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## Sustainability Governance

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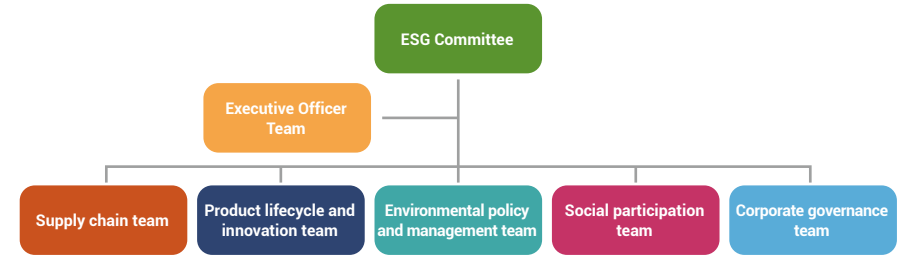


# Sustainable Governance and Operations

## Sustainable Strategy Implementation Framework

BenQ Materials follows a sustainable strategy based on sound corporate governance, balancing the interests of stakeholders, protecting the Earth's environment, and committing to social participation. BenQ Materials has established an ESG Sustainability Committee responsible for overseeing and executing project initiatives and setting goals.

The committee consists of five functional groups, with the CEO serving as the chairperson and senior executives acting as group conveners. The goals encompass sustainable materials and green product development, green production, corporate governance and compliance, social participation, and employee care. The committee holds regular quarterly meetings to review the progress of each project group, the goals set, and the execution results.



### How the ESG Committee works



Task Organization	Main Goals	Corresponding SDGs	Members
Supply Chain Team	<ul style="list-style-type: none"> <li>Emphasizing Labor Rights</li> <li>Collaborating on Energy Saving and Carbon Reduction</li> <li>Increasing the Proportion of Green Procurement</li> </ul>		Director of Procurement
Product Lifecycle and Innovation Team	<ul style="list-style-type: none"> <li>Developing Green Products and New Energy Technologies</li> </ul>		Vice President of Research and Development
Environmental Policy and Management Team	<ul style="list-style-type: none"> <li>Increasing the Proportion of Green Factories</li> <li>Climate Change Response and Management</li> <li>Reduction and Circular Economy</li> </ul>		Vice President of Manufacturing
Social Participation Team	<p>Internal</p> <ul style="list-style-type: none"> <li>Creating a Diverse, Equitable, and Inclusive Environment</li> <li>Employee Development and Talent Cultivation</li> </ul> <p>External</p> <ul style="list-style-type: none"> <li>Supporting Local Agriculture</li> <li>Caring for the Underprivileged and Young Students</li> <li>Environmental Sustainability Actions</li> </ul>		Senior Director of Human Resources
Corporate Governance Team	<ul style="list-style-type: none"> <li>Information Security</li> <li>Transparent and Responsible Governance</li> <li>Legal Compliance and Ethical Business Practices</li> </ul>		Deputy Director of Finance

## Sustainable Governance Report to the Board

The ESG Sustainability Committee, chaired by the Chief Executive Officer and the Executive Secretary, reports annually to the Board of Directors on the progress of each group within the committee. The Board supervises the goals and execution. In 2023, the Sustainability Committee reported the following annual results to the Board:

- The 2050 carbon neutrality goal set in 2021, and the interim goal of reducing carbon emissions by 30% by 2030.
- Acquired operational management certifications, including intellectual property, information security, and energy, according to corporate governance needs.
- Adhered to the fundamental corporate responsibility of employee care and provided necessary resources to the external community.
- Promoted various ESG initiatives and shared achievements recognized by external entities.

Date of Board Meeting	Name of the motion to be reported to the Board
2023.05.04	[Report] Sustainable Development Achievements and Future Plans for 2022



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### Sustainability Goal

BenQ Materials Sustainability Committee deploys six main sustainability missions, including Green Manufacturing, Responsible Product, Participation of Common Growth, Friendly Workplace, Social Care and Responsible Governance, based on the three aspects of E (Environmental Sustainability), S (Social Participation) and G (Corporate Governance). Each mission is established with the key mission directive and goal. From the source design of products and materials to the raw materials and energy resources used during the product manufacturing process, environmental sustainability is adopted as an important starting point for designs and improvements.

#### Six Main Missions

#### Sustainability

SDGs	Strategic Aspect	Projects	Short-term Goals			Medium Term Goals		Long Term Goals
			Target 2023	2023 Achievement / Current Status	Target 2024	Target 2025	Target 2027	Target 2030
	Transparent and Responsible Governance	Corporate governance evaluation	6%~20% interval		6%~20% interval	6%~20% interval	6%~20% interval	6%~20% interval
	Legal compliance and ethical management	Establish code of ethical conducts (All employee course training rate of 100%)	100%		100%	100%	100%	100%
		Promote corporate culture and value of ethical management of the company (All employee course training rate of 100%)	100%		100%	100%	100%	100%
	Information Security	Ensuring Data Safety	Zero major information security incidents		Zero major information security incidents	Zero major information security incidents	Zero major information security incidents	Zero major information security incidents

#### Responsible Product

SDGs	Strategic Aspect	Projects	Short-term Goals			Medium Term Goals		Long Term Goals
			Target 2023	2023 Achievement / Current Status	Target 2024	Target 2025	Target 2027	Target 2030
	Green Product	Carbon emissions reduction for major existing products (a total of 11 items)	○	2 items > 20%, 4 items > 10%, 5 items < 10%	-	↓ 30%	-	↓ 55%
		Development of Sustainable New Products	○	Completed Product Development Procedure Manual	100% Compliance with Sustainability Definition	100% Compliance with Sustainability Definition	100% Compliance with Sustainability Definition	100% Compliance with Sustainability Definition
	New Energy Technology Development	Hydrogen Energy and Solid-State Battery Technology Development	○	-	-	-	-	-

Note: is target met; not met; "○" is new strategic target for 2023; "-" is target under development.



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### Environmental Sustainability

SDGs	Strategic Aspect	Projects	Short-term Goals			Medium Term Goals		Long Term Goals
			Target 2023	2023 Achievement / Current Status	Target 2024	Target 2025	Target 2027	Target 2030
	Climate Change Response	Reducing greenhouse gas emissions (Areas 1 and 2) Base year as a basis of comparison (2020)	↓ 9%	😊 / ↓ 27.45%	↓ 12%	↓ 15%	↓ 21%	↓ 30%
		Increase the Proportion of Renewable Energy	15%	😊 / 22.2%	20%	25%	35%	50%
	Energy Management	Reducing energy consumption intensity (non-renewable energy) Base year as a basis of comparison (2020)	↓ 9%	😊 / ↓ 36.66%	↓ 20%	↓ 25%	↓ 35%	↓ 50%
		Promote energy saving by all staff (per year)	>1.5%	😊 / ↓ 4.15%	>1.5%	>1.5%	>1.5%	>1.5%
	Water Resources Management	Reduced abstraction intensity (non-reclaimed water) Base year as a basis of comparison (2020)	>5%	😊 / ↓ 31.97%	↓ 25%	↓ 30%	↓ 35%	↓ 40%
		Improving water reuse rates	>95%	😊 / 97.82%	>95%	>95%	>95%	>95%
	Reduction, circulation to Produce zero waste	Reduction, circulation to Produce zero waste	>75%	😊 / 78.81%	>76%	>77%	>79%	>80%

### Partnerships

SDGs	Strategic Aspect	Projects	Short-term Goals			Medium Term Goals		Long Term Goals
			Target 2023	2023 Achievement / Current Status	Target 2024	Target 2025	Target 2027	Target 2030
	Valuing Labour Human Rights	Completion Rate of ESG Audits for Tier-1 Key Suppliers	100% (4 suppliers)	😊 / 100% (4 suppliers)	Reassessed suppliers	-	Completed a total of 18 suppliers	-
	Green Procurement	Increase the Proportion of Green Procurement	○	Green Procurement Amount: NTD 8.27 million	-	-	-	-
	Collaborating on Energy Saving and Carbon Reduction	Promote Carbon Management with Suppliers	○	Declare a need to reduce carbon emissions by 5% annually compared to the base year (2020)	↓ 5%	↓ 10%	↓ 20%	↓ 35%

Note: 😊 is target met; 😞 not met; ○ is new strategic target for 2023; "-" is target under development.



