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## 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 complaint handling process based on the urgency and severity of incidents. When technical service personnel (ES) receive a customer complaint, they follow standard operating procedures to conduct a meeting, identify the root cause, implement improvements, and confirm the effectiveness of these actions to promptly resolve customer issues. In 2023, due to the optimization of management mechanisms, including new product evaluations and the establishment of process monitoring indicators, the total number of customer complaints for display materials was 31, a decrease of 4 complaints compared to 2022, representing an 11% reduction.

#### Advanced Battery Materials

BenQ Materials' complaint handling process for battery materials is consistent with the complaint handling process for display materials. In 2023, there was 1 complaint regarding separator films, which was a derivative issue from a 2022 complaint. There were no new complaints.

### Healthcare Products:

#### Medical packaging

The complaint handling process for sterilization packaging materials is controlled and tracked according to the complaint handling procedure with a set response time based on the urgency of the issue. Complaints regarding safety defects are to be responded to within 1 business day, major functional defects within 3 business days, and minor appearance defects within 5 business days.

#### Wound Care

All feedback and suggestions from Anscare users/customers are documented using the electronic CCMS (Customer Complaint Management System) to establish customer feedback forms. These feedback forms are evaluated by respective supervisors, who determine the appropriate handling plan for each feedback or suggestion. If the feedback is related to product usage and safety, a complaint process is initiated, and a project improvement tracking is executed to ensure effective enhancement of product quality.

#### Skin Care

Derma Angels has established various channels for customer service, including the official Derma Angels' 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.

Note: Please refer to [the BenQ Materials ESG official website](#) for the customer complaint processes of each business unit.



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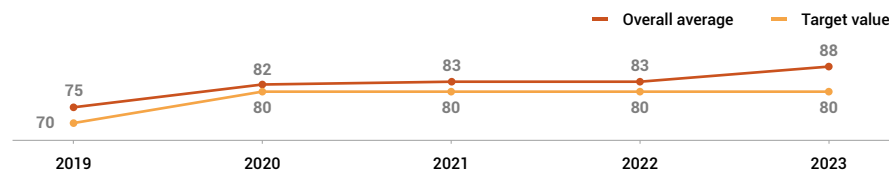
### Customer Satisfaction

#### Display Materials

Functional Film Series conducts quarterly customer satisfaction surveys covering product quality, service quality, delivery quality, and R&D technology to ensure customer needs are understood and met. The results of these surveys are compiled and communicated to the relevant departments to formulate improvement strategies based on customer feedback, thereby enhancing customer satisfaction.

In addition to the regular satisfaction surveys, reviews and improvements are also carried out according to the needs of customers' irregular evaluations. Systematic steps are taken to identify the root cause and implement countermeasures. The customer satisfaction survey result for the Functional Film Series in 2023 was 88%, meeting the company's established target.

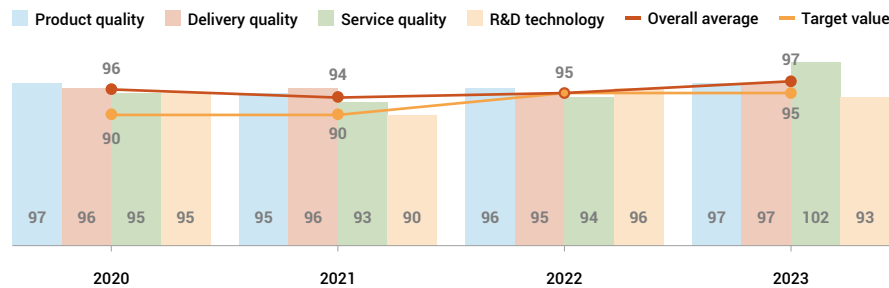
Historical Customer Satisfaction Surveys - Display Materials



#### Advanced Battery Material

A quarterly customer satisfaction survey is conducted focusing on four key areas: product quality, delivery quality, service quality, and R&D technology. The customer satisfaction survey result for Battery Materials in 2023 was 97%. In 2023, the scores for "product quality," "delivery quality," and "service quality" improved compared to 2022, while the score for "R&D technology" slightly decreased. Overall, the customer satisfaction met the company's established target.

