



BenQ
Materials Corp



Corporate Sustainability Report 2022

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Message from the President

The impacts of climate change have raised concerns worldwide, leading countries to declare and take actions towards achieving net-zero emissions. In 2022, Taiwan officially announced its 2050 net-zero pathway strategy. As responsible global citizens, we must actively respond to these challenges. Our company is committed to sustainable operations and continuously takes actions in the areas of governance, environment, and society to achieve phased goals and move towards the path of net-zero emissions and sustainable development.

In the sustainable development process, in 2023, BenQ Materials will enter a new phase. While maintaining the unchanged target of reaching net-zero emissions by 2050, we will not only continue implementing short, medium, and long-term plans but also gradually align with international trends and undertake corresponding actions.

» Governance

BenQ Materials has always prioritized integrity and compliance in corporate governance. However, as the level of enterprise digitization continues to increase and the world becomes highly reliant on information technology, information security has become one of the top ten risks for global businesses. Faced with these threats, BenQ Materials has heightened its focus on information security. Since 2021, we have continuously obtained ISO 27001 certification for information security. Additionally, we conduct security assessments of our supplier partners, urging them to prioritize information security as well, in order to enhance the operational resilience of the entire value chain.

» Environmental Sustainability

In terms of renewable energy, in addition to increasing the deployment of our own solar power generation, we have officially started procuring green energy since 2023 and gradually increasing the proportion of renewable energy usage. We aim to achieve the RE100 goal by 2040. With the trial implementation of the European Union's carbon border tax in 2023 and the introduction of carbon fees in Taiwan, carbon emissions will eventually have a cost. To proactively align with domestic and international policies, the company has established an internal carbon pricing mechanism. This mechanism aims to enhance the carbon reduction awareness of various business units internally, treat carbon as a cost, and incorporate it into their operational decision-making considerations.

» Diversity and Inclusion

Diversity, inclusivity, and equality are advocated internationally in terms of human rights. BenQ Materials values the rights of every employee and has established a "Human Rights Policy" in accordance with international human rights commitments. This policy ensures that every employee at BenQ Materials enjoys their rightful entitlements and care.

» Social Care

Externally, we continue to support localization efforts and care for disadvantaged groups. In 2022, we provided medical material resources to local governments and vulnerable communities in areas where our factories are located, such as Yunlin and Taoyuan. We offer timely assistance when they encounter difficulties. Combining our business operations with social contributions is the aspiration of BenQ Materials in our business management. In the future, we hope to create more impactful initiatives in social care actions.



Chairman & CEO



Honors and Recognition in 2022

Sustainability Report Awards

» Name of Award

Taiwan's Top 50 Large Companies for Sustainable Citizenship Award

Taiwan Corporate Sustainability Award: Top 100 Companies in Overall Performance

Silver Award for Sustainability Report

» Award Presentation Unit

Taiwan World Magazine

Taiwan Sustainable Energy Research Foundation

Taiwan Sustainable Energy Research Foundation

Sustainable Glory-E

» Name of Award

Silver Award for National Enterprise Environmental Protection

Suzhou Industrial Park Environmental Management Partnership Program - Enterprise Environmental Management Enhancement Award

» Award Presentation Unit

Environmental Protection Administration, Executive Yuan, Taiwan

Suzhou Industrial Park, Mainland China

Sustainable Glory-S

» Name of Award

Sustainable Single Performance-Talent Development Award

Best Employer in Greater Suzhou

Best Corporate Employer Award in Asia

Taoyuan City Maternal Health Alliance Model Enterprise Award

Ministry of Labor's Excellent Occupational Safety and Health Unit Award (Yunlin Plant)

Excellent Occupational Safety and Health Unit Award (Longtan Factory)

Suzhou City Labor Relations Harmony Enterprise

BOE Best Partner Award

AUO Best Partner Award

» Award Presentation Unit

Taiwan Sustainable Energy Research Foundation

Human Resources and Social Security Bureau, Suzhou, China

HR Asia

Taoyuan City Government, Taiwan

Yunlin County Government, Taiwan

Taoyuan City Government, Taiwan

Human Resources and Social Security Bureau of Suzhou City, China

BOE Co.

AUO Corp.

Sustainable Glory-G

» Name of Award

Taiwan Intellectual Property Management System (TIPS) Grade A Verification

Enterprise in Corporate Governance Evaluation: Top 6%~20% of Small and Medium Market Capitalization Group

National New Innovation Award - SIMO

Industry Contribution Award - Biomedical Materials

Taiwan Excellence Award - ANSLCF, UHDEP, Xpore

Taiwan Excellence Silver Award - SOF

Gold Panel Awards 2022

ISPO Textrends Awards - Top Ten

ISPO Textrends Awards - Selection

Green Decoration Design Award - Diamond Quality Award - Touch Taiwan

» Award Presentation Unit

Industrial Development Bureau, Ministry of Economic Affairs, Taiwan

Taiwan Stock Exchange

Taiwan Medical Technology Research Center

Institute of Biomedical Materials and Drug Formulation, R.O.C.

Bureau of International Trade, Taiwan Ministry of Economic Affairs

Bureau of International Trade, Taiwan Ministry of Economic Affairs

Taiwan Display Industry Federation

Munich International Sporting Goods Show

Munich International Sporting Goods Show

Taiwan Display Industry Federation



Annual Investment and Output

Capital	Description	Investment in 2022	Output in 2022	Result for 2022	Corresponding Chapter/Section
Financial Capital	Achieve most optimal financial performance through proper business management capability.	<ul style="list-style-type: none"> Asset investment total amount of NT\$13.704 billion 	<ul style="list-style-type: none"> Revenue of NT\$15.540 billion Tax expense of NT\$470 million 	<ul style="list-style-type: none"> Earnings Per Share (EPS) of NT\$4.04, an increase of NT\$1.01 in comparison to EPS in 2021 	<ul style="list-style-type: none"> 3-2 Business Performance
Manufacturing Capital	Seek optimization of process efficiency, in order to achieve most optimal manufacturing efficiency and yield rate.	<ul style="list-style-type: none"> Display material: <ul style="list-style-type: none"> - Coil wire guide for the inkjet machine. - Speed enhancement of the coating line's glue machine. - Optimization of the inspection-free rate specification. - Streamlined operation line. Advanced battery material: <ul style="list-style-type: none"> - Increase the number of extension layers. - Multi-layer simultaneous extension process. Medical and care products: <ul style="list-style-type: none"> - Introduction of an automatic folding machine. - Improved yield of the fast pad manufacturing process. - Introduction of an automatic identification system. - Introduction of an automatic optical inspection. - Machine speed optimization and automatic import. Waterproof and breathable fabrics: <ul style="list-style-type: none"> - Introduction of a fabric handling machine. - Automatic packaging machine. 	<ul style="list-style-type: none"> Display materials: <ul style="list-style-type: none"> - Increase monthly production capacity of laminating line by 5%. - 3% increase in monthly production capacity of the coating line. - Increase inspection-free rate by 9%. - Save 25 hours per day in labor handling. Advanced Battery Materials: <ul style="list-style-type: none"> - 130% increase in unit area output. - 9.2% reduction in electricity usage. Medical and care products: <ul style="list-style-type: none"> - 56% increase in production capacity. - Improved product yield by 10%. - 28.1% reduction in inspection volume. - 27% increase in crop rate. - Productivity optimization by 20%. Waterproof Breathable Fabric: <ul style="list-style-type: none"> - Increase production capacity by 50%. - Increase packaging capacity by 50%. 	<ul style="list-style-type: none"> Increase monthly production capacity. Increase output per unit area. Increase product yield. Increase production rate. Reduce process power consumption. 	<ul style="list-style-type: none"> 4-4 Product Innovation and Sustainable Design



Capital	Description	Investment in 2022	Output in 2022	Result for 2022	Corresponding Chapter/Section
Human Resource Capital	Select appropriate talent, commit to employee growth and development, and provide competitive remuneration and welfare	<ul style="list-style-type: none"> Number of employees of 2,603 people (including dispatched manpower) Training investment cost of NT\$4.48 million Promote digital learning Promote 4 major types of safety improvements 	<ul style="list-style-type: none"> Total training hours of 26,340 hours, and average training hours of an employee is 10.12 hours 32 online courses, with effective reading people of 4,361 people-time. Environmental safety and health related courses reached 35,962 people-time, and total of 41,089 people-hour Frequency Severity Indicator (FRI) of 0.21 only 	<ul style="list-style-type: none"> The overall average satisfaction rate of the courses reached 4.89%. 	<ul style="list-style-type: none"> 7-2 Talent Cultivation 7-5 Workplace Safety
Natural Capital	Through various energy resource use improvement projects, commit to the reduction of steel materials, energies and water, and achieve reduction of waste output.	<ul style="list-style-type: none"> Natural gas consumption of 6.8197 million cubic meters Power consumption of 73,555.1 million kWh Diesel consumption of 19.9 thousand liters Water consumption of 432.74 million liters Taoyuan and Yunlin construction of renewable energy generation equipment 	<ul style="list-style-type: none"> Greenhouse gas emission (Scope 1, Scope 2, Scope 3) of 62,568.39 tons CO₂e Promote twenty-five energy-saving solutions, and achieve power saving of 2,460,000 kWh Promote four gas saving solutions, and achieve gas saving of 294,000 cubic meters Total solar power generation capacity of 2,530,591 kWh Promote four water saving solutions, and achieve water saving of 12.56ML Waste generation volume of 14,616.89 tons 	<ul style="list-style-type: none"> Greenhouse gas emission intensity (Scope 1, Scope 2) is 3.41 (tons CO₂e/million dollars), a decrease of 10.92% from 2020. Energy consumption intensity of 33.64 (GJ/million dollars), a increase of 1.29 from 2021 Water consumption intensity of 2.78 (ML/revenue of NT\$100 million), a decrease of 5.3% from 2020 Waste direct disposal intensity (tons/revenue of NT\$1 million) of 0.21. 	<ul style="list-style-type: none"> 5-2 Climate Change Management 5-3 Energy Management 5-4 Water Management 5-6 Circular Economy



Capital	Description	Investment in 2022	Output in 2022	Result for 2022	Corresponding Chapter/Section
Intellectual Capital	Improve high-strength material application, continue to obtain mechanical design patents and product certifications, in order to enhance the product competitive advantages.	<ul style="list-style-type: none"> Invest NT\$887 million in research and development expense Implement Taiwan Intellectual Property Management System (TIPS) Introduction to ISO 27001 	<ul style="list-style-type: none"> Filed 39 applications in 2022 Obtained 38 granted patents in 2022 Qualified for TIPS Class A certification ISO 27001 acquisition 	<ul style="list-style-type: none"> Up to the end of 2022, a total of 1,180 patent applications have been filed worldwide, and 770 granted patents have been obtained Plan to increase the textile recycled material use ratio, from 30% in 2021 to 80% in 2024. 	<ul style="list-style-type: none"> 4-1 Core Technology and Intellectual Property Management
Social Capital	Promote local industry upgrade, achieve industry common growth, and contribute and return business outcome of BenQ Materials to surrounding communities.	<ul style="list-style-type: none"> For key supplier project control, corporate social responsibility undertaking is required to be signed. For conflict mineral disclosure initiative, perform survey on whether suppliers use any conflict minerals for their materials. Committed to five social welfare donations Invest in "Vision and Hope Project," and provide the service of offering glasses to children of medium- and low-income households at free of charge Organize "Green Party" tree planting activity for the 12th consecutive year Promote Taiwan agricultural food plan for the 7th year 	<ul style="list-style-type: none"> Require suppliers to sign ESG pledges We will require suppliers to sign a ESG pledge with a 95% signatory rate by 2022.Seven-teen polarizer customers, eight optical film customers and two battery material customers have signed and returned the non-use conflict mineral guarantee letter. Donated 1,000 medical-grade hemostatic gauze. Donated 600 acne cleansers. Donated 11,000 medical kits. Donated a disaster relief vehicle. Number of people with free offering of glasses accumulates to 1,982 people Planted more than 9,371 trees in all plant sites throughout Taiwan Taiwan agricultural food plan with purchase amount in the current year reaches NT\$670 thousand 	<ul style="list-style-type: none"> All purchased woven materials do not use conflict minerals Assist disadvantaged children in vision care for healthy eyes and vision to achieve colorful lives. Assist sluggish sale of agricultural products of community farmers, and achieve social co-prosperity effect. Helping to solve the problem of insufficient educational resources in remote areas 	<ul style="list-style-type: none"> 6-3 Supply Chain Management CH8 Social Care



Report Introduction

Relevant information for the establishment of the 2022 Corporate Sustainability Report (referred to as "this Report") of BenQ Materials Corporation (referred to as "BenQ Materials") is as follows:

Disclosure basis

This report follows the GRI Sustainability Reporting Standards (GRI Standards) published by the Global Sustainability Standards Board (GSSB) of The Global Reporting Initiative (GRI). The GRI Sustainability Reporting Standards (GRI Standards), published by the Global Sustainability Standards Board (GSSB), are also based on the Sustainability Accounting Standards Board (SASB)'s Technology and Communications sector. In addition, the disclosure is made in accordance with the International Integrated Reporting Framework (IIRC) developed by the International Integrated Reporting Council (IIRC).

Reporting period

This report was first issued in July 2021, covering the 2020 reporting period.

The reporting period for this current report is from January 1, 2022, to December 31, 2022.

The Chinese version of this report was released in June 2023, while the English version was released in July 2023.

The previous Chinese version was issued in July 2022, and the previous English version was issued in September 2022.

The future issuance frequency will be once per year.