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### Friendly Workplace

SDGs	Strategic Aspect	Projects	Short-term Goals			Medium Term Goals		Long Term Goals
			Target 2023	2023 Achievement / Current Status	Target 2024	Target 2025	Target 2027	Target 2030
	Staff Development and Talent Development	Average Training Hours for Indirect Employees	23	😊 /43	33	35	37	39
		Retention rate of high performing staff	90%	😊 /99%	90%	90%	90%	90%
	Occupational Safety and Health	Achieving zero injuries and zero accidents	zero injuries and zero accidents	😞 /0.04	zero injuries and zero accidents	zero injuries and zero accidents	zero injuries and zero accidents	zero injuries and zero accidents
	Equal rights and inclusiveness	Postpartum retention rate reaches 75%	75%	😊 /80%	75%	75%	75%	75%
		Retention Rate of Diverse Professional Overseas Talent	○	100%	80%	80%	80%	80%
		Employee complaint channel resolution achievement	100%	😊 /100%	100%	100%	100%	100%

### Social Care

SDGs	Strategic Aspect	Projects	Short-term Goals			Medium Term Goals		Long Term Goals
			Target 2023	2023 Achievement / Current Status	Target 2024	Target 2025	Target 2027	Target 2030
	Support local agriculture	Taiwan Agri-Food Initiative Total Procurement	4.5 tons (7,500 jin)	😊 /4.7 tons (7,833 jin)	5 tons	5 tons	5 tons	5 tons
	Care for disadvantaged and young students	Cumulative number of people served by the Light and Hope Project	2,000 (visits)	😊 /2,307 visits	2,450 visits	2,650 visits	3,200 visits	4,000 visits
		Science education rooted in service venues	4 sessions	😊 /5 sessions	5 sessions	5 sessions	6 sessions	6 sessions
	Environmental sustainability actions	Committed to environmental sustainability actions	3 sessions	😊 /3 sessions	3 scenes	3 scenes	3 scenes	3 scenes

Note: "😊" is target met; "😞" not met; "○" is new strategic target for 2023; "-" is target under development.

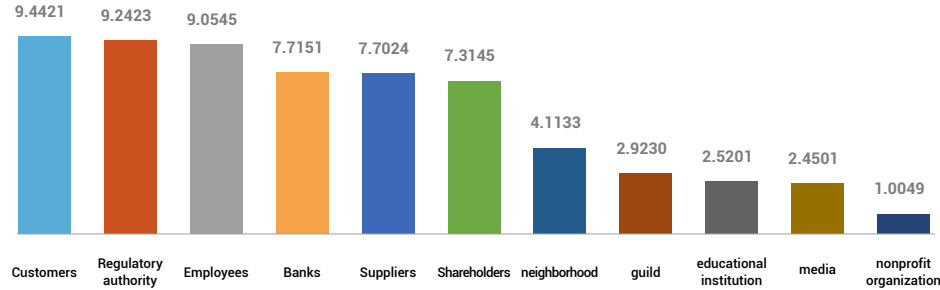


# Stakeholder Engagement

## Identify Important Stakeholders

BenQ Materials continues to interact with stakeholders in order to establish communication and response mechanism for sustainability issues. Through the five aspects of "Responsibility, Influence, Tension, Diverse Perspectives, Dependency" of the A1000 SES Standard, important stakeholders are identified. After the assessment and discussion of functional supervisors of BenQ Materials related to the promotion of sustainability, five categories of important stakeholder categories are identified as Shareholders, Customers, Employees, Suppliers, and Banks.

Consolidated stakeholder identification results



Results of the 5 component assessment of significant stakeholders



## Significant Stakeholder Engagement

### Stakeholder significance

Stakeholder	What it means for BenQ materials
Customers	Customers are a source of revenue generation and a partner for continuous innovation in product and technology development, and it is BenQ Materials's goal to work with customers for continuous improvement towards sustainable development.
Employees	BenQ Materials provides a competitive environment and an open and diverse workplace to attract talented people to grow with the company and create new opportunities.
Banks	Through close communication and interaction with banks, we are able to secure a stable source of working capital and competitive interest rates to enable the Company to operate in a stable manner.
Supplier	Through the collaborative efforts of our suppliers, BenQ Materials is able to provide quality products and services to our customers. Enhancing the overall sustainable supply chain management and capabilities is the next stage.
Shareholders	Both institutional investors and natural person investors are investors in BenQ Materials, which provides consistent information transparency (financial and non-financial related information) for the benefit of its shareholders.

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## Stakeholder Response and Outcome of Stakeholder Engagement

