overall sustainability of the business ecosystem. It will continue spreading genuineness, kindness, and beauty through projects with the four focal points of "Towards Digital Equality," "Cultivation of Honest and Smart Employees," "Increasing Value in Original Culture" and "Implementation of Environmental Protection."

Coexist with Nature

Link to SDGs

		Towards Digital Equality		Cultivation of Honest and Smart Employees		Increasing Value in Original Culture	Implementation of Environmental Protection		
Corresponding SDG	The Foundation's corresponding action	The "Digital Opportunity Center Project" of the Ministry of Education	BenQ Academy—Intelligent Hearing Aid	BenQ Honest and Smart Experience Workshop	BenQ Dream Action Campus Lecture	BenQ International Sculpture Workshop	Farming like a farmer: (I) "DOC Volunteers' Short Trip"	Farming like a farmer: (II) "Friendly Farming" for rice contract farming	ESG Sustainability Action Workshop
2 ZERO HUNGER	Ensure food safety, eliminate hunger and promote sustainable agriculture. • Referring to the regulations and principles for "organic agriculture and friendly farming" of the Agriculture and Food Agency, Council of Agriculture, Executive Yuan, the Foundation implements contract farming to make sure that the land, environment, and ecosystem are maintained. We maintain a total of 10 hectares of land under contract farming a year to expand local friendly farmed areas. • The Foundation encourages purchasing local friendly farmed produce and invests company resources to plan the adoption of rice fields by employees, the purchase of produce, and agritourism experiences, driving the employees of the Group to immerse themselves in green production locations and facilitating the cycle of sustainable agricultural economies. • We donate friendly farmed rice to care locations for vulnerable groups and senior people, making sure that they are able to enjoy safe, nutrition-rich and healthy rice.	●					●	●	

Corresponding SDG	The Foundation's corresponding action	Towards Digital Equality		Cultivation of Honest and Smart Employees		Increasing Value in Original Culture	Implementation of Environmental Protection		
		The "Digital Opportunity Center Project" of the Ministry of Education	BenQ Academy—Intelligent Hearing Aid	BenQ Honest and Smart Experience Workshop	BenQ Dream Action Campus Lecture	BenQ International Sculpture Workshop	Farming like a farmer: (I) "DOC Volunteers' Short Trip"	Farming like a farmer: (II) "Friendly Farming" for rice contract farming	ESG Sustainability Action Workshop
3 GOOD HEALTH AND WELL-BEING	Ensure and promote healthy life and well-being for all at all ages. • In cooperation with BenQ Healthcare Corporation and New Best Hearing International, we connect the Group' s medical specialists with potential people in need from remote areas and communities, and plan "Online Health" for remote sharing of healthcare knowledge as well as "BenQ Academy – Intelligent Hearing Aid" interactive courses for hearing care and screening to facilitate people in improving preventive healthcare literacy.	●	●						
4 QUALITY EDUCATION	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. • Education on information and communication for all: In line with the government' s policy of digital development, the Foundation utilizes the Group' s professional capability of information, communication, and branding to provide all people in need from the Hsinchu-Miaoli region, including new immigrants, indigenous people, and elders, with extensive education of digital knowledge such as life in the digital age, healthcare applications and design and marketing to eliminate the digital gap between cities and communities. • Information and communication accessibility in elementary schools: The Foundation references educators' needs and invites educators, scholars, and R&D teams to make use of scientific knowledge, operate AR and VR equipment, and explore product applications to trigger creative thinking and hardware and software skills in elementary school children. • Positive career empowerment for high school students: The Foundation invites youths with outstanding performances in their respective fields to serve as lecturers, sharing the process they took to achieve success, and showing persistence and resilience to encourage more high school students to follow their dreams.	●	●	●	●	●			

Corresponding SDG	The Foundation's corresponding action	Towards Digital Equality		Cultivation of Honest and Smart Employees		Increasing Value in Original Culture	Implementation of Environmental Protection		
		The "Digital Opportunity Center Project" of the Ministry of Education	BenQ Academy—Intelligent Hearing Aid	BenQ Honest and Smart Experience Workshop	BenQ Dream Action Campus Lecture	BenQ International Sculpture Workshop	Farming like a farmer: (I) "DOC Volunteers' Short Trip"	Farming like a farmer: (II) "Friendly Farming" for rice contract farming	ESG Sustainability Action Workshop
4 QUALITY EDUCATION	• Promotion of art and culture: The Foundation has built an art exchange platform, and as of 2010, has continuously organized six sessions of the "BenQ International Sculpture Workshop. It encouraged and supported the creation of domestic and foreign artists by soliciting submissions, in turn building up experiences and solidifying Taiwan' s good image in the international art circle. It has retained 90 sculptural masterpieces in Taiwan. Since 2021, it has created a public art venue for the Group and arranged sculpture model works for exhibition in the Company.	●	●	●	●	●			
5 GENDER EQUALITY	Realize gender equality and empower women. • The Foundation establishes dedicated courses for women to ensure their learning rights. • We encourage craftswomen to enhance their information and communication capabilities in order to increase income through Internet marketing.	●							
8 DECENT WORK AND ECONOMIC GROWTH	Promote inclusive and sustainable economic growth to provide everyone with an ideal job. • We prioritize friendly farmers and professional cultural craftspeople, encouraging them to set up online platforms, it to document data and footage. • The Foundation brings an average of more than NT$6 million to remote areas every year to facilitate agricultural economies through contract farming, exhibition and sales in bazaars, employees' purchase of produce, agritourism experiences, and procurement of the Group' s promotional products. In addition, we ensure that an average of 5.5 dedicated personnel from the contract farming unit are devoted to friendly agriculture.	●					●	●	

		Towards Digital Equality		Cultivation of Honest and Smart Employees		Increasing Value in Original Culture	Implementation of Environmental Protection		
Corresponding SDG	The Foundation's corresponding action	The "Digital Opportunity Center Project" of the Ministry of Education	BenQ Academy—Intelligent Hearing Aid	BenQ Honest and Smart Experience Workshop	BenQ Dream Action Campus Lecture	BenQ International Sculpture Workshop	Farming like a farmer: (I) "DOC Volunteers' Short Trip"	Farming like a farmer: (II) "Friendly Farming" for rice contract farming	ESG Sustainability Action Workshop
11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities and rural areas inclusive, safe, resilient and sustainable. • Based on the principle of sustainable tourism, the Foundation holds discussions with relevant stakeholders such as local community groups to organize travel itineraries that fulfill local needs for economic benefits, cultural translation and environmental sustainability. • Combining volunteer services and touring experience, the Foundation not only serves as a bridge between the Company and external communities, but also pays field visits to local communities in the hopes of enhancing the positive collaboration between both parties and reflecting on ways to better improve communities using the PDCA method.	●					●	●	
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Promote green economies and ensure sustainable consumption and production modes. • Employees participate in volunteering activities such as beach cleaning and harvesting work during volunteer leaves or holidays. • The Foundation supports the purchase of local friendly farmed produce and plans both the purchase of agricultural products and farming experience activities for employees, facilitating the cycle of sustainable economies.	●					●	●	
14 LIFE BELOW WATER	Protect and utilize marine ecosystems in a sustainable way to ensure biodiversity and prevent the marine environment from worsening. • We collaborate with townships on the coast of Miaoli, including Yuanli, Tongxiao and Houlong, to help local partners clean the beach and upload records according to waste classification to the ICC for statistics, aiming to implement the participation in citizen science-based movements. • The Foundation lists issues that social groups and partners of the coast care about, then introduces digital recording to assist in disseminating the urgent issue of marine protection.	●					●		

		Towards Digital Equality		Cultivation of Honest and Smart Employees		Increasing Value in Original Culture	Implementation of Environmental Protection		
Corresponding SDG	The Foundation's corresponding action	The "Digital Opportunity Center Project" of the Ministry of Education	BenQ Academy—Intelligent Hearing Aid	BenQ Honest and Smart Experience Workshop	BenQ Dream Action Campus Lecture	BenQ International Sculpture Workshop	Farming like a farmer: (I) "DOC Volunteers' Short Trip"	Farming like a farmer: (II) "Friendly Farming" for rice contract farming	ESG Sustainability Action Workshop
17 PARTNERSHIPS FOR THE GOALS	**Establish diverse partnerships and promote the vision of sustainability together.** • The Foundation plans an annual ESG general education course to facilitate a common understanding of sustainability for all our partners. We encourage the partners of Hsinchu and Miaoli DOCs to set sustainability goals to review, monitor, and make plans for resource allocation and other corresponding goals regarding the three aspects of ESG: the development of local economies, cultural preservation and sustainable natural environments. We also comply with the Company' s goals of net zero and carbon reduction by introducing courses regarding the ISO 14064 certification for companies of the Group and in the supply chain. This is to assist in cultivating sustainable talents for the Group as well as implementing legal compliance and actualizing our strategy for net zero and carbon reduction.	•							•

Towards Digital Equality

Problems waiting to be solved

- Ensure and promote healthy life and well-being for all at all ages.
- Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
- Realize gender equality and empower women.
- Promote inclusive and sustainable economic growth to provide everyone with an ideal job.
- Make cities and rural areas inclusive, safe, resilient and sustainable.
- Promote green economies and ensure sustainable consumption and production modes.
- Protect and utilize marine ecosystems in a sustainable way to ensure biodiversity and prevent the marine environment from worsening.
- Establish diverse partnerships and promote the vision of sustainability together.

UN Sustainable Development Goals

Our roles

- Using the power of technology to affect the education on information and communication in remote areas and ensuring women' s right to digital learning every year.

Our roles

1. In line with the government' s policy of digital development, the Foundation utilizes the Group' s professional capability of information, communication, and branding to provide all people in need from the Hsinchu-Miaoli region, including new immigrants, indigenous people and the elders, with extensive education of digital intelligence such as life in the digital age, healthcare applications and design and marketing to eliminate the digital gap between cities and communities.
2. We establish dedicated courses for women to ensure their learning rights, and encourage female merchants to join us and be recommended as craftspersons in order to enhance their information and communication capabilities and increase income through Internet marketing.

- **Information and communication accessibility in elementary schools:** The Foundation references educators' needs and invites educators, scholars, and R&D teams to make use of scientific knowledge, operate AR and VR equipment, and explore product applications to trigger creative thinking and hardware and software skills in elementary school children.
- **Empowering users of end medical technologies in digital intelligence**
  In cooperation with BenQ Healthcare Corporation and New Best Hearing International, we connect the Group' s medical specialists with potential people in need from remote areas and communities, and plan "Online Health" for the sharing of correct healthcare knowledge as well as "BenQ Academy – Intelligent Hearing Aid" interactive courses for hearing care and screening to facilitate people in improving preventive healthcare literacy.
- **Promoting green economies and the sustainability cycle as a scout and recommender**
  1. We prioritize friendly farmers and professional cultural craftspeople, encouraging them to set up online platforms, using it to document data and footage.
  2. The Foundation connects cities and communities in terms of consumption and brings an average of more than NT$2 million to remote areas every year to facilitate DOC agricultural economies through contract farming, exhibition and sales in bazaars, employees' online purchase of produce, agritourism experiences and procurement of the Group' s promotional products.
  3. The Foundation holds discussions with relevant stakeholders such as local community groups to organize travel itineraries that fulfill local needs for economic benefits, cultural translation and environmental sustainability. We combine this with the Group' s volunteer services to ensure our support for the local community through these activities.
  4. We encourage the partners of Hsinchu and Miaoli DOCs to set sustainability goals to review, monitor and make plans for resource allocation and other corresponding goals regarding the three aspects of ESG: the development of local economies, cultural preservationl and sustainable natural environments.

Our action

- **The "Digital Opportunity Center Project" of the Ministry of Education**
  The Foundation collaborated with the Ministry of Education, Hsinchu County Government, and Miaoli County Government to provide 15 DOCs with long-term guidance services to digitally record and promote local cultures.
  1. 639 hours of information courses were held to improve the information literacy of 1,627 people.
  2. Assistance was given to 42 small farmers and merchants with value-added digital services; in connection with the Group' s green consumption behavior, this has driven the community industry marketing amount to NT$1,575,877.