Disclosure scope

The disclosure scope covers BenQ Materials Corporation and its subsidiaries, including BenQ Materials (Lianhe) Corporation, BenQ Materials Limited, Daxin Medical Technology (Suzhou) Co., Ltd., BenQ Materials Medical Technology (Suzhou) Co., Ltd., Suzhou Lianhe Medical Materials Co., Ltd., BenQ Materials (Wuhu) Limited, Jingle Biotech Co., Ltd., and Shuo Chen Biomedical Co., Ltd. It provides an overall disclosure of performance in economic, social, and environmental aspects. The key operational locations of BenQ Materials and the aforementioned subsidiaries include Taoyuan Plant and Longtan Plant in Taiwan, Yunlin Plant, Suzhou Plant in mainland China, and Wuhu Plant. Further explanations will not be provided in subsequent reports. [Please refer to Section 9-6 for detailed information on the disclosure scope.](#)

Disclosure explanation

The sustainability information and performance disclosed by this Report are also synchronously disclosed in the BenQ Materials' ESG official website (<https://ESG.benqmaterials.com/>).

Furthermore, for the product information and the financial data of the business performance disclosure, the disclosure is based on the financial report information certified by the CPA after the auditing of KPMG Taiwan. Other relevant data in this Report is obtained via self-statistical analysis of the BenQ Materials Disclosure Team, and the conventional value description approach is adopted along with the standard rounding method in principle.

Preparation process

The report is prepared by the ESG Committee and summarized by the ESG Committee officers. The report is then reviewed by the ESG Committee members and finally approved by the Chairman of the Board of Directors and submitted to the Board of Directors.

External review

In order to enhance the transparency and reliability of the information, the verification process conducted by a third party (SGS Taiwan Ltd.) confirms that this report conforms to the standard specifications of AA1000 AS v3 Type 1 Medium Assurance Level and GRI Standards 2021. Please refer to the Appendix of this report for the verification statement.

Contact information

For any questions on this Report or any recommendations to BenQ Materials, please contact us via the following method.

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Company Address: No. 29, Jianguo E. Rd., Guishan Dist., Taoyuan City 333
Telephone: 03-3748800#2948
E-mail: ESG@benqmaterials.com



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Company Profile

BenQ Materials was established in July 1998, initially focused on developing and manufacturing high-quality, high-capacity optical discs for storing users' knowledge and enjoyment. Guided by the philosophy of "Innovation Everywhere," the company continued to develop material science products, emphasizing independent research and development based on material science. It possesses two key material technologies: optical multilayer film design and polymer synthesis, as well as four major process technologies: roll-to-roll, precision embossing, precision coating, and injection/extrusion. By leveraging cross-application of core technologies, BenQ Materials has further developed four application categories: functional films, advanced battery materials, medical and care products, and waterproof breathable fabrics, providing customers with high-quality and comprehensive solutions.



To learn more about the milestones of BenQ Materials, please scan the QR CODE



Company Name

BenQ Materials Corporation

Stock Code

8215 (TWSE)

Chairman

Chien-Chih Chen

Date of Establishment

1998/07

TWSE Listing Date

2010/11

Company Headquarters

No. 29, Jianguo E. Rd., Guishan Dist., Taoyuan City

Business Location

Taoyuan Plant: No. 29, Jianguo E. Rd., Guishan Dist., Taoyuan City

Longtan Tech Plant: No. 288, Longyuan 1st Rd., Longtan Dist., Taoyuan City

Yunlin Tech Plant: No. 29, Kegong 7th Rd., Douliu City, Yunlin County

Suzhou Plant: No. 13, Chunhui Rd., Suzhou Industrial Park, Suzhou City, Jiangsu Province, China

Wuhu Plant: No. 106, Huajin S. Rd., High-tech Development Zone, Yijiang Dist., Wuhu City, Anhui Province, China

Jingle Biotech: No. 56, Lane 77, Xing'ai Road, Neihu District, Taipei City, Taiwan.

Shuo Chen Biomedical: No. 50-5, Keyan Road, Zhunan Town, Miaoli County, Taiwan.

Service Market

Taiwan, China, Malaysia, Singapore, U.S.A., and Japan, etc.

Product Line

Functional films, advanced battery materials, medical products, functional textiles

Capital

NT\$3.207 billion (up to 2022/12/31)

Number of Employees

2,603 people (up to 2022/12/31)

Revenue Scale

NT\$15.54 billion (2022)



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» Business Philosophy



Vision

BenQ Materials aims to achieve the true beauty of technological life by leveraging innovative technologies and applications to create value.



Mission

Based on the principle of integrity, BenQ Materials strives to continuously innovate and become a leader in the field of materials science.

We aspire to be the most trusted and reliable long-term partner in the value chain. We are committed to developing environmentally sustainable products and technologies. We value social impact, care for the community, and cherish Earth's resources.



Business Objectives

BenQ Materials aims for a multi-product, multi-technology, and multi-application development, striving for innovation in every aspect to deliver unique value to our customers and maximize benefits for our employees and shareholders.

» Participation in External Organizations

Position of Director and Supervisor

Member of the Flexible Hybrid Electronics Committee, SEMI Taiwan

Director, Society for Information Display (SID) Taiwan Chapter

Director, Taiwan Medical and Biotech Equipment Industry Association

Director and Supervisor, Taiwan Battery Association (TBA)

Director, Taiwan Display Materials and Devices Association (TDMDA)

Director, Taiwan Display Industry Association (TDUA)

Director/Advisor, Taipei City Glasses Business Association

Director, Tainan City Optometry and Lens Fitting Vocational Union

Member Enrollment

Taiwan Science Park Industries Association

Taiwan Electric Power Association (TEPA)

Taiwan Electrical and Electronic Manufacturers' Association

Yunlin Science and Technology Industrial Zone Manufacturers' Association

Interior Decoration Design Association of the Republic of China

Taiwan Adhesive Tape Industry Association

Advanced Filtration Technology Industry-Academia Alliance

Sterile Barrier Association (SBA)

Deutsches Flachdisplay-Forum e.V. (DFF)

Taiwan Battery Association (TBA)

MIH Open Electric Vehicle Alliance

Lithium-ion Battery Industry-Academia Alliance

Advanced Battery Materials Industry Alliance

Taiwan Ophthalmological Society

Taipei City Glasses Business Association

Tainan City Optometry and Lens Fitting Vocational Union

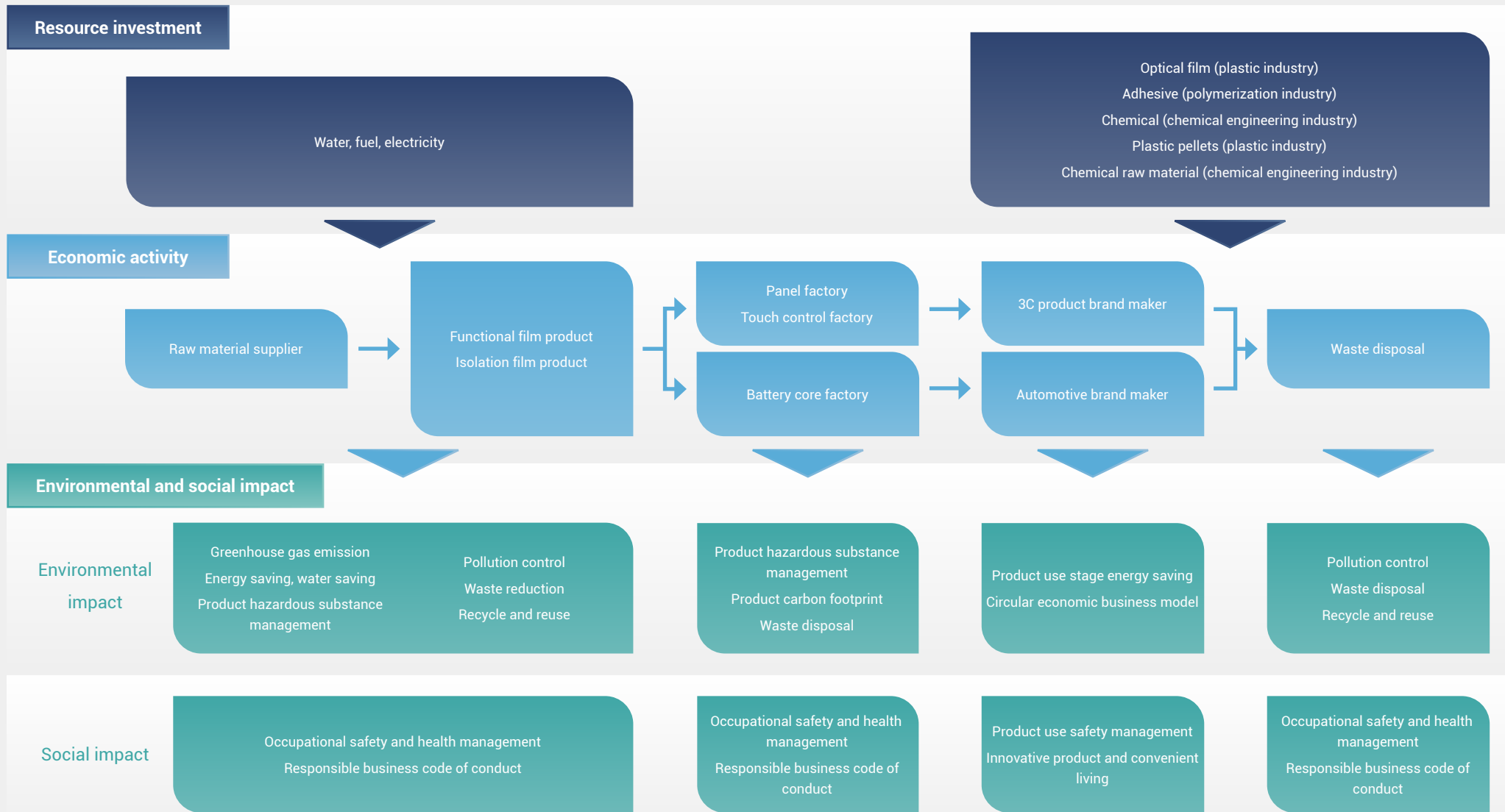
Taiwan Silk Printing and Finishing Industry Association

Taiwan Industrial Textile Association



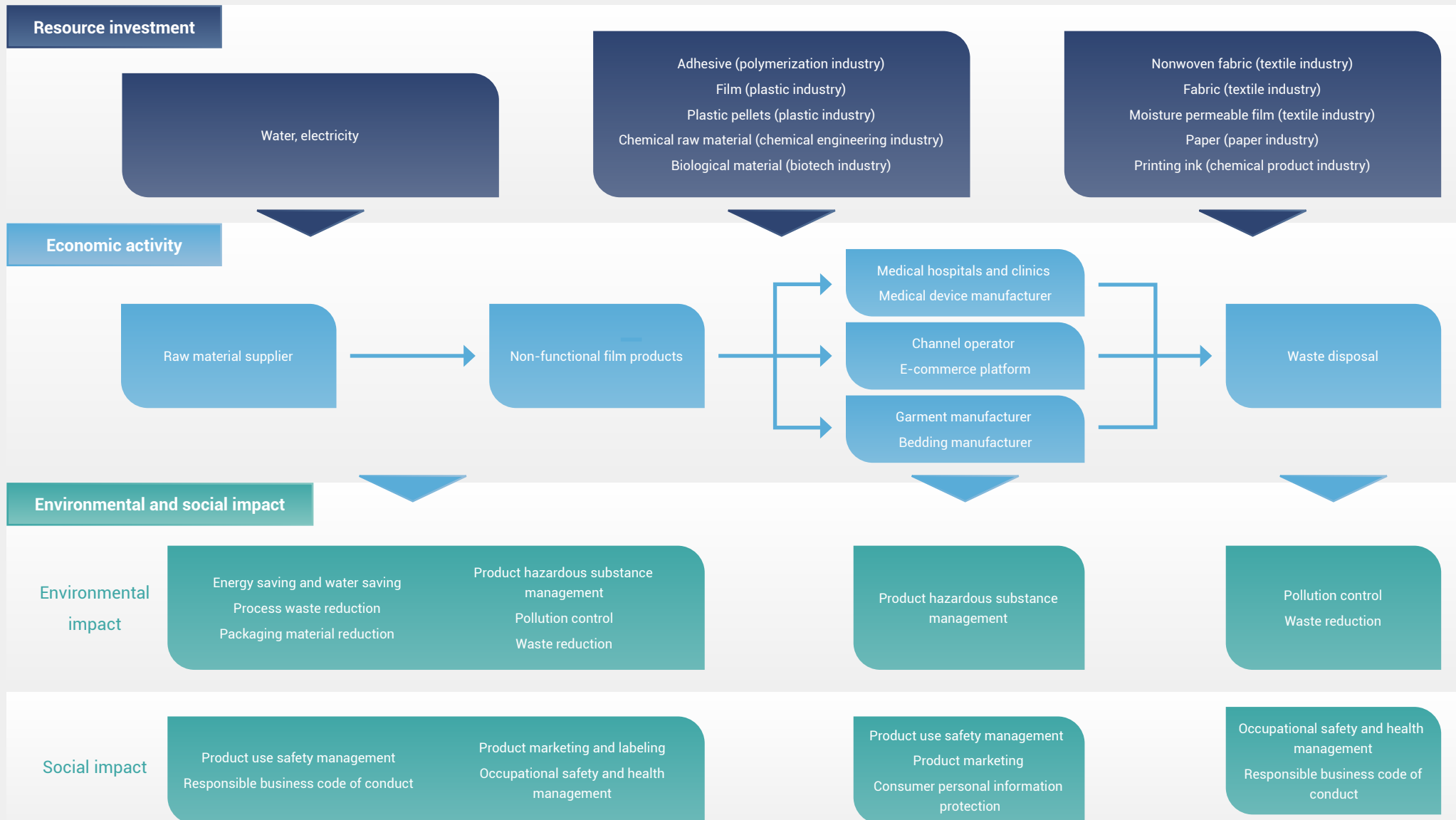
» Value Chain

Display Materials and Advanced Battery Materials Value Chain





Medical and Care Products, and Waterproof Breathable Fabrics Value Chain





Profile of Product Sector



» Display Materials

Our display materials can effectively reduce complex ambient light and glare to enhance screen viewability so as to help users maintain attentiveness and protect their eyes. Hence, a simple TV can become a picture when it is not in use. Good weather resistance and high-contrast smoke optically clear acrylic (OCA) adhesive enable an integrated black design taste for screen frames and deliver high-contrast and high-resolution display performance for working, wearable, and medical devices.