Stakeholder	Responsible Department	Reflection and Response	Engagement Method/ Frequency	Engagement Result	Key Discussion Topics
 Customers	Product Lifecycle and Innovation Group	Customers have increasingly high expectations for the sustainable design of products. In response, BenQ Materials has implemented carbon reduction projects for its products and continues to promote a circular economy to reduce waste generation and lessen environmental impact. By focusing on product design, the company aims to enhance customer satisfaction. For display materials, the emphasis is on material reduction, eco-friendly packaging, and the elimination of organic solvents in the manufacturing process. For medical and nursing products, the focus is on product safety and eco-friendly packaging, meeting customer expectations for the manufacturing and usage stages of the products.	Customer Satisfaction Survey (quarterly) Customer Supplier Audit (annually) Customer Supplier Conference (annually)	Customer Satisfaction Survey (4 times) Customer Supplier Audit (1 time) Customer Supplier Conference (1 time)	In 2023, the main discussions focused on quality improvement and monitoring mechanisms for returned products. For details, <a href="#">please refer to section 6-2 Quality Management</a> .
 Employees	Community Engagement Group	BenQ Materials values a safe working environment, promotes physical and mental health, work-life balance, and enables all employees to enjoy their work. We create an equal and open workplace through diversity and inclusiveness, and introduce a training framework and communication channels that inspire creativity and diversity and friendliness, so that we can grow together with our employees and open up new horizons.	Labor-Management Meetings (quarterly) Business Briefings (quarterly) Welfare Committee Meetings (quarterly) Direct Personnel Forums at Factory Sites (irregularly) Unlawful Infringement Complaint Phone and Email (anytime) HoQ Express Employee Feedback App (anytime) General Manager's Mailbox (anytime) External Whistleblower Mailbox (anytime)	Labor-Management Meetings (4 sessions) Business Briefings (4 sessions) Welfare Committee Meetings (4 sessions) HoQ Express Employee Feedback App (36 cases) with a closure rate of 100%	In 2023, to allow employees to arrange their work schedules more flexibly, a flexible work shift system was introduced for non-shift employees to apply independently.  In 2023, an employee satisfaction survey was conducted, showing an overall satisfaction increase of 3.5% compared to the previous survey. For details, <a href="#">please refer to section 7-4 Employee Care</a> .  In 2023, a human rights due diligence survey was conducted for all employees, and the results indicated no major human rights risk issues. For details, <a href="#">please refer to section 7-1 Human Rights Management</a> .
 Banks	Corporate Governance Group	The issue of sustainable finance is becoming more and more important, and the performance and disclosure of ESG-oriented actions by enterprises is gradually changing from nice-to-have to need-to-have. In the future, ESG will also become a key factor in corporate financing. Therefore, BenQ Materials has embarked on a systematic and sustainable development drive, with the expectation that it will be able to meet banks' expectations and reduce financing costs through proactive actions.	Bank Visits (irregularly)	Maintain close relationships with banks to secure the necessary loan amounts for BenQ Materials (syndicated loans linked to ESG indicators).	In 2023, discussions with banks focused on social care issues. The banks suggested incorporating core technical knowledge related to the medical business into social care activities to enhance the social impact of core technologies.
 Supplier	Supply Chain Team	Some of BenQ Materials' suppliers in specific fields are major international companies whose ESG performance surpasses that of BenQ Materials itself. In 2023, BenQ Materials established selection criteria for key suppliers and jointly declared carbon reduction goals with them. The company also developed evaluation methods for conducting sustainability audits of suppliers, thereby strengthening concrete actions in supplier management.	Key Supplier Evaluation (biannually) Key Supplier Document Audit (annually) On-site Guidance and Audit (irregularly) Hazardous Substances Management Policy (irregularly) Supplier Conference (annually)	Key Supplier Evaluation (100% completed) Key Supplier Document Audit (100% completed) Hazardous Substances Management Policy (100% signed and returned) Supplier Conference (held in June)	In 2023, the main focus was on risk assessment of suppliers' carbon footprint certification and achievement of carbon reduction targets. BenQ Materials set a supply chain carbon reduction target of a 5% annual decrease.
 Shareholders	Corporate Governance Group	In response to the rise of responsible investment, institutional investors are paying more and more attention to the ESG performance of investee companies. BenQ Materials has adopted the ESG Committee as the driving force for sustainable development, strengthening the planning and implementation of economic, environmental and social aspects to enhance the operational performance of ESG, promoting the willingness of institutional investors to invest and reducing the volatility of stock prices.	Reports to the Board of Directors and Audit Committee (quarterly) Annual General Meeting of Shareholders (annually) Investor Conferences (quarterly) Market Observation Post System (irregularly) Spokesperson System (irregularly) Company Website and Investor Email (irregularly)	Reports to the Board of Directors and Audit Committee (4 times / 4 times) Annual General Meeting of Shareholders (1 time) Investor Conferences (4 times) Market Observation Post System (irregularly) Spokesperson System (irregularly) Company Website and Investor Email (irregularly)	There were no discussion items with shareholders/investors in 2023.

Note: For more information on stakeholder communication on sustainability issues, see the 2-5 Sustainability Issues Management Guidelines 'Stakeholder Engagement'.

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# Material Disclosure Issue Analysis

## Collect Sustainability Issues

The analysis of significant sustainability issues is a crucial process for BenQ Materials in drafting sustainability reports, setting sustainability development goals, and communicating with stakeholders. According to the GRI Universal Standards 2021 requirements and by referencing industry attributes, as well as collecting information from external sustainability reports, a survey questionnaire covering 19 sustainability issues was formulated.

In December 2023, during a senior management meeting, the core executives of the Sustainability Committee at BenQ Materials conducted a comprehensive discussion and evaluation based on the 2022 Sustainability Issues Impact Analysis Matrix and the phased results of the annual sustainability initiatives. It was decided to continue using the significant issues identified in 2022. Among these, tax management currently has a relatively low impact internally in the short, medium, and long term, and thus will be categorized as a routine management issue. Additionally, the frequency of significant issues analysis will be adjusted to once every two years. During this period, changes in ESG issues will be continuously monitored, and long-term sustainability development goals will be tracked. The next materiality analysis is scheduled for 2024.

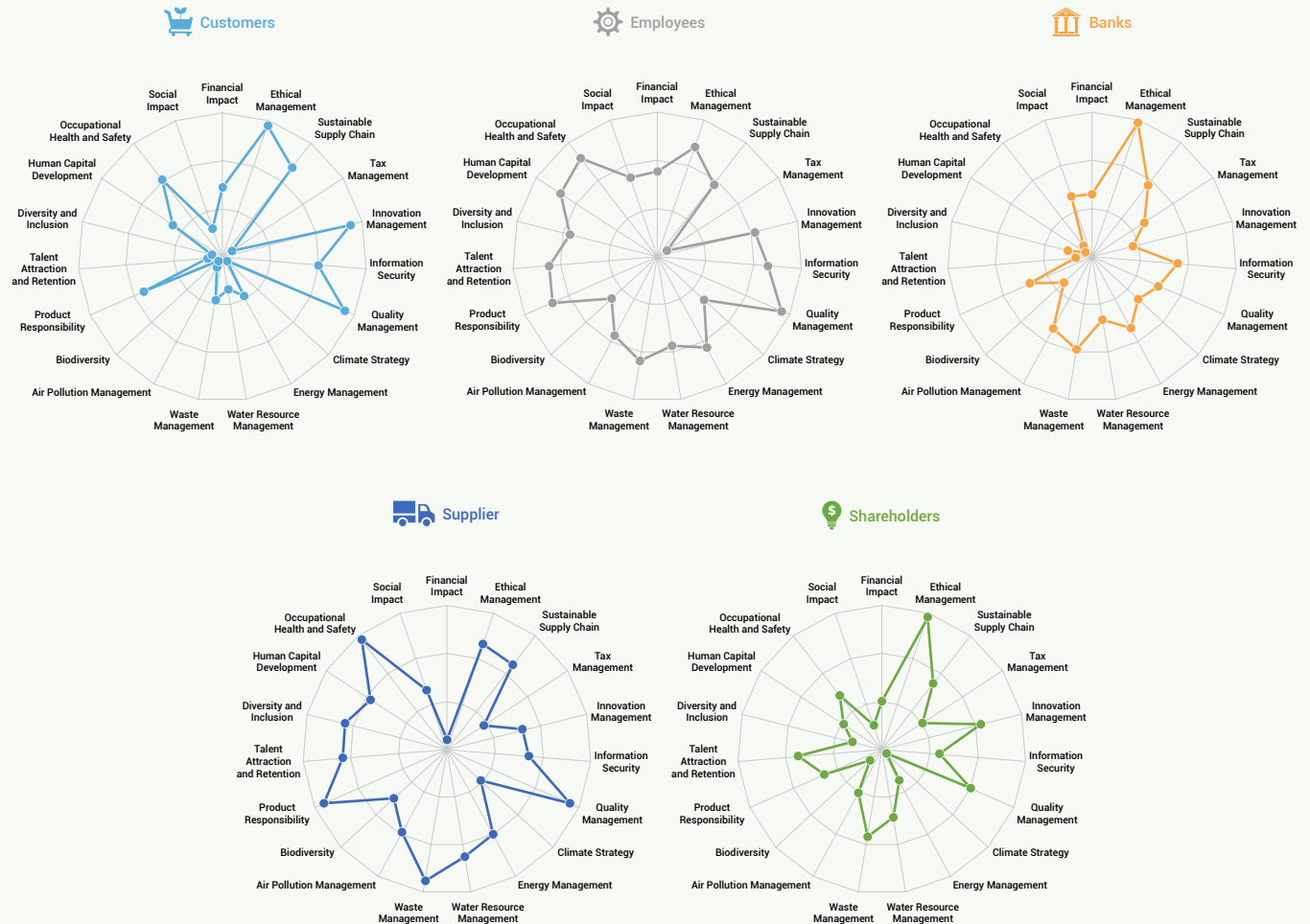
## Identifying actual and potential impacts