     The Foundation hosted the Ministry of Education's "Looking at Taiwan from DOC" Digital Application Creation Competition, soliciting a total of 651 submissions from DOC students across the country, and successfully completed the award ceremony and national DOC exchange conference.
  3. 2 types of the Group' s Resource and Community Collaboration Programs were promoted.
- BenQ Academy
  1. **New Best Hearing International (Intelligent Hearing Aid):** 14 sessions were organized in Hsinchu and Miaoli areas and 26 sessions in Taoyuan area. It provided services to 1,060 elderly people through three major modules: audiologist' s health lectures, individual hearing tests, and the push of health education information.
  2. **BenQ Healthcare Corporation (Online Health):** 10 sessions were organized in Hsinchu and Miaoli areas and 315 people benefited from this service. Health experts in six major fields were invited to share correct medical and health care knowledge remotely. Physical therapists provided on-site demonstrations and teachings on daily muscle and bone health care methods. Video service appointments through a dedicated app were available after the class to provide people with immediate answers to questions related to medication, remote medical treatment, etc.
  3. 11 employees served as lecturers (5 audiologists from New Best Hearing International; 6 pharmacists from BenQ Healthcare Corporation)

Collaboration with stakeholders

- Employees of the Group
- Government units
- Experts and scholars
- Communities/non-governmental or nonprofit organizations

1. "Digital Opportunity Center (DOC) Project" of the Ministry of Education

The BenQ Foundation has participated in the "Digital Opportunity Center Project" of the Ministry of Education for many years and is dedicated tobridging the digital gap in remote areas. Since 2008, the Foundation has assisted Hsinchu County and Miaoli County with the establishment of the digital opportunity centers and applied digital skills to the development of local features, including the marketing of local produce the documentation of the culture and history of the communities, and the collection of cultural writings. The Foundation has helped school children, young people, middle-aged and senior people, and new immigrants learn emerging technologies and improved their digital capabilities.

The outcome and influence of the BenQ Foundation in the implementation of the "Digital Opportunity Center Project in Hsinchu County and Miaoli County" organized by the Ministry of Education:

The Foundation made use of their teamwork and collaboration with Qisda' s volunteers to help the DOC perform unique tasks in line with local development plans. Building on previously established groundwork, the Foundation combined local demands with various areas of development, assisting the development of local communities step by step. From the initial installation to the basic operation and provision of basic and advanced IT courses, the Foundation helped the DOC promote cultures and local characteristics, accumulating considerable results.

In 2023, the Foundation provided 639 hours of information courses in Hsinchu County and Miaoli County, including the courses of "DOC Academy - Intelligent Hearing Aid" and "Online Health", where the Group supplied resources for 1,627 people to participate in digital learning.. As a pioneer in the application of digital resources, the BenQ Foundation thought about how to provide the participants with innovative and interesting digital experiences in the course. We gathered the Group' s medical, information and communication specialists and continued to create new content for the course to increase influence on health, well-being, and quality education.

In terms of economic performance, we expanded our image-based influence and live streamed "Being Indoorsy with Craftspersons" to rebuild the DOC smallholders' and professional craftspersons' confidence and familiarity with doing live streams in front of the camera. We live streamed at least one episode of the show every quarter. Furthermore, with more detailed scripts, plans and marketing strategies, we improved interactions in the show, click through rate, richness of content and experiences, and effectiveness of dissemination on social platforms to provide craftspersons with more precise digital value-added services. The "DOC Volunteers' Short Trip" was also held in a physical form. By connecting local smallholders with the volunteers of the BenQ Qisda Group, we helped local smallholders create brands and experiential marketing in order to show our attention to the culture of local industries. Not only that, we collaborated with the DOC Craftsperson Website to promote the marketing exposure of 3 crafts persons from Hsinchu County and Miaoli County in accordance with the output needs related to the Feature Center. What' s more, the BenQ Foundation had organized the "DOC Small Bazaar" for 9 consecutive years from 2015 to 2023, enabling the employees of the Company to show their care for the environment, support local produce, and learn about the brands of the smallholders and their attentiveness to pure farming and land protection through the bazaar. In addition, the employees supported agricultural products by group purchasing to directly benefit the local economy and meet the real demands of the local farmers. The annual activity series added a total of NT$1,456,477 to the value of the smallholder economy in terms of marketing.

The Foundation has long-term investment in DOC. In addition to mobilizing corporate power to support the economy and directly benefiting local workers and small farmers, the Foundation prioritizes education as a main developmental focus, paying attention to the elderly, aborigines, new residents and women in rural areas. In order to satisfy their digital learning needs the Foundation connects a range of local developmental issues with digital education, dives into the management of local characteristics, collects humanistic records through innovative digital applications, and introduces imaging and narrative skills to people living in rural areas. The "Looking at Taiwan from DOC Digital Application Creation Competition" was held in 2023 to encourage rural DOC students across the country to use digital creativity and technology, combined with aesthetic design capabilities, to record the landscape and scenery, cultural stories, and local customs of their hometown through multiple application forms such as digital content and multimedia audio and video platforms. Rural DOC students were encouraged to use digital tools to create outstanding DOC works, resulting in the exploration of Taiwan' s beautiful digital landscape and the accumulation of rich digital learning. A total of 613 mobile photography works and 108 video submissions were received.

DOC Islands * Image Talk

2023 "Looking at Taiwan from DOC" Digital Application Creation Competition Awarding Ceremony

"DOC Classic Film Festival" × Film Salon

DOC Smallholders in Hsinchu and Miaoli, Professional Craftspersons

2. BenQ Academy — Intelligent Hearing Aid

Leveraging the Group' s influence in smart medical services, the BenQ Foundation collaborated with another company within the Group, New Best Hearing International, to plan the "BenQ Academy – Intelligent Hearing Aid" project. Lectures were held in partnership with village chiefs and partners in care locations. Moreover, touring lectures for communities involved three major units including audiologist speeches, individual hearing tests and the push of health education and information. The Foundation introduced channels and resources for hearing care and daily smart healthcare as well as disseminated information related to ways to delay auditory degeneration, including health education and the proper use of aids. Furthermore, we connected offline permanent stores and locations with online customer service systems to provide reliable relationships and channels with respect to professional consultation, establishing an effective hearing protection line.

In 2020, The Foundation began to spread health education services to the Hsinchu and Miaoli digital opportunity centers through the "DOC Academy - Intelligent Hearing Aid" project. In 2022, the concept of urban friendly hearing circles prompted the expansion of these services to Guishan District, Taoyuan District, and other surrounding areas, and the name was changed to "BenQ Academy – Intelligent Hearing Aid." In 2023, there was a total of 9 health education tours in Guishan, including 1 session each in Xingfu Vil., Tukeng Vil., Guishan Vil., Taoyuan City Family Caregiver Care Association, and China Guanshengdijun Cultural Exchange Association; 2 sessions each in Nanshang Vil., Datong Vil.; 17 sessions in Taoyuan – 1 session each in Zhongcheng Vil., Zhongpu Vil., Zhongyuan Vil., Zhongning Vil., Baoqing Vil. Fenglin Vil., Fuyuan Vil., Zhuangking Vil., Longshou Vil., Taoyuan City Dementia Care Association, St. Terasa Children Center, Taoyuan Galilee Holistic Care Association, Taoyuan City Tainan Association of Retired Government Employees and Teachers; and 2 sessions each in Zhonglu Vil. and Taoyuan City Holistic Life Education Association. There were 14 sessions in the Hsinchu and Miaoli areas, totaling 40 sessions and providing hearing screening consultations to 1,060 senior citizens. This allowed the elderly to understand the importance of hearing care and strengthened their dedication to taking care of their auditory needs.

2020		2021		2022				Total Sessions	Total Participants
Number of Sessions	Number of Participants	Number of Sessions	Number of Participants	Number of Sessions	Number of Participants	Number of Sessions	Number of Participants		
Miaoli									
8	167	2	63	7	146	8	188	25	564
Taoyuan									
				20	558	26	736	46	1,294
Hsinchu									
7	123	1	17	5	114	6	136	19	390
Total									
15	290	3	80	32	818	40	1,060	90	2,248

BenQ Academy – Intelligent Hearing Aid: touring through communities to provide professional hearing screening services

Cultivation of Honest and Smart Employees

Problems waiting to be solved

- Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

UN Sustainable Development Goals

Our roles

- Getting close to the teaching site and providing diverse viewpoints
  1. Information and communication accessibility in elementary schools: The Foundation references educators' needs and invites educators, scholars, and R&D teams to make use of scientific knowledge, operate AR and VR equipment, and explore product applications to trigger creative thinking and hardware and software skills in elementary school children.
  2. Positive career empowerment for high school students: The Foundation invites youths with outstanding performances in their respective fields to serve as lecturers, sharing the process they took to achieve success, and showing persistence and resilience to encourage more high school students to follow their dreams.
- BenQ Honest and Smart Experience Workshop
  1. The Foundation established 1 exemplary BenQ Mobile Smart Classroom.
  2. The Foundation worked with Professor Li-Yu Fu from National Tsing Hua University, Professor Wang-Long Li from National Cheng Kung University and the popular science education team to organize two camp activities. For this, the Foundation recruited students from National Taiwan University, National Tsing Hua University, and National Yang-Ming Chiao Tung University to serve as assistant teachers, and led a total of 67 pupils from Dahu, Xinxing, and Neihu elementary schools to participate in the learning of popular science knowledge and creative thinking, including explaining intelligent manufacturing in bionics, leading the students to think about ways to coexist with other species. In addition, the Foundation made use of the scientific animation "Go Go Giwas", diverse scientific practices, and AR and VR experiences to encourage students to communicate and present new knowledge with peers and across generations. This also helped them to cultivate independent learning, the courage to express themselves in group settings and the ability to accept differing opinions and think about pros and cons.

Our action

- BenQ Dream Action Campus Lecture
  1. The lecture was provided widely in the following 16 cities and counties:
  2. Taoyuan City, Taichung City, Tainan City, Kaohsiung City, Hsinchu County, Miaoli County, Changhua County, Nantou County, Yunlin County, Chiayi County, Pingtung County, Yilan County, Hualien County, Taitung County, and Hsinchu City.
  3. 53 sessions were held in the year where speakers shared their journey of achieving their dreams with 35,299 students and teachers from senior high schools .
  4. Dissemination in the campus: The workshop had 40 appearances on official websites of schools and social media.

Collaboration with stakeholders

- Experts and scholars
- Elementary, junior high and senior high schools

1. BenQ Honest and Smart Experience Workshop

"BenQ Honest and Smart Experience Workshop" - A summer learning journey of exploration and inspiration. Explore the creative world, challenge extreme thinking, learn collaboratively in groups, and demonstrate the spirit of diligence. The Foundation worked with Professor Li-Yu Fu from National Tsing Hua University and Professor Wang-Long Li from National Cheng Kung University to lead the way in popular science education and scientific inquiry practice, encouraging interest in scientific exploration, and leading school children in rural areas to think and learn in a creative way, thereby opening up their imagination and creativity, and broadening their cultural horizons.

Year	2020	2021	2022	2023	Total
Number of sessions held	6	Not held due to the pandemic.	2	2	10
Number of elementary schools	23		7	3	33
Participants	278		60	86	424

Values of ethics: The learning journey of school children in remote areas during the "Honest and Smart Experience Workshop."

2. BenQ Dream Action Campus Lecture

The BenQ Foundation invites exemplary youths from different fields to act as ambassadors. They visit campuses in remote mountains and seafronts to share their experience with students at vocational and senior high schools about how they turned their dreams into actions. They spread positivity, encourage teenagers to dream as far as they can, and motivate them to make their dreams come true.

For the "BenQ Dream Action · Campus Lecture" in 2023, the Foundation invited Hsin-Ling Shen, a devotee of public welfare who was selected as one of the ten outstanding youths; Ming-Cheng Huang, who also known as Mr. Candle; Hsing-Ho Chen, a former actor of the Cirque du Soleil; Yoyo Yang, a yo-yo master; Po-Han Huang, a magician of The Magic Castle in Hollywood; Jeff Lee, the magician and winner of the champion at The Grand Master Asia; Chia-Ying Wu, an adversity coach; and Yung-Kun Lai, the responsible person of the Miwan Fruit Shop to tour through 16 counties and cities, including Taoyuan City, Taichung City, Tainan City, Kaohsiung City, Hsinchu County, Miaoli County, Changhua County, Nantou County, Yunlin County, Chiayi County, Pingtung County, Yilan County, Hualien County, Taitung County, Hsinchu City, and Chiayi City. They shared the spirit of diligence of achieving their dreams with 35,299 students and teachers from 53 senior high schools, encouraging them to learn by example and dare to dream.

Sessions										
County/city	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Taichung City		9	13	22	13	11	4	6	5	83
Changhua County		5	13	12	9	8	7	3	5	63
Taoyuan City	9	10	8	9	1	3	1	3	3	47
Kaohsiung City				3	14	12	4	6	5	44
Tainan City				3	12	14	4	4	13	50
Nantou County	1	2	9	7	2	1		5	3	30
Miaoli County	4	5	4	7	2	1	2	2	1	28
Hsinchu County	6	4	5	5	2	1	1	1	2	27
Pingtung County				2	6	4	1	3	3	19
Yunlin County		1	1	8	1	2		1	2	16
Hsinchu City	4	5	1	3				1	1	15
Chiayi County		1	3	4	7	4	2	3	3	27
Yilan County		1		3	1	1	3	2	4	15
Hualien County				3		4	1	2	1	11
Taitung County					1	3		2	1	7
New Taipei City					1	1		1		3
Keelung City							1			1
Total sessions	24	43	57	91	72	70	31	45	53	486
Number of participants	24,040	42,922	59,000	80,962	77,349	57,046	24,652	30,107	35,299	431,377

Implementation of Environmental Protection

Problems waiting to be solved

- Ensure food safety and promote sustainable agriculture.
- Promote green economies and ensure sustainable consumption and production modes.
  Make cities and rural areas inclusive, safe, resilient and sustainable.
- Protect and utilize marine ecosystems in a sustainable way to ensure biodiversity and prevent the marine environment from worsening.
- Establish diverse partnerships, promote the vision of sustainability together and enhance the coherence of sustainable development policies.