To learn more about the display material products,
please scan the QR CODE



» Advanced Battery Material

For the public use safety, apart from exerting independent and impartial self-validation capability from R&D through production and QC to validation, we also run the most stringent and continuous validation tests through collaboration with customers and verification bodies around the globe to match our separator (isolation film) products and custom battery demands to deliver the best battery separators for passenger electric cars, large electric cars and electric boats, electric bus, energy storage, electric tools and machinery.

To learn more about the isolation film products,
please scan the QR CODE



» Waterproof and breathable textiles

Xpore® is a brand for the innovative "Waterproof and Breathable Textile" technology developed BenQ Materials. The unique PFC-free ultrathin membrane with 10 billion nanopores in each square inch is the core technology of Xpore®. It is completely windproof and waterproof while breathable and blocking bacteria and mites at the same time. It is suitable for use in various scenarios, such as skiing, hiking, mountaineering, urban life, and healthcare protection.

To learn more about the Xpore® textile products,
please scan the QR CODE



Xpore®



» Healthcare Products

Setting out from our core technology in materials science, we design various healthcare products to provide consumers with new options for health and safety. Our healthcare products deliver a wide range of applications, including the silicone hydrogel contact lens for eye health protection, biotech skincare products, convenient and effective wound management products, and medical sterilization packaging for healthcare professionals, demonstrating our R&D capacity and materials science expertise in the healthcare sector.



• Skincare Products

DermaAngel, our skincare product brand, aims at restoring skin affected by non-genetic physiological factors and environmental stress back to the originally angel-like healthy, balanced, and natural skin with skincare products made with professionally proven effective ingredients through safe and delicate methods based on the scientific research spirit.

To learn more about the skincare products,
please scan the QR CODE



DermaAngel

• Vision Care

Miacare, our contact lens brand, develops the world's first solvent-free next-generation silicone hydrogel with patented materials science technology. This material provides consumers with healthy, comfortable, eco-friendly silicone hydrogel contact lenses that accentuates self-confidence and beauty.

To learn more about the vision care products,
please scan the QR CODE



Miacare

GemMonster

• Professional Healthcare

With innovative materials science technology, we develop medical packaging materials and wound management products that provide advanced sterilization barrier films and develop professional healthcare solutions for healthcare professionals and patients to enjoy better protection and care.

SIGMA, our healthcare product brand, primarily provides healthcare sterilization packaging products and solutions, aiming to protect patients against infection during medical treatment. Anscare focuses on providing wound management products at every stage, with product ranges covering hemostasis, wound care, negative pressure wound therapy (NPWT), and scar nursing applications, hoping to help patients resume normal life more quickly.

To learn more about the wound management
products, please scan the QR CODE



Anscare

To learn more about the medical sterilization
packaging products, please scan the QR CODE



SIGMA



Business Development

BenQ Materials focuses on the research and development of advanced optical and functional film materials. Based on the existing advantages in the field of polarizers, in view of the trend of increasing popularity and size of digital information products and consumer electronic products, to satisfy the production capacity for increased display size and area, the company aims to develop materials with the characteristics of ultra-thin, natural black and bending durability with respect to the trend of diverse applications of high resolution, high weather resistance, flexible and OLED product applications, in order to provide products and services of higher added value.

For complete operational highlights and future short-, medium-, and long-term development strategies of the company, please refer to [the 2022 BenQ Materials Annual Report \(P.39\)](#) for details.

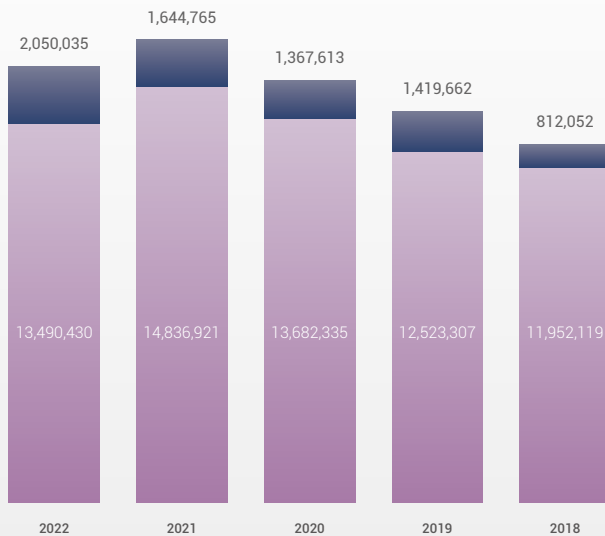
» Revenue Overview

In 2022, the international political and economic situation was unpredictable and rapidly changing. Although the pandemic situation in various countries improved, the demand for consumer electronics products experienced a significant decline, impacting the revenue of the Display Materials business. On the other hand, other business sectors saw a slowdown in the impact of the pandemic, and their revenue has continued to grow for five consecutive years.

Despite the challenges, BenQ Materials achieved a consolidated revenue of 15.54 billion NTD in 2022. Overall, the company's revenue performance still met the profitability target.

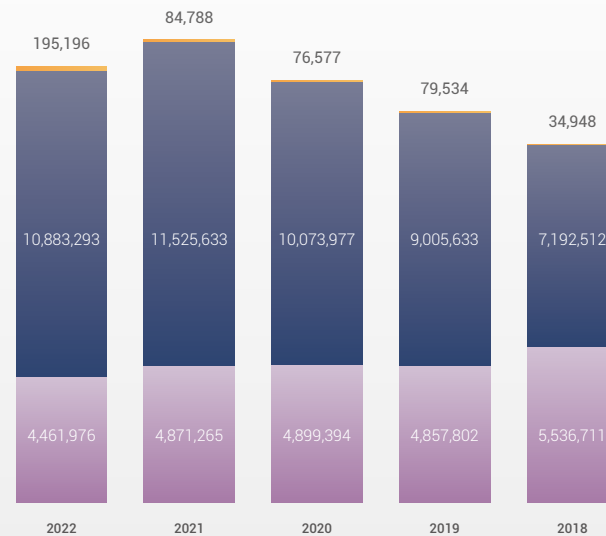
Revenue by Region Over the Years
(in thousands of NT dollars)

Functional Films others

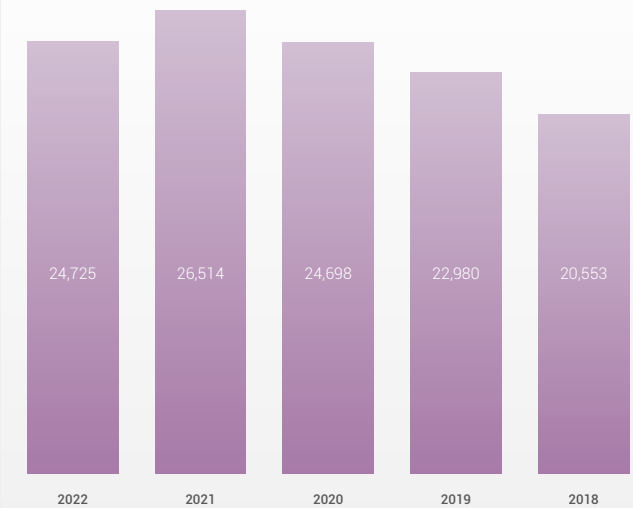


The revenue figures by area category
(in thousands of NT dollars)

Taiwan Asia others



Historical Production Statistics of Functional Films
(Unit: thousand square meters)



Note: Due to the inability to integrate the measurement units of non-functional film products into a unified measurement unit, only the production volume of functional films is disclosed.



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Explanation of Major Sustainability Disclosures

Sustainability Issue Management Approach

Sustainable Governance and Operations

» Sustainable Strategy Implementation Framework

BenQ Materials's sustainability strategy is based on sound corporate governance, balanced stakeholder interests, the protection of the global environment, and a commitment to social engagement. BenQ Materials has an ESG Sustainability Committee that oversees and implements the promotion and target setting of the program. The committee consists of five functional groups, with the CEO serving as the chairman and senior executives at the associate level or above acting as the convener. Goals are set in the areas of sustainable materials and green product development, green production, corporate governance and compliance, as well as social engagement and employee care. The committee holds regular quarterly meetings to review the progress, target setting, and implementation results of each project group.

» How the ESG Committee works





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Explanation of Major Sustainability Disclosures

Sustainability Issue Management Approach

» Sustainable Governance Report to the Board

The ESG Sustainability Committee, comprising the Chair and the Executive Secretary, reports regularly to the Board each year on the outcomes driven by the various sub-groups of the Committee, with the Board overseeing the objectives and implementation. In 2022, the Sustainability Committee reports to the Board on the outcomes for the year, including:

- The 2050 carbon neutrality target set for 2021 and the medium-term target of a 30% reduction in carbon emissions by 2030.
- In accordance with the requirements of corporate governance, we have obtained certification schemes for operational management, including intelligence and finance, information security and energy.
- In line with the basic corporate responsibility of employee care, COVID-19 provides additional health protection mechanisms for employees during the period and supplies the external community with the necessary vaccination and care materials.
- Promote the sharing of results and recognition of ESG projects.

Date of Board Meeting

2022.05.03

Name of the motion to be reported to the Board

【Report】 Sustainable Development Achievements and Future Plans for 2021

» 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.





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Explanation of Major Sustainability Disclosures

Sustainability Issue Management Approach

Six Main Missions of Sustainability	SDGs	Strategic Aspect	Projects	Short-term Goals			Medium Term Goals		Long Term Goals
				Target 2022	2022 Achievement / Current Status	Target 2023	Target 2025	Target 2027	Target 2030
Responsible Governance	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	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%
Responsible Product	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Low Carbon Materials	Solvent-free PSA formulation development (Polarizer PL)	Completion of experimental tests	✓/complete recipe development	Complete product validation	Mass Production	New Line Timetable Planning	-
			Thinning of the release material/changes in structural design (Optical Film OF)	Δ	Taking stock of the product's carbon footprint	Product carbon footprint ↓ 5.5%	Product carbon footprint ↓ 24.8%	-	-
			Biological source monomer introduction / with recycled release film (Optical OCA)	Δ	Basic physicality test completed	-	24%	-	-
			Individual pouches - solvent-free lamination and thinning of moulds (Medical kit consumables Sigma)	Δ	5%	5%	9%	-	-
		Low Carbon Package	Green Package Design - Streamlining Packaging Form (Derma Angel)	Δ	22.5%	20.4%	18.1%	18.9	-
			Transport package reduction (Waterproof breathable fabric Xpore)	Δ	4.5%	-	-	-	-
		Low Carbon Processes	Improvements in equipment energy consumption (Miacare)	Δ	7.7%	16.9%	19.6%	-	-
			Manufacturing Process Improvement (Ansicare)	Δ	6.3%	11.6%	-	-	-
			Improved energy consumption of equipment at each station (advanced battery material)	Δ	49.7%	57.0%	63%	-	-

Note: 「✓」 is target met; 「✗」 not met; 「Δ」 is new strategic target for 2022; 「-」 is target under development.



Six Main Missions of Sustainability	SDGs	Strategic Aspect	Projects	Short-term Goals			Medium Term Goals		Long Term Goals
				Target 2022	2022 Achievement / Current Status	Target 2023	Target 2025	Target 2027	Target 2030
Environmental Sustainability	13 CLIMATE ACTION	Climate Change Response	Reducing greenhouse gas emissions (Areas 1 and 2) Base year as a basis of comparison (2020)	↓ 6%	✓/ ↓ 8.02%	↓ 9%	↓ 12%	↓ 21%	↓ 30%
			Reducing energy consumption intensity (non-renewable energy) Base year as a basis of comparison (2020)	8%	✓/ ↓ 13.09%	>15%	>18%	>21%	>30%
	7 AFFORDABLE AND CLEAN ENERGY	Energy Management	Reducing energy consumption intensity (non-renewable energy) Base year as a basis of comparison (2020)	↓ 6%	✓/ ↓ 9.49%	↓ 9%	↓ 12%	↓ 21%	↓ 30%
			Promote energy saving by all staff (per year)	>1.5%	✓/ ↓ 3.36%	>1.5%	>1.5%	>1.5%	>1.5%
	7 AFFORDABLE AND CLEAN ENERGY	Water Resources Management	Reduced abstraction intensity (non-reclaimed water) Base year as a basis of comparison (2020)	>4%	✓/ ↓ 5.30%	↓ 5%	↓ 6%	↓ 9%	↓ 12%
			Improving water reuse rates	>95%	✓/97.36%	>95%	>95%	>95%	>95%
	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Reduction, circulation to Produce zero waste	Reduction, circulation to Produce zero waste	>75%	✓/77.85%	>76%	>77%	>79%	>80%
Partnerships	10 REDUCED INEQUALITIES	Valuing Labour Human Rights	Conflict Free Minerals Response Rate	100%	✓	100%	100%	100%	100%
			Key Provider ESG Audit Completion Rate	80%	✓	100%	-	-	-
	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	Hazardous Substances Policy	Signing a letter of guarantee with the client for hazardous substances	100%	✓	100%	100%	100%	100%

Note: 「✓」 is target met; 「X」 not met; 「Δ」 is new strategic target for 2022; 「-」 is target under development.