In 2023, BenQ Materials continued to use the results identified in 2022 to determine the actual/potential and positive/negative impacts of various issues on economic, environmental, and social aspects during its operations.

## Survey of Stakeholder Concerns

To understand the concerns and expectations of key stakeholders regarding BenQ Materials' promotion of various sustainability issues, the responsible departments issued a sustainability issues questionnaire to key stakeholders. In 2023, the feedback results from the 2022 questionnaire were used to compile and analyze the issues of concern to various key stakeholders, thereby understanding their level of concern for each sustainability issue.

### Stakeholder Concerns Survey Results



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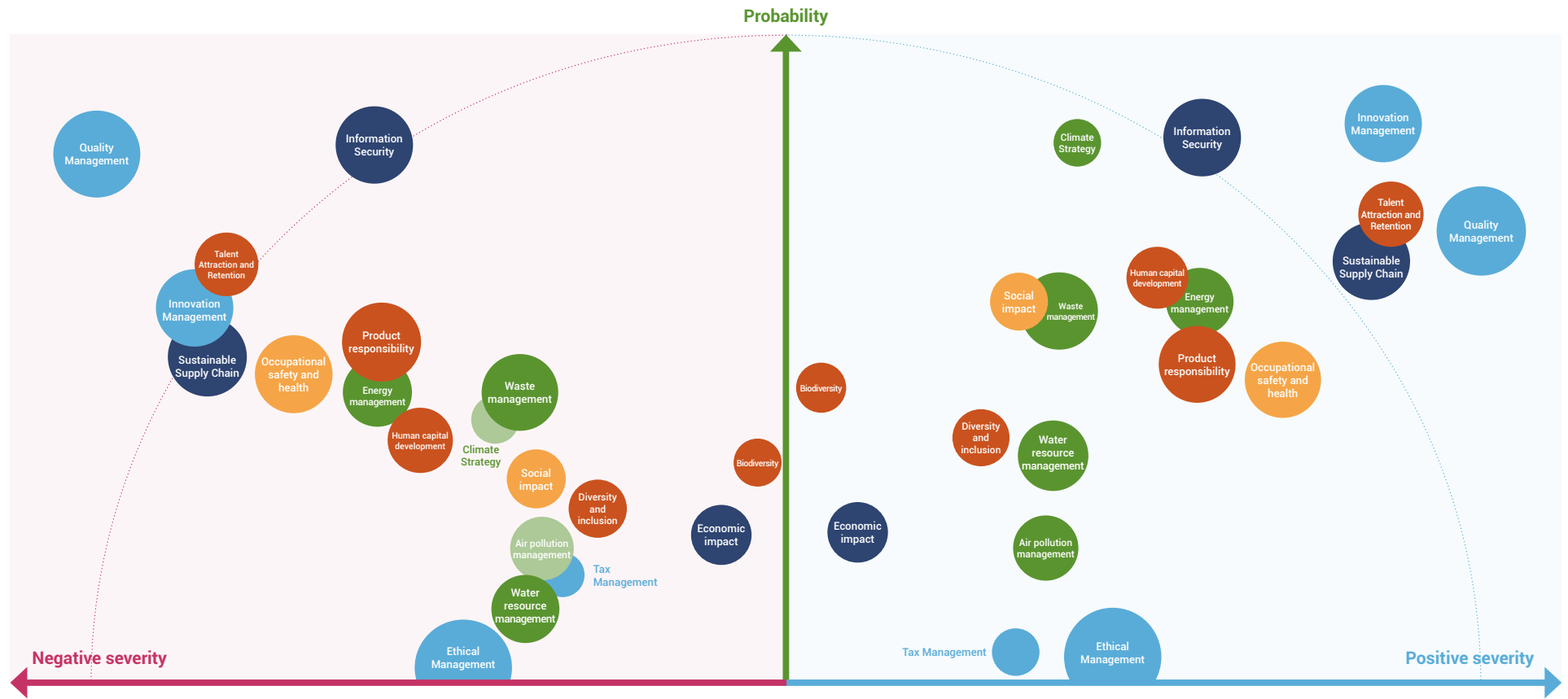
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Note: The X-axis represents impact severity (positive/negative), the Y-axis represents impact likelihood, and the size of the bubbles represents stakeholder concern.

### Sustainable Issue Impact Analysis

Based on the analysis conducted by 13 senior executives using a two-dimensional approach of "severity" and "likelihood," the impacts of various sustainability issues were assessed and differentiated between positive and negative impacts. When evaluating the impact severity, if a particular issue posed actual or potential human rights risks, it was rated with the highest severity. Additionally, stakeholders' level of concern for each issue was taken into account. These results were then plotted on a three-dimensional sustainability issue impact analysis matrix, which serves as a tool for BenQ Materials to continuously assess the degree of sustainability issue impact.

### Decision on Major Sustainability Disclosure

After comprehensive discussions and evaluations in 2023, BenQ Materials decided to continue using the seven significant issues identified in 2022: **"Sustainable Supply Chain," "Innovation Management," "Information Security," "Quality Management," "Climate Strategy," "Talent Attraction and Retention," and "Occupational Safety and Health."** These issues will serve as the basis for disclosure in the 2023 BenQ Materials Sustainability Report.

Note: As tax management currently has a relatively low impact on the company, it will be managed as a general issue internally rather than a significant issue.