Historical Customer Satisfaction Surveys - Advanced Battery Material

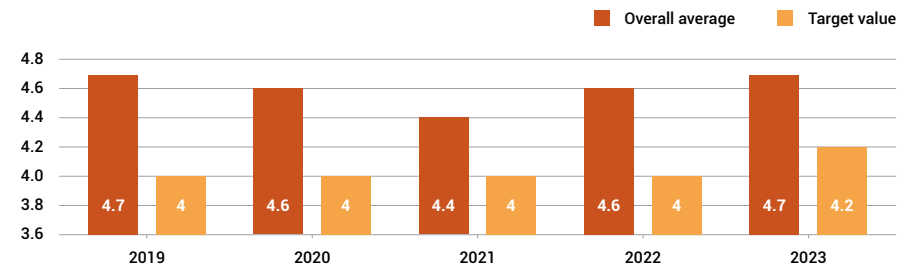


Note: A comprehensive customer satisfaction survey has been conducted since 2019.

### Healthcare Products

① Wound Care : Every year, a customer satisfaction survey is conducted with distributors (external channels, chain pharmacies, hospitals) focusing on five key areas: product quality, logistics, business services, after-sales service, and product training. In 2023, the average customer satisfaction reached a level of complete satisfaction (4~5 points), exceeding the target value.

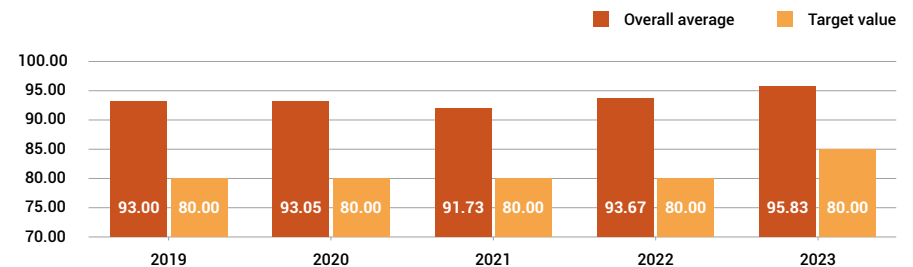
Historical Customer Satisfaction Surveys - Wound Care



② Medical packaging: In 2023, the domestic customer satisfaction survey had a response rate of 80.5%, with an average satisfaction score of 95.83 points. During the year, there were 11 complaints about sterilization packaging materials, more than half of which were due to poor sealing of tube bags, primarily caused by insufficient equipment heating and operator errors. To address these issues, the following measures have been implemented, resulting in no further sealing defects in the past six months:

1. Optimized the equipment heating curve and added a non-operation alarm function.
2. Regulated the feed distance to ensure adequate heat pressing.
3. Enhanced quality control mechanisms:
  - Gradually improved the initial random monitoring to comprehensive monitoring.
  - Introduced a one-key function to discharge machine abnormalities.

