



Partnership

06

Customer Service 78

Quality Management 82

Supplier Management 84



Customer Service

BenQ Materials is a global leader in display materials solutions. Our diverse product portfolio ranges from functional films and advanced battery materials to professional medical, personal aesthetic, and waterproof breathable fabrics. Due to the wide variety of product types, our clientele includes enterprises, distributors, and end consumers. We are committed to providing our customers with satisfactory products and high-quality services. At the same time, we value customer communication and maintaining good interactions to create maximum value for our customers.



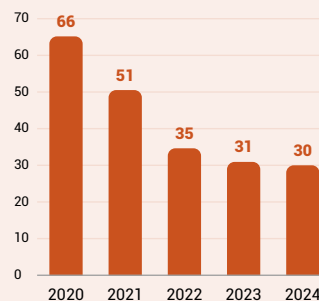
Customer Service Mechanism

Display Materials

BenQ Materials has established a structured customer complaint handling process based on the urgency and severity of each event. Upon receiving a complaint, Technical Service personnel (ES) follow standard operating procedures to conduct case evaluation, identify root causes, implement corrective actions, and verify the effectiveness of solutions in a timely manner to resolve customer issues.

In 2024, enhancements in quality control capabilities and broader evaluation in new product development led to a total of 30 customer complaints related to display materials, representing a decrease of 1 case (-3%) compared to 2023.

Number of Customer Complaints



Advanced Battery Materials

In 2024, the company implemented continuous improvement projects targeting zero customer complaints. After completing several preventive risk mitigation measures, the company achieved zero customer complaints throughout the year.

Healthcare Products

Medical packaging

The complaint handling process for sterile medical packaging is managed and tracked in accordance with the customer complaint procedure, with responses required within specified timeframes based on the severity and urgency of the issue. Safety-related defects must be responded to within 1 working day, major functional defects within 3 working days, and minor cosmetic defects within 5 working days.

Wound Care

All feedback and suggestions from Anscare users/customers are recorded through the electronic Customer Complaint Management System (CCMS). Each case is reviewed by the relevant department heads to determine appropriate response actions. If the feedback is related to product use or safety, it is formally registered through the customer complaint process, and a corrective action project is initiated and tracked to ensure effective improvement in product quality.

Skin Care

Derma Angels has established various channels for customer service, including the official Derma Angels's website, Facebook, Instagram, customer service hotline, and customer service email. Consumers can provide real-time feedback through these multiple channels. The customer service team is committed to providing accurate and professional responses within 24 hours. Furthermore, they continuously monitor and review consumer opinions, providing ongoing care and attention to customer feedback within a two-week timeframe.

Vision Care

Miacare provides multiple channels for customer service and complaint handling, including a customer service email, consumer service hotline, Facebook/Instagram community messages, and QR codes for the brand's e-commerce platform. These various methods are available to assist consumers with product inquiries and provide a diverse range of customer service channels for lodging complaints. This approach enables prompt responses and efficient handling of subsequent issues to address any consumer concerns in the shortest possible time.

Waterproof and breathable textiles

Xpore categorizes customer complaints into three major types: service, general, and major complaints. Upon receiving customer complaints, Xpore conducts analysis and assessment based on the content of the complaint. Depending on the customer's needs, appropriate services and recommendations are provided in response to the complaint.



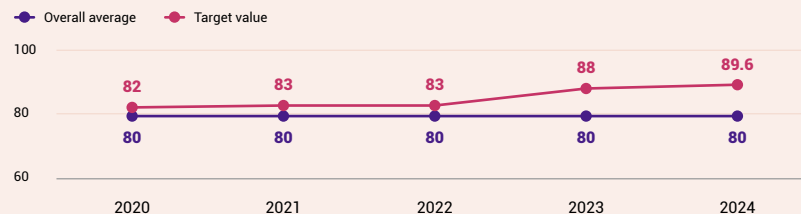
Customer Satisfaction

Display Materials

For the functional film product line, customer satisfaction surveys are conducted quarterly, covering areas such as product quality, service quality, delivery performance, and R&D capabilities. The survey results are consolidated and communicated to relevant departments to ensure customer needs are understood and addressed through appropriate improvement actions aimed at enhancing customer satisfaction.

In addition to scheduled surveys, ad-hoc customer evaluations are also reviewed as needed, with root cause analyses and corrective actions systematically implemented. In 2024, the customer satisfaction score for the functional film business reached 89.6%, meeting the company's internal target.

Historical Customer Satisfaction Surveys - Display Materials



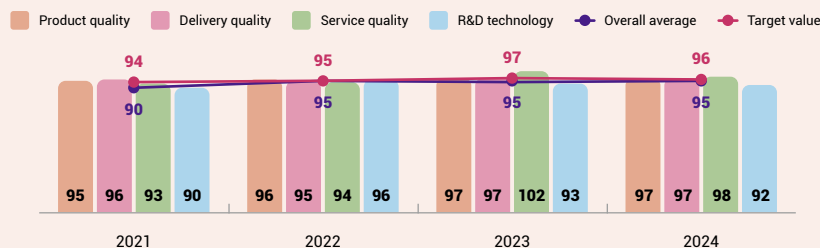
Advanced Battery Material

Quarterly customer satisfaction surveys are conducted across four key dimensions: product quality, delivery performance, service quality, and R&D capabilities.