UN Sustainable Development Goals

Our roles

- The force that provides stable support for friendly farmers.
- Long-term contract farming: Referring to the regulations and principles for "organic agriculture and friendly farming" of the Agriculture and Food Agency, Council of Agriculture, Executive Yuan, the Foundation implements contract farming to make sure that the land, environment and ecosystem are maintained and expands the area of local land used for friendly farming.
- Advocate of local sustainable diets

  1. The Foundation encourages the purchasing of local friendly farmed produce and invests company resources to plan the adoption of rice fields by employees, the purchase of produce, and agritourism experiences.
  2. The Foundation ensures stable agricultural sales in remote areas through contract farming, exhibition and sales in bazaars, employees' purchase of produce, agritourism experiences and procurement of the Group' s public relations products.

- Promoter of cultural exchange among cities and communities
- Based on the principle of sustainable tourism, The Foundation holds discussions with relevant stakeholders such as local community groups to organize travel itineraries that fulfill local needs for economic benefits, cultural translation and environmental sustainability.
- The Foundation serves as the bridge between the Company and external communities, enhancing the positive collaboration between both parties and reflecting on ways to better improve communities using the PDCA method.
- Becoming a partner of environmental working groups of marine areas in Miaoli

  1. The Foundation lists issues that social groups and partners of the coast care about, then introduces digital recording to assist in disseminating the urgent issue of marine protection.
  2. We collaborate with townships on the coast of Miaoli, including Yuanli, Tongxiao and Houlong, to help local partners clean the beach and upload records according to waste classification to the ICC for statistics, aiming to implement the participation in citizen science-based movements.

- The Group' s platform for ESG dissemination – consolidating the direction of sustainability for the Group' s civil partners

  1. The Foundation plans the annual ESG general education course facilitate a common understanding of sustainability for all our partners.
  2. We also comply with the Company' s goals of net zero and carbon reduction by introducing courses regarding the ISO 14064 certification for companies of the Group and in the supply chain. This is to assist in cultivating sustainable talents for the Group as well as implementing legal compliance and actualizing our strategy for net zero and carbon reduction.

Our action

(A list of project highlights in 2023)

- Farming like a farmer: (I) "DOC Volunteers' Short Trip" and (II) "Friendly Farming" for rice contract farming

  1. Long-term contracts with farmers in "Nanpu Community" of Beipu, Hsinchu, and "Siong Sui Rice" farmers in Xizhou, Changhwa were signed, accounting for 10 hectares of rice fields every year and protecting the working conditions of 13 agricultural partners (5 administrative personnel and 8 farmers).
  2. We collaborated with 13 local cultural groups (Yuanli DOC, Protect Yuanli Coast Association, Xindiaoju, Maliguang DOC, Hengshan DOC, Gongguan DOC, Mixiang Beekeeping Farm, Tongluo DOC, Tongluo Bay Revitalization and Development Association, Nanpu Community Development Association, and Hsichou Shangshui Water Farmer Co., Ltd.) to design 6 sessions, each consisting of a different educational activity, on low-carbon humanistic environment, including 1 session of beach cleaning in Yuanli (Miaoli)and 5 sessions of farm work in Maliguang and Hengshan (Hsinchu), Gongguan and Tongluo (Miaoli), and Xizhou (Changhua).
  3. The Foundation brought together a total of 414 volunteers from the Group and communities for the activity. 103 family members of the Group' s employees also provided services for a total of 3,162 hours.

- " Workshop for ESG Sustainability Action"

  1. A special class for the certification of the Group's sustainability managers was opened, with 29 companies participating in the first session. A total of 60 people completed the training.
  2. Supply chain training course - A total of 18 sessions of greenhouse gas inventory online courses were provided with 696 suppliers participating in the training.
  3. Organization of training courses within the Group - 30 people participated in the first section of carbon footprint strategy workshop.

Collaboration with stakeholders

- Companies, suppliers and employees of the Group
- Experts and scholars
- Communities/non-governmental or nonprofit organizations

1. Farming like a farmer (I) "DOC Volunteers' Short Trip"

From 2013 to 2023, the Foundation had dedicated itself to "DOC Volunteers' Short Trip" for 10 consecutive years. It introduced the concept of sustainable tourism and held discussions with relevant stakeholders such as local community groups to organize travel itineraries that fulfill local needs for economic benefits, cultural translation, and environmental sustainability, working in collaboration with smallholders to bring together local communities, volunteers and DOCs through developing immersive experiences and marketing models. The BenQ Foundation gathered employees of the Group and their family members to engage in harvesting work, show their passion for service, and put themselves in the shoes of farmers by combining the spirit of exploration with the voluntary labor service.

	2017		2018		2019		2020		2021		2022		2023		Total
Beach cleaning											125	59	46	15	245
Farm work	227	35	382	49	340	156	250	75	224	52	105	54	213	63	2,225
Total	262		431		496		325		276		343		259	78	2,470

Corporate volunteer　　Community volunteer

Environmental protection: "DOC Volunteers' Short Trip" – the meaning of sweating and walking

2. Farming like a farmer: (II) "Friendly Farming" for rice contract farming

The United Nations published the 17 Sustainable Development Goals (SDGs) in 2016. For SDG 12, "Ensure sustainable consumption and production patterns," the BenQ Foundation has advocated for "environmental protection" and supported "friendly farming" for many years since 2008.

The Foundation has performed contract farming for 15 consecutive years (2008–2023). It adopts rice fields in Northern, Western, Southern, and Eastern Taiwan. Based on the concepts of friendly farming, the Foundation has entered into agreements with local farmers that cover 110.5 hectares of rice fields in Taiwan.

In 2023, the "friendly contract farming" was extended to the "Nanpu Community" in Beipu, Hsinchu County, and the "Shangshuimi" rice fields in Xizhou of Changhua. The contract farming area in 2021 reached up to 10 hectares. Thanks to the plentiful harvests in the spring and autumn, the Foundation shared the "Rice Gift Box" with the employees of the Group and arranged 42 locations to donate rice to vulnerable groups for public welfare. A total of 4,711.8 kilograms of rice were donated in two terms in order to encourage farming and eating safe, good rice. In addition, the harvesting activity was a means to lead the employees to the soil, help them learn agricultural knowledge, enhance friendliness to the land by engaging in the labor work, and put the concept of "environmental protection"

	2017	2018		2019		2020		2021		2022		2023		Total
Area/ hectare	50.5	10		10		10		10		10		10		110.5
Volunteer/ number	N	109	40	145	25	200	23	102	30	147	31	140	20	1012
Total		149		170		223		132		178		160		1012

Corporate volunteer | Community volunteer

into practice. In 2023, the Group' s employees and their family members enthusiastically participated in the harvesting work in the autumn in Xizhou. They rolled up their sleeves and bent down to cut the rice while experiencing the exhausting labor work of the farmers and coming closer to the land.

Environmental protection: friendly contract farming "My Small Farmland" – the autumn harvest in Xizhou

3. Workshop for ESG Sustainability Action

At the beginning of 2023, BenQ Foundation started the "Workshop for ESG Sustainability Action" and was dedicated to assisting the employees and the supply chain to transform "sustainability" from conceptual thoughts to practical actions. The action included the "39th Corporate Sustainability Manager Certification Training Class" organized in cooperation with Taiwan Institute for Sustainable Energy (TAISE). The 10-week comprehensive course included five major subjects: ""Developmental Trends," "Standards and Norms," "Corporate Benchmarks," "Sustainable Finance," and "Practical Exercises," to help the participants fully absorb and learn professional knowledge. In combination with their practical experiences, what they have learned was transformed into practical ESG action plans. A total of 54 participants in the first session of the group's "Corporate Sustainability Manager Certification Training Class" passed the test.

In addition, the "Carbon Footprint Strategy Workshop" was provided to enhance the Group's basic understanding of product carbon footprints, master the core concept of the carbon footprint and the practical procedure of the carbon inventory, consequently establishing a consistent set of standards and norms. A total of 30 people participated in the first session. In addition, 18 sessions of "Online ISO14064-1 Education and Training Course" were provided for supply chain partners to help them build carbon footprint calculating capacity by taking inventory of GHG, setting carbon reduction goals, managing energy etc., and create a sustainable, low-carbon supply chain together.

Create a sustainable value chain for the Group and train employees and supply chain partners of the Group to move towards net-zero milestones

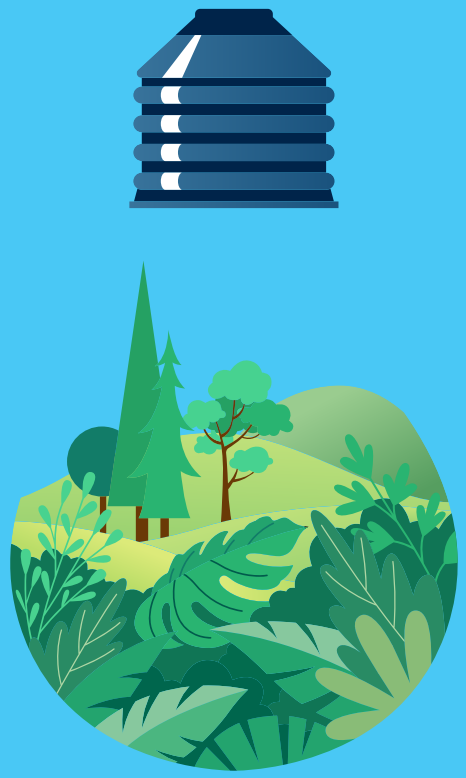
4 ESG Performance

- 2023 Sustainability Performance

2023 Sustainability Performance

Corporate governance

100% attendance rate of board meeting	No. 2 The world's LCD display shipment volume
No. 4 The world's digital light (DLP) projector shipment volume	6- 20% Corporate governance evaluation
94 Customer satisfaction score of	73.4% Proportion of local procurement
total of 52 essential patents were obtained	total of 1,251 accumulated valid patents



Employees and society

100% Code of Conduct training completion rate	4.62 points Employee engagement score
3,631 hours Total hours that the employees and their families spent on charitable events.	30.58 million hours Total work hours without occupational accidents
Average employee training hours 22 hours/ 77% of the company's training was conducted online	A total of 54 people in Green Power obtained the sustainable manager certificate

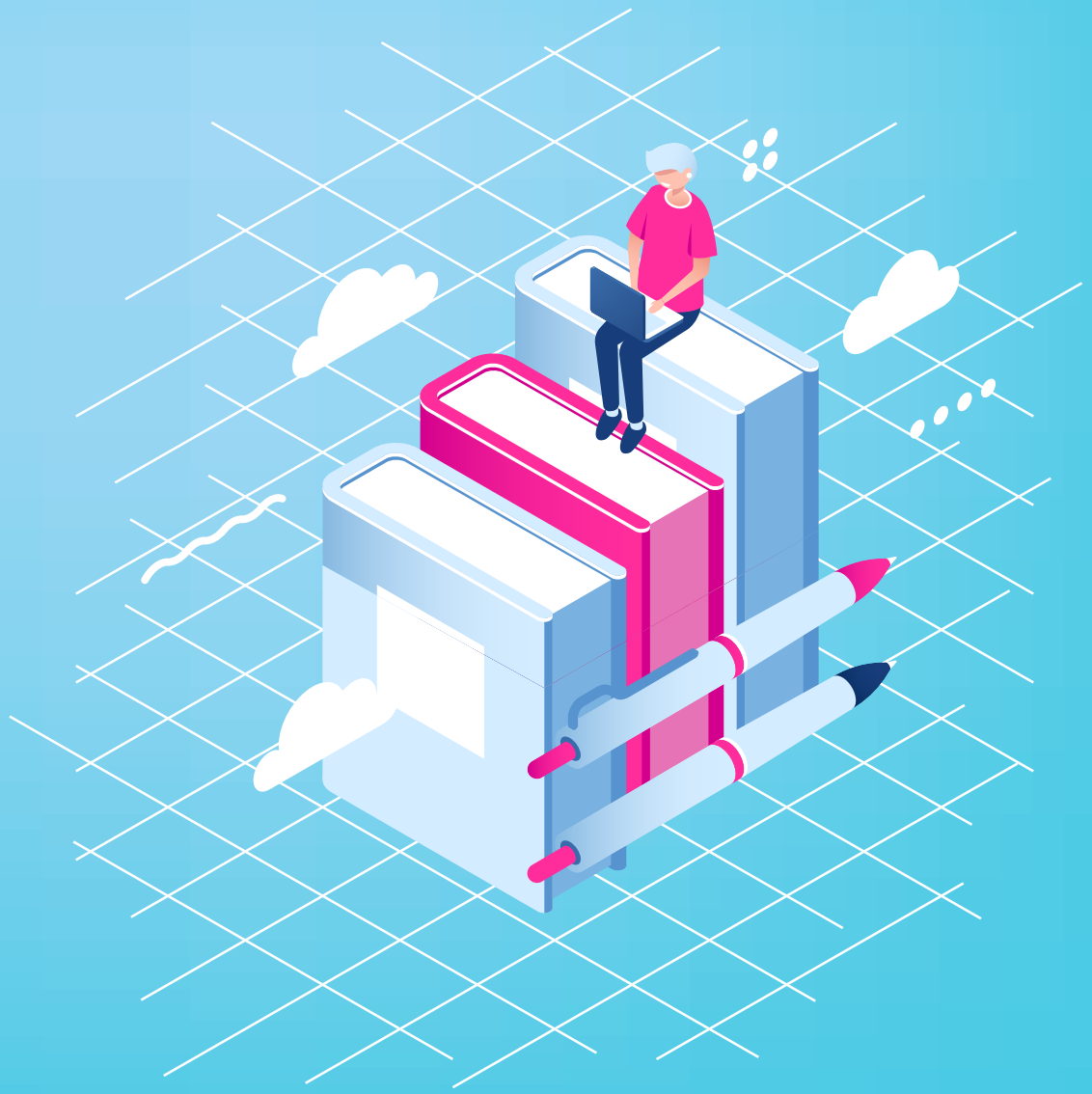
18 sessions of carbon reduction training for suppliers were held, with a total of 696 suppliers participating in the training