Six Main Missions of Sustainability	SDGs	Strategic Aspect	Projects	Short-term Goals			Medium Term Goals		Long Term Goals	
				Target 2022	2022 Achievement / Current Status	Target 2023	Target 2025	Target 2027	Target 2030	
Friendly Workplace	8 DECENT WORK AND ECONOMIC GROWTH	Staff Development and Talent Development	Average training hours of staff	△	21	23	25	27	29	
			Annual Course Satisfaction	4.5 out of 5	√/4.89 points	4.6	4.6	4.6	4.6	
			Retention rate of high performing staff	90%	√/96%	90%	90%	90%	90%	
	8 DECENT WORK AND ECONOMIC GROWTH	Occupational Safety and Health	Achieving zero injuries and zero accidents	Casualty	X/0.21	Casualty	Casualty	Casualty	Casualty	Casualty
	5 GENDER EQUALITY 10 REDUCED INEQUALITIES	Equal rights and inclusiveness	Postpartum retention rate reaches 75%	75%	√/80%	75%	75%	75%	75%	
			Overseas diverse professionals with employment	9 people	√/9 people	10 people	12 people	14 people	16 people	
			Employee complaint channel resolution achievement	100%	√	100%	100%	100%	100%	
Social Care	1 NO POVERTY	Support local agriculture	Taiwan Agri-Food Initiative Total Procurement	1 million (change in weight from 2023)	X/\$670,000	7,500 units of pounds	7,500 units of pounds	7,500 units of pounds	7,500 units of pounds	
		Care for disadvantaged and young students	Cumulative number of people served by the Light and Hope Project	2,000 (visits)	X/1,982 visits	2,200 visits	2,650 visits	3,200 visits	4,000 visits	
	4 QUALITY EDUCATION		Science education rooted in service venues	4 sessions	√/5 sessions	720 attendances	920 service visits	1,120 service visits	1,420 service visits	
	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Environmental sustainability actions	Committed to environmental sustainability actions	3 sessions	√/3 sessions	3 sessions	3 sessions	3 sessions	3 sessions	

Note: 「√」 is target met; 「X」 not met; 「△」 is new strategic target for 2022; 「-」 is target under development.



Stakeholder Engagement

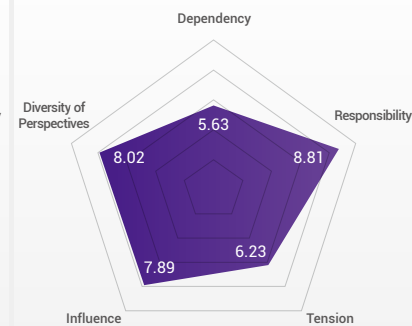
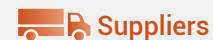
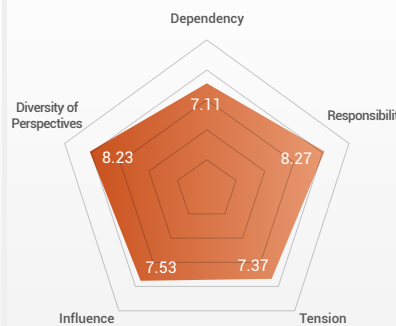
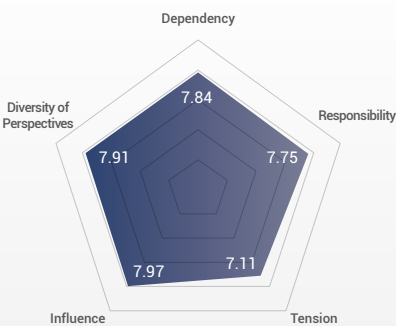
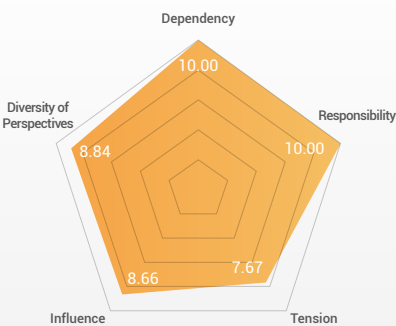
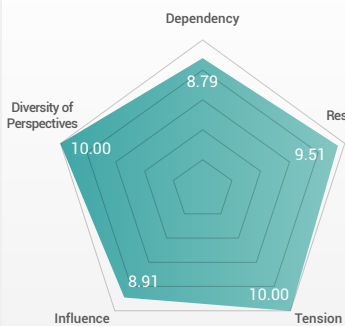
» Identify Important Stakeholders

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





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Stakeholder significance



» 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.



» Suppliers

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.

Stakeholder Response



» Customers

Customers have increasingly high expectations and requirements for sustainable design of products. BenQ Materials aims to enhance environmental performance and promote a circular economy, with the goal of reducing waste generation and minimizing environmental impact. Simultaneously, we strive to improve customer satisfaction through product design. In the functional film series, we focus on material reduction and eliminate the use of organic solvents in the manufacturing process. For the medical materials series, product safety and environmentally friendly packaging materials are prioritized to meet customer expectations throughout the manufacturing and usage stages.



» Employees

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.



» Banks

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.



» Suppliers

Some of BenQ Material's material suppliers are major overseas manufacturers in this field, which drive the ESG performance better than BenQ Material itself. BenQ Materials has established key supplier selection criteria, established supplier sustainability audits and strengthened supplier management practices.



» Shareholders

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.



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» Outcome of Stakeholder Engagement

Type of Stakeholder	Shareholders	Customers	Staff	Supplier	Bank
Responsible Department	Corporate Governance Group	Product Lifecycle and Innovation Group	Community Engagement Group	Supply Chain Team	Corporate Governance Group
Engagement Method/ Frequency	<p>Report of the Board of Directors and Audit Committee (Quarterly)</p> <p>Ordinary General Meeting (annually)</p> <p>Corporate Presentation (quarterly)</p> <p>Public Information Observation Post (from time to time)</p> <p>Spokesperson system (from time to time)</p> <p>Company's official website and investor mailbox (from time to time)</p>	<p>Customer Satisfaction Survey (Quarterly)</p> <p>Customer's supplier audits (annually)</p> <p>Customer's suppliers' meeting (annually)</p>	<p>Labour Conference (quarterly)</p> <p>Business Presentation (Quarterly)</p> <p>FWC meetings (quarterly)</p> <p>Seminar for direct factory staff (from time to time)</p> <p>Unlawful infringement complaint telephone number and mailbox (at any time)</p> <p>Good Q Home Delivery app (anytime)</p> <p>General Manager's Mailbox (at any time)</p> <p>External reporting box (at any time)</p>	<p>Key Supplier Ratings (semi-annually)</p> <p>Critical Supplier Documentation Audit (annually)</p> <p>On-site counselling audits (irregular)</p> <p>Hazardous Substances Management Policy (from time to time)</p>	<p>Bank visits (occasional)</p>
Engagement Result	<p>Report of the Board of Directors and Audit Committee (6 times / 5 times)</p> <p>Ordinary General Meeting (1 time)</p> <p>Corporate Presentation (5 sessions)</p> <p>Public Information Observation Post (from time to time)</p> <p>Spokesperson system (from time to time)</p> <p>Company's official website and investor mailbox (from time to time)</p>	<p>Customer Satisfaction Survey (4 times)</p> <p>Customer's supplier audit (1 time)</p> <p>Customer's suppliers' meeting (1 time)</p>	<p>Labour Conference (4 sessions)</p> <p>Business Presentation (4 sessions)</p> <p>Fook Committee Meeting (4 sessions)</p> <p>Good Q Home Delivery app staff comments (34 pieces)</p>	<p>Key Supplier Ratings (100% complete)</p> <p>Critical Supplier Documentation Audit (100% complete)</p> <p>Hazardous Substance Management Policy (100% sign back)</p>	<p>Maintained close relationship with banks to secure the necessary loan facilities for BenQ materials.</p>

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



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Sustainability Issue Management Approach

Material Disclosure Issue Analysis

» Collect Sustainability Issues

BenQ Materials developed a survey questionnaire covering 19 sustainability issues, taking into account the GRI Sustainability Reporting Guidelines and industry attributes, as well as information gathered from external sustainability reports.

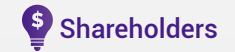
» Identifying actual and potential impacts

To identify the actual/potential, positive/negative impact of each issue on the economy, environment and society in the course of BenQ's operations, 13 core executives conducted impact analyses on the 19 sustainability issues mentioned above.

» Survey of Stakeholder Concerns

In order to understand the concerns and expectations of key stakeholders on the various sustainability issues promoted by BenQ Materials, a questionnaire on sustainability issues was sent to key stakeholders through the responsible department and 347 valid responses were received.

Stakeholder Concerns Survey Results



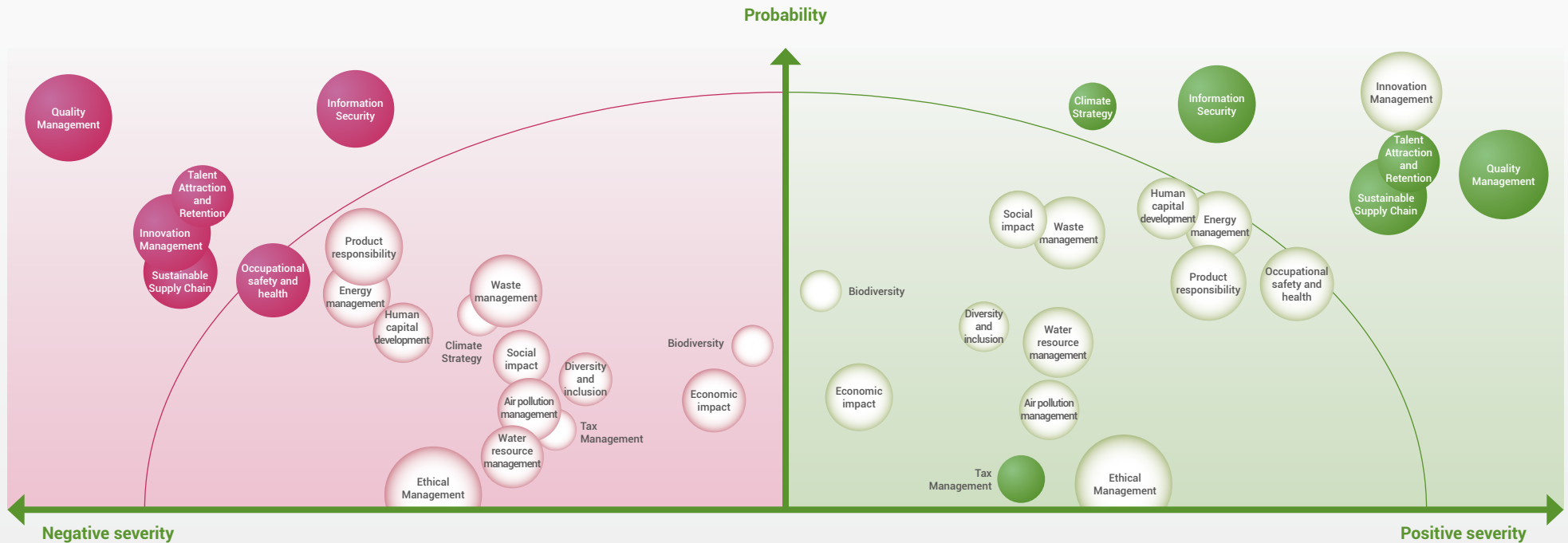


» Sustainable Issue Impact Analysis

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

In January 2023, during a senior executive meeting at BenQ Materials, the core executives of the Sustainability Committee conducted comprehensive discussions and evaluations based on the Sustainability Issue Impact Analysis Matrix and the interim achievements of annual sustainability initiatives. As a result, eight significant disclosure topics, including "Sustainable Supply Chain," "Tax Management," "Innovation Management," "Information Security," "Quality Management," "Climate Strategy," "Talent Attraction and Retention," and "Occupational Health and Safety," were identified and designated as the basis for disclosure in BenQ Materials' 2022 Sustainability Report.



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



Explanation of Major Sustainability Disclosures

» Major issues impacting the border

Major Sustainability Issues	Major Sustainability Issues What it means for BenQ materials	Impact range				
		within the organization		outside the organization		
		BenQ Materials	Subsidiaries	Customers	Supplier	Consumers
Sustainable Supply Chain	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.	●	●	●	●	
Tax Management	We have established and maintained an effective tax management mechanism to ensure tax compliance at our operations and to facilitate sustainable operations.	●	●			
Innovation Management	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.	●	●	●		●
Information Security	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.	●	●	●	○	●
Quality Management	Effective product management contributes to enhancing customer satisfaction and loyalty, thereby improving the company's profitability and core competitiveness.	●	●	●		○
Climate Strategy	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.	●	●	○	●	
Talent Attraction and Retention	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.	●	●			
Occupational Health and Safety	"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.	●	●	○		

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



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Explanation of Major Sustainability Disclosures

Sustainability Issue Management Approach

» Correspondence of Key Issue Indicators

Important Disclosure Issues	Corresponding GRI themes/SASB indicators	Main Corresponding
Sustainable Supply Chain	<ul style="list-style-type: none"> GRI204 : Procurement Practices 2016 TC-HW-430a.1 TC-HW-430a.2 	<ul style="list-style-type: none"> 6-3 Supply Chain Management
Tax Management	<ul style="list-style-type: none"> GRI207 : Taxation 2019 	<ul style="list-style-type: none"> 3-3 Tax Management
Innovation Management	<ul style="list-style-type: none"> Customised topics: structural optimisation, efficiency 	<ul style="list-style-type: none"> 4-2 Sustainable Product Design and Innovation
Information Security	<ul style="list-style-type: none"> Customised theme: Information Security Incident TC-HW-230a.1 	<ul style="list-style-type: none"> 3-6 Information Security

Important Disclosure Issues	Corresponding GRI themes/SASB indicators	Main Corresponding
Quality Management	<ul style="list-style-type: none"> GRI416 : Customer Health and Safety 2016 	<ul style="list-style-type: none"> 6-2 Quality Management
Climate Strategy	<ul style="list-style-type: none"> GRI305 Emissions 2016 	<ul style="list-style-type: none"> 5-2 Climate Change Management
Talent Attraction and Retention	<ul style="list-style-type: none"> GRI401 : Labour Relations 2016 GRI405 : Employee Diversity and Equal Opportunities 2016 TC-HW-330a.1 	<ul style="list-style-type: none"> 7-1 Manpower Overview 7-3 Employee Care 7-4 Health Management
Occupational Health and Safety	<ul style="list-style-type: none"> GRI403 Occupational Health and Safety 2018 	<ul style="list-style-type: none"> 7-5 Workplace Safety





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Sustainability Issue Management Approach

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Sustainability Issue Management Approach

Name of Material Topic	Sustainable Supply Chain
Impact	<p>Positive impact: 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>Negative impact: 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 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	<ul style="list-style-type: none"> Audit key suppliers with the RBA Code of Conduct (CoC) in compliance with the BenQ Materials Supplier Corporate Social Responsibility Code of Conduct Operation Guidelines.
Commitment	<ul style="list-style-type: none"> Audit key suppliers with the RBA-CoC, assist suppliers in improving ESG governance, and establish a reciprocal partnership.
Goals and Targets	<ul style="list-style-type: none"> Complete auditing 80% of key suppliers in 2022 Complete auditing all key suppliers in 2023
Responsibility	<ul style="list-style-type: none"> Director, Supply Chain Administration Division Director, Quality Management Division
Adopted Action Plans	<ul style="list-style-type: none"> Due diligence of and guidance for local suppliers Build a two-way supplier information platform RBA Audit
Mechanism of Performance Measurement	<ul style="list-style-type: none"> 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"> Audited all 80% key suppliers for 2022.
Stakeholder Engagement	<ul style="list-style-type: none"> Keep updated with the ESG governance performance of suppliers through supplier audits and supplier conferences.