In 2024, the company received an "S" grade supplier rating from a Japanese Tier 1 customer for three consecutive evaluations, as well as "A" grade supplier ratings from a major Tier 1 customer in China and a key customer in Thailand.

The overall customer satisfaction score in 2024 reached 96.3%, meeting the company's target.

Historical Customer Satisfaction Surveys - Advanced Battery Material

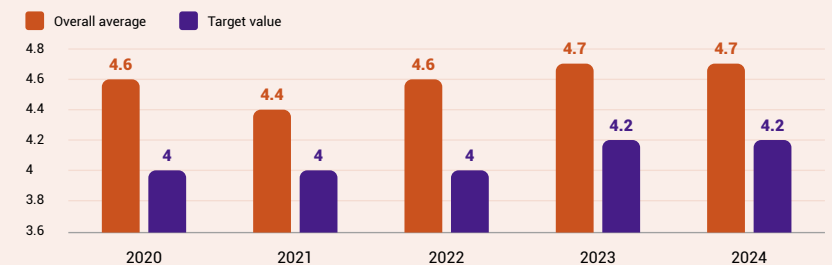


Note: A comprehensive customer satisfaction survey program has been in place since 2019.

Healthcare Products

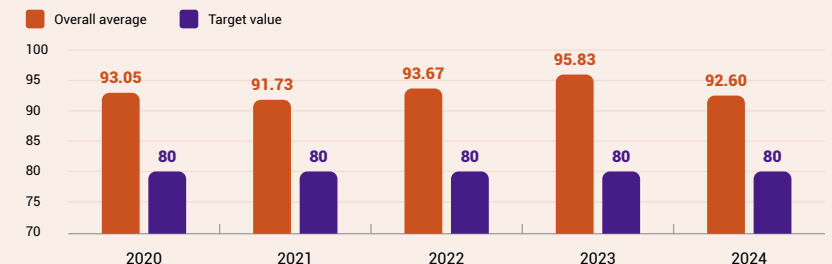
- 1 Wound Care : Each year, a customer satisfaction survey is conducted with distributors (external channels, chain pharmacies, hospitals), focusing on five key aspects: product quality, logistics, business services, after-sales service, and product training. In 2024, the average customer satisfaction reached a highly satisfactory level (4–5 points), exceeding all target values.

Historical Customer Satisfaction Surveys – Wound Care



- 2 Medical packaging : In 2024, the response rate for the domestic customer satisfaction survey was 60%, with an average satisfaction score of 92.6. A total of 8 complaints related to sterilization packaging materials were received during the year. Compared to previous defect rates, there has been a downward trend in safety-related defects. Continuous improvement measures include:
 - Abnormal products are automatically removed after material changeover on the machines.
 - Abnormal items during the printing process are marked with colored pens during machine adjustments.
 - Optimization of equipment inspection mechanisms (e.g., mold fixation and shaft sleeves before production startup).
 - Implementation of a weight control mechanism to ensure quantity accuracy.

Historical Customer Satisfaction Surveys – Medical packaging





- 3 Vision Care** : An annual satisfaction survey is conducted targeting distributors (including chain stores and independent retailers). In 2024, the overall average score reached 95, matching the ambitious target set. This level of satisfaction indicates that the brand's management has been widely recognized and affirmed by most distribution partners.



- 4 Skin Care** : Every year, DermaAngel conducts customer satisfaction surveys via email targeting its key domestic and international partners, including distributors and channel agents. In 2024, the overall customer satisfaction score reached 94%, slightly below the target of 95%. Lower satisfaction ratings were primarily related to product training and product quality. In response, the company implemented the following improvements. The 2024 customer complaint rate was 3.2 dppm, marking a 40% reduction compared to 5.3 dppm in the previous year:

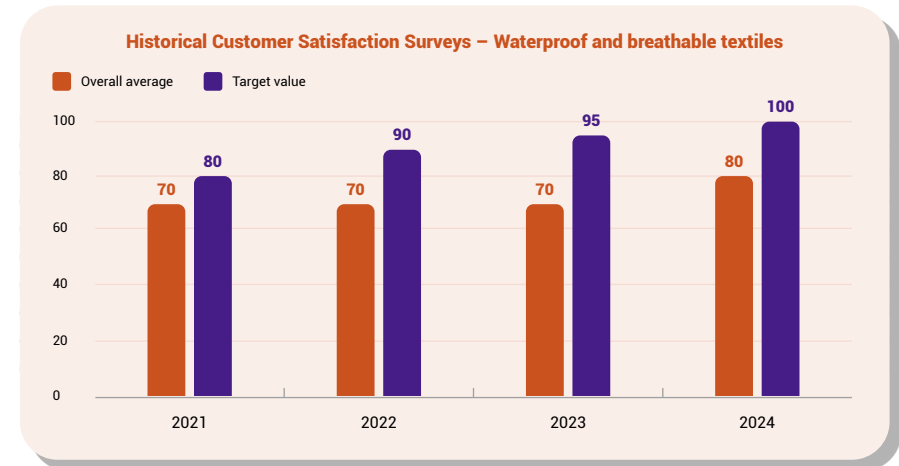
- Adhesion issue of acne patches: Optimized the die-cutting process, introduced lower blade temperatures, and increased blade maintenance frequency to reduce gel overflow caused by cutting, resulting in a 70% reduction in complaint rate.
- Short-packed finished products: Implemented a mid-pack weighing mechanism to ensure the accuracy of box quantities, leading to a 50% reduction in complaint rate.
- Appearance defects in acne patches: Strengthened quality control mechanisms by introducing blind defect testing assessments and stricter sampling rejection criteria, achieving a 76% reduction in complaint rate.