Historical Customer Satisfaction Surveys - Medical packaging





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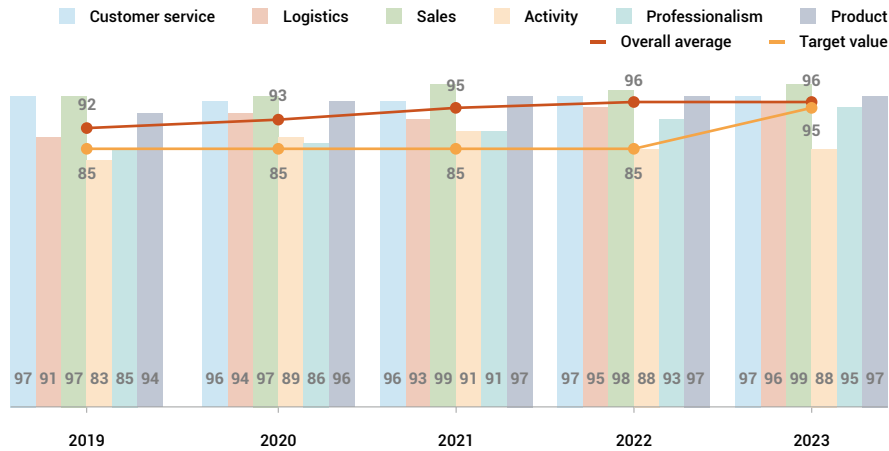
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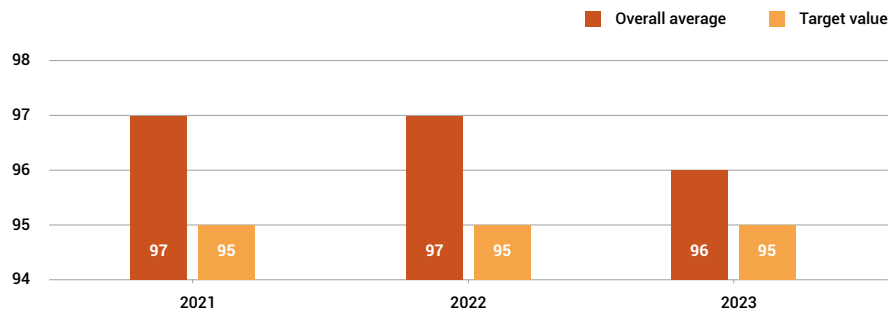
3 Vision Care : Each year, a satisfaction survey is conducted for distributors (including chain and independent stores). In 2023, the overall average score reached 96 points, surpassing the target of 95 points. Satisfaction across various aspects continued to increase, indicating that brand management has been well recognized by the majority of distributors.

Historical Customer Satisfaction Surveys – Vision Care



4 Skin Care : Each year, Skin Care conducts customer satisfaction surveys via email for major domestic and international partners, agents, and distributors. In 2023, the overall customer satisfaction rate was 96%, slightly above the target of 95%. Customer satisfaction with Angel Care's product quality, after-sales service, product education training, and sales representative services consistently maintained a high level of over 96%.

Historical Customer Satisfaction Surveys – Skin Care

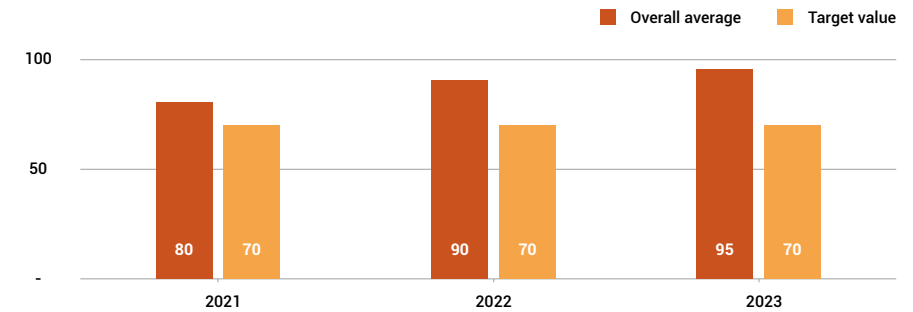


Note: A comprehensive customer satisfaction survey has been conducted since 2021.

### Waterproof and breathable textiles

Confirming customer requirements and key specifications is crucial. During the development stage, it is necessary to understand the customer's application and specifications. Regular meetings are held for discussion if needed. In 2023, the average satisfaction score was 95 points. If the total score falls below the target (70 points), we will engage with the customer to understand the issues and carry out a review and improvement process.

Historical Customer Satisfaction Surveys – Waterproof and breathable textiles



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

### Consumer Privacy Protection

To protect consumer personal data, such as that related to contact lenses and medical products (like acne patches), BenQ Materials collaborates with backend system service providers to ensure the security of consumer information. Both parties conduct regular information security scans during the contract period, and if any vulnerabilities are identified, immediate updates are implemented to ensure a more secure information environment. Additionally, BenQ Materials has initiated a personal data protection improvement project and established a Personal Data Protection Committee to ensure the safety of consumer personal data.