Environmental protection

SBTi Passed the target review	Reduce 54,700 tons CO_2e (Down 51% compared to base year)	RE 26.2 renewable energy	Decrease by 27.2% VOCs (compared to previous year)	100% of manufacturing plants obtained ISO 14001 certificate
8.07% Green Products reduce carbon (with 2020 as baseline year)	8.46% Green Products saved energy (with 2020 as baseline year)	13.68% Green Products consumption reduction (with 2020 as baseline year)	Energy Star 58.07% Proportion of product line in product revenue	UL 2799 zero landfill waste Suzhou sites - platinum certification Vietnam sites -golden certification

5 ESG Sustainability Performance

- GRI Standards Index
- SASB Metrics
- Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE
- TCFD
- Quantitative Indicator for Sustainable Development
- Qisda's Alignment with Financial Supervisory Commission's Path of Sustainable Development
- Qisda's ESG Activity Video
- Development status of short, medium and long term goals
- ISO 26000 Index
- SDGs Index
- Qisda Management Systems for SDGs
- Assurance Statement



GRI Standards Index

GRI 2 General disclosures 2021

Topic	Item of disclosure	GRI Disclosure	Corresponding chapter/explanation	Page	Remarks	External assurance
The organization and its reporting practices	2-1 Organizational details	2-1-a	About the Report	03		●
		2-1-b	About the Report	03		●
		2-1-c	About the Report	03		●
		2-1-d	About the Report	03		●
	2-2 Entities included in the organization's sustainability reporting	2-2-a	About the Report	03		●
		2-2-b	There are no differences.			●
		2-2-c	N/A			●
	2-3 Reporting period, frequency and contact point	2-3-a	About the Report	03		●
		2-3-b	About the Report	03		●
		2-3-c	About the Report	03		●
		2-3-d	About the Report	03		●
	2-4 Restatements of information	2-4-a	There are no restatements of information.			●
	2-5 External assurance	2-5-a	About the Report	03		●
		2-5-b	About the Report	03		●

● **Statement of use:** The Qisda Sustainability Report is reported in compliance with GRI Standards.
The reporting period of data and information disclosed is from January 1, 2023 to December 31, 2023.

GRI 1 used: Foundation 2021

Applicable GRI Sector Standard/s: N/A

GRI 2 General disclosures 2021

Topic	Item of disclosure	GRI Disclosure	Corresponding chapter/explanation	Page	Remarks	External assurance
Activities and workers	2-6 Activities, value chain and other business relationships	2-6-a	Business Overview and Organizational Structure	04		●
		2-6-b	Business Overview and Organizational Structure	04		●
		2-6-c	Business Overview and Organizational Structure	04		●
		2-6-d	Business Overview and Organizational Structure	04		●
	2-7 Employees	2-7-a	Recruitment of Diverse Talents	147		●
		2-7-b	Recruitment of Diverse Talents	147		●
		2-7-c	Recruitment of Diverse Talents	147		●
		2-7-d	Recruitment of Diverse Talents	147		●
		2-7-e	Recruitment of Diverse Talents	147		●
	2-8 Workers who are not employees	2-8-a	Recruitment of Diverse Talents	147		●
		2-8-b	Recruitment of Diverse Talents	147		●
		2-8-c	Recruitment of Diverse Talents	147		●
Governance	2-9 Governance structure and composition	2-9-a	Organization and Operation of Governance	44		●
		2-9-b	Organization and Operation of Governance	44		●
		2-9-c	Organization and Operation of Governance	44		●
	2-10 Nomination and selection of the highest governance body	2-10-a	Structure and Operation of the Board of Directors	44		●
		2-10-b	Election and Diversity of the Board Members	44		●
	2-11 Chair of the highest governance body	2-11-a	Structure and Operation of the Board of Directors	44		●
		2-11-b	Structure and Operation of the Board of Directors	44		●

GRI 2 General disclosures 2021

Topic	Item of disclosure	GRI Disclosure	Corresponding chapter/explanation	Page	Remarks	External assurance
Governance	2-12 Role of the highest governance body in overseeing the management of impacts	2-12-a	Organization and Operation of Governance	44		●
		2-12-b	Organization and Operation of Governance	44		●
		2-12-c	Organization and Operation of Governance	44		●
	2-13 Delegation of responsibility for managing impacts	2-13-a	Organization and Operation of Governance	44		●
		2-13-b	Organization and Operation of Governance	44		●
	2-14 Role of the highest governance body in sustainability reporting	2-14-a	Organization and Operation of Governance	44		●
		2-14-b	N/A			●
	2-15 Conflicts of interest	2-15-a	Communication Mechanism for Reports and Suggestions	52		●
		2-15-b	Organization and Operation of Governance	44		●
	2-16 Communication of critical concerns	2-16-a	Organization and Operation of Governance	44		●
		2-16-b	Organization and Operation of Governance	44		●
	2-17 Collective knowledge of the highest governance body	2-17-a	Diversity of the Board Members + Risk Management Background	47		●
	2-18 Evaluation of the performance of the highest governance body	2-18-a	Organization and Operation of Governance	44		●
		2-18-b	Performance evaluation of the Board of Directors	48		●
		2-18-c	Performance evaluation of the Board of Directors	48		●

GRI 2 General disclosures 2021

Topic	Item of disclosure	GRI Disclosure	Corresponding chapter/explanation	Page	Remarks	External assurance
Governance	2-19 Remuneration policies	2-19-a	Compensation System for Directors and Managers	49		●
		2-19-b	Compensation system for Directors and Managers	49		●
	2-20 Process to determine remuneration	2-20-a	Organization and Operation of Governance	49		●
		2-20-b	N/A			●
	2-21 Annual total compensation ratio	2-21-a	QTY: 18.7 QCS: 9.5			●
		2-21-b	QTY: 1.1 QCS: -0.1			●
		2-21-c	GRI 2-21 The annual total compensation ratio can be calculated using the following formula			●
Strategy, policies and practices	2-22 Statement on sustainable development strategy	2-22-a	Sustainable Corporate Governance	15		●
	2-23 Policy commitments	2-23-a	Qisda's Human Rights Policy	176	The Company has not endorsed any collective bargaining agreements with its employees.	●
		2-23-b	Qisda's Human Rights Policy	176		●
		2-23-c	Qisda's Human Rights Policy	176		●
		2-23-d	Qisda's Human Rights Policy	176		●
		2-23-e	Qisda's Human Rights Policy	176		●
		2-23-f	Qisda's Human Rights Policy	176		●
	2-24 Embedding policy commitments	2-24-a	Qisda and Our stakeholders	24		●

remarks 1 Taiwan: 18.7 China Suzhou: 9.5
remarks 1 Taiwan: 1.1 China Suzhou: -0.1
remarks 1 GRI 2-21 The annual total compensation ratio can be calculated using the following formula.

GRI 2 General disclosures 2021

Topic	Item of disclosure	GRI Disclosure	Corresponding chapter/explanation	Page	Remarks	External assurance
Strategy, policies and practices	2-25 Processes to remediate negative impacts	2-25-a	Qisda and Our stakeholders	24		●
		2-25-b	Qisda's Human Rights Policy	176		●
		2-25-c	Human Rights Management Practices	180		●
		2-25-d	Human Rights Management Practices	180		●
		2-25-e	Human Rights Management Practices	180		●
	2-26 Mechanisms for seeking advice and raising concerns	2-26-a	Code of Conduct	50		●
	2-27 Compliance with laws and regulations	2-27-a	Legal Compliance	54		●
		2-27-b	Legal Compliance	54		●
		2-27-c	Legal Compliance	54		●
		2-27-d	Legal Compliance	54		●
	2-28 Membership associations	2-28-a	Participation in Associations	10		●
Stakeholder engagement	2-29 Approach to stakeholder engagement	2-29-a	Qisda and Our stakeholders	24		●
	2-30 Collective bargaining agreements	2-30-a	Internal Communication Channels	181-182	As no employees in Taiwan participate in labor unions, statistics have only been collected from Suzhou and Vietnam.	●
		2-30-b	Internal Communication Channels	181-182	There is no establishment of a labor union in Taiwan.	●

GRI 3 Material Topics Disclosure

GRI Standards	Item of Disclosure	Page number
	3-1 Process to determine material topics	24-26
	3-2 List of material topics	27
	3-3 Management of material topics	29-38

GRI 3 Environment-related Material Topics

GRI Standards	Item of Disclosure	Page number
R&D and Innovation of Green Products		
301 Materials	301-1 Materials used by weight or volume	142-143
	301-2 Recycled input materials used	143
	301-3 Reclaimed products and their packaging materials	143
302 Energy	302-5 Reductions in energy requirements of products and services	108 132-135 143-144
417 Marketing and labelling	417-1 Requirement of product and service information and labeling	140-142
Climate Strategy		
201 Economic performance	201-2 Financial implications and other risks and opportunities due to climate change	96-103
305 Emissions	305-1 Direct (Scope 1) GHG Emissions	110

GRI 3 Environment-related Material Topics

GRI Standards	Item of Disclosure	Page number
Climate Strategy		
305 Emissions	305-2 Energy indirect (Scope 2) GHG Emissions	110
	305-3 Other indirect (Scope 3) GHG Emissions	111
	305-4 GHG Emissions intensity	108
	305-5 Reduction of GHG Emissions	108
	305-6 ODS Emissions	118
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	118
Energy use and energy saving		
302 Energy	302-1 Energy consumption within the organization	108
	302-2 Energy consumption outside of the organization	108
	302-3 Energy intensity	108
	302-4 Reduction of energy consumption	108
	302-5 Reductions in energy requirements of products and service	108 132-135 143-144
Waste material and pollutants		
306 Waste	306-1 Waste generation and significant waste-related impacts	117

GRI 3 Governance-related Material Topics

GRI Standards	Item of Disclosure	Page number
Sustainable Supply Chain Management		
204 Procurement Practices	204-1 Proportion of spending on local suppliers	81
205 Anti-Corruption	205-2 Communication and training about anti-corruption policies and procedures	50
301 Materials	301-1 Materials used by weight or volume	142-143
	301-2 Recycled input materials used	143
	301-3 Reclaimed products and their packaging material	143
308 Supplier Environment Assessment	308-1 New suppliers that were screened using environmental criteria	76
	308-2 Negative environmental impacts in the supply chain and actions taken	77
414 Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	74-75
	414-2 Negative social impacts in the supply chain and actions taken	77-78

GRI 3 Governance-related Material Topics

GRI Standards	Item of Disclosure	Page number
Customer Relations management		
416 Customer Health and Safety	416-1 Assessment of the health and safety impacts products and service categories	137
	416-2b Incidents of non-compliance concerning the health and safety impacts of products and services	86
417 Marketing and labelling	417-1 Requirements for product and service information and labeling	140-142
	417-2 Incidents of noncompliance concerning product and service information and labeling	86
	417-3 Incidents of noncompliance concerning marketing communications	No penalty
418 Customer privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	No events occurred
Self-disclosure	Customer satisfaction score: 93	84
Operational and financial performance		
201 Economic performance	201-1 Direct economic value generated and distributed	54
	201-2 Financial implications and other risks and opportunities due to climate change	96-103