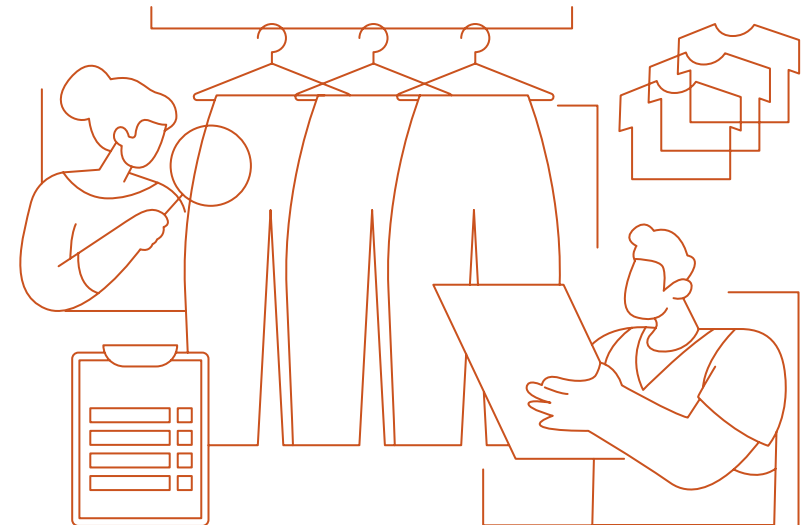
Note: A comprehensive customer satisfaction survey has been conducted since 2021.

Waterproof and breathable textiles

Confirm customer requirements and key specifications during the development phase by understanding the customer's application and related specifications. If necessary, hold regular meetings for discussion. In 2024, the average satisfaction score reached 100 points. If the score falls below the target threshold (70 points), the company will engage with the customer to review and implement corrective actions.



Note: A comprehensive customer satisfaction survey has been conducted since 2021.



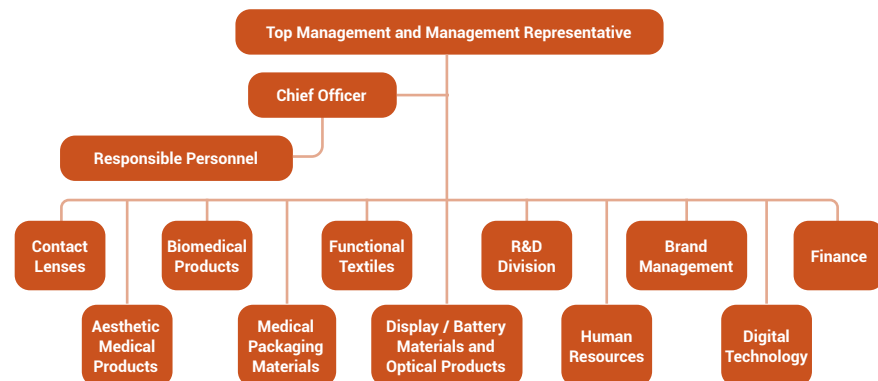


Privacy Protection Policy and Practices

BenQ Materials recognizes the critical importance of data security and regulatory compliance in maintaining customer trust and ensuring long-term corporate sustainability. To this end, the company continuously strengthens its personal data protection mechanisms to ensure alignment with international regulations and best practices. Details regarding the company's privacy policy can be found on the [BenQ Materials ESG website](#).

In 2023, the company officially established the "Personal Data Management Policy", along with six additional personal data management guidelines. A dedicated personal data protection organization was also set up, including the following key roles:

- **Personal Data Committee Members:** 11 senior executives responsible for overseeing the implementation of data protection measures across departments to ensure the effectiveness of the privacy policy.
- **Chief Data Protection Officer:** Appointed from the legal department to coordinate privacy protection strategies and management mechanisms.
- **Dedicated Data Protection Personnel:** In charge of day-to-day data management operations and internal coordination.
- **Personal Data Management Representative:** Held by the Chairman, to ensure privacy protection receives the highest level of attention and support.



Continued Advancement of Privacy Protection Measures

1 Enhancing Employee Privacy Education and Training

- Since 2018, the company has regularly provided General Data Protection Regulation (GDPR) training for all employees to enhance awareness and practical knowledge of personal data protection.
- Starting in 2023, company-wide training was implemented to strengthen understanding of the importance of Taiwan's Personal Data Protection Act, ensuring that the concept of privacy protection is embedded into daily operations. Additionally, internal seminars on China's Personal Information Protection Law (PIPL) were held to ensure correct interpretation and compliance with regulatory requirements.