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# Quality Management

## Quality Mechanism

Item	Display Materials	Advanced Battery Material	Healthcare Products	Waterproof and breathable textiles
Quality management	<ul style="list-style-type: none"> <li>Optimize validation indicator conditions during the new product development stage to meet customer requirements and improve factory production success rate to 100%.</li> <li>Adjust factory process parameters and hardware to address raw material defects. Introduce new equipment for removing foreign objects to enhance process cleanliness and production capability, ensuring new products meet customer requirements and achieve zero customer complaints.</li> <li>Continuously establish and optimize verification indicators for new film materials to support technological breakthroughs in processes.</li> <li>Investigate and simulate end-customer and consumer usage methods to further upgrade new product capabilities.</li> <li>Collect historical OK/NG data and use machine learning to analyze and establish key process influencing factors.</li> <li>Implement equipment pre-warning monitoring, automatic data collection, and build an IoT platform.</li> <li>Upgrade automated optical inspection software and hardware to reduce product failure rates and production costs.</li> <li>Utilize quality tools such as Failure Mode and Effect Analysis (FMEA) and continuous improvement projects.</li> </ul>	<ul style="list-style-type: none"> <li>Received an S-grade excellent supplier evaluation from a Tier 1 Japanese customer.</li> <li>External audit deficiencies decreased by 89%, and IPQA (In-Process Quality Assurance) audit deficiencies decreased by 83%.</li> <li>High-risk error-proofing guidance implemented, resulting in the addition of 21 error-proofing devices, 67 enhancements to error-proofing mechanisms, and 8 new equipment warning functions.</li> <li>Developed the OCTS one-click traceability system, reducing the time required for investigating customer feedback anomalies by 98%, thereby speeding up the timeliness of customer feedback responses.</li> </ul>	<p>Vision Care:</p> <ul style="list-style-type: none"> <li>Maintain existing quality mechanisms for product management and monitoring.</li> <li>In 2024, continue to establish a project team to address quality improvement projects (CIP) for customer complaints, focusing on improving the comfort of contact lenses to reduce the number of complaints in Taiwan.</li> </ul> <p>Skin Care:</p> <ul style="list-style-type: none"> <li>Yunlin Plant obtained ISO 13485 certification.</li> <li>Taoyuan Plant obtained QMS certification.</li> <li>Taoyuan Plant obtained Halal certification.</li> <li>Yunlin Plant obtained QMS certification.</li> </ul> <p>Medical Packaging:</p> <ul style="list-style-type: none"> <li>Continuously passed TAF laboratory evaluations, continuously improving measurement capabilities, reducing measurement uncertainty from 23.41g to 6.39g, an improvement of over 70%.</li> </ul> <p>Wound Care:</p> <ul style="list-style-type: none"> <li>Hemostatic and negative pressure products have been legally sold in the EU. In 2022, completed all preclinical and clinical tests as required by new regulations and submitted MDR applications.</li> <li>To expand the coverage of AnsiTech products, passed inspections by the Ukrainian certification body, obtained DSTU EN ISO 13485:2018 certificate; simultaneously obtained market authorization for product SIMO in Ukraine and successfully sold in the country.</li> </ul>	<ul style="list-style-type: none"> <li>Raw materials are sampled and inspected during production and before shipment as per regulations.</li> <li>Continuous quality improvement and review (using flattening machines to reduce seam marks, reducing defect count from 8 to 2, a 75% improvement).</li> <li>Obtained ISO 9001 certification.</li> <li>Obtained Bluesign certification.</li> <li>Obtained GRS (Global Recycled Standard) certification.</li> <li>Obtained OEKO-TEX certification.</li> </ul>