GRI 3 Governance-related Material Topics

GRI Standards	Item of Disclosure	Page number
Operational and financial performance		
201 Economic performance	201-3 Defined benefit plan obligations and other retirement plans	159
	201-4 Financial assistance received from government	N/A
202 Market Presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	156
	202-2 Proportion of senior management hired from the local community	150
203 Indirect Economic Impacts	203-1 Infrastructure investments and services supported	194
	203-2 Significant indirect economic impacts	39-42
205 Anti-Corruption	205-1 Operations assessed for risks related to corruption	50
	205-2 Communication and training about anti-corruption policies and procedures	50
	205-3 Confirmed incidents of corruption and actions taken	50
206 Anti-Competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	54

GRI 3 Social-related Material Topics

GRI Standards	Item of Disclosure	Page number
Talents policy		
201 Economic performance	201-3 Defined benefit plan obligations and other retirement plans	159
202 Market presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	156
	202-2 Proportion of senior management hired from the local community	150
401 Employment	401-1 New employee hires and employee turnover	147. 161
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	158
	401-3 Parental leave	158
402 Labor/ Management relations	402-1 Minimum notice periods regarding operational change	182
Employee training and development		
404 Training and education	404-1 Average hours of training per year per employee	170
	404-2 Programs for upgrading employee skills and transition assistance programs	162

GRI 3 Social-related Material Topics

GRI Standards	Item of Disclosure	Page number
Employee training and development		
404 Training and education	404-3 Percentage of employees receiving regular performance and career development reviews	175
Occupational Health and Safety Management		
403 Occupational Health and Safety	403-1 Occupational health and safety management system	188
	403-2 Hazard identification, risk assessment and incident investigation	189
	403-3 Occupational health services	183
	403-4 Worker participation, consultation, and communication on occupational health and safety	182
	403-5 Worker training on occupational health and safety	191
	403-6 Promotion of worker health	183
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	189
	403-8 Workers covered by an occupational health and safety management systems	191-192
	403-9 Work-related injuries	191
	403-10 Work-related ill-health	184

2023 -SASB Industry-Specific Metrics

Metric No.	Disclosure Metrics	Statistics	Relevant Chapter	Page No.	Remarks
Water Management					
TC-ES-140a.1	(1) Total water water withdrawn	**416,629** metric tons/year	Making Good Use of Water Resources	113	Suzhou Plant and Vietnam Plant are located in water-stressed areas.
	(2) Total water consumed, percentage of each in regions with High or Extremely High baseline water stress	**84.06%**			
Waste Management					
TC-ES-150a.1	Total amount of hazardous waste	Total amount: **721** metric tons	Waste Recycling	117	
	Percentage Recycled	Recycling rate: **91%**			
Labor Practices					
TC-ES-310a.1	(1) Number of work stoppages	**0**	Occupational Safety, Health and Management	183	For all factories: No related accidents occured in 2023.
	(2) Total days idle	**0**			
Labor Status					
TC-ES-320a.1	(1) Total recordable incident rate (TRIR) for direct employees and contract employees	For direct employees:	Occupational Safety, Health and Management	183	
	(2) Near miss frequency rate (NMFR) for direct employees and contract employees	For direct employees:			

Metric No.	Disclosure Metrics	Statistics	Relevant Chapter	Page No.	Remarks
Labor Statu					
TC-ES-320a.2	(1) Percentage of entity's facilities audited in the RBA Validated Audit Process (VAP) or equivalent by: (a) all facilities	83.33%	Sustainable Supply Chain Management	72	a. Facilities: **6** b. Facilities passing the RBA audit: **5** Percentage: **83.33%**
	(2) Percentage of entity's facilities audited in the RBA Validated Audit Process (VAP) or equivalent by: (b) high-risk facilities	0%			High-risk facilities: None
	(3) Percentage of Tier 1 suppliers audited in the RBA Validated Audit Process (VAP) or equivalent by: (a) all suppliers	3.13%			Tier 1 suppliers: **703** Suppliers passing the RBA audit equivalent: **22** Percentage: **3.13%**
	(4) Percentage of Tier 1 suppliers audited in the RBA Validated Audit Process (VAP) or equivalent by: (b) high-risk suppliers	N/A			Currently no relevant statistic.
TC-ES-320a.3	(1) The entity's facilities' non-conformance rate with the RBA Validated Audit Process or equivalent	The entity's facilities' non-conformance rate with each audit dimension is shown in the table below (1).	Sustainable Supply Chain Management	72	Amount of non-conformances of each audit dimension for the entity's facilities/ Total amount of non-conformances for the entity's facilities
	(a) The entity's facilities' improvement rate of prioritized deficiencies for the RBA Validated Audit Process or equivalent	0%			Priority non-conformances of facilities: None
	(b) The entity's facilities' improvement rate of other deficiencies for the RBA Validated Audit Process or equivalent	40%			Other Priority non-conformances of facilities: Total items: **10** Improved items: **4** Improvement rate: **40%**
	(2)Tier 1 supplier facilities' non-conformance rate with the RBA Validated Audit Process or equivalent	Tier 1 suppliers' non-conformance rate with each audit dimension is shown in the table below (2).			Amount of non-conformances of each audit dimension for the entity's facilities / Total amount of non-conformances for the entity's facilitiesTotal amount of non-conformances for Tier1 supplier facilities
	(a) Tier 1 supplier facilities' non-conformance rate with the RBA Validated Audit Process or equivalent	0%			Priority non-conformances of Tier 1 suppliers: None
	(b) Tier 1 supplier facilities' non-conformance rate with the RBA Validated Audit Process or equivalent	84%			Other non-conformances of Tier 1 suppliers: Total items: **85** Improved items: **71** Improvement rate: **84%**

Metric No.	Disclosure Metrics	Statistics	Relevant Chapter	Page No.	Remarks
Product Lifecycle Management					
TC-ES-410a.1	Total global recycling of waste products; metric tons (t), (%); percentage of the weight recovered in the weight of products sold	N/A			Qisda is an Original Design Manufacturer (ODM). The ownership of the products is transferred to the customer when they are shipped to the customer together with the package. Therefore, the products cannot be recycled.
Materials Sourcing					
TC-ES-440a.1	Description of the management of risks associated with the use of critical materials	Qisda supports the global boycott for conflict minerals. We have established a Conflict Minerals Commitment with reference to OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Meanwhile, collaborating with suppliers to conduct investigations to prevent direct or indirect sourcing of conflict minerals.	Conflict Minerals Management		

TC-ES-320a.3

(1) Amount of non-conformances of each audit dimension for the entity's facilities/ Total amount of non-conformances for the entity's facilities

	Labor	Health and safety	Environment	Ethics	Management system
Proportion ratio in non-compliance of priority non-conformances	0%	0%	0%	0%	0%
Proportion ratio in non-compliance of other non-conformances	60%	20%	0%	10%	10%

(2) Deficiencies of each audit dimension/total deficiency of Tier 1 suppliers

	Labor	Health and safety	Environment	Ethics	Management system
Proportion ratio in non-compliance of priority non-conformances	0%	0%	0%	0%	0%
Proportion ratio in non-compliance of other non-conformances	27%	54%	12%	2%	5%

Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies -Sustainability Disclosure Indicators

Appendix 1-9 Sustainability Disclosure Indicators -Computer and Peripheral Equipment Industry

No.	Indicator	Indicator Type	Annual Disclosure	Unit	Remarks
1.	Total energy consumption, percentage of purchased electricity, utilization rate (renewable energy)	Quantitative	1. Total Global Energy Consumed:405,842 GJ 2. Purchased Electricity (percentage, %) :73.8% 3. Percentage Renewable:4.6% 4. Purchased Renewable Energy Certificates:21.6%	Gigajoules (GJ), percentage (%)	Energy Consumption and Conservation
2.	Total water withdrawn, total water consumption	Quantitative	1. Total Water Withdrawn:416,629 (m^3) 2. Total Water Consumed:83,326 (m^3)	Thousand cubic meters (m^3)	Making Good Use of Water Resources
3.	Total hazardous waste generated and percentage recycled	Quantitative	1. Hazardous Waste :721(t) 2. Percentage of Hazardous Waste recycled:18% 3. Percentage of Total Waste recycled:91%	Metric tons (t), percentage(%) (remarks: Waste and Pollutants)	Waste and Pollutants
4.	Types of, number of employees in and rate of occupational accidents	Quantitative	1. Occupational Accident: fall 2. Number of Individuals:3 3. FR:0.11 4. SR:5	Percentage (%), quantity (remarks: Occupational Safety, Health and Management)	Occupational Safety, Health and Management
5.	Product Lifecycle Management Disclosure: including weights of scraps and electronic waste and percentage recycled (Note 1)	Qualitative description	1. Electronic Waste produced by manufacturing (including scrapped products):127 (t) 2. Percentage Recycling:18%	Metric tons (t), percentage (%) (Green Products and Circularity)	
6.	Description of the management of risks associated with the use of critical materials	Quantitative	Qisda supports the global boycott for conflict minerals. We have established a Conflict Minerals Commitment with reference to OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Meanwhile, collaborating with suppliers to conduct investigations to prevent direct or indirect sourcing of conflict minerals.	Not applicable	Sustainable Supply Chain Management
7.	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Quantitative	Not acted in violation of competition law Total amount of pecuniary loss: NT$ 0	Reporting currency	Code of Conduct
8.	Production by product category	Quantitative	LCD Display shipment volume: 16.2milion units	Varies by product category (Green Products and Circularity)	

Note 1 : Descriptions including the sale of scraps and the recycling and processing of waste shall be provided.

TCFD Index

Core Elements	Description	Recommended Disclosures	The Company's Management	Corresponding Chapter in the 2023 Report	Page
Governance	Disclose of the organization' s governance around climate-related risks and opportunities	(a) Describe the board' s oversight of climate-related risks and opportunities (b) Describe management' s role in assessing and managing climate-related risks and opportunities	• The Corporate Sustainable Development Committee comprises of members from the Board of Directors and plays a vital role in defining business vision, creating strategies, and setting goals. All the sustainability-related activities are executed by the ESG Committee. Additionally, the Risk Management Committee conducts the assessment of risks and opportunities related to climate change annually. • Planning response measures for significant risks (including climate risks) based on the annual risk identification, and reporting the effectiveness of risk responses annually to the Board of Directors.	Climate Adaptation and Mitigation I. Governance	87-88
Strategy	Disclose of the actual and potential impacts of climate-related risks and opportunities on the organization' s businesses, strategy, and financial planning where such information is material	(a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term. (b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. (c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios.	• Regarding physical risks, climate-related risks and opportunities over the short, medium, and long term have been identified by conducting future climate simulations for the year 2050 with climate change based on three IPCC RCP scenarios. • Regarding transformation risks, setting the short-, medium-, and long-term targets for carbon reduction and disclosing the operational and financial impacts of both upstream and downstream based on the NDC scenarios. • Creating the risk matrix based on likelihood and severity of risk events. Also, the potential operational risks and their financial impacts are responded and addressed by relevant units.	Climate Adaptation and Mitigation II. Strategy	90 96-107
Risk Management	Disclose of how the organization identifies, assesses, and manages climate-related risks	(a) Describe the organization' s processes for identifying and assessing climate-related risks (b) Describe the organization' s processes for managing climate-related risks (c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization' s overall risk management	• Using both internal and external information (external reports on risks and internal material issues) as a reference to assess the risks based on the level of severity and likelihood, identify material risks. Additionally, developing risk reduction measures to make residual risks are well below the risk appetite. • The Risk Management Committee formulates response strategies for the risks of the year (climate risks have been listed as a significant risk since 2017) each year, and devises the business continuity plan (BCP) for common risks.	Climate Adaptation and Mitigation III. Risk Management	89 92-94
Metrics and Targets	Disclose of the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	(a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process (b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks (c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	• Announced net-zero goal to switch to 100% renewable energy by 2024 and reach net-zero emissions by 2050. • Required suppliers to cut carbon emissions by 30% by 2030 (compared to the year of 2021)) • Established the short-, medium-, and long-term targets regarding GHG inventory, renewable energy, water resources, water recycling, low-carbon manufacturing and low-carbon products in response to climate change risks.	Climate Adaptation and Mitigation IV. Metrics and Targets	88 91-107

Table of Quantified Key Performance Indicator for Sustainable Development (Past 4 years:2020~2023)

Economic

Item	2020	2021	2022	2023	Note	GRI Disclosure	Chapter
Economical Value							
Consolidated revenue (100 million)	1,917	2,260	2,398	2,036	Numbers are denominated in NT$	201-1	Operational Performance
Net income attributed to the owners of the parent (100 million)	50	83	83	30			
Number of patents							
Total received patents	1,134	1,174	1,199	1,251		N/A	Green Products and Circularity
Design Excellence Awards							
Number of awards received	1	1	3	1	The awards include: iF, Red Dot, iF China, G-Mark, Bio, Golden Pin, etc.	N/A	Qisda's Advantages and Accomplishments