# Explanation of Major Sustainability Disclosures

## Major issues impacting the border

Major Sustainability Issues	Major Sustainability Issues What it means for BenQ materials	Impact range					Corresponding GRI themes/SASB indicators	Main Corresponding
		within the organization		outside the organization				
		BenQ Materials	Subsidiaries	Customers	Supplier	Consumers		
<b>Sustainable Supply Chain</b>	BenQ Materials' product diversity and upstream and downstream suppliers are important partners of BenQ Materials. The ESG performance of suppliers has a significant link to BenQ Materials' sustainability commitment and has a significant impact on BenQ Materials' brand and customer requirements.						<ul style="list-style-type: none"> <li>GRI 204: Procurement Practices 2016</li> <li>GRI 308: Supplier Environmental Assessment 2016</li> <li>TC-HW-430a.1</li> <li>TC-HW-430a.2</li> <li>HC-MS-430a.1</li> <li>HC-MS-430a.2</li> <li>HC-MS-430a.3</li> </ul>	6-3 Supply Chain Management
<b>Innovation Management</b>	In order to respond to market needs and changes in a timely manner, and in response to the ever-changing functions of various end-use consumer products, the continuous refinement of technology and innovation in the development of "friendly materials" is a key element that can create higher economic value for BenQ Materials.						<ul style="list-style-type: none"> <li>Customised topics: structural optimisation, efficiency</li> </ul>	4-2 Sustainable Product Design and Innovation
<b>Information Security</b>	BenQ Materials continues to pay attention to information security and customer privacy protection, and to strengthen the deployment of information security software and hardware, and to implement the information security management system (ISO 27001) in order to implement information security control.						<ul style="list-style-type: none"> <li>Customised theme: Information Security Incident</li> <li>TC-HW-230a.1</li> </ul>	3-6 Information Security
<b>Quality Management</b>	Effective product management contributes to enhancing customer satisfaction and loyalty, thereby improving the company's profitability and core competitiveness.						<ul style="list-style-type: none"> <li>GRI416: Customer Health and Safety 2016</li> <li>HC-MS-250a.1</li> <li>HC-MS-250a.2</li> <li>HC-MS-250a.3</li> <li>HC-MS-250a.4</li> </ul>	6-2 Quality Management
<b>Climate Strategy</b>	Major multinational companies have also announced their carbon neutrality timelines, as the pressure from policies and customer demands increases. Reducing greenhouse gas emissions to mitigate climate change and strengthening adaptive capacity to enhance business resilience are crucial issues that BenQ Materials cannot ignore in its future operations.						<ul style="list-style-type: none"> <li>GRI 305 Emissions 2016</li> </ul>	5-2 Climate Change Management
<b>Talent Attraction and Retention</b>	A diverse, inclusive, and friendly work environment, along with comprehensive welfare measures, contributes to the innovation and growth of a company and serves as the foundation for creating a positive workplace. Implementing competitive human resources management practices, respecting workers' rights, enhancing employees' skills and competencies, improving safety and health in the workplace, promoting effective communication and collaboration, and fostering work-life balance enable employees to actively engage in their work and utilize their full potential, thereby reducing the intangible costs associated with high employee turnover.						<ul style="list-style-type: none"> <li>GRI401: Labour Relations 2016</li> <li>GRI405: Employee Diversity and Equal Opportunities 2016</li> <li>TC-HW-330a.1</li> </ul>	7-2 Manpower Overview 7-4 Employee Care 7-5 Health Management
<b>Occupational Health and Safety</b>	"Employees" are key to sustainable business, and BenQ Materials values occupational safety and health management. We adhere to the ISO 45001 Occupational Health and Safety Management System standards, providing a legally compliant and healthy work environment. We strengthen the safety awareness of our factory employees and contractors, aiming to prevent occupational accidents from occurring.						<ul style="list-style-type: none"> <li>GRI 403 Occupational Health and Safety 2018</li> </ul>	7-6 Workplace Safety

Note: "" is direct impact, "" is indirect impact

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# Sustainability Issue Management Approach

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Name of Material Topic	Sustainable Supply Chain
Impact	<p><b>Positive impact:</b> Through robust sustainable supply chain management, we reduce the potential supply chain risk, enhance the supply efficiency of suppliers, improve corporate reputation and product quality, and reduce operating costs.</p> <p><b>Negative impact:</b> Our operations rely on collaboration with the upstream and downstream of the supply chain. Significant sustainability incidents of suppliers, e.g. industrial safety accidents, violation of ethical corporate management, environmental protection incidents, or human rights incidents, may prevent suppliers from ship products smoothly, causing negative reputational impact, such as production cessation or disruption, to us.</p>
Scope of Impact	<input checked="" type="checkbox"/> Customers <input checked="" type="checkbox"/> BenQ Materials <input checked="" type="checkbox"/> Suppliers
Aspect of Impact	<input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Economic <input checked="" type="checkbox"/> People <input checked="" type="checkbox"/> Human Rights
Time Range of Impact	<input type="checkbox"/> Actually occurred impact <input type="checkbox"/> Potential impact within the next year <input checked="" type="checkbox"/> Potential impact within the next 2-3 years <input type="checkbox"/> Potential impact after the next 3 years
Policy	Following BenQ Materials' Supplier Corporate Social Responsibility Code of Conduct, key suppliers' ESG sustainability performance is audited with reference to RBA standards.
Commitment	Key supplier ESG audits help suppliers improve their ESG governance and establish mutually beneficial partnerships.
Goals and Targets	<ul style="list-style-type: none"> <li>▪ Phase 1 (2022 to 2023): Plan to audit 16 key tier-1 suppliers</li> <li>▪ Completed audits for 12 key suppliers in 2022; completed audits for 4 key suppliers in 2023</li> <li>▪ In 2024, aim to complete ESG audits for 30% of high-risk key tier-1 suppliers</li> <li>▪ In 2024, recognize suppliers with outstanding energy-saving and carbon reduction performance at the supplier conference</li> <li>▪ By 2026, complete 100% ESG audits for high-risk key tier-1 suppliers</li> <li>▪ Promote green procurement (new)</li> </ul>
Responsibility	<ul style="list-style-type: none"> <li>▪ Director, Supply Chain Administration Division</li> <li>▪ Director, Quality Management Division</li> </ul>
Adopted Action Plans	<ul style="list-style-type: none"> <li>▪ Due diligence of and guidance for local suppliers</li> <li>▪ Build a two-way supplier information platform</li> <li>▪ ESG Audit</li> </ul>
Mechanism of Performance Measurement	Holding ESG monthly and quarterly meetings to verify the performance of the supply chain team.
Results of Performance Measurement	<ul style="list-style-type: none"> <li>▪ Completed audits for 4 suppliers in 2023, meeting the target with a 100% completion rate.</li> <li>▪ Green procurement amount in 2023: NTD 8.27 million.</li> </ul>
Stakeholder Engagement	<ul style="list-style-type: none"> <li>▪ Conduct supplier risk assessments based on transaction status, CSR self-assessment scores, and sustainability reports. Perform ESG audits for high-risk key tier-1 suppliers; provide improvement suggestions through audit activities.</li> <li>▪ Set an annual carbon reduction target of 5% at the 2023 supplier conference; outstanding suppliers will be recognized in 2024.</li> </ul>