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Item	Display Materials	Advanced Battery Material	Healthcare Products	Waterproof and breathable textiles
Supplier Quality management	<ul style="list-style-type: none"> <li>Systematize supplier component analysis inspection reports (Certificate of Analysis, COA) and integrate with the Statistical Process Control (SPC) system.</li> <li>Conduct Quarterly Business Reviews (QBR) semi-annually. For suppliers with quality issues within the year, arrange on-site audits to verify and track improvement effectiveness.</li> </ul>	<ul style="list-style-type: none"> <li>Supplier management from raw material inspection to guidance has significantly reduced raw material defect rates, providing better supply quality. Management is carried out across 12 dimensions including quality objectives, quality assurance mechanisms, product acceptance, quality anomaly handling, product engineering changes, continuous improvement, and supplier audits.</li> <li>Key packaging material suppliers receive guidance to establish correct concepts for root cause investigation and corrective actions. The Quality Business Review (QBR) score increased by 0.5 points compared to 2022.</li> </ul>	<p>Vision Care:</p> <ul style="list-style-type: none"> <li>Maintain existing quality mechanisms for product management and monitoring.</li> </ul> <p>Skin Care:</p> <ul style="list-style-type: none"> <li>Evaluated 12 new suppliers and re-evaluated 47 existing suppliers, achieving a 100% completion rate.</li> </ul> <p>Medical Packaging:</p> <ul style="list-style-type: none"> <li>Adjusted evaluation items to enhance discernment, highlighting both competitive suppliers and those needing improvement and support.</li> </ul> <p>Wound Care:</p> <ul style="list-style-type: none"> <li>Selected key suppliers for audit based on annual transaction status, completing evaluations for 50 suppliers under the quality system.</li> </ul>	<ul style="list-style-type: none"> <li>Use bluesign® approved chemical products or raw material suppliers to ensure no harmful substances are used in the production process.</li> <li>Conduct multi-faceted supplier evaluations focusing on processes, facilities, testing, environmental impact, human rights, and health and safety. Evaluated 3 suppliers internally, achieving a 100% pass rate.</li> </ul>
Product return	<ul style="list-style-type: none"> <li>Return rate was 0.26%, which did not meet the target of 0.15%. The main reasons for not meeting the target are:</li> <li>Negative warping: Inadequate hardness of laminating wheels leading to a decrease in warp levels. The hardness management mechanism for laminating wheels has been redefined, with stricter warp specifications and increased monitoring of warp levels during production.</li> <li>Scratches: Established a real-time alert mechanism for monitoring the rotation speed of small package corner rollers across all lines.</li> </ul>	<ul style="list-style-type: none"> <li>Return Merchandise Authorization (RMA) amount decreased by 85% compared to 2022.</li> <li>No product recall cases from customers.</li> </ul>	No product returns/recalls issues.	No product returns/recalls issues.



### Quality Training

BenQ Materials utilizes course design and the Continuous Improvement Program (CIP) for planning and execution. The courses include QC Story quality improvement methods, the seven quality control tools (QC 7 Tools), statistical process control (SPC), and design of experiments (DOE). These help employees apply their classroom knowledge and skills to real work processes. The CIP projects are executed by departmental project teams targeting specific issues for continuous improvement. Using QC Story quality improvement methods, they analyze and brainstorm solutions. From 2009 to 2023, a total of 228 projects have been completed, with 28 projects concluded in 2023, generating an estimated financial benefit of NT\$195 million.



# Supplier Management

## Supplier Sustainable Management Framework

BenQ Materials has established a sustainable supply chain management framework that mandates all suppliers to comply with sustainability policies or documentation standards. This includes signing a Corporate Social Responsibility Commitment, guaranteeing compliance with regulations on conflict minerals, and signing a Hazardous Substance Management Policy. The framework involves on-site audits, improvement measures, and capacity building for both new and existing suppliers to manage supply chain risks and enhance supplier sustainability performance. Through a series of sustainable management processes, BenQ Materials aims to drive mutual growth and create greater shared value and influence within the supply chain.

## Sustainability Policy Document and Regulation

### Signing of Corporate Social Responsibility Undertaking

BenQ Materials requires suppliers to sign a corporate social responsibility (CSR) commitment letter. In 2023, 100% of new suppliers completed the signing process. Among first-tier suppliers, the signing rate was 95%. A few suppliers only agreed to follow BenQ Materials' internal policies without signing additional documents.

### Conflict Mineral Procurement Management

BenQ Materials supports the international initiative for the disclosure of conflict metals and prohibits the use of conflict minerals. The company collaborates with suppliers to investigate the sources of conflict metals, preventing direct or indirect procurement of minerals from armed rebel groups in the Democratic Republic of Congo and its surrounding regions. This initiative addresses social and environmental issues, including human rights violations and armed violence.

Currently, the sources of gold (Au), tantalum (Ta), tin (Sn), tungsten (W), cobalt (Co), and mica (Mica) have been confirmed to be free from conflict areas. In 2023, BenQ Materials assisted 17 customers in the polarizer industry, 14 customers in the optical materials sector, and 5 customers in the battery materials field to verify whether their materials complied with responsible mineral sourcing requirements. None of these materials contained related conflict minerals, and suppliers were required to provide guarantee certificates.