Environmental

Item	2020	2021	2022	2023	Note	GRI Disclosure	Chapter
Total Raw Material Consumption							
Tin (solder paste, bars, wire) (tons)	220	237	192	151	Statistical data includes the Vietnam Plant (QVH) starting from 2021	301-1	N/A
Flux (tons)	182	273	127	111			
Hardware (10,000 tonnes)	1.2	1.2	1.01	0.9			
Primary Energy Consumption							
Natural gas (1,000 cubic meters)	623.7	637.2	339.2	198.5	Statistical data includes the Vietnam Plant (QVH) starting from 2021	302-1	Energy Consumption
Gasoline (tons)	22	13.9	99.9	96.9			
Diesel fuel (tons)	9.5	10.8	14.7	29.6			

Environmental

Item	2020	2021	2022	2023	Note	GRI Disclosure	Chapter
Total Indirect Energy Consumption							
Purchased electricity (10,000 MWh)	12.19	12.79	11.78	10.90	Statistical data includes the Vietnam Plant (QVH) starting from 2021	302-2	Energy Consumption
Total Water Consumption							
Global water consumption (million liters)	561	517	441	417	Statistical data includes the Vietnam Plant (QVH) starting from 2021	303-3 (2018)	Utilization of Water
Water consumption per million USD value (tons)	135	106	105	142			
Global wastewater disposal (million liters)	449	414	353	333		303-2 (2018)	
Total GHG Emission							
Direct GHG Emissions(million tCO_2e)	0.22	0.22	0.48	0.35	1. The organization's GHG emissions in each year have been verified by a third party by the standard for GHG inventory (ISO 14064-1:2018) 2. Statistical data includes the Vietnam Plant (QVH) starting from 2021	305-2	GHG Emissions
Indirect GHG emissions from energy consumption (million tCO_2e)	9.34	10.4	7.07	4.84			
Other indirect GHG emissions (tCO_2e)	46	76	1,802	1,756	2020 : Business travels were counted 2021 : Business travels and employee commutes were counted 2022/2023 : Business travels, employee commutes, energy-related upstream activities, and waste disposal at the manufacturing stage were counted	305-3	GHG Emissions
Greenhouse gas emission per million USD value (tCO_2e)	23.1	21.9	17.7	17.7	Reduced 19% compared to that of 2021	N/A	Reduction Targets and Commitments
Energy consumption per million USD value (kWh)	29,338	26,284	29,436	38,957	Reduced 41% compared to that of 2021	305-4	
Global GHG emissions per personal hourly electricity consumption (kilogram of CO_2e)	2.3	2.5	1.9	1.8	Reduced 29% compared to that of 2021	305-4	

Environmental

Item	2020	2021	2022	2023	Note	GRI Disclosure	Chapter
Waste Management							
Total recyclable waste globally (%)	91	91	91	91	Remained the same as 2022	306-2	Waste Management
Total recyclable waste globally (metric tons)	32,521	37,619	31,561	24,317	Statistical data includes the Vietnam Plant (QVH) starting from 2021		
Total burned non-recyclable waste globally (metric tons)	2,838	2,987	2,613	1,662			
Total non-hazardous waste (metric tons)	35,359	40,606	34,174	25,979			
Total hazardous waste (metric tons)	484	627	877	721	Referring to SASB Disclosure data in 2022. Discloses statistical data for the year 2023.		
Released Chemicals and Other Substances							
Total number and volume of released chemicals and other substances	0	0	0	0		306-3	OH&S Management
Violations of Environmental Regulations							
Number of non-compliance with environmental laws and regulations and total monetary value of fines	0	0	0	0		307-1	Environmental Policy and Management
Environmental investment							
Total amount of investment/expense in environmental protection (USD$10,000)	191	698	314	304		N/A	N/A
Number of Employees							
Taiwan	1,722	1,729	1,651	1,562	Statistical data includes the Vietnam Plant (QVH) starting from 2021	401-1	Recruitment of Diverse Talents
Suzhou, China	8,546	5,388	4,761	5,125			
Vietnam	-	399	512	991			
Service centers (Singapore, Japan and the US)	30	28	26	25			
	10,298	7,544	6,950	7,703			

Environmental Performance

Item	2020	2021	2022	2023	Note	GRI Disclosure	Chapter
Occupational Health and Safety Management Performance							
Number of occupational accidents	4	6	4	3	1. Statistics are recorded for every 1,000,000 hours 2. Statistical data includes the Vietnam Plant (QVH) starting from 2021	403-2	OH&S Management
Disabling Injury Frequency Rate (FR)	0.10	0.14	0.11	0.11			
Disabling Injury Severity Rate (SR)	2	4	1	5			
Occupational diseases rate (ODR)	0	0	0	0			

Social

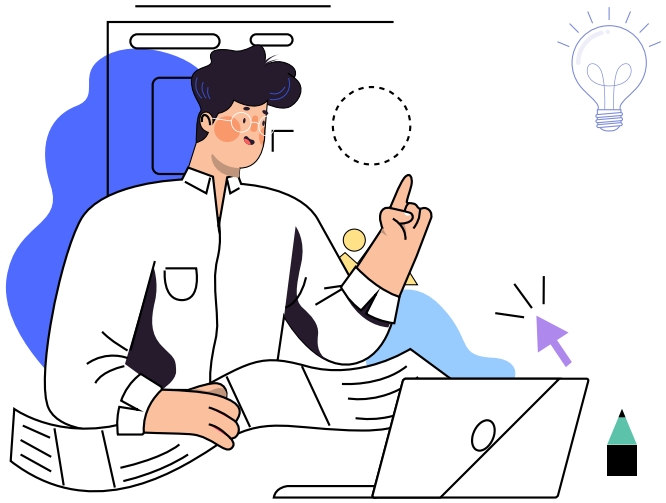
Item	2020	2021	2022	2023	Note	GRI Disclosure	Chapter
Absence rate (AR)	6.90	17.86	6.27	5.53	1. Calibration method for 4 years now covers all factories; Statistical data includes the Vietnam Plant (QVH) starting from 2021.		
Number of work stoppages (times)	0	0	0	0			
Employee absence rate (%)	0.13	0.11	0.12	0.09			
Average Employee Training Hours (Hours per Person)							
Direct labor (DL, Global)	102.0	28.4	26.6	11	Statistical data includes the Vietnam Plant (QVH) starting from 2021	404-1	Talent Development
Indirect labor (ISL, Global)	20.9	20.2	44.1	36			
Human Rights Management							
Incidents of discrimination	0	0	0	0		406-1	Human Rights Management system
Human rights complaints	0	0	0	0		103-2	
Employees' participation rate in labor unions (%)	3.69	7.54	10.15	21.12	Data consists of statistics from mainland China and Vietnam	103-2	Internal communication channels

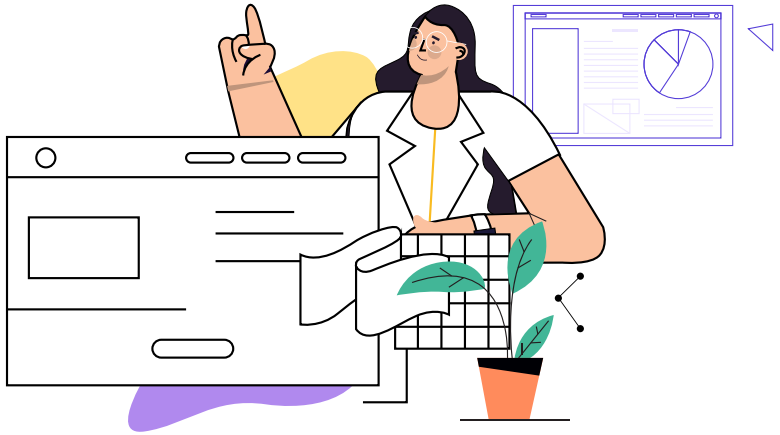
Social

Item	2020	2021	2022	2023	Note	GRI Disclosure	Chapter
Employee Code of Conduct Training Percentage							
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			
Vietnam (%)			DL:100 IDL:100	DL:100 IDL:100			
Political contributions							
Sum of political contribution	0	0	0	0		405-1	GRI Standards Index
Violations of Social Relevant Regulations							
Number of social relevant regulation violations and fines	0	0	0	0		419-1	Legal compliance
Customer Satisfaction Survey Results (Points)							
Medical Image	92.1	94	98	95	The digital fashion center (Lighting) category was added in 2019	N/A	Customer satisfaction
Precision optics	95.3	93	94	93			
Displays	96.8	97	96	94			
Manufacturing services	93.5	95	93	94			
Digital fashion design center	95	95	95	94			
Violations of Marketing Regulations							
Incidents of non-compliance with regulations concerning marketing communications	0	0	0	0		417-3	Legal compliance

Social

Item	2020	2021	2022	2023	Note	GRI Disclosure	Chapter
Customer Privacy							
Customer privacy violation complaints	0	0	0	0		418-1	Customer satisfaction
Supply Chain Inspection							
Inspection and audit of social responsibility, and environmental health and safety of key suppliers (number of key suppliers)	21	24	37	22	1. We changed the inspection methods in 2016. We act concerning the Responsible Business Alliance (RBA) Code of Conduct and mainly perform on-site audits. 2. All human resources agencies and in-plant service providers have been included since 2019	302-2 414-2	Sustainable Supply Chain Management
Completion rate of written inspection and audit of key suppliers	73.6%	96	97	95.7%		302-2 414-2	Sustainable Supply Chain Management





Assessment of the Current Status of Qisda's Compliance with the "Sustainable Development Action Plans for TWSE/TPEx Listed Companies" (2023) of the Financial Supervisory Commission (FSC)

I. Lead listed companies to reach net-zero		
Initiative	Plan and Schedule	Qisda's Promotion Status
1. Promote companies to establish carbon reduction targets, strategies, and specific action plan	As of 2026, this imitiatibe will be phased according to capital scale. Companies shall disclose the established carbon reduction goals, strategies and specific action plans for the next year (with the inventory year as the baseline year) in the subsequent year after disclosing the inventory information in the consolidated financial statement.	The Company has set up annual carbon reduction goals in the report released in 2023. Please refer to the following for our methods of setting carbon reduction goals: 1. Commitment to absolute reduction as per SBT 2. Commitment to RE 100 Establishment of renewable energy consumption (1) RE 40 by 2025 (2) RE 60 by 2030 (3) RE 100 by 2040
2. Assisting in the establishment of the carbon credit system for GHG emissions	Corporations are encouraged to transition toward net-zero emissions. The FSC will study international practices and supervise the TWSE in assisting the Environmental Protection Administration (EPA) in building a GHG emission credit trading system based on its experience in securities transactions.	The Company has joined RE100 as well as SBT with commitment since December 20, 2022.
3. Encouraging enterprises to disclose the information of Scope 3 GHG emissions	The TWSE and TPEx frame recommended Scope 3 disclosure items with reference to international standards and domestic industry characteristics in 2023. The conference will be conducted in 2024 and the feasibility of mandatory disclosure will continue to be studied.	The Sustainability Report disclosed 5 pieces of Scope 3 information.

II. Deepen companies' sustainable governance culture		
Initiative	Plan and Schedule	Qisda's Promotion Status
1. Strengthen functions of independent directors and audit committee	By2027, All TWSE- and TPEx-listed companies will be required to, at the end of the existing directors' terms, have independent directors make up no less than one-third of board seats with no more than three terms of office.	According to the articles of association, the Board of Directors currently set 9 seats for director with 3-year terms. They are elected by shareholders' meeting from the list of director candidates and eligible for re-election. Current term of board director: 2023.05.29-2026.05.28
2. Gender diversity among directors of listed companies	To strengthen Board Diversity and consider promotion of female directors as an international trend, IPO should appoint at least one female director from 2023. From 2024, all TWSE- and TPEx-listed companies scheduled to hold board elections will be required to appoint at least one female director.	The Company has 2 Female Directors in 2023, reached the status of gender diversity in corporate governance.
3. Candidate nomination system in emerging stock board companies	To further facilitate the exercise of shareholder activism, all TPEx Emerging Stock Board companies shall adopt the candidate nomination system for the election of directors in 2025.	N/A
4. Reasonable compensation policy	Reasonable performance evaluations and a fair compensation system are crucial to the sustainable development of enterprises. The TWSE incorporates metrics linking executive compensation to ESG performance in the Corporate Governance Evaluation indicators. Meanwhile, studying the feasibility of mandatory reporting of director compensation to shareholders in the AGM.	As of 2023, Qisda has officially linked executive compensation to ESG performance.
5. Encourage establishment of sustainable development committee (chief sustainability officer)	To foster strong values and a culture of sustainability, the TWSE and TPEx publish the template of organizational regulations of sustainable development committee as reference for businesses in 2023. And seminars for exchanging practical experience will be conducted in 2024. In 2025, studying the feasibility of requiring listed companies to establish sustainable development committees.	The Company has established the Corporate Sustainable Development Committee composed of the Board members in 2023. The Vice President, Mr. Wang-Hsi Lin, has been appointed Chief Sustainability Officer.