2 Strengthening Compliance with Privacy Regulations

- Since 2021, the company has regularly participated in group meetings regarding updates on international privacy laws to ensure timely awareness of legal developments and compliance requirements.
- In 2022, external experts were engaged to assess the current status of the company's privacy management, identify potential risks, and provide improvement recommendations.
- Beginning in 2023, the company initiated annual personal data inventory reviews and risk assessments to ensure regulatory compliance and continual improvement in data management practices.
- In 2024, the company completed the personal data inventory and risk evaluation process, ensuring that the personal data management system aligns with the latest privacy regulations and standards.

3 Enhancing System and Contract Management

- In 2024, the company renewed agreements with key system service providers to ensure that privacy protection clauses meet current regulatory standards and reinforced privacy protection in consumer-facing systems. Updated versions of the privacy policy in both Chinese and English were released to ensure that all stakeholders clearly understand the company's data management principles and practices.

4 Strengthening Internal Audits and External Professional Support

- In 2024, the company signed a contract with a professional law firm to arrange internal personal data audits and related professional services in 2025, ensuring that privacy protection management continues to comply with international standards and regulatory expectations.



Quality Management

Quality Policy

BenQ Materials is committed to delivering high-quality products and services that meet customer needs and comply with regulatory requirements. The company continuously promotes the effective operation and improvement of its quality management system. We have obtained international quality certifications including ISO 9001, IATF 16949, and IECQ QC080000 ([please refer to the ESG website for details](#)). Guided by a risk-based approach, full employee participation, and a culture of continuous improvement, we implement quality control throughout the entire value chain—from R&D, procurement, production to delivery—to ensure product safety, reliability, and customer satisfaction.

Quality Risk and Preventive Management

To ensure product quality and customer satisfaction, BenQ Materials has established a comprehensive quality management framework. For both new product development and changes to existing products, we implement APQP (Advanced Product Quality Planning) and EC (Engineering Change) procedures, which are integrated with our overall quality management systems (such as ISO 9001 and IATF 16949).

APQP: New Product Design and Development Process

The APQP process is led by the Project Manager (PM) and follows four major phases: Planning → DVT (Design Verification Test) → MVT (Mass Verification Test) → MP (Mass Production). It covers product design, testing, validation, and production readiness to ensure that new products meet internal quality standards and customer requirements from concept through mass production. With stage-gate reviews and risk assessments, the process identifies technical challenges and potential failure risks early on to minimize quality issues during mass production.

EC: Design, Material, and Process Change Management in Mass Production

The EC process is applied to manage engineering changes during the mass production phase. It is initiated by the change requester (PM / Sales / MM / MFG) and involves the following steps: ECR (Engineering Change Request) → ETR (Engineering Test Request) → EAR (Engineering Analysis Report) → ECN (Engineering Change Notice). Before any change is implemented, cross-functional defect verification (involving MFG / Process Engineering / QA / ES) is conducted to ensure the change does not negatively impact product quality or process stability.

Quality Training

BenQ Materials promotes continuous improvement through course design and implementation of Continuous Improvement Program (CIP) projects. Training topics include QC Story problem-solving methodology, the Seven Quality Control Tools (QC 7 Tools), Statistical Process Control (SPC), and Design of Experiments (DOE), helping employees apply learned knowledge and skills directly to their work processes.

The continuous improvement initiatives consist of CIP and VSM projects, in which cross-departmental teams are formed to address specific issues. These teams use QC Story methods to conduct analysis and develop solutions.

From 2009 to 2024, a total of 287 project teams successfully completed their initiatives. In 2024 alone, 59 projects were concluded, generating an estimated financial benefit of NT\$267 million.