Name of Material Topic	Tax Management
Impact	<p>Positive impact: Through a well-planned tax management mechanism, tax migration is achieved, profitability is enhanced, and all business locations comply with tax-related laws and regulations to prevent fines for legal non-compliance and to enhance business competitiveness.</p> <p>Negative impact: We have overseas locations. If tax risk arises from non-compliance with the local laws and regulations, we may be fined and our corporate image damaged.</p>
Scope of Impact	<input checked="" type="checkbox"/> Customers <input checked="" type="checkbox"/> BenQ Materials <input checked="" type="checkbox"/> Competent Authorities
Aspect of Impact	<input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Economic <input 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
Policy	<ul style="list-style-type: none"> Compliance with the policies and legislative spirit of local taxation authorities in places where we operate.
Commitment	<ul style="list-style-type: none"> In compliance with tax-related laws and regulations, ensure legal compliance of tax behavior and reducing relevant risks and burdens by rationalizing tax planning, enhancing transparency and responsibility, building management systems, and actively cooperating with taxation authorities.
Goals and Targets	<ul style="list-style-type: none"> Arrange education and training for employees involving tax issues. Complete tax declaration and payment by the statutory time-limit. Avoid tax planning for tax avoidance.
Responsibility	<ul style="list-style-type: none"> CFO, Financial Division
Adopted Action Plans	<ul style="list-style-type: none"> Enrich professional knowledge through the professional services provided by external tax consultation institutions. Supervise the implementation processes of accounting, audit, and financial report and the quality and integrity of financial control; periodically review important matters including accounting policies and procedures, internal control system, legal compliance, and enterprise risk management, and tax compliance is also part of legal compliance.
Mechanism of Performance Measurement	<ul style="list-style-type: none"> Holding monthly financial meetings to ensure tax management is consistent with the goal.
Results of Performance Measurement	<ul style="list-style-type: none"> 100% completion education and training.
Stakeholder Engagement	<ul style="list-style-type: none"> Capture the tax governance opinions of the competent authorities through the consultation or seminars organized by the competent authorities.

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](#).



Name of Material Topic	Innovation Management (including digital transformation)	Innovation Management (product)	Innovation Management (employee engagement)
Impact	<p>Positive impact: 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>Negative impact: Employees easily feel uncomfortable adapting to the use and management of innovative tools, bringing a sense of insecurity during the adaptation period.</p>	<p>Positive impact: 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>Negative impact: 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>Positive impact: 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>Negative impact: 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Align with customers' new display products and comply with the US Energy STAR Computers Version 8.0 (ES 8.0) ecolabel. 	<ul style="list-style-type: none"> Quality Proposal Improvement Incentive Program The Quality Department is dedicated to implementing Continual Improvement activities (CIP).
Commitment	<ul style="list-style-type: none"> Implement digital transformation, promote total participation, and keep employees up with the times. 	<ul style="list-style-type: none"> Complete energy-compliant products before customers' delivery deadline. 	<ul style="list-style-type: none"> Complete continuous improvement activities before the deadline set by supervisors or the process.
Goals and Targets	<ul style="list-style-type: none"> Save operating cost by NT\$100 million accumulatively during 2022-2024. 	<ul style="list-style-type: none"> Develop new products for display materials or advanced battery materials to enhance panel penetration by 2% of existing products. 	<ul style="list-style-type: none"> Annual benefits from CIP: NT\$127 million
Responsibility	<ul style="list-style-type: none"> President, Digital Transformation Project Office 	<ul style="list-style-type: none"> CTO, Product Development Office 	<ul style="list-style-type: none"> VP, Manufacturing Improvement Center
Adopted Action Plans	<ul style="list-style-type: none"> Introduce new systems: AutoML, AI, Oracle BI, IoT, and ML. Introduce external education resources from Taiwan AI Academy and Artificial Intelligence Foundation (AIT), organize education and training courses, and develop internal instructors. 	<ul style="list-style-type: none"> Complete the optical and weather resistance assessment of new products by June 2023. Complete production stability assessment of the mass production line of new products by September 2023. New product yield rate >95% 	<ul style="list-style-type: none"> Establishment of the "Continual Improvement Activity Promotion Committee" Employee Incentive Mechanisms: <ul style="list-style-type: none"> Monthly employee proposal improvement activities Creation of a case management and experience sharing platform Annual company-wide "Improvement Case Presentation Conference" organized by the Quality Department Implementation of quality education and training programs Excellent teams awarded are eligible to participate in the "Taiwan Continual Improvement Activity."
Mechanism of Performance Measurement	<ul style="list-style-type: none"> Periodic review results at the digital transformation quarterly meeting. 	<ul style="list-style-type: none"> New products pass customer validation by December 2023. 	<ul style="list-style-type: none"> 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"> Saved NT\$37.45 million in 2022. 	<ul style="list-style-type: none"> Ship new products smoothly in December 2023 and complete shipping as scheduled by customers. 	<ul style="list-style-type: none"> CIP : <ul style="list-style-type: none"> - 23 CIPs completed in September 2022. - In September 2022, the substantiated benefits of 23 CIPs after for three months of implementation were NT\$30.25 million, and the annual benefits are estimated at NT\$169 million. Improvement Proposals : <ul style="list-style-type: none"> - A total of 41 CIPs were proposed in 2022. - A total of 8 CIP were completed in 2022. The substantiated benefits after three months of implementation were NT\$1.589 million, and the annual benefits are estimated at NT\$6.359 million.
Stakeholder Engagement	<ul style="list-style-type: none"> Periodic education and training courses and new system use instruction. 	<ul style="list-style-type: none"> Suppliers: Continuously review the manufacturing process of new products with suppliers to meet the process requirements. Customers: Verify QC errors with customers based on the product validation results to adjust equipment parameters and to enhance the accuracy of product specifications. 	<ul style="list-style-type: none"> Capture the quality opinions and feedback of employees through quality education and training and improvement project routine meetings.



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Explanation of Major Sustainability Disclosures

Sustainability Issue Management Approach

Name of Material Topic	Information Security	
Impact	<p>Positive impact: 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>Negative impact: 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 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"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> "Zero" major information security event 	
Responsibility	<ul style="list-style-type: none"> Director, Information Security Management Committee and Information Technology Division 	
Adopted Action Plans	<ul style="list-style-type: none"> Implement the ISO 27001 information security management system Implement information security management (protection, drill) projects Transfer consequential damages liability to long term cyber insurance. 	<ul style="list-style-type: none"> Enhance information security awareness in employees through information security education and training Scan and patch vulnerabilities and drill ERP system recovery quarterly Diagnose information security and scan malware periodically
Mechanism of Performance Measurement	<ul style="list-style-type: none"> External: Pass third-party verification of ISO 27001 and maintain certificate validity. Internal: The Information Security Management Committee holds management meetings periodically to ensure ISMS is effectively and systematically implemented. 	
Results of Performance Measurement	<ul style="list-style-type: none"> "Zero" significant information security incident was reported in 2022. 	
Stakeholder Engagement	<ul style="list-style-type: none"> Information Security Month event and general training. 	

Name of Material Topic	Quality Management	
Impact	<p>Positive impact: 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>Negative impact: Quality problems may directly reduce customer demand and lead to order transfer, market presence and reputation damage, affecting business operations.</p>	
Scope of Impact	<input checked="" type="checkbox"/> Customers <input checked="" type="checkbox"/> BenQ Materials	
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	
Policy	<ul style="list-style-type: none"> Certification of technical capacity and quality system by internationally accredited alliances or organizations to ensure the effectiveness of testing results. 	
Commitment	<ul style="list-style-type: none"> Comprehensively promote a quality culture and preventive management across the company, assist customers in realizing product innovation, and ensure shipping quality consistency. 	
Goals and Targets	<ul style="list-style-type: none"> Display materials: Customer satisfaction >80%. Battery materials: "Zero" significant customer grievance. Healthcare and nursing <ul style="list-style-type: none"> Medical sterilization packaging: Perform TAF external audit every February to ensure that our measurement and monitoring capacity meets the requirements. Anscare: Confirm that all products sold to the EU are 100% REACH-compliant before 2025, including finished products and the supply chain. 	<ul style="list-style-type: none"> DermaAngel: Medical device products meet the QMS standards and legal regulations. Miacare: Annual average quality grievance \leq 500 DPPM.
Responsibility	<ul style="list-style-type: none"> Managers and directors of all BU quality management departments and BU top quality management 	
Adopted Action Plans	<ul style="list-style-type: none"> Continuously implement quality management education and training. Apply for certification of product-related specifications. 	<ul style="list-style-type: none"> Survey customer satisfaction and audit supplier quality each year.
Mechanism of Performance Measurement	<ul style="list-style-type: none"> Periodic ISO QMS management review meetings. Audit and certification of international standards and product specifications. 	<ul style="list-style-type: none"> Periodic customer satisfaction survey Audit of customers' suppliers.
Results of Performance Measurement	<ul style="list-style-type: none"> Display materials: 2022 customer satisfaction 83%. (target accomplished) Battery materials: "Zero" significant customer grievance in 2022. (target accomplished) Healthcare and nursing <ul style="list-style-type: none"> Medical sterilization packaging: Passed TAF annual evaluation in 2022, and no non-compliance of measurement and monitoring capacity was reported. (target accomplished) Anscare DermaAngel Miacare (target accomplished) 	
Stakeholder Engagement	<ul style="list-style-type: none"> Quality management meeting 	



Name of Material Topic	Talent Attraction and Retention
Impact	<p>Positive impact: 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>Negative impact: 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 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
Policy	<ul style="list-style-type: none"> Attract global excellent talents, cultivate employee development to enhance organization skills, and retain key excellent talents.
Commitment	<ul style="list-style-type: none"> 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"> Target retention rate of outstanding employees at 90%. Average turnover rate of indirect labor below 1.5%. Annual average course satisfaction at 4.6 marks (of 5).
Responsibility	<ul style="list-style-type: none"> Senior Director, HRD
Adopted Action Plans	<ul style="list-style-type: none"> Periodically conduct various employee satisfaction surveys for the reference of the relevant systems. Periodically compare salaries and benefits in the market to enhance the competitiveness of salaries and benefits. Operate the employer brand and establish the industry-academia relationship to increase the company's attraction to freshmen. Organize multifaceted classroom and e-learning courses to improve the competencies and career development of employees.
Mechanism of Performance Measurement	<ul style="list-style-type: none"> 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"> Retention rate of outstanding employees reached 96% in 2022. (target accomplished) Average turnover rate of indirect labor at 1.3% in 2022. (target accomplished) Annual average course satisfaction at 4.89 marks (of 5) in 2022. (target accomplished)
Stakeholder Engagement	<ul style="list-style-type: none"> 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>Positive impact: 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>Negative impact: Failure to unfaithfully 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 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"> 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. Comply with ISO 45001 occupational safety and health management system standard BenQ Materials environmental safety, health and energy policy
Commitment	<ul style="list-style-type: none"> Implement the preventive management and audit system and ensure workplace environment and operation safety.
Goals and Targets	<ul style="list-style-type: none"> "Zero" disabling injury "Zero" work-related ill health "Zero" contractor work-related injury
Responsibility	<ul style="list-style-type: none"> Director, Facility ESH Division
Adopted Action Plans	<ul style="list-style-type: none"> Audited troubleshooting and security protection mechanisms and followed up the improvement of 144 locations. Completed the ESD protected area (EPA) improvement project to reduce 35 hazard factors. Completed the odor removal project at two operating environments. Organized professional safety education and training for 236 personnel.
Mechanism of Performance Measurement	<ul style="list-style-type: none"> ISO 45001 OH&S management systems management review meeting/annual verification and follow-up. Achievements and performance of the ESG Committee Safety Action Plan.
Results of Performance Measurement	<ul style="list-style-type: none"> The 2022 frequency-severity indicator (FSI) was 0.21, the zero disabling injury target was unachieved. (please refer to 7-5 Workplace Safety for the improvement plans) No work-related ill health was reported in 2022, the zero work-related ill health target was achieved. No work-related injury of in-house operation was reported in 2022.
Stakeholder Engagement	<ul style="list-style-type: none"> Employees: education and training, publicity at the monthly meeting, e-newsletters, Occupational Safety (bulletin), interactive experiential activities. Contractors: Hazard education and training, entry Take 5 hazard notification.