Name of Material Topic	Information Security
Impact	<p><b>Positive impact:</b> By establishing an effective information security management system (ISMS) in accordance with the framework of the ISO 27001 standards, we are able to take information security risk at a specific level to enhance the credibility of business counterparts and the customer trust and to enhance business resilience.</p> <p><b>Negative impact:</b> A cyberattack may affect or disrupt business continuity and leak trade secrets and personal data.</p>
Scope of Impact	<input checked="" type="checkbox"/> Customers <input checked="" type="checkbox"/> BenQ Materials <input checked="" type="checkbox"/> Shareholders <input checked="" type="checkbox"/> Employees
Aspect of Impact	<input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Economic <input checked="" type="checkbox"/> People <input checked="" type="checkbox"/> Human Rights
Time Range of Impact	<input checked="" type="checkbox"/> Actually occurred impact <input type="checkbox"/> Potential impact within the next year <input type="checkbox"/> Potential impact within the next 2-3 years <input type="checkbox"/> Potential impact after the next 3 years
Policy	Establish the “Information Security Operating Guidelines” and “Information Security Manual” in accordance with the ISO 27001 information security international standard to reduce information security risk at the operation level.
Commitment	Comprehensively protect the confidentiality, integrity and availability of our information assets and protect the security of data and privacy of all employees.
Goals and Targets	“Zero” major information security event
Responsibility	Director, Information Security Management Committee and Information Technology Division
Adopted Action Plans	<ul style="list-style-type: none"> <li>▪ Implement the ISO 27001 information security management system</li> <li>▪ Implement information security management (protection, drill) projects</li> <li>▪ Transfer consequential damages liability to long term cyber insurance.</li> <li>▪ Enhance information security awareness in employees through information security education and training</li> <li>▪ Scan and patch vulnerabilities and drill ERP system recovery quarterly</li> <li>▪ Diagnose information security and scan malware periodically</li> </ul>
Mechanism of Performance Measurement	<p><b>External:</b> Pass third-party verification of ISO 27001 and maintain certificate validity.</p> <p><b>Internal:</b> The Information Security Management Committee holds management meetings periodically to ensure ISMS is effectively and systematically implemented.</p>
Results of Performance Measurement	“Zero” significant information security incident was reported in 2023.
Stakeholder Engagement	Information Security Month event and general training.

Note: A major cybersecurity incident is defined as causing production interruption, leakage of confidential/personal data, or abnormalities in critical information equipment.

Note: If negative impact involve human rights issues, please refer to the contents regarding grievance management and handling on our ESG website or section 7-3 Employee Care.



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Name of Material Topic	Innovation Management (including digital transformation)	Innovation Management (product)	Innovation Management (employee engagement)
Impact	<p><b>Positive impact:</b> We promote corporate digital transformation and encourage employees to use emerging technologies, such as IoT, AI, and RPA, to replace highly repeated and insignificant jobs, and optimize occupational safety and health for employees to engage in high-valued jobs and enhance organizational operating efficiency.</p> <p><b>Negative impact:</b> Employees easily feel uncomfortable adapting to the use and management of innovative tools, bringing a sense of insecurity during the adaptation period.</p>	<p><b>Positive impact:</b> As customers have increasing demand for our low-emission and high-performance products in response to the climate change trend, we have unfolded short-, medium-, and long-term plans for low-emission products to ensure fulfillment of their demands.</p> <p><b>Negative impact:</b> If we fail in low-emission product development, apart from the loss on development costs, we may also be replaced by competitors and lose market competitiveness, and stakeholders may lose faith in us.</p>	<p><b>Positive impact:</b> We have been making continual improvement for years and encouraging employees to join continual quality improvement so as to gain substantiated from improvement with the problems found in the routine work and improvement proposals made by employees.</p> <p><b>Negative impact:</b> Many quality-related problems cannot be fixed immediately in the absence of improvement proposals by employees. This will result in the direct financial loss and the loss of faith of customers.</p>
Scope of Impact	<input checked="" type="checkbox"/> Customers <input checked="" type="checkbox"/> BenQ Materials <input checked="" type="checkbox"/> Employees		
Aspect of Impact	<input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Economic <input checked="" type="checkbox"/> People <input type="checkbox"/> Human Rights		
Time Range of Impact	<input checked="" type="checkbox"/> Actually occurred impact <input type="checkbox"/> Potential impact within the next year <input type="checkbox"/> Potential impact within the next 2-3 years <input type="checkbox"/> Potential impact after the next 3 years	<input type="checkbox"/> Actually occurred impact <input checked="" type="checkbox"/> Potential impact within the next year <input type="checkbox"/> Potential impact within the next 2-3 years <input type="checkbox"/> Potential impact after the next 3 years	<input checked="" type="checkbox"/> Actually occurred impact <input type="checkbox"/> Potential impact within the next year <input type="checkbox"/> Potential impact within the next 2-3 years <input type="checkbox"/> Potential impact after the next 3 years
Policy	To enhance the internal application of digital transformation, we are committed to introducing new system software and technology, improving operating procedures, and enhancing digital infrastructure to keep talents up with the times and create greater value.	Align with customers' new display products and comply with the US Energy STAR Computers Version 8.0 (ES 8.0) ecolabel.	Quality Proposal Improvement Incentive Program The Quality Department is dedicated to implementing Continual Improvement activities (CIP).
Commitment	Implement digital transformation, promote total participation, and keep employees up with the times.	Complete energy-compliant products before customers' delivery deadline.	Complete continuous improvement activities before the deadline set by supervisors or the process.
Goals and Targets	Save operating cost by NT\$100 million accumulatively during 2022-2024.	Developed a high-transmittance polarizer in 2023, which is expected to increase panel transmittance by more than 2%.	Annual benefits from CIP: NT\$200 million
Responsibility	President, Digital Transformation Project Office	CTO, Product Development Office	VP, Manufacturing Improvement Center
Adopted Action Plans	<ul style="list-style-type: none"> <li>Introduce new systems: AutoML, AI, Oracle BI, IoT, and ML.</li> <li>Introduce external education resources from Taiwan AI Academy and Artificial Intelligence Foundation (AIT), organize education and training courses, and develop internal instructors.</li> </ul>	<ul style="list-style-type: none"> <li>Complete the optical and weather resistance assessment of new products by June 2023.</li> <li>Complete production stability assessment of the mass production line of new products by September 2023.</li> <li>New product yield rate &gt;95%</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of the "Continual Improvement Activity Promotion Committee"</li> <li>Employee Incentive Mechanisms:               <ul style="list-style-type: none"> <li>Monthly employee proposal improvement activities.</li> <li>Creation of a case management and experience sharing platform.</li> <li>Annual company-wide "Improvement Case Presentation Conference" organized by the Quality Department.</li> <li>Implementation of quality education and training programs.</li> <li>Excellent teams awarded are eligible to participate in the "Taiwan Continual Improvement Activity."</li> </ul> </li> </ul>
Mechanism of Performance Measurement	Periodic review results at the digital transformation quarterly meeting.	New products pass customer validation by December 2023.	Hold quality review meetings periodically. Link improvement activities with financial performance in the future to present their interrelationship.
Results of Performance Measurement	<ul style="list-style-type: none"> <li>Saved NTD 41.37 million in 2023.</li> <li>Cumulative savings from 2022 to 2023 reached NTD 78.82 million.</li> </ul>	The new product development was completed in December 2023 and has started customer sample verification, with mass production planned for 2024.	<p><b>Continuous Improvement Activities:</b></p> <ul style="list-style-type: none"> <li>In October 2023, a total of 28 CIP (Continual Improvement Projects) were completed.</li> <li>In October 2023, the implementation of 28 strategies over three months resulted in tangible benefits of NTD 150 million, with an estimated annual benefit of NTD 195 million.</li> </ul> <p><b>Proposal Improvement Activities:</b></p> <ul style="list-style-type: none"> <li>A total of 64 proposals from 2022 to 2023.</li> <li>A total of 20 proposals were completed from 2022 to 2023, with the implementation of strategies yielding tangible benefits of NTD 21.65 million over one year.</li> </ul>
Stakeholder Engagement	Periodic education and training courses and new system use instruction.	<p><b>Suppliers:</b> Continuously review the manufacturing process of new products with suppliers to meet the process requirements.</p> <p><b>Customers:</b> Verify QC errors with customers based on the product validation results to adjust equipment parameters and to enhance the accuracy of product specifications.</p>	Capture the quality opinions and feedback of employees through quality education and training and improvement project routine meetings.



