



Environmental Sustainability

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Customer Service

BenQ Materials is a leading global display material solution provider, and the company's products include functional film, advanced battery material, professional medical product, personal aesthetic medicine products, waterproof and breathable textiles. Since the product type is diverse, the type of customers also includes enterprises, distributors, and end users. The company is committed to providing satisfactory products and quality service to customers. In addition, the company also values customer exchange, maintains excellent interaction with customers, in order to create maximum value for customers.



» Customer Service Mechanism

• Display Materials

BenQ Materials establishes corresponding customer complaint handling procedures based on the urgency and severity of incidents. When a complaint message is received by the Technical Service team (ES), they follow standard operating procedures to assess the situation, identify the root cause, implement improvements, and confirm the effectiveness of the implemented solutions, aiming to promptly resolve customer issues.

In 2022, due to the optimization of management mechanisms, including the evaluation of new protective films and the establishment of process monitoring indicators, the total number of customer complaints regarding display materials was 34, which decreased by 17 compared to 2021, representing a decrease of 33%.

• Advanced Battery Materials

BenQ Materials's customer complaint process for battery materials is consistent with the display materials complaint handling process. In 2022, the complaint rate for separator films decreased significantly by 63%. This improvement can be attributed to the absence of complaints related to "human error" and "outsourcing management," as well as a significant decrease in "manufacturing abnormalities."

• Healthcare Products

– Medical sterilization packaging: The complaint handling process for sterile packaging materials follows a controlled and tracked procedure, with a specified response deadline. The response time is categorized based on the urgency of the complaint: for issues related to safety concerns, a response is provided within 1 working day; for major functional issues, a response is provided within 3 working days; and for minor appearance issues, a response is provided within 5 working 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'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.

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

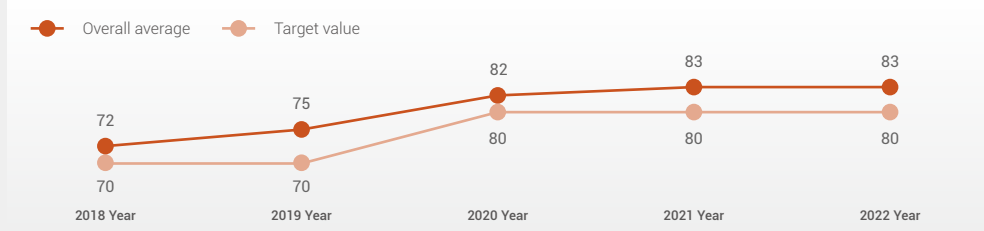


» Customer Satisfaction

• Display Materials

For functional film series of products, customer satisfaction survey is conducted quarterly according to the categories of quality/service, delivery date, research and development technology, etc., in order to ensure that customer demands are understood and satisfied. The satisfaction survey result is summarized and conveyed to relevant departments. The customer feedback is confirmed in order to establish improvement strategy, and to increase customer satisfaction. In addition to the satisfaction survey, the company also reviews the room for improvement for individual customer's requests according to irregular evaluation of customers, in order to systematically analyze the root cause and strategy. In 2022, the functional film customer satisfaction survey result indicated that the satisfaction was 83% (target was set at 80%), meeting the target set by the company.

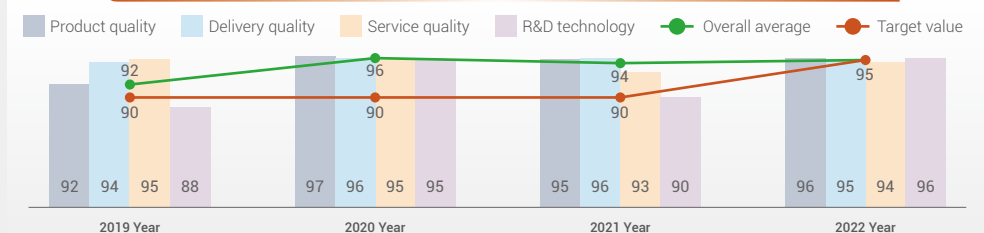
Historical Customer Satisfaction Surveys - Display Materials



• Advanced Battery Material

For the Separator Film series, a quarterly customer satisfaction survey is conducted for high-value customers, focusing on four dimensions: product quality, delivery quality, service quality, and research and development technology. In 2022, the customer satisfaction survey for battery materials resulted in a 95% satisfaction rate. The scores for "product quality," "service quality," and "research and development technology" improved compared to 2021, while the score for "delivery quality" slightly decreased. Overall, the satisfaction level met the company's established targets.