Quality Mechanisms

Item	Display Materials	Advanced Battery Materials	Healthcare and Nursing Products	Waterproof and breathable textiles
Quality Management Measures	<ul style="list-style-type: none">Optimized validation criteria during new product development to meet customer needs and achieve 100% sample approval success rate.Enhanced process parameters and equipment to eliminate raw material defects and foreign matter, improve cleanliness and process capability, resulting in zero customer complaints.Continued development and optimization of validation indicators for new film materials.Simulated and analyzed end-user behavior to further upgrade product capabilities.Used historical OK/NG data for machine learning to identify key process factors.Deployed IoT-based predictive equipment monitoring and automated data collection.Upgraded automated optical inspection systems to reduce defect rate and production cost.Applied quality tools such as FMEA and continuous improvement projects.	<ul style="list-style-type: none">Received "S-grade Excellent Supplier" rating from Japanese Tier 1 customer for three consecutive evaluations.Reduced external audit findings by 20% and IPQA audit findings by 18%.Completed 39 risk improvement actions, including 15 automation upgrades, 2 root cause improvements, 1 new risk control mechanism, and 21 OCAP implementations.Passed high-rating customer audits from Japanese and Chinese Tier 1 clients.Established PFMEA/CP guidance and coating outsourcing control mechanisms at Yunlin Plant.	<p>Vision Care:</p> <ul style="list-style-type: none">Maintained existing quality system for product control.Formed dedicated task force for complaint improvement (CIP) focused on contact lens comfort.2024 complaint rate at 316 dppm, meeting quality target (≤ 500 dppm). <p>Skincare:</p> <ul style="list-style-type: none">Passed ISO 13485 certification at Yunlin Plant in 2024.Achieved Halal certification at Yunlin and Wuhu Plants.Achieved QMS sterilization product certification. <p>Medical Packaging:</p> <ul style="list-style-type: none">Renamed verification lab as Lianhe Packaging Validation Lab, recertified under TAF ISO 17025.QMS certified for dental tray holders. <p>Wound Care:</p> <ul style="list-style-type: none">Hemostatic and NPWT products legally launched in the EU, submitted MDR applications after clinical trials.Obtained DSTU EN ISO 13485:2018 and Ukrainian market approval for SIMO product.	<ul style="list-style-type: none">Raw materials inspected at incoming, in-process, and pre-shipment stages.Ongoing quality improvements: PU+ medium-denier curl defect rate down 11.9%; PO+ low-denier curl defect rate down 39.7%.Certified under ISO 9001.Obtained Bluesign®, Higg Index, GRS, and OEKO-TEX® certifications. <p>See Xpore website for details.</p>
Supplier Quality Management	<ul style="list-style-type: none">COA (Certificate of Analysis) integrated with SPC (Statistical Process Control).Semi-annual QBRs (Quarterly Business Reviews).On-site audits conducted for suppliers with quality issues.	<ul style="list-style-type: none">Comprehensive management across 12 dimensions: from raw material inspection to quality goals, assurance mechanisms, acceptance, nonconformance handling, engineering change, continuous improvement, and supplier audits.	<p>Vision Care:</p> <ul style="list-style-type: none">Maintained existing quality system. <p>Skincare:</p> <ul style="list-style-type: none">6 new and 10 returning suppliers evaluated with 100% completion rate. <p>Medical Packaging:</p> <ul style="list-style-type: none">Adjusted audit criteria to increase differentiation and highlight competitive or underperforming suppliers. <p>Wound Care:</p> <ul style="list-style-type: none">Selected key suppliers based on transaction volumes for audits; 2024 audit completion rate: 54%.	<ul style="list-style-type: none">Used Bluesign®-approved chemicals and raw materials.Conducted multi-faceted supplier assessments (processes, organization, testing, environmental, human rights, health & safety); 4 self-assessed suppliers with 100% pass rate.
Product Returns	<ul style="list-style-type: none">2024 return rate: 0.19%, meeting the set target ($\leq 0.2\%$).No customer product recalls.	<ul style="list-style-type: none">RMA return value reduced by 93% compared to 2023.No customer product recalls.	No product returns or recalls.	No product returns or recalls.



Supplier Management

Sustainable Supplier Management Framework

BenQ Materials has established a sustainable supply chain management framework that requires all suppliers to comply with the company's sustainability policies or related documents. This includes signing the following agreements:

- Supplier Code of Conduct Commitment,
- Declaration of Compliance with Conflict-Free Minerals Requirements, and Hazardous Substances Management Policy.

The company conducts on-site audits, implements corrective actions, and develops supplier capabilities for both new and existing suppliers to mitigate supply chain risks and enhance supplier sustainability performance.

Through a comprehensive sustainable management process, BenQ Materials encourages suppliers to grow together with the company, creating greater shared value and positive impact across the supply chain.

Supplier Classification

Raw Materials and Packaging Materials (BOM)

Contract Manufacturing

Parts and Consumables

Equipment

Engineering (including labor services)

Supplier Classification	2023	2024
Number of Tier 1 Suppliers	233	262
Number of Tier 1 Key Suppliers	67	82

*Currently, there is 1 supplier certified under RBA VAP.

Supplier Classification			Sustainability Policy Documentation Requirements				Search and Selection		Audit and Guidance		
			CSR Commitment	Hazardous Substances Policy	Integrity Commitment	Conflict Minerals Management	Initial Evaluation	ESG Evaluation	Evaluation	ESG Audit	ESG Training
New Supplier	BOM Material	Critical	✓	✓	✓	✓	✓	✓		✓	✓
		Non-critical	✓	✓	✓	✓	✓				✓
	Non-BOM	Critical	✓		✓						✓
		Non-critical	✓		✓						✓
Existing Supplier	BOM Material	Critical	✓	✓	✓	✓		✓	✓	✓	✓
		Non-critical	✓	✓	✓	✓			✓		✓
	Non-BOM	Critical	✓		✓						✓
		Non-critical	✓		✓						✓

- Tier 1 Suppliers: Suppliers that may cause production disruption (unable to resume within 72 hours), or those with more than three transactions annually and a total transaction amount exceeding NTD 5 million.
- Key Suppliers: Tier 1 suppliers whose cumulative transaction amount accounts for the top 85% of the total.
- Sustainability Policy Documentation Requirements: Signing of the Supplier Corporate Social Responsibility Commitment Letter, the Hazardous Substance Management Policy, the Supplier Integrity Commitment Letter, and compliance with responsible mineral sourcing (submission of a guarantee statement confirming no use of or violation regarding conflict minerals).
- Supplier Search and Selection: Includes supplier search and basic review. New material suppliers are required to establish a quality agreement in advance. Evaluation criteria cover financial status, delivery reliability, quality systems, R&D capabilities, and environmental, safety, and health requirements. In 2023, sustainability performance evaluation and information security risk assessment were also introduced.
- Existing Supplier Audits and Guidance: Includes regular and ad hoc evaluations (document review or on-site audit), ESG audits, information security assessments, and thematic supplier improvement coaching.