N/A: Meaning "not applicable" or that the FSC has not provide a complete standard, leaving Qisda unable to identify the degree of conformity.

III. Enhance the disclosure of sustainable information

Initiative		Plan and Schedule	Qisda's Promotion Status
1. Expanding the scope of sustainability information disclosure	(1) Enhance sustainable information disclosure in annual reports	Annual reporting requirements will be reviewed with reference to international standards to improve sustainable information disclosure. In 2023, the FSC amends the "Regulations Governing Information to be Published in Annual Reports of Public Companies."	The Company has adopted the GRI Standards for the sustainability report to comprehensively disclose the sustainability information.
	(2) Expand the scope of mandatory sustainability reporting to companies with less than NT$2 billion in capital		The Company has paid-in capital of NT$19.7 billion. A Sustainability Report has been created in compliance with regulations.
	(3) Expand adoption of SASB standards by TWSE and TPEx listed companies		SASB disclosure topics has been included in the sustainability report.
2. Improving the quality of sustainability information	(1) Explore expanding the scope of assurance on sustainability reports	In order to improve disclosure quality of sustainability reports, the TWSE and TPEx will study the feasibility of requiring listed companies to obtain assurance on sustainability indicators in 2024.	The AA1000 series standards are adopted for conducting assurance on sustainability report.
	(2) Improve disclosure quality of sustainability reports	The TWSE and TPEx conduct spot checks on sustainability reports starting from 2023 and provide guidance for TWSE- and TPEx-listed companies to improve the disclosure quality of their sustainability reports.	N/A
	(3) Strengthen management of assurance institutions	Starting from 2024, Taiwan Stock Exchange and Taipei Exchange will randomly inspect the working paper for validation and view the validation procedure to see if it complies to the specifications, further enhancing the management of the validating personnel.	N/A
3. Align with ISSB sustainability disclosure standards		Aiming to meet international sustainability disclosure principles, the FSC will study the regulations of internal controls for the management of sustainability information. As well as establish the Sustainability Standards Committee within Accounting Research and Development Foundation. The FSC will explore and develop plans to align with ISSB sustainability disclosure standards following their announcement.	Relevant information is disclosed in the report with reference to the ISSB Sustainability Disclosure Standards.

IV. Strengthen communication with stakeholders

Initiative	Plan and Schedule	Qisda's Promotion Status
1. Shorten the deadline for filing AGM's agenda handbooks and annual reports	In order to make certain that investors are fully apprised of resolutions to be proposed at the AGM, the FSC is phasing in the requirement that listed companies disclose agenda handbooks and annual reports ahead of the AGM. It will be promoted that TWSE- and TPEx-listed companies with paid-in capital of less than NT$10 billion are required to file the shareholders' meeting agenda handbooks and supplementary materials 30 days before the AGM, and annual reports 14 days before the AGM.	It has been referenced.
2. F Refine investor relations platform	The TDCC and TWSE will refine the investor relations platform to provide the necessary information to generate automated stewardship reports for institutional investors. The pilot test of investor relations platform will begin in 2024.	N/A
3. Encourage institutional investors to take collective engagements	Stakeholders play an important role in achieving sustainable development of corporation. The TDCC and TWSE will collect and study best practices for collective engagements from other countries and revise the Stewardship Principles in 2024.	N/A

V. Promotion of ESG evaluation and digitalization

Initiative	Plan and Schedule	Qisda's Promotion Status
1. Establish digital platform for sustainability reporting	A digital platform will be developed to assist TWSE- and TPEx-listed companies to more effectively disclose ESG-relevant information and data in a standardized format. Pilot test of platform will begin in 2024.	N/A
2. Establish ESG database	TWSE will establish an ESG information platform and put it into operation in 2023 to provide one-stop services regarding ESG information. In order to cut down on manual operation costs, the TWSE will study XBRL format adoption to standardize current ESG indicators and for reporting ESG and sustainability-related data.	N/A
3. Create ESG evaluation	The creation of ESG evaluation will help cement sustainability culture within the market. It is expected that the indicators will be fully designed in 2023 and conduct pilot test in 2024. The ESG evaluation will be promoted based on the result of trial implementation.	N/A
4. Compile ESG indices	In order to diversify ESG relevant commodities, Taiwan Stock Exchange will continue to elaborate, compile and then release ESG relevant indices, such as the carbon efficiency index and human capital relevant index, to guide the investment of funds in the market in sustainable development.	N/A

N/A: Meaning "not applicable" or that the FSC has not provide a complete standard, leaving Qisda unable to identify the degree of conformity.

Qisda's ESG Activity Video

Type		Links to multimedia
Qisda	Corporate image	1. Qisda' s smart technology and products：**https://youtu.be/l9LlzlK4LpA** 2. AI application service improvement solutions for chain stores：https://youtu.be/vkpiZ4IhvFg 3. Winning 14 awards from the Taiwan Corporate Sustainability Awards (TCSA)：https://youtu.be/FslcrEXn4hA
	Development for sustainability	1. Sustainability results：https://youtu.be/jn28zK8x-5w 2. Joining RE100：https://youtu.be/TIE38Ab7doE 3. A 20% carbon reduction in the supply chain：https://youtu.be/RJmoUfYX-Ro 4. Qisda' s vision for ESG： EP1-Qisda: Pioneering Global Carbon Platform, Reports in 1 Hour! EP2-Game-Changing Innovation: Qisda' s Low-Carbon Products without Price Hike 5. Special Feature for Earth Day：https://youtu.be/F60XwgYWhgE?si=JmArS9Y4FwDGh_Vg
	Smart campus collaboration	1. Qisda x National Cheng Kung University Smart campus collaboration - Jamboard：https://youtu.be/r5YB6_boExI Video of the donation ceremony：https://youtu.be/W7ZPFSGkbhY Smart college town：https://youtu.be/dITgyUsD6vw
	Exhibition of smart medical technology	1. 15 topics: Focusing on the use of AI in smart healthcare：https://youtu.be/PPAKo15Wdfs?si=MJWWubiUUon6l8K- 2. Deployment in 4 major fields：https://youtu.be/65HgguTvTVU?si=aa56XxQ_dZHPHlYD
	Happy workplace	1. Space renaissance – Bringing Enjoyment n Quality to Life：https://youtu.be/vVUiQ3nlr2U 2. 2023 BenQ & Qisda Group Spring Party：https://youtu.be/PyfXffFgKOU 3. QKids Summer Camp： Taoyuan-https://youtu.be/gDfMZ3Ks2V8?si=eqcR2OoJNHnHGIdA Taipei-https://youtu.be/n0lypogLWqo?si=NQRNhwmAq6_iZJKj

Subsidiary	Type	Links to multimedia
BenQ	Corporate image	1. Introduction to the strength of the BenQ-AUO Group：https://youtu.be/BUiiEHSgZP4 2. Channel：https://www.youtube.com/@BenQTaiwan/playlists
	BenQ education and business solutions	1. BenQ education and business solutions: https://www.youtube.com/@BenQTaiwanBusiness/playlists
BenQ & Qisda Group	COMPUTEX(2023)	1. SMART+: 7 significant smart solutions：https://youtu.be/11Sp2JRJevo?si=sQ_mnazwUiOxYijy 2. COMPUTEX 2023 Event highlights：https://youtu.be/v1h-PjX9jKc?si=KHyjMTxl26tuJHd4 3. Building intelligent classrooms for high-quality education：https://youtu.be/F-H4u8d1qtc?si=A6-bzyZ2Nb0aLzVc 4. Ending the paper age through digitalization：https://youtu.be/o3ndAe1qg1Y?si=L2qq0H04FdhJLVwV 5. Leading the green energy trend using new energy management technology：https://youtu.be/b8Ez9Q2du_M?si=aWVfXib5ASGtRy1R 6. Smart retail solutions for a better consumer experience：https://youtu.be/L3FwU9x9xEY?si=463OkUkPdQfRlwyK
	Smart energy	1. For energy storage：https://youtu.be/9S8PZPdxw2k 2. For energy saving：https://youtu.be/HOlgSf14z7M
	Smart Campus collaboration	1. Industrial partners for digital learning – Department of Education, Hualien County Government：https://youtu.be/4Ror1xyGfuU
	Environmental protection	1. Qisda Corporation' s beach cleanup event removes 3.1 tons of rubbish：https://youtu.be/FvSJnCKVtmA?si=enjnzf1YEcLL6dpd
BenQ Guru	Corporate transformation	1. Business process management (BPM)：https://youtu.be/KmlcFuU4IF8 2. Guru' s human capital management (HCM) system：https://youtu.be/LkIwhGbQ_Ik
DOC BenQ	Social inclusion activities	1. 2024 Miaoli Coastal Environmental Volunteering：https://youtu.be/8y7TZCF9_1c?si=zOJbJE4RT3exIXpt 2. 2023 Miaoli Coastal Environmental Volunteering：https://youtu.be/JylTzYSRUvA?si=b61toQxeA8XLMGX1 3. 2023 Tongluo Chrysanthemum Harvesting Volunteering：https://youtu.be/xB1f4KVjcWM?si=uXoy9LPuaBqoEuEc 4. Slow Shakeng Hongbao Workshop：https://youtu.be/fhW7QJfIg6Y

Development status of short, medium and long term goals

Material Topic	Performance Indicator	2023Progress	Goal		
			Short-term	Medium-term	Long-term
Operational and Financial Performance	Profit from high-value added business	The 2023 financial report discloses the impact of climate-related risks	2025: grow incrementally	2027: Achieve over 50% of profit	2030: Continuously create long-term value
Customer relationship management	Customer satisfaction score	94 points	2025: 93 points	2030: 95 points	2040: 95 points
Sustainable supply chain management	Supplier carbon reduction	Building GHG Inventory Capabilities: A total of 18 online education and training sessions on greenhouse gas inventory were held, and 696 companies participated in the online courses	2025: Suppliers reduce carbon emissions by 3%	2030: Supplier reduce carbon emissions by 30%	2040: Continuously manage supplier carbon reduction
Climate Strategy	Absolute reduction: Scope 1, 2, and 3 GHG emissions	Reduced greenhouse gas emissions by 51.3% (including 24,700 renewable energy certificates)	reduce emissions by 16.8% by 2025(compares to 2021)	reduce emissions by 42% by 2030 (compared to 2021)	reach carbon neutrality by 2040
R&D and innovation of green products	Improve energy efficiency	With 2020 as the baseline year, we saved 8.46% of energy, reduced consumption by 13.68%, and reduced carbon by 8.07% in 2023	improve energy efficiency by 4% by 2025	improve energy efficiency by 14% by 2025	improve energy efficiency by 20% by 2040
Waste management	Proportion of recyclable waste	91%	2025: reach 92.5%	2030: reach 95%	2040: become a Zero- Waste factory
Energy management	1. Renewable energy consumption 2. Absolute reduction	1. 26.2% renewable energy 2. Save 1% of electricity per year	2025: 1. 30% use of renewable energy; 2. Save energy by 1% a year	2030: 1. 60% use of renewable energy; 2. continuously save energy by 1% a year	2040: 100% use of renewable energy
Talents Policy	Completion rate of checklist of human rights risk diligence	80%	cover by 81.5% by 2025	cover by 90% by 2030	cover by 93% by 2040
Employees training and development	Education and training: the effect of Continuous Improvement Program on revenue	Represent 1% of revenue by 2023	represent 1% of revenue by 2025	represent 1% of revenue by 2030	represent 1% of revenue by 2040
Occupational Safety, Health and Management	Zero occupational disease; FR/SR is superior to standards announced by public sector	0 occupational diseases, 0 fire hazards, FR:0.11, SR<5.26	By 2025: 0 occupational disease, 0 fire, FR<0.1, SR<4.7	By 2030: 0 occupational disease, 0 fire, FR<0.0.08, SR<3.8	By 2040: 0 occupational disease, 0 fire, FR=0, SR=0

ISO 26000 Index

	Core subjects and issues	Corresponding Chapter in the 2023 ESG Report	Page number
Organizational Governance	Decision-Making and Implementation System for the Execution of Goals	Organization and Operation of Governance	44
Human rights	Due diligence	Protection of Human Rights	176
	Human rights risk situations	Protection of Human Rights	176
	Avoidance of complicity	Protection of Human Rights	176
	Resolving grievances	Protection of Human Rights	176
	Discrimination and vulnerable groups	Protection of Human Rights	176
	Civil and political rights	Protection of Human Rights	176
	Economic, social and cultural rights	Protection of Human Rights	176
	Fundamental principles and rights at work	Protection of Human Rights	176
Labor Practices	Employment and employment relationships	Talent Attraction and Development	147
	Conditions of work and social protection	Talent Attraction and Development	147
	Social dialogue	Talent Attraction and Development	147