Historical Customer Satisfaction Surveys - Advanced Battery Material



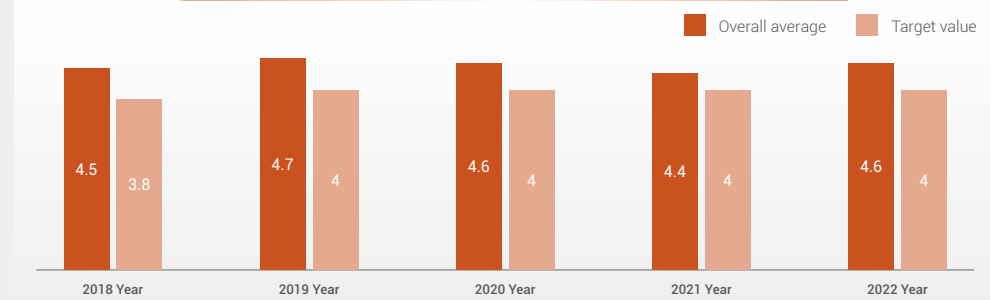
Note: A comprehensive customer satisfaction survey has been conducted since 2019.

• Healthcare Products

– Wound Care :

Every year, customer satisfaction surveys are conducted with distributors (external channels, chain pharmacies, hospitals) using five key dimensions: product quality, marketing, business services, after-sales service, and product training. Since 2014 until 2022, the average customer satisfaction level has consistently reached a highly satisfied level (4-5 points), exceeding the target value.

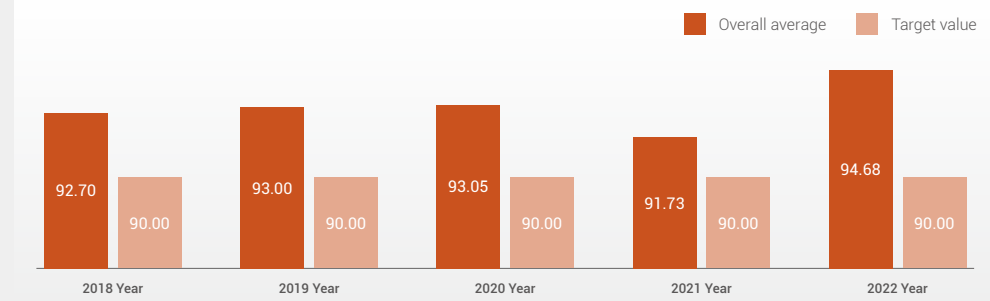
Historical Customer Satisfaction Surveys - Wound Care



– Medical sterilization packaging :

In 2022, the response rate for the domestic customer satisfaction survey was 75%, with an average satisfaction score of 94.68. In 2022, there was an increase in reported customer complaints. The team focused on addressing recurring customer concerns and implemented enhanced management in process optimization and control. The objective was to exceed customer expectations.

Historical Customer Satisfaction Surveys - Medical





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– Vision Care :

An annual satisfaction survey is conducted for channel partners, including both chain and independent stores. In 2022, the overall average score reached 96 points, significantly surpassing the target of 85 points. The satisfaction levels in various aspects have continued to increase, indicating that the brand management has gained recognition from the majority of distribution channel partners.



– Skin Care :

Every year, customer satisfaction surveys are conducted via email for major domestic and international partner agents and channel partners. In 2022, the overall customer satisfaction rate was 97%, surpassing the target of 95%. Customers' satisfaction with Guardian Angels of Care's product quality, after-sales service, product education and training, and sales representative services remained consistently high, with satisfaction levels ranging from 98% to 100%.