Sustainability Policy Document Requirements

Signing of Supplier Corporate Social Responsibility Commitment Letter

BenQ Materials has established the "[Supplier Code of Conduct for Corporate Social Responsibility](#)," which is based on the Responsible Business Alliance (RBA) Code of Conduct, CSR management manuals, and customer requirements. This Code covers five key aspects: Ethics, Labor, Health & Safety, Environment, and Management Systems. Suppliers are further required to sign the "Supplier Corporate Social Responsibility Commitment Letter."

In 2024, 95% of Tier 1 suppliers signed the commitment letter. For new suppliers providing BOM (Bill of Materials) materials, the signing rate reached 100%. Existing suppliers were already in compliance with internal policies and had agreed to adhere to BenQ Materials' internal regulations; therefore, no additional documentation was required.

Responsible Mineral Sourcing Management

BenQ Materials supports international initiatives on responsible mineral sourcing and conducts due diligence on Conflict Minerals (CM) procurement in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals and the framework of the Responsible Minerals Initiative (RMI), as well as customer requirements. The company strictly prohibits the use of conflict minerals originating from the Democratic Republic of the Congo and its neighboring conflict-affected regions to avoid indirectly financing human rights violations, armed violence, or environmental destruction. For more information, refer to the BenQ Materials Green Partner Policy.

BenQ Materials communicates its responsible minerals policy and requirements to suppliers through written declarations and mandates full compliance. In 2024, the signing rate for all Bill of Materials (BOM) suppliers reached 100%, including those who proactively provided the Conflict Minerals Reporting Template (CMRT).

To ensure supplier compliance, the company has verified that the sources of gold (Au), tantalum (Ta), tin (Sn), tungsten (W), cobalt (Co), and mica are not from conflict-affected areas. In 2024, BenQ Materials supported due diligence processes for 13 customers in the polarizer segment, 1 customer in the optical materials segment, and 2 customers in the battery materials segment, confirming that no relevant minerals were used and requiring suppliers to issue written guarantees.

Supplier Search and Selection

Search and Selection of New Suppliers

New supplier evaluations primarily assess the supplier's financial status, delivery reliability, quality management system, and R&D capability. Suppliers who pass the evaluation will proceed to sample provision and small-batch production testing.

For the procurement of new materials, a quality agreement is established with suppliers. If specifications are undefined or quality concerns arise, shipment is permitted only upon approval from BenQ Materials. Suppliers are required to proactively report any abnormalities to ensure effective two-way communication. Additionally, if incoming raw materials are found to be out of specification and confirmed to be supplier-related, the supplier must immediately attend an on-site evaluation. If the issue is verified to be the supplier's responsibility, a Supplier Non-Conformance Notice is issued for corrective action.

In 2024, evaluation criteria were expanded to include corporate sustainability policy and cybersecurity risk assessments. Suppliers failing to meet the standards must undergo negotiation for improvement or will be disqualified. A total of 18 new suppliers were onboarded in 2024, all of which were selected using environmental criteria in accordance with the supplier evaluation guidelines.



Selection of Key Suppliers

In the process of identifying first-tier key suppliers, BenQ Materials not only considers the number of transactions, transaction amounts, and whether the supplier provides critical materials or technologies, but also evaluates potential negative impacts related to environmental, social, and governance (ESG) aspects of the business. This includes the following criteria:

Selection Dimensions	Evaluation Content
Business Ethics	Strict compliance with ethical business conduct, information transparency, prohibition of improper benefits, fair trade, fair advertising and competition, protection of identity and prevention of retaliation, intellectual property rights protection, responsible sourcing of metals, and data privacy and cybersecurity policies
Labor	In line with internationally recognized standards, commit to upholding and respecting labor rights. Adopt a "zero tolerance" policy for workplace misconduct and build a culture of safety, dignity, non-discrimination, mutual respect, inclusion, and equal opportunity for all workers.
Health and Safety	Referencing OHSAS 18001 and ILO guidelines, should cover: occupational safety, emergency response policies, injury and illness management, industrial hygiene, manual labor control, equipment safeguarding procedures, public health and housing, and health and safety communication and training
Environmental Sustainability	In accordance with ISO 14001 and EMAS standards, environmental criteria should include: environmental permits and reporting, pollution prevention and resource conservation, hazardous substance control, material management, and emissions control for air, water, and waste
Management System	A system should be established to: comply with all business- and product-related laws and customer requirements; define corporate social and environmental responsibility policies; identify and mitigate operational risks
Energy Saving and Carbon Reduction	Obtain environmental certifications (ISO 14064, ISO 50001), and demonstrate actions and achievements in water resource management, waste reduction, and improvements in energy efficiency



Existing Supplier Management

Supplier Audit and Guidance

BenQ Materials conducts regular and ad-hoc evaluations of qualified suppliers for critical materials based on four key criteria: Quality, Technology, Delivery, and Cost. Suppliers with actual transactions within the year are audited once annually, with the audit schedule for the following year finalized by the end of December. In special circumstances, ad-hoc audits or guidance may be conducted as needed.