## Sustainability Policy Document and Regulation

- Management according to the Responsible Business Alliance Code of Conduct
- Signing of corporate social responsibility undertaking
- Responsible mineral purchase management (supplier shall issue guarantee for nonuse and non-violation of conflict mineral related regulations and requirements)
- Signing of hazardous substance management policy
- Signing of supplier integrity undertaking

## New Supplier Searching and Evaluation

- Supplier Search and Initial Review
- Establishment of Quality Agreement with New Material Suppliers
- Supplier Evaluation: Covers financial status, delivery stability, quality systems, R&D capabilities, environmental health and safety requirements. In 2023, added assessments for corporate sustainability and cybersecurity risk.

## Existing Supplier Audit and Guidance

- Supplier Audits: Includes regular or ad-hoc evaluations and audits (documentary or on-site), ESG audits, and supplier cybersecurity assessments.
- Supplier Guidance

## New Supplier Searching and Guidance

The selection of new suppliers primarily evaluates suppliers based on their financial status, delivery reliability, quality system, and R&D capability. Suppliers that pass the evaluation proceed to sample and small batch production testing.

When procuring new materials, a quality agreement is established with the supplier. For undefined specifications or quality concerns, suppliers must obtain BenQ Materials' approval before shipment. Suppliers are required to proactively notify BenQ Materials of any anomalies, ensuring bilateral communication. Additionally, all raw materials are inspected upon arrival. If materials exceed specification limits and are confirmed to be supplier issues, the supplier must conduct an on-site review. If the supplier is found responsible, an abnormal notification is issued for immediate corrective action.

In 2023, three new suppliers were added, all of whom were selected based on environmental standards. New evaluation criteria were added in 2023, including corporate sustainability and cybersecurity risk assessments. Suppliers that do not meet the overall evaluation standards are either guided for improvement or not used.



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## 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.

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.

Supplier Type	Number of Audited Suppliers	2022 Audit Result	Audit Ratio
Polarizer suppliers	60 suppliers	Class A suppliers 56 Class B suppliers 4	100%
Optical film suppliers	7 suppliers	Class A suppliers 4 Class B suppliers 3	100%
Optical adhesive suppliers	23 suppliers	Class A suppliers 22 Class A suppliers 21	100%
Advanced Battery Material	9 suppliers	Class A suppliers 8 Class C suppliers 1	100%
Vision Care	24 suppliers	Class A suppliers 24	100%
Skin Care product suppliers	59 suppliers	Class A suppliers 59	100%
Waterproof and breathable textiles	3 suppliers	Class A suppliers 3	100%
Wonder Care suppliers	19 suppliers	Class A suppliers 19	100%
Medical packaging suppliers	50 suppliers	All audits passed successfully.	100%

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.

#### Conduct Irregular Audits and Guidance Reasons

- Occurrence of Major Quality Issues (causing material shortages or significant losses to BenQ Materials or customers)
- Significant Supplier Deficiencies that require improvement confirmation
- Specific Purposes (e.g., new employee training, ongoing quality issue tracking)
- Exempt Suppliers (excluding suppliers of consumables and non-materials)
- Important Changes in Supplier 4M (Man, Machine, Material, Method)

#### Supplier Categories

Raw Materials • Packaging Materials (BOM)
Outsourced Manufacturing
Components and Consumables
Equipment
Engineering (including labor)

Supplier Classification	2023
Number of Tier 1 Key Suppliers	87
Number of Non-Tier 1 Key Suppliers	1,161

Note 1: Definition of Primary Supplier: A supplier that causes production interruption (72 hours without recovery) or has more than 3 transactions per year with a total amount exceeding NTD 5 million.

Note 2: Definition of Key Primary Supplier: A supplier among primary suppliers that accounts for 85% of the transaction amount.



### ESG Auditor

In 2023, we continued to conduct ESG audits on suppliers using the RBA framework. We arranged for training in RBA auditing for departments such as procurement, environmental safety, and human resources. Based on the transaction amounts with key suppliers, we identified high-risk targets. These high-risk suppliers were designated as necessary ESG audit targets. The audit criteria included supplier self-assessment scores and information from ESG/CSR reports. Suppliers were classified into A, B, C, and D risk levels, with C and D being medium-high and high risk, respectively, requiring mandatory audits. In 2023, we completed ESG audits for 4 suppliers, all of which passed.