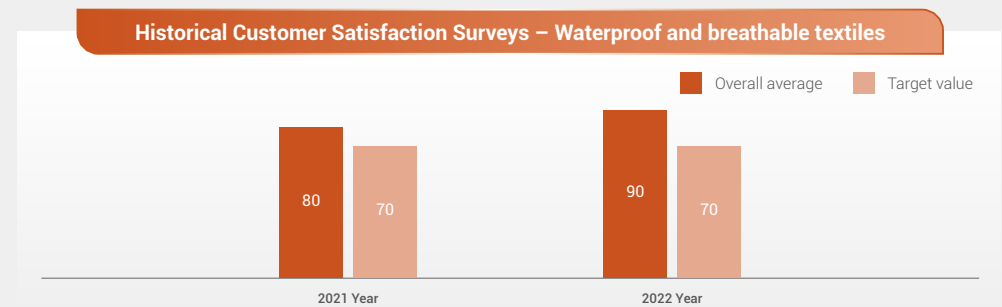
Note: A comprehensive customer satisfaction survey has been conducted since 2021.



• Waterproof and breathable textiles

Confirming customer needs and key specifications, understanding customer applications and specifications during the development phase, and holding regular meetings for discussions are essential. In 2021, the average satisfaction score was 80, while in 2022, the average satisfaction score increased to 90. If the overall score falls below the target score (70), it will be discussed and reviewed with the customer for improvement.

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



» Consumer Privacy Protection

In order to protect consumer personal data, such as contact lenses and medical product series (acne patches), BenQ Materials collaborates with backend system service providers to ensure the security of consumer personal information. Both parties conduct regular information security scans and testing during the contract period. If any vulnerabilities are identified, immediate measures are taken to address them and ensure a more robust security environment. Additionally, BenQ Materials has initiated a personal data protection improvement project based on recommendations from consultants at the Institute for Information Industry. A Personal Data Protection Committee has been established to ensure the security of consumer personal data.





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Quality Management

» Display Materials

Quality management	<ul style="list-style-type: none"> Continuously establish new membrane material validation indicators, adjust for optimization, and assist in breakthrough process technology. Investigate and simulate end customers' and consumers' usage patterns to further enhance the capabilities of new products. Collect historical OK/NG data for machine learning analysis and establish key process influencing factors. Implement equipment warning monitoring, automate data collection through scanning, and build an IoT platform. Upgrade the hardware and software of automated optical inspection systems to promptly detect production abnormalities and reduce product failure rates and production costs. Utilize and leverage quality tools such as failure mode and effects analysis, continuous improvement projects, and quality improvement methodologies.
Supplier Quality management	<ul style="list-style-type: none"> Conduct quarterly business review (QBR) evaluations every six months and arrange on-site audits for suppliers who have quality issues during the current year. Confirm and track the effectiveness of supplier improvements to prevent further quality problems. In 2022, abnormal properties were identified in the protective film, including excessive anti-static impedance and color deviation. A defect validation risk assessment was conducted to ensure it did not affect product quality. Abnormal raw materials were disposed of, totaling 330 kilograms.
Product return	<ul style="list-style-type: none"> Return rate of 0.148% has reached the target (return rate goal set at 0.15%).

» Professional Healthcare

Quality management	<ul style="list-style-type: none"> Raw material incoming inspections and process controls are conducted according to regulations during the production process and prior to shipment. Continuous quality improvement and review processes are implemented.
Supplier Quality management	<ul style="list-style-type: none"> Ensure the use of bluesign® approved chemical products or raw material suppliers to guarantee the absence of harmful substances in the production process. Conduct multidimensional supplier evaluations regarding processes, facilities, testing, environmental protection, human rights, and occupational health and safety.

» Advanced Battery Material

Quality management	<ul style="list-style-type: none"> Officially launch the operation of the "Battery Experiment Line" and establish a cell verification model to initiate comparative validation among competitors/different models, creating new validation milestones. Conduct validation for new product development with four models and sixteen validation data points, closer to customer requirements. Implement guidance on high-risk error-proofing measures, focusing on error-proofing and prevention concepts. According to the counseling time statistics for 2022, 119 improvement cases have been completed. Introduce Statistical Process Control (SPC) into process parameters, emphasizing a proactive approach with a focus on prevention rather than treatment, and establish 282 control items for the production line.
Supplier Quality management	<ul style="list-style-type: none"> Supplier management encompasses 12 aspects, including raw material inspection, guidance, and has significantly reduced the rate of raw material defects, resulting in improved supply quality. It involves managing quality objectives, quality assurance mechanisms, product acceptance, handling of quality anomalies, product engineering changes, continuous improvement, and supplier audits. The signing rate of quality agreements with suppliers is 86%.
Product return	<ul style="list-style-type: none"> The number of Return Merchandise Authorization (RMA) cases involving human error, outsourcing, and manufacturing abnormalities decreased by 50% in 2022 compared to 2021.