Reasons for Conducting Unscheduled Audits and Supplier Guidance

- Occurrence of major quality issues (e.g., material shortage, causing significant losses to BenQ Materials or customers)
- Critical nonconformities at suppliers requiring corrective action verification
- Specific purposes (e.g., new personnel training, ongoing quality issue follow-up)
- Exempted suppliers (excluding consumables and non-material suppliers)
- Changes in critical supplier 4Ms (Man, Machine, Material, Method)

Audit ratings are categorized into three levels: A, B, and C.

- level suppliers are qualified, but they are still required to submit improvement plans and reports for any poorly rated items, with incoming inspection personnel regularly monitoring their progress.
- B-level suppliers are conditionally qualified, requiring discussions about supply modes and corresponding measures, along with continuous improvement and reporting.
- C-level suppliers are deemed unqualified.

Procurement strategies are adjusted based on evaluation results, prioritizing orders and increasing purchase volumes from highly rated suppliers. Unqualified suppliers must improve within a set timeframe, after which relevant departments discuss whether to continue procurement. Special guidance plans are implemented if necessary, requiring improvement within six months. If no improvement is observed after long-term reviews or on-site guidance, the supplier's qualification is revoked.

First-time audits for new suppliers and regular audits for qualified suppliers can be conducted as paper-based or on-site evaluations depending on the situation. On-site audits require supervisor approval or discussion in meetings before proceeding with the audit process.



Supplier Type	Number of Audited Suppliers	2024 Audit Result	Audit Ratio
Polarizer suppliers	56 suppliers	Class A suppliers 50 Class B suppliers 6	100%
Optical film suppliers	3 suppliers	Class A suppliers 2 Class B suppliers 1	100%
Optical adhesive suppliers	20 suppliers	Class A suppliers 18 Class B suppliers 2	100%
Smart Optical Film	5 suppliers	Class A suppliers 4 Class B suppliers 1	100%
Advanced Battery Material	7 suppliers	Class A suppliers 6 Class C suppliers 1	100%
Vision Care	27 suppliers	Class A suppliers 27	100%
Skin Care	16 suppliers	Class A suppliers 16	100%
Waterproof and breathable textiles	81 suppliers	Class A suppliers 4	100%
Wonder Care suppliers	4 suppliers	Class A suppliers 16	100%
Medical packaging suppliers	47 suppliers	Class A suppliers 33 Class B suppliers 12 Class C suppliers 2	100%



ESG Auditor

In 2024, BenQ Materials continued conducting ESG audits of suppliers, adopting the Responsible Business Alliance (RBA) framework. Cross-functional teams—including procurement, EHS, and HR—underwent RBA auditor training. Based on supplier transaction values, high-risk suppliers were identified and categorized as mandatory ESG audit targets.

The audit methodology was based on suppliers' self-assessment scores and ESG/CSR reports, with risk levels classified into four tiers: A, B, C, and D. Suppliers classified as C (medium-high risk) and D (high risk) are deemed high priority for ESG audits. In 2023, four ESG audits were completed, with all suppliers passing the assessments.

Between 2024 and 2026, BenQ Materials plans to complete ESG audits for 14 suppliers identified as medium-high or high risk (originally 15; one was delisted in 2024). Four suppliers were audited in 2024, and the remaining 10 are scheduled for assessment during 2025–2026. Audit targets will be adjusted on a rolling basis according to actual implementation progress to ensure targets are met and to mitigate ESG-related supply chain risks.

Starting in 2025, exemption criteria for ESG audits will be established:

- Suppliers who have obtained ISO 14001 (Environmental Management System) certification and publish an ESG/CSR report with disclosed practices and commitments in environmental protection, labor rights, and social contribution may be exempted.
- Suppliers who hold third-party ESG certifications such as RBA VAP (Validated Assessment Program), SA8000 (Social Accountability Standard), or reports aligned with the GRI (Global Reporting Initiative) Standards may also qualify for exemption.



Supplier Engagement and Capacity Building

In 2024, BenQ Materials implemented targeted supplier engagement and capacity-building initiatives. The program focused on suppliers identified through ESG audits as having lower self-assessment scores. Key areas of engagement included contractor safety management, energy-saving and carbon reduction case sharing, and ESG trend briefings.

A total of 89 suppliers participated in the program, with 106 participants across all sessions. These initiatives aimed to enhance supplier awareness of sustainability expectations and promote alignment with BenQ Materials' ESG goals.

Supplier Engagement Activities and Overview	Description	Event Photos
Contractor Safety Management Seminar	Participants: 19 non-sales engineering-related suppliers (19 participants). Overview: The session enhanced supplier awareness of safety requirements in contracted operations, clarified regulatory responsibilities, and improved risk identification and incident prevention capabilities. Real-world case studies were used to reinforce on-site safety practices and strengthen overall supply chain resilience.	
Energy Saving and Carbon Reduction Case Sharing	Participants: 36 local raw material/packaging/intermediate suppliers in Taiwan (48 participants). Overview: Shared best practices on carbon reduction, including emissions accounting and energy efficiency improvements. Guided suppliers in aligning low-carbon transition strategies with operational needs, driving green supply chain development.	
ESG for Net Zero Transition	Participants: 34 Tier-1 suppliers (39 participants). Overview: Focused on global ESG trends and practical guidance. Helped suppliers understand sustainability priorities and improve self-assessment indicators. Strengthened ESG awareness and enhanced their ability to meet customer sustainability expectations.	