	Core subjects and issues	Corresponding Chapter in the 2023 ESG Report	Page number
Labor Practices	Health and safety at work	Occupational Safety, Health and Management	183
	Human development and training in the workplace	Talent Attraction and Development	147
Environment	Prevention of pollution	Waste and pollutants	117
	Sustainable resource use	Making good use of water resources Energy Consumption and Conservation	113 87
	Climate change mitigation and adaptation	Climate Adaptation and Mitigation	87
	Protection of the environment, biodiversity and restoration of natural habitats	Making good use of water resources Biodiversity and Forest Conservation	113 119
Fair operating practices	Anti-corruption	Legal compliance	91
	Responsible political involvement	The Company has not participated in any political activity during the current reporting period.	
	Fair competition	Legal compliance	54
	Promoting social responsibility in the value chain	Sustainable Supply Chain Management	72
	Respect for property rights	Legal compliance	54

Core subjects and issues		Corresponding Chapter in the 2023 ESG Report	Page number
Consumer Topic	Fair marketing, factual and unbiased information and fair contractual practices	Legal compliance Information and Privacy Security	54 66
	Protecting consumers' health and safety	Green Products and Circularity	128
	Sustainable consumption	Green Products and Circularity	128
	Consumer service, support, and complaint and dispute resolution	Customer satisfaction	83
	Consumer data protection and privacy	Information and Privacy Security	65
	Access to essential services	Customer satisfaction	83
	Education and awareness	Green Products and Circularity Talent Attraction and Development	128 147
Community Involvement and Development	Community involvement	Social care and influence	194
	Education and culture	BenQ Foundation	200
	Employment creation and skills development	BenQ Foundation Talent Attraction and Development	200 147
	Technology development and access	BenQ Foundation Green Products and Circularity	200 128
	Wealth and income creation	BenQ Foundation Operational Performance	200 54
	Health	BenQ Foundation Occupational Safety, Health and Management	200 183
	Social investment	BenQ Foundation Social care and influence	200 200

SDG Index

No.	Goal	SDG Compass Guidance	Corresponding Chapter	Page	Remarks
1	No Poverty	Partner with civil society networks to provide education and entrepreneurial skills training	BenQ Foundation	200	
2	Zero Hunger	Supporting,encouraging and demonstrating the continued viability of small-scale farming bydeveloping partnerships with small farmers.	BenQ Foundation	200	
3	Good Health and Well-being	Make investments in health a priority in business operations	BenQ Foundation Occupational Health and Safety Management	194	
4	Quality Education	Provide employees with continuous opportunities to improve their (job) skills	BenQ Foundation	200	
		Develop cost-effective education products and services that eliminate barriers to access and improve the quality of learning.	BenQ Foundation Talent Attraction and Development	200 147	
5	Gender Equality	Pay equal remuneration, including benefits, for work of equal value and strive to pay a living wage to all women and men, and establish a zero-tolerance policy towards all forms of violence at work	Talent Attraction and Development	147	
6	Clean Water and Sanitation	Reduce the likelihood of surface water contamination by treating and processing all waste with exceptional precaution	Making good use of water resources	113	
		Ensure that all employees and their families have ample access to safe drinking water and adequate sanitation.	Making good use of water resources	113	

No.	Goal	SDG Compass Guidance	Corresponding Chapter	Page	Remarks
7	Affordable and Clean Energy	Commit to sourcing 100% of operational electricity needs from renewable sources	Energy Consumption and Conservation	108	(1) The Company has joined the RE100 initiative, committing to achieve 100% renerwable energy usage by the year 2040 (2) The company has passed verification of its SBTi targets
		Prioritize energy efficiency across operations through tools such science-based targets (SBTi) and set up an internal carbon price	Sustainable Corporate Governance	15	
		Invest in R&D related to sustainable energy services	Sustainable Corporate Governance	15	
8	Decent Work and Economic Growth	Increase profitability with diversification, technnology enhancement and innovation (No corresponding SDG Target and SDG compass guideline).	Operational Performance Talent Attraction and Development Sustainable Supply Chain Management	54 147 72	
		Eliminate discrimination and pay equal wage for equal work to all women and men (No corresponding SDG Target and SDG compass guideline).	Talent Attraction and Development	147	
		Put in place mechanisms to identify child labor and forced labor throughout global supply chains.	Sustainable Supply Chain Management	72	
		Ensure employees' occupational health and safety (No corresponding SDG Target and SDG compass guideline).	Occupational Safety, Health and Management	183	
9	Industry, Innovation and Infrastructure	Invest in new, resilient infrastructure to make the existing infrastructure more sustainable.	BenQ Foundation	200	
		Establish standards and promote regulations that ensure company projects and initiatives are sustainably managed.	Sustainable Corporate Governance	15	

No.	Goal	SDG Compass Guidance	Corresponding Chapter	Page	Remarks
10	Reduced Inequalities	Ensure equal opportunities and make efforts to reducing inequality (No corresponding SDG Target and SDG compass guideline).	Human rights protection	176	
		Partner with civil society networks to provide education and entrpreneurial skills training.	Social care and influence	194	
11	Sustainable Cities and Communities	Reduce environmental impact on cities through management of elements such as air quality and waste (No corresponding SDG Target and SDG compass guideline).	Social care and influence Waste and pollutants	194 167	
		Enhance adaptability in disasters of cities and other human settlements, as well as develop and implement overall management measures for disasters and risks	Risk management	56	
12	Responsible Consumption and Production	Implement tools to analyse the carbon footprint (CFP) of products	Green Products and Circularity	128	
		Enable sustainable consumption by developing innovative solutions to reduce energy needs	Sustainable Supply Chain Management	72	
		Reduce environmental impacts of manufactured products by substituting raw materials with recycled or upcycled materials	Green Products and Circularity	128	
		Apply modular design so that individual components of the product can be easily disassembled and recycled.	Green products and Circularity	128	
		Significantly reduce waste	Green Products and Circularity	128	
		Ensure adoption of sustainable practices and integrate information about sustainability into reporting cycles	Green Products and Circularity	128	
		Green procurement	Sustainable Supply Chain Management	72	
		Sustainability education (No corresponding SDG Target and SDG compass guideline).	Green Products and Circularity	128	

No.	Goal	SDG Compass Guidance	Corresponding Chapter	Page	Remarks
13	Climate Action	Source all electricity the company consumes at its facilities from renewable sources; install renewable energy generation capacity on-site; and replace inverter chiller.	Energy Consumption and Conservation	87	
		Retrofit the lighting systems of the company' s facilities to energy efficient LED lighting.	Energy Consumption and Conservation	87	
		Increase investment in innovative solutions to improve the efficiency of the company' s products, thereby enabling customers to reduce their GHG emissions.	Climate Adaptation and Mitigation Green Products and Circularity	87 128	
		Understand climate-related risks and build resilience into the company' s assets and supply chain.	Climate Adaptation and Mitigation	87	
		Improve and increase awareness on the reduction of, impact of and ways to adapt to climate change (No corresponding SDG Target and SDG compass guideline)	Climate Adaptation and Mitigation	87	
		Calculate the carbon footprint (CFP) of products and conduct life cycle assessments (LCA).	Green Products and Circularity	128	
14	Life Below Water	Reduce the amount of waste potentially entering the environment by altering the design, manufacture, or use of products and packaging.	Green Products and Circularity	128	
		Utilize a value-chain approach to create connections between the design, packaging, marketing and recycling of materials with the goals of reducing products' environmental impact at the end of their life cycle.	Green Products and Circularity	128	

No.	Goal	SDG Compass Guidance	Corresponding Chapter	Page	Remarks
15	Life on Land	Commit to and implement responsible sourcing practices.	Green Products and Circularity Sustainable Supply Chain Management Biodiversity and Forest Conservation	128 72 119	
16	Peace, Justice and Strong Institutions	Comply with laws and seek to meet international standars; require and support business partners in doing the same.	Legal compliance	54	
		Conduct risk and impact assessments to identify and mitigate risks of contributing to corruption, violence and conflict.	Code of conduct	50	
17	Partnerships for the Goals	Provide manpower and resources to developing countries (No corresponding SDG target and SDG compass guideline).	Social care and influence.	194	Currently, Qisda only implements community engagement and development programs at its business locations. These include: 1. Assisting vulnerable groups 2. Promoting education and arts and culture 3. Giving back to the community and neighborhoods 4. Initiating charitable donations and other related activities.

Qisda Management Systems for SDGs

Management System Certification		Scope			Contributing to SDGs
Pillars	Name	Taiwan	China	Vietnam	
E	ISO 14001 (Environmental Management Systems)	●	●	●	1, 2, 3, 4, 6, 7, 8, 9, 12, 13, 14, 15
	IEC 62430 (Environmentally Conscious Design)	●			9, 12
	ISO 14064-1 (Greenhouse Gases Part 1)	●	●	●	9, 13
	ISO 50001 (Energy Management Systems)	●	●	●	7, 11, 12, 13
	QC080000 (Hazardous Substance Process Management Systems)	●	●		3, 12, 13
S	ISO 45001 (Occupational Health and Safety Management Systems)	●	●	●	3, 5, 8, 9, 10, 11
	SA 8000 (Social Accountability Management Systems)	●	●	●	1, 3, 6, 8, 10
G	ISO 27001 (Information Security Management Systems)	●			9
	ISO 9001 (Quality Management Systems)	●	●	●	1, 9, 12
	ISO 13485 (Medical Device Quality Management System)	●	●		3, 10, 12

Independent Assurance Statement

INDEPENDENT ASSURANCE STATEMENT

To: The Stakeholders of QISDA CORPORATION

Introduction and objectives of work

Bureau Veritas Certification Taiwan has been engaged by **QISDA CORPORATION** to conduct an independent assurance of its **QISDA CORPORATION 2023 Corporate Sustainability Report**. This Assurance Statement applies to the related information included within the scope of work described below.

This information and its presentation in the **QISDA CORPORATION 2023 Corporate Sustainability Report** are the sole responsibility of the management of **QISDA CORPORATION**. Bureau Veritas was not involved in the drafting of the Report. Our sole responsibility was to provide independent assurance on its content.

Scope of work

The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard V3, Type II - AccountAbility Principles and Performance Information engaged. The scope of work included:

- Data and information included in **QISDA CORPORATION 2023 Corporate Sustainability Report** for the **1st January, 2023 to 31st December, 2023**;
- Appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported;
- Evaluation of the Report against the main principles of the AA1000 Accountability Principle (2018)[1]
  - 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 GRI Sustainability Reporting Standards.

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

[1] Published by AccountAbility: The Institute of Social and Ethical Accountability
http://www.accountability.org

BUREAU VERITAS Page 1 of 4

Methodology

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

1. Interviews with relevant personnel of **QISDA CORPORATION**;
2. Review of documentary evidence produced by **QISDA CORPORATION**;
3. Review performance data listed in report with sampling basis;
4. Visits to 2 site located in Taiwan (Taipei City, Taoyuan City);
5. Review of **QISDA CORPORATION** data and information systems for collection, aggregation, analysis and review.

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

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

Our findings

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

- The information and data included in **QISDA CORPORATION 2023 Corporate Sustainability Report** are accurate, reliable and free from material mistake or misstatement;
- The Report provides a fair representation of **QISDA CORPORATION**'s activities over the reporting period;
- The information is presented in a clear, understandable and accessible manner, and allows readers to form a balanced opinion over **QISDA CORPORATION**'s performance and status during the **1st January, 2023 to 31st December, 2023**;
- The Report properly reflects the organisation's alignment to and implementation of the AA1000 Assurance Standard V3 principles of Inclusivity, Materiality, Responsiveness and Impact in its operations. Further detail is provided below;
- **QISDA CORPORATION** has established appropriate systems for the collection, aggregation and analysis of relevant information;

Alignment with the principles of AA1000 Accountability Principle (2018)

Inclusivity

QISDA 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 2023 covering a range of material topics such as Economic, Social and Environment.

Materiality

The Report addresses the range of environmental, social and economic issues of concern that **QISDA 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.

BUREAU VERITAS Page 2 of 4

Responsiveness

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

Impact

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

GRI report Structure

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

Key areas for ongoing development

Based on the work conducted, we recommend **QISDA CORPORATION** to consider the following:

- In light of stakeholders' needs and expectations, organizations are encouraged to establish monitoring indicators based on existing practices to respond to non-major issues. (RESPONSIVENESS)

Limitations and Exclusions

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

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

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

Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Social and Environmental management with more than 195 years history in providing independent assurance services. Bureau Veritas 2023 full year revenues reached 5.9 billion euros. The Group's adjusted net profit for 2023 reached 930.2 million euros.

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

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

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

Bureau Veritas Certification Taiwan

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14th May., 2024

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Technical Reviewer: Date:2024/5/14
Verifier: Date:2024/5/14

BUREAU VERITAS Page 4 of 4

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