» Healthcare Products

Quality management

Vision Care:

- The existing quality mechanism serves as monitoring for product traceability and quality management.
- 2023 Quality Continuous Improvement Project (CIP): Main focus on improving eye comfort to reduce the number of quality complaints in Taiwan.

Skin Care:

- Yunke Factory has obtained ISO 13485 certification.
- Taoyuan Factory has obtained QMS (I.4018 sterilization products).
- Planning for Taoyuan Factory to obtain Halal certification in 2023.
- Planning for QMS audit at Yunke Factory in 2023.

Medical Sterilization Packaging:

- Prioritized obtaining TAF (Taiwan Accreditation Foundation) laboratory accreditation to add value to products using robust testing capabilities.

Wound Care:

- Hemostasis series products and negative pressure products have been legally marketed and sold in the European Union. Compliance with the EU Medical Devices Regulation (MDR) has been achieved by completing preclinical and clinical testing according to new requirements in 2022, with an MDR application expected to be submitted in the fourth quarter of 2023.

Supplier Quality management

Vision Care:

- In 2023, a quarterly audit mechanism is planned to be implemented to track the improvement status of suppliers each quarter, with scoring based on quality and delivery performance.

Skin Care:

- In 2022, a total of 11 evaluations were conducted for new suppliers, and 35 evaluations were conducted for existing suppliers, achieving a completion rate of 100%.
- In 2023, in addition to providing guidance on energy conservation and waste reduction, the quarterly business review (QBR) mechanism will be initiated, incorporating ESG assessment scoring and reference to the RBA framework. This will evaluate supplier practices and performance in ESG.

Medical sterilization packaging:

- In 2022, the evaluation criteria were adjusted to enhance differentiation and highlight suppliers that are competitive and in need of improvement. These adjustments are expected to be implemented in 2023.

Wound Care:

- Auditing operations have been initiated for key suppliers selected based on annual transaction status. Currently, all suppliers requiring an ESG audit have been audited.

» Quality Training

BenQ Materials utilizes curriculum design and the Continuous Improvement Program (CIP) to plan and implement various courses. These courses include QC Story quality improvement techniques, the seven tools of quality control (QC 7 Tools), Statistical Process Control (SPC), Design of Experiments (DOE), and more. These courses help employees apply the knowledge and skills learned in the classroom to their actual work processes. The CIP projects are led by cross-departmental teams, focusing on specific issues and implementing continuous improvement plans. QC Story quality improvement tools are used to analyze and generate solutions. From 2009 to 2022, a total of 205 projects were completed, with 23 projects completed in 2022. These projects have resulted in a financial benefit of NTD 169 million.





Supplier Management

» Supplier Sustainable Management Framework

BenQ Materials has established the sustainable supply chain management framework, and all suppliers are requested to comply with the sustainability policy or document regulations, including the signing of corporate social responsibility undertaking, guarantee for non-use of conflict mineral related regulations and requirements, and signing of hazardous substance management policy. For new suppliers or existing suppliers, field audit/improvement measures and supplier competence establishment methods are performed, in order to control the supply chain risk, to strengthen the sustainable performance of suppliers. Through a series of sustainable management processes, suppliers are driven to grow jointly in order to achieve greater sharing value and influential power.