Supplier Information Security Management

In 2024, each business unit of BenQ Materials conducted a renewed information security assessment targeting the top 10 suppliers by procurement value. The assessment was completed in July and will serve as the basis for future supplier management. Furthermore, BenQ Materials will adopt ISO 27001 certification as a key selection criterion for future collaborations with system service providers, ensuring comprehensive alignment with the organization's information security needs and management practices. (For more details, please refer to Section 3-6-5: [Supplier Information Security Management](#).)

Local Purchase

Local Procurement Ratio Analysis (Functional & Non-Functional Films)

In 2024, the overall local procurement ratio (for both functional and non-functional films) in Taiwan reached 21.3%, reflecting a 1.1% increase compared to 2023 (20.2%).

For functional film-related products (including polarizers, optical films, separator films, and smart window films), most materials are only available from foreign suppliers. In cases where local (Taiwan-based) vendors exist, their product specifications often fail to meet BenQ Materials' requirements. As a result, both the number of local suppliers and the local procurement ratio remain relatively low. However, the number of local suppliers has shown significant growth in 2024, following a 5-year trend. Moving forward, BenQ Materials aims to strengthen collaboration with local suppliers, increase local procurement value, reduce carbon emissions from transportation, and support the local economy.

For non-functional film-related products, the local procurement ratio in Taiwan in 2024 reached 33.1%, marking a notable increase of 8.1% compared to 2023 (25%).

In China, performance remained stable. In 2024:

- Functional film local supplier ratio: 71.9% (by number of suppliers), 95.2% (by procurement value).
- Non-functional film local supplier ratio: 95.3% (by number of suppliers), 64.0% (by procurement value).

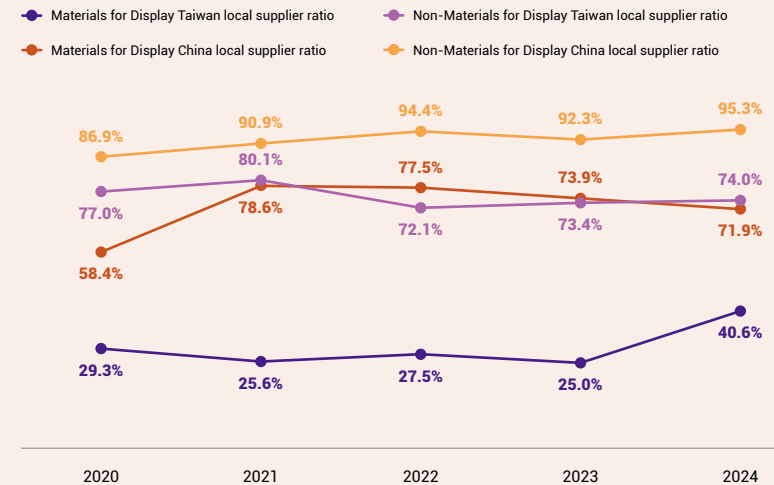
Green Procurement

BenQ Materials actively supports the Ministry of Environment's green procurement policy.

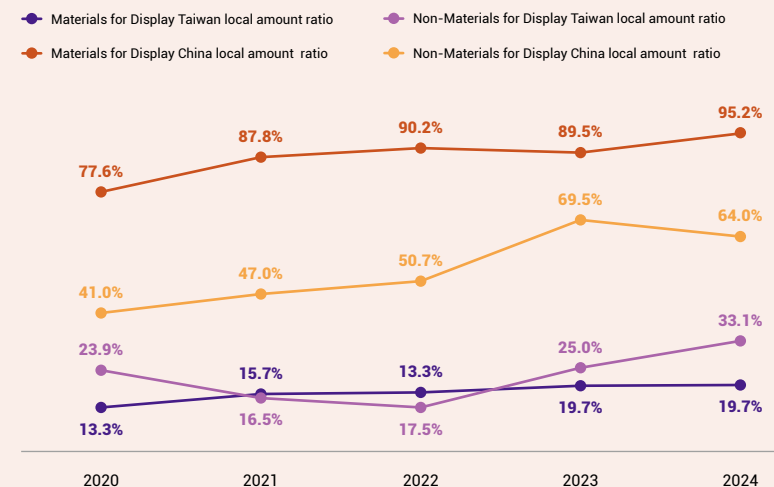
The procurement department adheres to green procurement principles by reducing purchases of single-use items and prioritizing products and services certified with eco-labels recognized by the Ministry of Environment. In recognition of these efforts, BenQ Materials was honored as an "Outstanding Private Enterprise in Promoting Green Procurement for 2023" by the Ministry.

In 2024, the company reported a total green procurement amount of NT\$17.748 million. Moving forward, BenQ Materials will continue to expand its initiatives to demonstrate responsible procurement through concrete actions.

Historical Purchase Local Supplier Ratio



Historical Purchase Local Amount Ratio



Note: The local procurement ratio in Taiwan is calculated based on the proportion of materials purchased by each business unit in Taiwan from local (Taiwan-based) suppliers. The local procurement ratio in China is based on the proportion of materials purchased by each operational site in China from local (China-based) suppliers.