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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Corporate Governance

» Board of Directors

BenQ Materials has established its corporate governance structure and implementation practices in accordance with the ROC Company Law, the Securities and Exchange Act, and other relevant laws and regulations. Under the Board of Directors, there is currently an Audit Committee and a Compensation Committee, both of which are composed of all independent directors. All directors, including independent directors, are elected by shareholder vote.

The Board of Directors of BenQ Materials is the highest governance unit and is responsible for directing corporate strategy, overseeing management, operations, and arrangements of the corporate governance system. It is accountable to the Company and the shareholders' meeting and exercises its powers and functions in accordance with the provisions of the Act, the Articles of Incorporation, or the resolution of the shareholders' meeting.

In accordance with Article 26-3, Paragraph 8 of the Securities and Exchange Act, BenQ Materials has established the "Rules of Procedures of the Board of Directors' Meetings." Relevant matters are conducted in accordance with the rules and regulations, and the Board of Directors meets at least four times per year. Six meetings of the Board of Directors of BenQ Materials will be held in 2022.

Please refer to the Corporate Governance chapter in the BenQ Materials Annual Report.



• Composition and Method of Election

In addition, Article 20 of the Corporate Governance Code stipulates that the composition of the Board of Directors shall take into account diversity. However, the number of directors who are also managers of the Company shall not exceed one-third of the total number of directors. Appropriate diversity shall be formulated in accordance with the actual operation, style, and development needs.

In 2022, there will be 11 directors, including 5 independent directors. One director and one independent director will retire, one male independent director will be newly appointed, and one female independent director will also be newly appointed but will resign in the same year. All directors have at least 5 years of relevant working experience in business, legal, finance, accounting, or the Company's business.

The Chairman of BenQ Materials serves as the Chairman of the highest governance unit and also holds the position of Chief Executive Officer. The main reason for his senior management role is to enhance operational efficiency and decision-making while strengthening the independence of the Board of Directors. The company has actively been training suitable candidates internally.





• Diversification scenarios

To implement the diversity policy, BenQ Materials expects to have at least one female director to continuously enhance the functions of the Board of Directors and strengthen the oversight function.

Name <small>Note1</small>	Title	Gender	Seniority of Independent Director			Professional Knowledge or Skill			Age			Employee Identity <small>Note2</small>	Sustainability roles
			Less than 3 years	3~9 years	More than 9 years	Industrial Sector	Academic Sector	Legal, Financial, Accounting Background	50-60 years old	61-65 years old	66-70 years old		
Chieh-Chih Chen	Chairman	Male				●		●		●			Serve as the Chair of the ESG Committee, responsible for overseeing and coordinating committee decisions and actions.
Kun-Yao Li	Director	Male				●		●			●		
Chi-Hung Chen	Director	Male				●		●		●			
Jia-Ray Liu	Director	Male				●		●	●			●	Serve as the Vice Chair of the ESG Committee, ensuring effective implementation of committee decisions and actions.
Wen-de Li	Director	Male				●		●		●			
Fu-Hai Yeh	Independent Director	Male			●	●		●			●		
Yu-Yang Lu	Independent Director	Male		●			●	●			●		
Gong Wang	Independent Director	Male	●			●	●	●			●		

Note 1: Eleventh term; Note 2: Stakeholder (staff) representative.



• Key Issue Communication

BenQ Materials' highest governance unit holds regular meetings to discuss and invite units such as accountants, internal auditors, legal and finance, risk control, etc., to report and answer questions to independent directors regarding the recent financial statement audit, internal audit results, litigation cases, financial business overview, and other information. This allows independent directors to assist investors in ensuring the credibility of corporate governance and information transparency, in order to safeguard shareholders' rights.

Board members and senior management maintain close communication. In addition to regular meetings, the company's management also regularly reports on the company's important sustainable development initiatives to the Board of Directors, in order to gather relevant opinions from the Board. The related annual work focus and operations are disclosed in the "Board of Directors Operations" and "Audit Committee Operations" sections of BenQ Materials' 2022 annual report.

Accounting Department	Audit Department	Risk Management Department	Information Security Department	Intellectual Property Department	ESG-related departments
Quarterly financial statements	Quarterly internal audit report	Regular annual reports	Regular annual reports	Regular annual reports	Regular annual reports

• Conflict of Interest

During discussions and voting on board meeting agenda items, if a director has a personal interest that may harm the company's interests, the provisions of Article 206, Paragraph 2, of the Company Law, applying the provisions of Article 178 regarding conflict of interest, shall be followed. The director shall not participate in the discussion and voting of the agenda item. When necessary, the Chairman of the Board will instruct another director to act as a proxy for the meeting chair. Furthermore, the annual report shall disclose the names of directors involved in relevant agenda items, the content of the agenda items, and the reasons for the need to avoid conflicts of interest. Additionally, information regarding cross-shareholdings with interested parties, the presence of controlling shareholders, and related party transactions shall be disclosed in the annual report to prevent or mitigate potential conflicts of interest. In 2022, there were four incidents of conflict of interest, and the directors, committee members, and executives involved refrained from participating in the discussions and voting of the respective agenda items. Details of the conflict of interest cases at the board level can be found in the corporate governance section of the annual report.

In compliance with regulatory amendments to corporate governance guidelines and significant information processing and prevention of insider trading operations, BenQ Materials implemented measures to prohibit insiders from trading securities based on undisclosed material information. This includes controls on stock trading by insiders upon the receipt of the company's financial reports or related performance information, such as directors refraining from trading their stocks during a closed period of thirty days before the announcement of annual financial reports and fifteen days before the announcement of quarterly financial reports.

• ESG Training for the Board of Directors

Every year, the Board of Directors and members of the management team are scheduled to undergo continuous training on economic, environmental, social, and other relevant issues to enhance their knowledge as the highest governance unit. In 2022, the ESG training program covered topics such as sustainable supply chain management, low-carbon management, integrity in business, information security, and corporate governance. A total of 13 training sessions were conducted, with each session lasting for 3 hours, resulting in a cumulative training duration of 39 hours. For more details, please refer to the [2022 BenQ Materials Annual Report \(p.26\)](#).

» Audit Committee

The BenQ Materials Audit Committee was established on November 16, 2007, following approval at an extraordinary shareholders' meeting. The Audit Committee is composed of all independent directors, with a minimum of three members, to comply with regulatory requirements. The most recent term of the committee commenced in June 2022 after the election.

The Audit Committee convenes regularly, with meetings held on a quarterly basis and a minimum of four meetings per fiscal year. In 2022, a total of five meetings were conducted. For detailed information on the attendance of committee members and other relevant details concerning the Audit Committee, please refer to the disclosures in [the BenQ Materials Annual Report](#) or [the official BenQ Materials website](#).

» Remuneration Committee

The BenQ Materials Remuneration Committee was established on October 25, 2011. As of December 31, 2022, three independent directors have been appointed as members of the Remuneration Committee. The most recent term of the committee commenced in June 2022 after the election.

The Remuneration Committee holds at least two meetings annually and may convene additional meetings as necessary. In 2022, a total of two meetings were conducted. The committee diligently fulfills its duties in accordance with applicable laws and faithfully submits its recommendations to the Board of Directors for discussion.

The Remuneration Committee assists the Board of Directors in evaluating the compensation levels of the company's directors and executives and their alignment with the company's performance. It also determines the dividend allocation ratio and provides recommendations on executive and company compensation policies. Based on the industry competitive environment, company performance, and benchmark market trends, the committee establishes a company-level compensation strategy. Relevant information on the compensation of the Board of Directors and senior management, including executives, is appropriately disclosed in the company's annual report to ensure that all stakeholders have a comprehensive understanding of the relationship between executive compensation and company performance.



» Board of Directors Performance Evaluation

On May 6, 2019, the Board of Directors approved the "Board of Directors Performance Evaluation Method" which establishes that the Board of Directors should conduct an annual self-evaluation of its performance, as well as an external evaluation once every three years. BenQ Materials completed the self-evaluation of the Board of Directors by the end of 2022 and reported the evaluation results to the Board in February 2023. The average self-evaluation score of the directors reached 98 points, and the average attendance rate of the Board in 2022 was 100%. The overall operation of the Board was in good condition. For more details, please refer to [the BenQ Materials annual report](#).



» Internal Audit

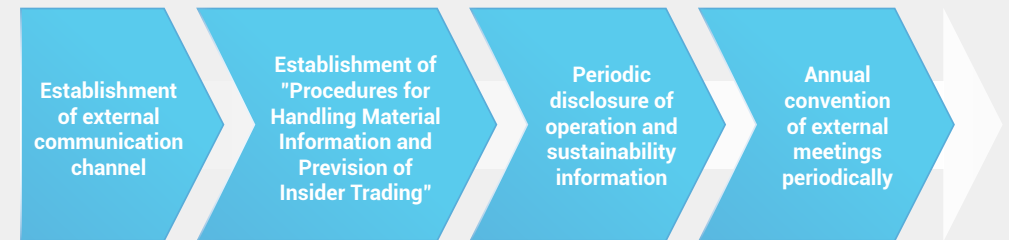
BenQ Materials has an internal audit department that assists the Board of Directors and management in examining and reviewing the deficiencies in the internal control system and measuring the effectiveness and efficiency of operations. It provides timely improvement recommendations to ensure the continuous and effective implementation of the internal control system. The annual audit plan is drafted and submitted to the Board of Directors for approval. After the audit, an audit report is issued and approved by the Chairman, and it is sent monthly to the independent directors for review. The head of internal audit regularly reports the audit activities to the Audit Committee and the Board of Directors.

The appointment and dismissal of internal audit personnel at BenQ Materials is approved by the Chairman upon submission by the head of internal audit. Performance assessments of internal audit personnel are conducted twice a year in accordance with the "Performance Assessment Management Regulations" and are reviewed by the head of internal audit before being approved by the Chairman. The appointment and dismissal of the head of internal audit follow the "Audit Committee Organization Regulations" and "Board of Directors Meeting Rules" and must be submitted for approval by the Audit Committee and the Board of Directors. Salary and compensation for internal audit personnel are submitted to the Chairman for approval in accordance with the "Compensation Management Regulations" by the Human Resources Department.

» Shareholders' Rights and Interests

BenQ Materials has established effective communication channels for external stakeholders to ensure that shareholders and investors can access and understand the company's operational information in a timely manner. The "Investor Relations" and "ESG" sections on the company's website serve this purpose. To safeguard shareholder equality and maintain fairness in securities market trading, BenQ Materials has formulated the "Handling of Material Information and Prevention of Insider Trading Procedures." These procedures ensure the proper handling and disclosure of material information, prevent improper information leaks, and are communicated to all employees to ensure their understanding of the relevant agreements and rules. The company strictly prohibits insiders from trading securities based on undisclosed material information.

In response to the encouragement from stock exchanges to enhance communication frequency and increase operational transparency with investors, BenQ Materials held corporate briefings and participated in external investor conferences a total of five times in 2022. These initiatives aim to foster better communication and provide investors with a deeper understanding of the company's operations.



» Governance Executive Compensation Strategy

To incentivize the management team to create long-term shareholder value and attract, retain, and develop talented individuals, MediaTek has established a compensation strategy as its foundation. The fixed salary, variable compensation, and benefits for the senior management are all designed in accordance with the compensation policy set by the Remuneration Committee, and are discussed and approved within the committee.

The salary of the senior management is determined by referencing annual market survey reports, taking into consideration the overall company performance, individual achievements, and contributions as the basis for rewards. Additionally, to implement the company's sustainability initiatives, the effectiveness of sustainability projects is included as part of the annual performance goals based on respective responsibilities. The weightage of sustainability goals ranges from 5% to 10%, and the overall assessment is conducted by the Remuneration Committee. After the final review of the rewards, they are submitted to the Board of Directors for approval.



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» Regulatory Compliance

• Compliance Status

BenQ Materials has established a Legal and Regulatory Affairs department and implemented a contract review system. It requires that all external documents from various departments be reviewed by legal personnel to ensure compliance with relevant domestic regulations and international standards in terms of labeling and marketing practices. The responsible units regularly monitor government announcements regarding relevant regulations. If there are updates or the introduction of new regulations, the responsible units manage and distribute company-wide announcements.

In 2022, there were a total of five government penalty incidents, resulting in a cumulative fine of NTD 165,258. The detailed breakdown of these incidents is as follows: [provide specific details about each incident.

Penalty Item	Penalty Description	Num	Penalty Amount (NT\$)	Improvement Measures
Violation of Article 89, Paragraph 3 of the Income Tax Act	Failure to declare and withhold tax vouchers within the specified period for the fiscal year 2021-2022	2	63,926	Split the items for withholding tax into domestic and overseas, and clearly classify the declaration deadlines.
	Foreign migrant workers leaving the country prematurely without declaring and withholding tax vouchers within the specified period	2	1,332	Adjust the withholding month and regularly review the residence permits of foreign colleagues.
Due to violation of Article 6, Paragraph 1 of the Occupational Safety and Health Act, and pursuant to Article 43, Paragraph 2 of the same Act	the personnel involved in the injury incident at the Yunlin factory were subject to a suspended penalty	1	100,000	Please refer to section 7-5 for safety improvement.

Note: A single fine of \$1 million or more is considered a material breach. The above events have been annualized based on the actual time of payment in 2022.

• EU Medical Device Regulations

The EU Medical Device Regulation (MDR) (EU) 2017/745 aims to regulate the medical devices entering the European Union economic area. It officially came into effect on May 25, 2017, replacing the EU Medical Device Directive 93/42/EEC (MDD) and elevating the directive to a regulation level. The transitional period was set for three years. Under the MDD, products with valid certificates issued could have a certain grace period after the official implementation of the EU Medical Device Regulation. If there are no significant design or intended use changes, the final expiration date of this grace period is May 26, 2024.

Due to the COVID-19 pandemic, the Official Journal of the European Union published Regulation 2020/561 in 2020, postponing the implementation date of the MDR from May 26, 2020, to May 26, 2021. On March 20, 2023, Regulation (EU) 2023/607, amending the MDR, was announced and immediately came into effect. It allows for an extension of the MDR transition period until December 31, 2027 (for Class III and Class IIb implantable devices) or December 31, 2028 (for Class IIa, Class I, and Class Im devices) under specific conditions specified in the regulation.