Sustainability Policy Document and Regulation	New Supplier Searching and Evaluation	Existing Supplier Audit and Guidance
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Supplier search and basic review Establish quality agreement and prenotice mechanism with supplier in advance (new material supplier) Supplier evaluation: Items include financial status, supply and delivery stability, quality system, R&D capability and environmental safety and health requirements (such as environmental standard and screening standard) 	<ul style="list-style-type: none"> Supplier audit: Evaluate (regularly and irregularly) and audit (written documents or field audit), RBA audit, supplier information security investigation Supplier guidance

» Sustainability Policy Document and Regulation

- Signing of Corporate Social Responsibility Undertaking

BenQ Materials requires its suppliers to sign a Corporate Social Responsibility (CSR) Commitment Letter. In 2022, the definition and content of the commitment letter were updated, and the re-signing process was completed by the end of April. The signing rate in 2022 was 95%, with a few suppliers agreeing only to adhere to BenQ Materials' internal policy without signing any additional external documents.

• Responsible Mineral Purchase Management

BenQ Materials supports the conflict mineral disclosure initiative adopted by the international society, and performs conflict mineral investigation and restriction. The company and suppliers cooperate in the investigation of source of conflict minerals in order to prevent any director or indirect purchase of minerals from Democratic Republic of the Congo and its surrounding countries of armed riot organizations, causing social and environmental issues, including infringement of human rights and armed violence, etc. Presently, the sources of gold (Au), tantalum (Ta), tin (Sn), tungsten (W), cobalt (Co), mica have been confirmed to be not from the conflict areas. In 2022 the company assisted seventeen customers of polarizer products, eight customers of optical film products, and two customers of battery material products to investigate whether the materials used comply with the responsible mineral purchase requirements. All the materials have been confirmed to have not used relevant minerals, and suppliers have also been requested to issue guarantee letters.

» New Supplier Searching and Guidance

The selection of new suppliers primarily focuses on evaluating their financial status, supply lead time stability, quality system, and R&D capabilities. Qualified suppliers based on the evaluation results proceed to the subsequent stage of sample testing and small-scale production testing.

When purchasing new materials, BenQ Materials establishes a quality agreement and pre-notice mechanism with the suppliers. If supplier specifications are undefined or quality concerns arise, shipment can only proceed with the approval of BenQ Materials. Suppliers are required to proactively notify any exceptional events to facilitate two-way communication. Additionally, upon receipt of purchased raw materials, if any deviations beyond the specifications are detected and confirmed to be due to supplier-related issues, the supplier is immediately requested to conduct a joint analysis at the BenQ Materials' facility. In cases where the responsibility lies with the supplier, an abnormal supplier notification is issued to drive improvement.

In 2022, one new supplier was added, and all new suppliers undergo an environmental standard screening, with a 100% adoption rate.





» Existing Supplier Management

• Supplier Audit and Guidance

BenQ Materials performs regular/irregular evaluation of qualified suppliers of important materials according to the four main aspects of Quality, Technology, Delivery and Cost. The audit frequency for qualified suppliers having actual translations in the current year is once annually. The audit of suppliers and schedule for the next year is arranged at the end of December of each year. In case of specific condition, irregular audit or guidance is performed depending upon the needs, and audit method is to be discussed for implementation.

Audit ratings are classified into three levels: A, B, and C. A-rated suppliers are considered qualified, but they are still required to provide improvement schedules and reports for areas where their ratings are lower. Incoming inspection personnel regularly track the progress of improvements. B-rated suppliers are conditionally qualified, and the incoming inspection personnel must hold meetings to discuss supply patterns and corresponding measures. Continuous improvement and report submission are required from these suppliers. Suppliers rated as C are considered unqualified.