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Name of Material Topic	Quality Management
Impact	<p><b>Positive impact:</b> Reduce anomalies in the production process through a well-established quality management system (QMS) and the monitoring of professional quality management personnel to improve product quality and to enhance customer satisfaction.</p> <p><b>Negative impact:</b> Quality problems may directly reduce customer demand and lead to order transfer, market presence and reputation damage, affecting business operations.</p>
Scope of Impact	<p>■ Customers   ■ BenQ Materials</p>
Aspect of Impact	<p><input type="checkbox"/> Environmental   ■ Economic   ■ People   <input type="checkbox"/> Human Rights</p>
Time Range of Impact	<p>■ Actually occurred impact   <input type="checkbox"/> Potential impact within the next year  <input type="checkbox"/> Potential impact within the next 2-3 years   <input type="checkbox"/> Potential impact after the next 3 years</p>
Policy	<p>Certification of technical capacity and quality system by internationally accredited alliances or organizations to ensure the effectiveness of testing results.</p>
Commitment	<p>Comprehensively promote a quality culture and preventive management across the company, assist customers in realizing product innovation, and ensure shipping quality consistency.</p> <ul style="list-style-type: none"> <li>Display materials: Customer satisfaction &gt;80%.</li> <li>Battery materials: “Zero” significant customer grievance.</li> <li>Healthcare and nursing :                      Medical packaging: Perform TAF external audit every February to ensure that our measurement and monitoring capacity meets the requirements.                      Wound Care: Confirm that all products sold to the EU are 100% REACH-compliant before 2025, including finished products and the supply chain.                      Skin Care: Medical device products meet the QMS standards and legal regulations.                      Vision Care: Annual average quality grievance ≤ 500 DPPM.</li> </ul>
Goals and Targets	<p>Managers and directors of all BU quality management departments and BU top quality management</p> <ul style="list-style-type: none"> <li>Continuously implement quality management education and training.</li> <li>Apply for certification of product-related specifications.</li> <li>Survey customer satisfaction and audit supplier quality each year.</li> </ul>
Responsibility	<p>Managers and directors of all BU quality management departments and BU top quality management</p>
Adopted Action Plans	<ul style="list-style-type: none"> <li>Periodic ISO QMS management review   ■ Audit and certification of international standards and product specifications.</li> <li>Periodic customer satisfaction survey   ■ Audit of customers' suppliers.</li> <li>Display materials: 2023 customer satisfaction 87.7%. (target accomplished)</li> <li>Advanced Battery Materials: No new customer complaints in 2023; received S-grade evaluation in Tier 1 customer supplier assessment.</li> <li>Healthcare and nursing:                      Medical Packaging: Passed the TAF annual evaluation in 2023 with no measurement capability non-conformities.                      Wound Care: Completed REACH toxicity testing for over 90% of products in 2023.                      Skin Care: Taoyuan and Yunlin plants passed QMS recertification audits in 2023.                      Vision Care: Quality complaint rate in 2023: daily disposable lenses at 309 DPPM / monthly disposable lenses at 401 DPPM.</li> </ul>
Mechanism of Performance Measurement	<p>Internal: Conduct weekly Quality Review Meetings (QRM), convening relevant personnel from pre- and post-process stages to review and improve upon customer complaints and in-house quality issues, and continuously track the effectiveness of corrective actions.</p> <p>External: Suppliers: Hold an annual Quality Technical Meeting, which includes the introduction of new materials, improvement of raw material abnormalities, and setting carbon footprint targets with major suppliers.</p> <p>Customers: Conduct monthly meetings with customers to explain the quality status, including improvements on customer complaints, raw material defect rates, various quality smart manufacturing projects, and updates on carbon footprint progress.</p>
Results of Performance Measurement	
Stakeholder Engagement	

Name of Material Topic	Climate Strategy
Impact	<p><b>Positive impact:</b> Climate change affects physical business operations, such as the increase in natural disaster rate and impact severity, carbon emission tax levied by the competent authorities, and increasing demand for climate change risk management performance from investors. Hence, we actively set carbon reduction targets and implement reduction activities. Reducing emissions helps reduce operating costs and earn trust from stakeholders.</p> <p><b>Negative impact:</b> Increased natural disaster frequency and damage severity increase operating costs. Failure to meet stakeholder demands will lead to termination of cooperation or loan interest rate rise, increasing the operating cost.</p>
Scope of Impact	<p>■ Customers   ■ BenQ Materials   ■ Shareholders</p>
Aspect of Impact	<p>■ Environmental   ■ Economic   ■ People   ■ Human Rights</p>
Time Range of Impact	<p>■ Actually occurred impact   <input type="checkbox"/> Potential impact within the next year  <input type="checkbox"/> Potential impact within the next 2-3 years   <input type="checkbox"/> Potential impact after the next 3 years</p>
Policy	<ul style="list-style-type: none"> <li>Identify and capture climate-related risks and opportunities and their impacts on organizational operations, strategies, and financial planning in accordance with the FCS’ s regulations for disclosures of climate change responses and with reference to the climate-related financial disclosure framework recommended by TCFD.</li> <li>Draw up and progressively implement climate change response strategies towards low-carbon, green, and corporate sustainable development in terms of low-carbon production transformation, renewables use, low-emission and green product R&amp;D, and together with sustainable partners.</li> </ul>
Commitment	<p>Establish carbon reduction strategies, continuously reduce GHG emissions, and mitigate climate change for net-zero 2050.</p> <p><b>Short term:</b></p> <ul style="list-style-type: none"> <li>Reduce Scopes 1 and 2 GHG emissions by 9%. (Base year: 2020)</li> <li>Implement renewables over 15% in 2023.</li> </ul> <p><b>Medium term:</b></p> <ul style="list-style-type: none"> <li>Reduce Scopes 1 and 2 GHG emissions by 30%. (Base year: 2020)</li> </ul> <p><b>Long term:</b></p> <ul style="list-style-type: none"> <li>Achieve 100% renewable energy (RE) by 2040</li> <li>Net-Zero 2050</li> </ul>
Goals and Targets	
Responsibility	<p>■ CEO, ESG Committee   ■ CEO, Risk Management Committee</p>
Adopted Action Plans	<ul style="list-style-type: none"> <li>Continue to assess climate-related risks and opportunities and implement management measures in accordance with the TCFD recommendations.</li> <li>Continue to include all business locations in GHG inventory and pass external verification.</li> <li>Continue to expand the coverage of the ISO 50001 energy management system (EnMS).</li> <li>Build solar photovoltaic systems in plants for self-generation and self-consumption.</li> <li>Continue to capture new technology for energy conservation and carbon reduction to enhance energy efficiency.</li> </ul>
Mechanism of Performance Measurement	<ul style="list-style-type: none"> <li>Hold the Environmental Policy and Management team meeting monthly to review the KPI achievement in energy conservation and carbon reduction.</li> <li>Hold the ESG Committee meeting quarterly to review various mitigation and adaptation measures and results of solution implementation.</li> </ul>
Results of Performance Measurement	<ul style="list-style-type: none"> <li>In 2023, greenhouse gas emissions (Scope 1 and Scope 2) decreased by 27.45% compared to 2020.</li> <li>In 2023, the proportion of renewable energy usage was 22.2%.</li> </ul>
Stakeholder Engagement	<ul style="list-style-type: none"> <li>Continue to promote total participation in energy conservation and carbon reduction activities.</li> <li>Draw up enterprise transformation plans by senior management and the strategic planning team.</li> <li>Develop carbon reduction methods in collaboration with academic units and industry associations.</li> </ul>

Note: If negative impacts involve human rights issues, related complaint management and handling measures can be found on the BenQ Materials ESG website, in section 3-4 Ethical Business Practices, and section 7-1 Human Rights Management.