At present, BenQ Materials has already implemented the quality system requirements of the new regulation and plans to obtain MDR approval for its products within the mentioned transition period.





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Business Performance

In 2022, BenQ Materials recorded a consolidated annual revenue of NT\$15.54 billion, representing a decrease of 9.51% compared to 2021. The consolidated operating profit for 2022 was NT\$697 million, showing a decrease of 28.7% compared to 2021. However, the consolidated net income for 2022 was NT\$1.285 billion, which was a 32.5% improvement over 2021. The earnings per share (ESP) for 2022 were NT\$4.04. Detailed operational results and financial highlights can be found in the 2022 Annual Report.

In 2022, BenQ Materials proactively engaged in a refinancing project through a syndicated loan, complying with the sustainable loan requirements set by the consortium banks (including ESG loan conditions related to environmental protection, social responsibility, and corporate governance). BenQ Materials achieved the relevant ESG indicators and received corresponding interest rate incentives from the syndicate banks. Together with the consortium banks, BenQ Materials fulfills its corporate social responsibility and creates sustainable corporate value.



Historical Revenue and Profit

Unit: NT\$ million	2018	2019	2020	2021	2022
Operating income	12,764	13,943	15,050	16,482	15,540
Operating cost	10,914	11,801	12,776	13,425	12,462
Gross profit	1,850	2,142	2,274	3,057	3,078
Operating expense	1,411	1,788	1,726	2,079	2,382
Marketing expense	595	880	870	1,050	1,174
Management expense	223	222	216	270	321
Research and development expense	641	686	640	759	887
Other	-49	0	0	0	0
Operating profit	440	354	547	977	697
Non-operating income (expense)	-67	-19	-38	231	1,058
Net income before tax	372	334	510	1,208	1,755
Income tax expense	47	78	114	238	470
Net profit	325	257	396	970	1,285
Other comprehensive profit or loss after tax - net	-45	-39	-49	-21	34
Total comprehensive profit or loss	281	218	347	949	1,319
Earnings per share	1.02	0.80	1.23	3.03	4.04



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Tax Governance

BenQ Materials, in response to the international trend of tax governance, adheres to the principles of integrity and operates in compliance with tax regulations, striving for sustainable development. We have established tax governance principles and assigned responsibilities to relevant units for implementation, reporting to the management level. This ensures the effective functioning of our tax management mechanism, safeguarding the interests of the company and its investors. In 2022, the income tax expense amounted to NT\$470 million, accounting for 3.03% of the total annual revenue.

» Tax Governance Principle

1. Tax strategies adhere to the tax regulations and the underlying principles of tax legislation in all operating jurisdictions.
2. Transactions between related parties are conducted in accordance with the arm's length principle and comply with the internationally recognized transfer pricing guidelines published by the Organization for Economic Cooperation and Development (OECD).
3. Financial reporting information is transparent, and tax disclosures are handled in accordance with relevant regulations and guidelines.
4. Tax havens or tax planning practices are not utilized for the purpose of tax avoidance.
5. Profits generated by the company are not transferred to low-tax jurisdictions.
6. A relationship of mutual respect is established with tax authorities based on trust and information transparency.
7. Tax implications are taken into consideration in significant company decisions.
8. The operational environment is analyzed, and tax risk assessments are conducted using management mechanisms.

» Tax Risk Management

BenQ Materials operates and expands its business in overseas regions while complying with tax regulations worldwide. To effectively manage tax risks, tax risk management has been incorporated into BenQ Materials' risk management plan. The Risk Management team regularly reports to the Audit Committee on the company's risk environment, key areas of risk management, risk assessment, and mitigation measures. For more detailed information on risk management, please refer to Section 3-5 Risk Management or consult BenQ Materials' annual report.

» Tax Management

BenQ Materials considers the Board of Directors as the highest decision-making and supervisory body for tax governance. It collaborates with relevant senior management to develop tax governance strategies and conducts regular monthly reviews to ensure responsiveness to emerging risks. The Finance Department is responsible for tax management, with the Chief Financial Officer serving as the top executive in tax management. Day-to-day tax management is carried out by the Accounting Manager, who is assisted by qualified and experienced tax professionals in fulfilling BenQ Materials' tax obligations. Additionally, BenQ Materials strengthens its expertise through professional services provided by external tax consulting firms.

» Tax Payment Status

Unit : NTD thousands

Income Tax Related Information	2021 year	2022 year
Profit Before Tax	1,198,417	1,481,351
Income Tax Expense	226,862	185,681
Effective Tax Rate on the Books	18.9%	12.5%
Payment of Income Tax	123,510	143,583
Effective Cash Tax Rate	10.3%	9.7%

Note 1: Income tax information is primarily disclosed for Taiwan.

Note 2: Effective tax rate on the books = Income tax expense for the year / Profit before tax for the year; Effective cash tax rate = Payment of income tax for the year / Profit before tax for the year.



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Ethical Management

» Code of Conduct

In 2015, BenQ Materials established the "BenQ Materials Co., Ltd. Code of Conduct" which was approved by the Board of Directors. The company also developed an "Enterprise Integrity Manual," and all board members and employees are required to sign the "Integrity Declaration." Integrity is the core value of the company, and it is reflected in various aspects such as the formulation of regulations, education and promotion, complaint mechanisms, and integrity risk assessment. The relevant departments are responsible for these matters and provide annual reports to the Board of Directors on the implementation status.

Promotion Work Item	Responsible Department	Execution Method
Regulation establishment and educational promotion	Human Resource Division	Employee Code of Ethical Conduct" emphasizing the ethical management culture has been established, and the 'Regulations for Disciplinary Actions for various violation events have been specified.
Assessment and Inspection of integrity risk	Human Resource Division	Enhance each operation process, implement responsibility allocation, and reduce occurrence of fraud through system control.
Handling of violation of ethics	Senior supervisors form the Major Disciplinary Committee to perform review	For major violation of integrity, the execution status is reported to the Board of Directors according to relevant regulations and operation procedure.

To enhance smooth communication with suppliers, BenQ Materials has established channels for communication and complaints, as well as implemented various systems to strengthen communication efficiency and information transparency. The procurement orders explicitly state the principles of integrity and ethical cooperation, and suppliers are required to sign a commitment to integrity. In the event of any violations, contracts may be terminated, and the supplier may be permanently excluded from further cooperation.



Whistleblowing mailbox for violation of ethical conducts
Integrity@BenQMaterials.com

» Integrity Education Promotion and Training

In 2022, BenQ Materials continued to promote integrity through training programs, including online courses on the Code of Conduct, integrity training for new employees, insider trading prevention courses, and dissemination of regulations on trade secrets. A total of 2,356 people-time participated in these training sessions.

Course Name	Number of Hours Z(Hrs)	Course Description	2019 Number of Trainees	2020 Number of Trainees	2021 Number of Trainees	2022 Number of Trainees
New employee integrity course	0.5	Required course for all new employees	350	364	361	478
Code of ethical conduct online course	0.25	All employees are required to complete the online course	791	1,894	1,756	1,695
Insider training prevention course	2	Course is opened periodically for supervisors and employees of relevant works	44		76	101
Trade secret law educational promotion	2	Course and educational promotion is provided to supervisors and employees of relevant works through electronic newsletters of the Company periodically	47	Note	Note	82

Note: Course was canceled due to pandemic, and it was changed to internal announcement and educational promotion.

» Complaint Mechanism

When violation of integrity and ethics is found to true, complaint can be filed via the complaint channel. After receiving a complaint case, the responsible unit shall activate the investigation procedure. The responsible personnel (including Audit Office) shall form the committee to conduct investigation, and assess whether the case shall be submitted to the Personnel Evaluation Committee formed by crossdepartment supervisors for review according to the severity of violation and the level of personnel involved. After it is verified to have the likelihood of causing material damage to BenQ Materials, the committee will prepare report and inform the Audit Committee in writing. There was no compliant case causing penalty of the company in 2022.

Internal Complaint Channel
(Human resource)



Director
supervisor



Human resource
supervisor



Auditor



President's
mailbox



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Risk Management

BenQ Materials established the Risk Management Committee (RMC) in 2010, focusing on the risk management system and risk transfer planning in corporate governance. The committee formulated the vision and policies for risk management, analyzed strategic risks, financial risks, operational risks, and hazard risks from both internal and external perspectives. They conducted risk identification assessments, improvement plans, and regular management reviews to effectively manage risks that exceed the risk tolerance level, aiming to build BenQ Materials into a resilient enterprise capable of withstanding risks.

In 2020, the Board of Directors approved the "Risk Management Policy and Procedures" in line with the "Corporate Governance Best Practice Principles for Listed and OTC Companies" issued by the Taiwan Stock Exchange on August 8, 2022. The revised policy and procedures were completed and approved by the Board of Directors for the first time in 2023.

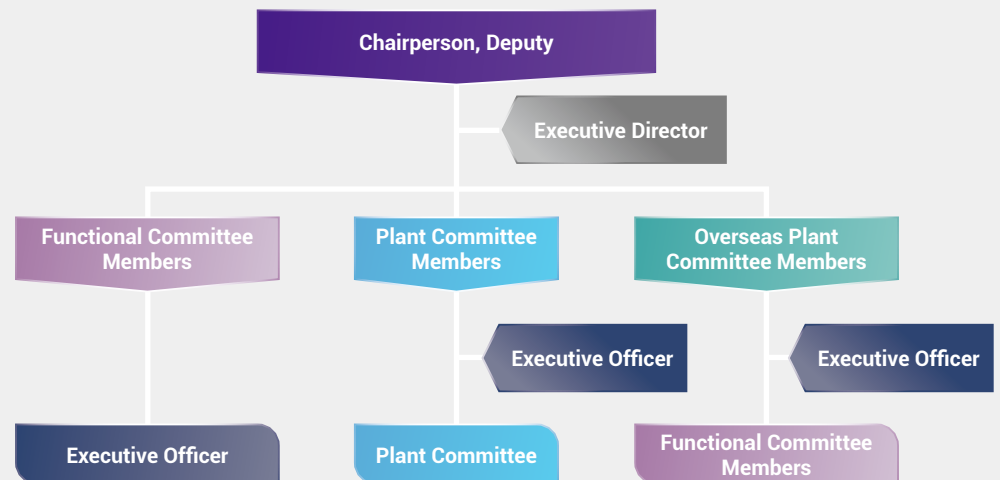
» Risk Management Policy

- To ensure the sustainable operation of the company, a Risk Management Committee should be established to regularly identify, assess, handle, report, and monitor risks that may have a negative impact on the company's operational objectives.
- Risks should be identified and controlled before incidents occur, losses should be minimized when incidents happen, and prompt recovery of product and service provision should be ensured after incidents. For significant risk situations identified by the Risk Management Committee, business continuity management plans and emergency response manuals should be developed and regularly updated.
- For risks that do not exceed the risk tolerance level, the cost of risk management should be considered, and different management tools can be used to address them. However, this does not apply if the risks have a negative impact on employee safety, result in non-compliance with laws and regulations, or have a negative impact on the company's reputation.



» Organizational Structure and Operation of the Risk Management Committee

The Risk Management Committee of BenQ Materials consists of the Chairman and CEO, General Manager serving as the Chairperson/Vice Chairperson, and the CFO concurrently serving as the Secretary-General (Risk Management Unit). The heads of each operational unit also serve as committee members. The committee reports regularly to the Board of Directors and the Audit Committee. The Board of Directors, Audit Committee, Risk Management Committee, Risk Management Unit, and operational units each have their respective risk-related responsibilities. For more information on the operational status of risk management, please refer to the official [website of BenQ Materials](#).

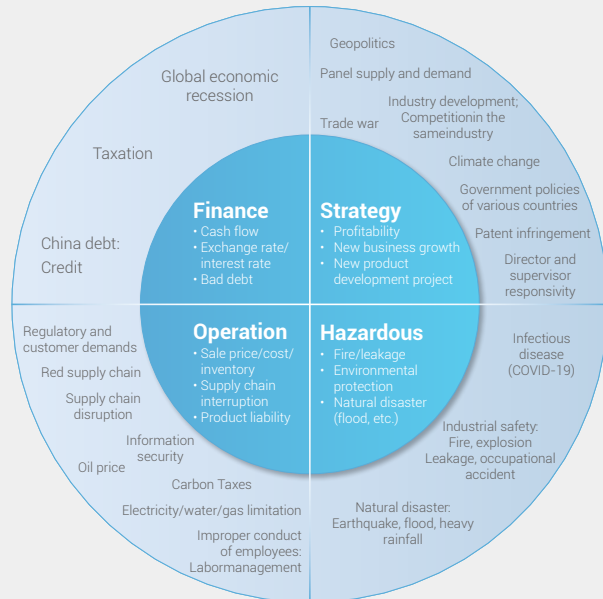




» Risk Management Operation

The risk management operation of BenQ Materials involves the identification, analysis, assessment, and management of all negative events that may impact the achievement of the company's operational objectives. These events are categorized into four major risk categories: strategic, operational, financial, and hazard risks, with consideration for emerging risks and classification based on the nature of the issues. Risk radar charts are generated based on risk identification, analysis, and assessment to facilitate management. Each operational unit formulates risk response strategies based on the annual company-level risk improvement objectives, internal risk identification and assessment results within the unit, and other potential operational impact events. Regular management review meetings are held every six months to report, discuss, supervise, and review the effectiveness of risk management. The overall operation is supervised by the Audit Committee and the Board of Directors, with annual reports presented to them. In 2022, two risk management review meetings were held, managing a total of 30 risk improvement plans, including nearly 20 medium to long-term improvement plans that will continue in 2023.