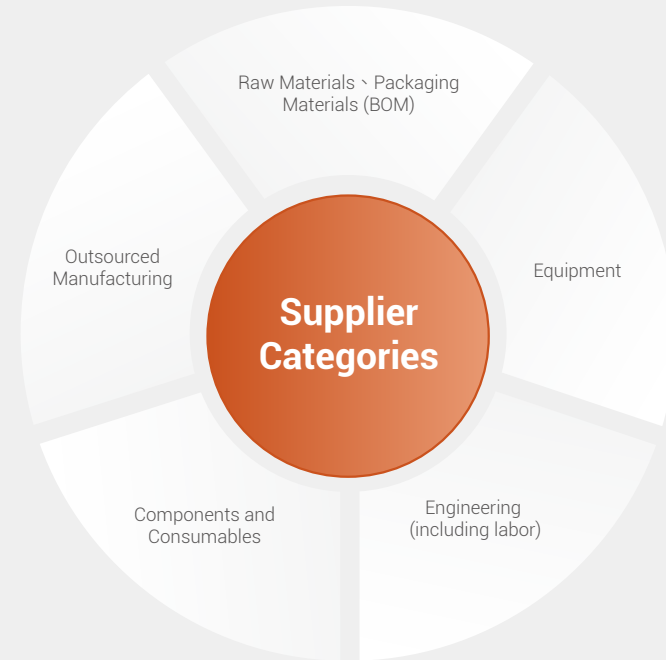
Supplier Type	Number of Audited Suppliers	2022 Audit Result	Audit Ratio
Polarizer suppliers	35 suppliers	Class A suppliers 35	100%
Optical film suppliers	5 suppliers	Class A suppliers 4, Class B suppliers 1	100%
Optical adhesive suppliers	21 suppliers	Class A suppliers 21	100%
Advanced Battery Material	9 suppliers	Class A suppliers 8, Class C suppliers 1	100%
Vision Care	24 suppliers	Class A suppliers 22, Class B suppliers 2	100%
Skin Care product suppliers	45 suppliers	Class A suppliers 45	100%
Professional Healthcare suppliers	3 suppliers	Class A suppliers 3	100%
Medical sterilization packaging suppliers	27 suppliers	Class A suppliers 27	100%

Procurement strategies are adjusted based on the evaluation results. Priority is given to placing orders with highly rated suppliers or increasing the volume of purchases from them. Unqualified suppliers are required to make improvements within a specified timeframe. After the improvement, the relevant departments hold meetings to discuss whether to continue purchasing from the supplier. If there are special factors, a guidance plan is initiated, requiring the supplier to improve its rating within six months. If there is no improvement despite long-term review or on-site guidance, the supplier's qualification is canceled.

For new suppliers, initial audits are conducted, and qualified suppliers undergo regular audits based on the situation, either through written evaluations or on-site inspections. On-site inspections require approval from supervisors or discussions in meetings before conducting the audit procedures.

Reasons for Irregular Audit and Guidance

- Occurrence of major quality issue (causing material supply interruption, causing major loss of BenQ Materials or customer)
- Improvement confirmation required for major deficiency of supplier
- Specific purpose (new employee training, quality issue continuous followup)
- Supplier exempted from inspection (excluding consumable and nonmaterial suppliers)
- Change of important 4M (manpower, machine, material, manufacturing method) of supplier



• ESG Auditor

In 2022, the company has arranged the departments of procurement, environmental safety and human resource, etc. to perform RBA auditor training. According to the transaction amounts of key suppliers, high risk subjects are listed, and such high risk suppliers are listed as the subjects necessary for the ESG audit. The audit method adopts the supplier self-evaluation score and ESG/CSR report information as the evaluation standard. In 2022, ESG audit was conducted on twelve existing suppliers, and all of the audit results were qualified. In addition to conducting ongoing ESG audits in 2023, assistance will be provided for local suppliers to implement action plans for carbon reduction and waste reduction.



• Supplier Information Security Management

In 2022, BenQ Materials' various business units conducted a reassessment of information security. The investigation targeted the top 20 suppliers based on procurement amounts. The survey results were collected in April and will serve as the basis for subsequent management. Furthermore, in the future, BenQ Materials will consider ISO 27001 certification as one of the important criteria for selecting and collaborating with system service suppliers, ensuring the organization's comprehensive implementation of information security requirements and management.

• Supplier Energy Conservation and Carbon Reduction Assistance Program

After completing the ESG supplier audit in 2022, suppliers with relatively limited resources in energy conservation and carbon reduction were selected as the first phase of the assistance program. In the latter half of 2023, discussions will be held with suppliers regarding carbon emission sources, and guidance will be provided to suppliers for energy conservation and carbon reduction based on identified emission sources.