Name of Material Topic	Talent Attraction and Retention
Impact	<p><b>Positive impact:</b> Employees are our important assets. Our efforts in talents attraction, education, and development are indispensable to our operational strategy and sustainable development. Hence, we attract and then educate and develop outstanding talents to make preparation for long-lasting development.</p> <p><b>Negative impact:</b> The absence of a well-established talent retention system will lead to a brain drain, inability of attract external talents, and organization skill insufficiency that will further affect corporate innovation, growth, and operational performance.</p>
Scope of Impact	<input checked="" type="checkbox"/> BenQ Materials <input checked="" type="checkbox"/> Employees
Aspect of Impact	<input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Economic <input checked="" type="checkbox"/> People <input checked="" type="checkbox"/> Human Rights
Time Range of Impact	<input checked="" type="checkbox"/> Actually occurred impact <input type="checkbox"/> Potential impact within the next year <input type="checkbox"/> Potential impact within the next 2-3 years <input type="checkbox"/> Potential impact after the next 3 years
Policy	Attract global excellent talents, cultivate employee development to enhance organization skills, and retain key excellent talents.
Commitment	Introduce competitive salaries and benefits, develop a learning environment based on a systematic training structure, assist employees with career development and growth, and achieve organization strategic goals and personal career development together with the company.
Goals and Targets	<ul style="list-style-type: none"> <li>Average training hours per employee: 23 hours</li> <li>Retention rate target for outstanding employees: 90%</li> <li>Average monthly turnover rate for indirect personnel: less than 1.5%</li> <li>Average satisfaction score for annual courses: 4.6 out of 5</li> <li>Retention rate one year after maternity leave: 75%</li> <li>Retention rate of diverse professional overseas talent: 80% (new target)</li> </ul>
Responsibility	<ul style="list-style-type: none"> <li>Senior Director, HRD</li> </ul>
Adopted Action Plans	<ul style="list-style-type: none"> <li>Periodically conduct various employee satisfaction surveys for the reference of the relevant systems.</li> <li>Periodically compare salaries and benefits in the market to enhance the competitiveness of salaries and benefits.</li> <li>Operate the employer brand and establish the industry-academia relationship to increase the company's attraction to freshmen.</li> <li>Organize multifaceted classroom and e-learning courses to improve the competencies and career development of employees.</li> </ul>
Mechanism of Performance Measurement	Periodically review the retention rate and recruitment rate of excellent employees and performance in course administration, and follow up improvements at the HRD executive meetings and monthly department meetings.
Results of Performance Measurement	<ul style="list-style-type: none"> <li>In 2023, the average training hours per employee were 43 hours.</li> <li>In 2023, the retention rate target for outstanding employees was achieved at 99%.</li> <li>In 2023, the average monthly turnover rate for indirect personnel was 0.7%.</li> <li>In 2023, the average satisfaction score for annual courses was 4.88 out of 5.</li> <li>In 2023, the retention rate one year after maternity leave was 80%.</li> <li>In 2023, the retention rate of diverse professional overseas talent was 100%.</li> </ul>
Stakeholder Engagement	Periodically conduct employee satisfaction surveys and ask for employee satisfaction feedback from all activities for the reference of the relevant systems.

Name of Material Topic	Occupational safety and health
Impact	<p><b>Positive impact:</b> We have established sound occupational safety and health standards to lower the impact of accidents on employee productivity. We also run disaster response drills regularly for employees to feel safe at work and to enhance work efficiency.</p> <p><b>Negative impact:</b> Failure to unflinchingly practice the relevant occupational safety and health regulations will lead to machinery and supply equipment damage and increase the risk of employee safety and occupational accidents, causing business disruption and property loss.</p>
Scope of Impact	<input checked="" type="checkbox"/> BenQ Materials <input checked="" type="checkbox"/> Employees <input checked="" type="checkbox"/> Suppliers
Aspect of Impact	<input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Economic <input checked="" type="checkbox"/> People <input checked="" type="checkbox"/> Human Rights
Time Range of Impact	<input checked="" type="checkbox"/> Actually occurred impact <input type="checkbox"/> Potential impact within the next year <input type="checkbox"/> Potential impact within the next 2-3 years <input type="checkbox"/> Potential impact after the next 3 years
Policy	<ul style="list-style-type: none"> <li>Comply with the relevant human rights standards, including the International Labor Standards, Global Sullivan Principles, United Nations Guiding Principles on Business and Human Rights, and Responsible Business Alliance.</li> <li>Comply with ISO 45001 occupational safety and health management system standard</li> <li>BenQ Materials environmental safety, health and energy policy</li> </ul>
Commitment	Implement the preventive management and audit system and ensure workplace environment and operation safety.
Goals and Targets	<ul style="list-style-type: none"> <li>“Zero” disabling injury</li> <li>“Zero” work-related ill health</li> <li>“Zero” contractor work-related injury</li> </ul>
Responsibility	Director, Facility ESH Division
Adopted Action Plans	<ul style="list-style-type: none"> <li>Conducted safety protection mechanism checks for abnormality elimination, with 152 areas identified for follow-up improvement tracking.</li> <li>Completed an electrostatic discharge (ESD) prevention zone improvement project, addressing a total of 44 hazard factors.</li> <li>Completed a project to improve noise levels in one work environment.</li> <li>Promoted professional safety education and training, with a total of 605 participants.</li> </ul>
Mechanism of Performance Measurement	<ul style="list-style-type: none"> <li>ISO 45001 OH&amp;S management systems management review meeting/annual verification and follow-up.</li> <li>Achievements and performance of the ESG Committee Safety Action Plan.</li> </ul>
Results of Performance Measurement	<ul style="list-style-type: none"> <li>In 2023, the Comprehensive Injury Frequency Index (FSI) was 0.04, not meeting the target of zero disabling injuries. (For improvement plans, please refer to section 7-6 Workplace Safety)</li> <li>In 2023, there were zero cases of occupational diseases, achieving the target of zero occupational disease occurrences.</li> <li>In 2023, no occupational injuries occurred during contractor operations within the plant.</li> </ul>
Stakeholder Engagement	<p><b>Employees:</b> education and training, publicity at the monthly meeting, e-newsletters, Occupational Safety (bulletin), interactive experiential activities.</p> <p><b>Contractors:</b> Hazard education and training, entry Take 5 hazard notification.</p>

Note: If negative impacts involve human rights issues, related complaint management and handling measures can be found on the BenQ Materials ESG website and in section 7-1 Human Rights Management.