From 2024 to 2026, we plan to complete ESG audits for 15 suppliers identified as medium-high and high risk. In 2024, we aim to complete audits for 30% of these suppliers. We will continuously adjust the annual ESG audit targets based on the actual progress to ensure the completion of our goals and mitigate risks related to the supply chain.





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### Supplier Information Security Management

In 2023, BenQ Materials conducted an information security survey across its various business units. The survey targeted the top 10 suppliers by procurement amount and was completed in July, serving as the basis for subsequent management. Additionally, BenQ Materials will require future system service suppliers to have ISO 27001 certification as a crucial criterion for selection, ensuring comprehensive implementation of the organization's information security needs and management. [\(For more details, please refer to section 3-5 Information Security Management.\)](#)

### Supplier Energy Conservation and Carbon Reduction Assistance Program

In 2023, BenQ Materials selected local key suppliers as the first phase of guidance targets. During the latter half of the year, discussions were held with these suppliers regarding carbon emission sources. The company also provided assistance in identifying carbon emission sources and offered guidance and exchanges on energy saving and carbon reduction initiatives

### Green Procurement

BenQ Materials supports the Ministry of Environment's green procurement policy by adhering to green procurement principles, minimizing the purchase of disposable items, and evaluating products and services that meet the Ministry's recognized green label standards. As a result, BenQ Materials was recognized as an "Outstanding Unit in Promoting Green Procurement by Private Enterprises and Organizations" for 2023. The company reported a total procurement amount of NT\$8.27 million for 2023. BenQ Materials plans to expand these efforts, taking concrete actions to practice responsible procurement in the future.



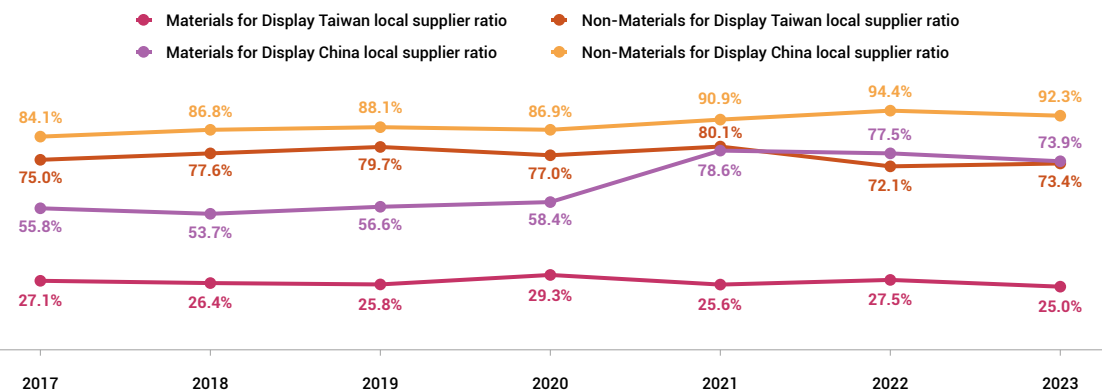
### Local Purchase

Materials for functional film products (polarizers/optical films/separation membranes/smart window films) are mostly produced by overseas suppliers, with only a few local (Taiwan) suppliers unable to meet BenQ Materials' specifications. As a result, the number and proportion of local suppliers and procurement amounts have been relatively low. However, analyzing procurement amounts over the past five years shows a trend of increasing local procurement. In 2023, the proportion of local procurement in Taiwan was 19.7%, up 2.2% from 17.5% in 2022. BenQ

Materials aims to continue collaborating with local suppliers to reduce transportation carbon mileage and promote the local economy.

For materials not related to functional films, the local procurement proportion in Taiwan was 25.0% in 2023, an increase of 11.7% from 13.3% in 2022. The proportion of local suppliers for functional films in China remained stable at 73.9% in 2023, with the local procurement proportion at 89.5%.

Historical Purchase Local Supplier Ratio



Historical Purchase Local Amount Ratio