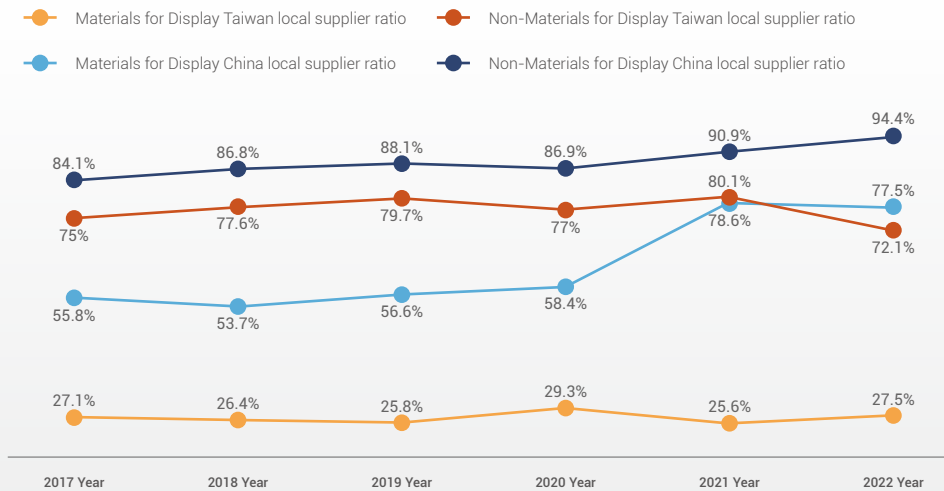
» Local Purchase

Materials for Display (Polarizing Film/Optical Film/Isolation Film/Smart Window Film), Due to the fact that most materials for displays, such as polarizing film, optical film, isolation film, and smart window film, are primarily produced by overseas suppliers, the number of local (Taiwanese) suppliers and the proportion of procurement amounts are relatively low. This is partly due to the specifications of products provided by local Taiwanese manufacturers not meeting the requirements of BenQ Materials. However, analyzing the procurement amounts over the past five years, there has been a growing trend in the proportion of local procurement amounts. Looking at the overall analysis of the proportion of Taiwan's local procurement amounts, although it was 17.5% in 2022, there was a slight growth of 1% compared to 2021. BenQ Materials hopes to continue collaborating with local suppliers in the future to reduce transportation carbon miles and promote the local economy.

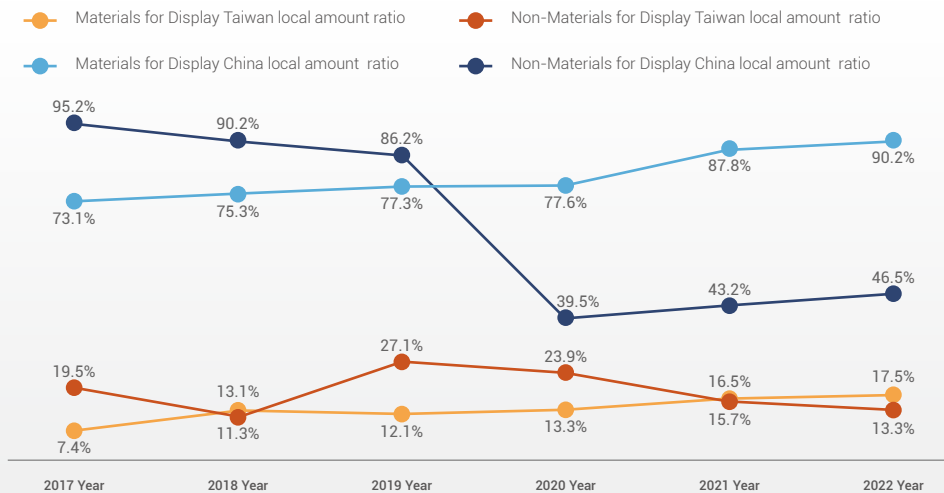
As for non-functional film materials, the proportion of local procurement amounts in Taiwan is also not high. This is mainly because the use of foreign materials has increased in the development of new products. Chinese functional film suppliers have shown stable performance, with a proportion of 77.5% in 2022 and a proportion of local procurement amounts of 90.2%.



Historical Purchase Local Supplier Ratio



Historical Purchase Local Amount Ratio



Note: The proportion of local procurement in Taiwan is calculated based on the data of materials purchased from local Taiwanese suppliers by various business units in Taiwan. The proportion of local procurement in China is calculated based on the data of materials purchased from local Chinese suppliers by various operating locations in China.