In response to the risk of climate change, BenQ Materials follows the Task Force on Climate-related Financial Disclosures (TCFD) framework. The company has conducted risk and opportunity identification and assessment, developed response plans for significant risks, and implemented a total of 19 adaptation action plans in the short, medium, and long term. This information was reported to the Audit Committee and the Board of Directors on November 1, 2022. For more details, [please refer to section 5-2 on climate change management.](#)



» Business Continuity Planning (BCP)

In the event of situations identified as significant risks by the Risk Management Committee, each department is required to jointly develop a business continuity plan (BCP) to proactively address unexpected accidents. This includes the ongoing identification and assessment of risks, as well as the implementation of preventive measures and improvements to mitigate potential losses and ensure the rapid recovery of products or services in the event of an incident.

BenQ Materials has established BCPs for various accidents, including fire, earthquake, flood, strike, infectious diseases (such as influenza and major infectious diseases like COVID-19), supply chain disruption, brand reputation, environmental incidents causing work stoppage, and information security interruptions. To ensure the effectiveness of these BCPs, an annual review of the plans is conducted.

In response to the global COVID-19 pandemic, BenQ Materials has implemented measures in accordance with government policies. As we move towards coexisting with the virus, we have experienced a transitional period, but fortunately, it has not affected the company's revenue. In 2022, a total of 51 operational continuity plan meetings were held for the Suzhou and Wuhu factories in relation to infectious diseases. These meetings covered various aspects, including pandemic monitoring, internal epidemic response teams, supplier reporting and management, mechanisms and activation for workforce rotation, resource preparation and upgrades in terms of information, capacity backup plans at the factory level, supply mechanisms, and maintaining smooth communication channels with customers.

» Risk Management Education and Training

To enhance risk awareness and culture, the Risk Management Unit conducts regular risk education and training programs. In 2022, a total of 18 sessions were held, during which various topics related to risk management were shared. Additionally, the Chairperson and Vice Chairperson of the Risk Management Committee provide periodic risk reminders to incorporate risk considerations into operational activities and decision-making processes. These efforts aim to foster a risk-conscious environment within the organization.





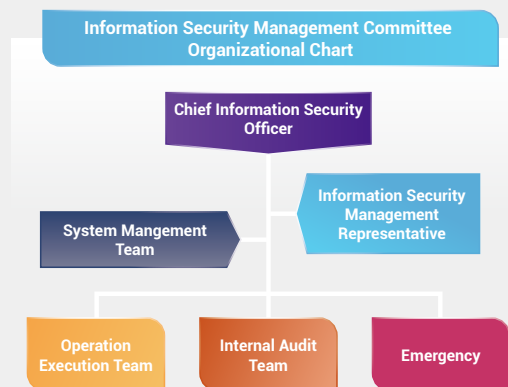
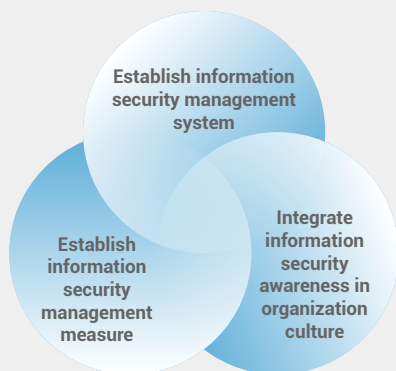
Information Security

» Information Security Policy

BenQ Materials has established a secure and reliable computerized operating environment to ensure the security of computer data, systems, equipment, networks, and the smooth operation of business activities. In accordance with regulations such as the Cybersecurity Management Act, Personal Data Protection Act, Copyright Act, Electronic Signature Act, as well as referencing international information security standards (ISO 27001), the company has formulated the "Information Security Policy and Procedures" and developed the "Cybersecurity Operation Guidelines" based on this framework. Continuous attention is given to cybersecurity issues, and plans are implemented to strengthen security measures, including the procurement of advanced antivirus software, establishment of global security networks for joint protection, cybersecurity audits, upgrading internal operating systems, and patching vulnerabilities. To instill the importance of information security in the company, regular cybersecurity education and training sessions, as well as cybersecurity drills, are conducted to integrate a culture of cybersecurity awareness into the organization.

» Information Security Committee and Responsible Unit

BenQ Materials established the "Information Security Management Committee" in 2021 and appointed a Chief Information Security Officer (CISO) and a security representative (security manager) to strengthen the information security management mechanism. In response to information security trends and the policy requirements of the Financial Supervisory Commission (FSC), the company has designated one "Information Security Officer" for information security operations. In addition, in January 2022, the "Infrastructure and Security Department" was newly established, and in 2023, one "CISO" and one "security manager" were respectively appointed



» Information Security Management

In addition, BenQ Materials has implemented risk assessment procedures, established and implemented relevant regulations to properly protect information assets, and determine the risk levels of information assets. Through the results of risk assessments and internal meetings, measures are formulated to effectively reduce, transfer, eliminate, or accept risks. In 2021, BenQ Materials completed the implementation project for ISO 27001, and in 2022, ISO 27001 certification was obtained. The relevant documents have been recorded in the company's document management system (DMS). In order to maintain the validity of the certificate, an external audit by BSI was conducted in February 2023.

The scope of ISO 27001 certification includes the data centers at the Taoyuan, Longke, and Yunlin plants in Taiwan, as well as the ERP, FEOL MES (Front End of Line Manufacturing Execution System), and FlowER (BPM) systems. In addition, in 2022, security guidance was implemented in the mainland China plant, and an internal security audit was conducted in December.

Information Security Management System Construction Goal

- Implement information security
- Protect customer data and company's intellectual property output
- Enhance information security event response capability
- Achieve information security measurement indicator

» Information Security Risk Assessment

Based on the information security risk assessment and management procedures, BenQ Materials has defined the risk values for Taiwan and mainland China in 2022 and has implemented improvement plans for high-risk areas. In 2023, a reassessment of the information security systems in Taiwan and mainland China will be conducted, with an expected completion in the third quarter of 2023.





» Information Security Management Measures

• Hardware Protection

- Equipment Inspection: Regular inspections are conducted on important systems and equipment, and maintenance contracts are signed with vendors to ensure the condition of the equipment.
- Establish Data Backup Mechanism: A backup system has been implemented to perform daily backups of servers and databases. Additionally, high availability (HA) mechanisms have been established for critical equipment.

• Network Security Protection and Monitoring

BenQMaterials has developed the "Website Information Security Management Inspection Specification." Since 2021, vulnerability scanning and patching operations have been conducted on important system servers and websites. In 2022, the scanning scope was expanded to include network devices and increased the number and frequency of scans for system servers to enhance overall system security strength.

- Security Protection: Quarterly vulnerability scanning and patching improvement operations are conducted on systems and network devices. It is required to perform updates before the system goes online to avoid issues with outdated versions during regular scans.
- Monitoring Mechanism: In 2022, a cybersecurity check-up was conducted on devices, servers, and networks. This included malicious program scanning, event analysis and response, and firewall policy review. Improvement plans were proposed for each recommendation, and tracking was carried out.

• Information Security Incident Response Plan

- Annual Disaster Drills: In 2022, a disaster drill was conducted for the ERP system to strengthen the company's disaster response capabilities and minimize losses in the event of an incident.

• Information Security Education and Training

- Internal Education and Training: Every October is designated as Information Security Month at BenQMaterials. In 2022, online information security courses were provided to all employees, while middle and senior-level executives received information security lectures. Information security awareness activities such as videos, comics, interactive games, posters, and email announcements were organized to enhance the overall staff's awareness of information security. The entire company underwent online information security education and training in 2022, achieving a pass rate of 88%. The pass rate for information security lectures targeted at senior executives reached 80%, demonstrating improved training outcomes compared to the previous year.
- External Education and Training: In 2022, external information security consultants were engaged to provide "Cybersecurity Awareness and Education" sessions, aiming to strengthen the risk awareness of middle and senior-level executives and ensure the integration of information security concepts into daily operations. Information security personnel also completed information security certification courses (IEC 62443-2-1) to enhance their expertise in the field.

• Social Engineering Drills

Starting from April 2021, monthly electronic mail social engineering drills have been conducted to provide education and training to employees regarding email communication and related information security knowledge. The goal is to reduce the risk of employees clicking on malicious emails and enhance their awareness of email security. In the social engineering drills of 2022, the realism of the emails was strengthened, resulting in an email open rate and link click rate ranging between approximately 5% to 10%. Through continuous awareness campaigns and personnel training, the rate of accidental clicks has steadily decreased.

• Supplier Security Management

In April 2022, for the first time, information security risk assessments were conducted for 84 suppliers across various business groups. This evaluation not only provided external risk reference for the company but also offered information security guidelines to the relevant vendors. The aim was to enhance the overall security maturity and reduce potential risks associated with the suppliers.

• Information Security Insurance

BenQMaterials has been insured for enterprise information security risk management since December 2020. The insurance coverage includes expenses related to cybersecurity incidents such as operational disruptions, incident response, and recovery costs. Majority-owned subsidiaries are also included in the coverage to minimize losses in the event of an incident. The information security insurance has been consistently maintained in 2022.

» Information Security Planning

On the institutional level, BenQMaterials follows the ISO 27001 international standard to establish enterprise information security policies. In April 2022, the company obtained the ISO 27001 certification and is planning to transition to the new ISO 27001:2022 version in 2023. Various information security quantitative indicators have been established to continuously strengthen and improve the security management mechanism, enhancing the ability to respond to and handle security incidents.

On the technical level, the company has implemented a Security Operation Center (SOC), Endpoint Detection and Response (EDR), and Managed Detection and Response (MDR). These measures help establish real-time event detection and response mechanisms, strengthening proactive and reactive security capabilities.

Regarding personnel's awareness of information security, regular company-wide information security education and training, as well as email social engineering attack drills, are conducted to continuously enhance the security awareness of all employees. The goal is to ensure that information security concepts are integrated into daily operations. Efforts are being made to expand these practices to suppliers as well. Through security assessments and supplier education and training, the company aims to assist suppliers in enhancing their security capabilities and establish a protective network throughout the entire supply chain.



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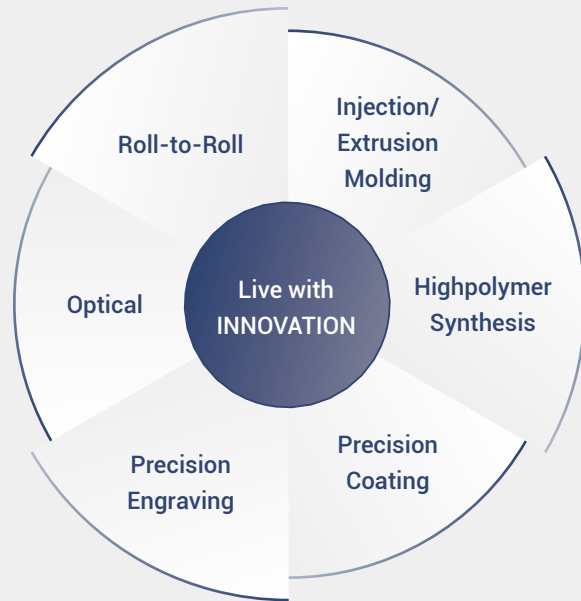
Chemical Management

Product Safety and Marketing Labels

Core Technology and Intellectual Property Management

» Six Main Core Technologies

From optical design and materials R&D to process optimization, after years of development and experience accumulation, we are now owner of two core materials technologies: optical multi-layer film design and polymer synthesis and four process technologies: reel-to-reel, precision engraving, precision coating and injection and extrusion molding.



» Product Manufacturing Process

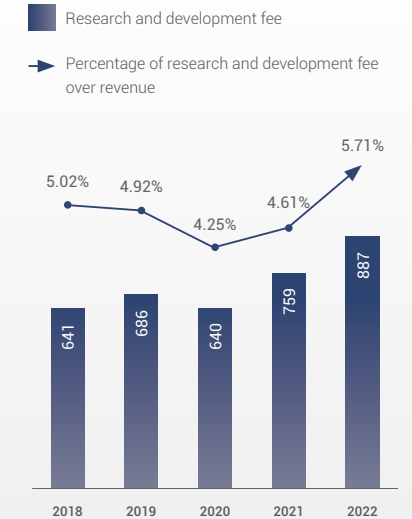
We have 10 ranges of products divided into following categories: display materials, battery materials, healthcare and nursing products, and textiles. After the independent production in five own business locations, functional films and isolation films are shipped to B2B customers, and non-functional films and functional textiles are by nature shipped to B2B customers, dealers, healthcare institutions, or e-commerce platforms. Please refer to our [ESG website](#) for details regarding the corresponding business locations of individual production lines and corresponding manufacturing processes of individual products.

» Intellectual property Management

Intellectual property is a key factor to the sustainable profit of an enterprise. To protect the research and development outcome and technical competitiveness, BenQ Materials actively encourages innovation and self-development. Intellectual property right strategy focuses on the core technologies and integrates the company's technology and product development and planning in priority, in order to continuously promote patent planning, and to protect technologies of high potential and innovative outputs generated during the production and business process through patent planning while implementing effective intellectual property management. BenQ Materials has qualified the Taiwan Intellectual Property Management System (TIPS) Class A certification in 2022, and adopts the systematic method to protect research and development outcomes while maintaining professional and technical competitiveness.



Historical Research and Development Investment Amount and Percentage





Intellectual Property Management Items

1

Establishment of task force: Through cross-department collaboration, the intellectual property management system is improved.

2

Implementation of intellectual property systematic management

3

Utilization of patent technology system: Patent technology trend is provided to the supervisors of technology research and product development units periodically, in order to share technology information and to review the company's strategies.

4

Periodic activation of research and development cycle and internal audit procedure: Through internal audit procedure, the acquisition, maintenance and utilization of intellectual property rights are ensured to be handled according to the regulations of the company.

5

Reward system encouraging employee innovation: Reward system is implemented to encourage employees to transform research and development outcome into intellectual property rights for protection (including patent applications or trade secrets)

6

Revision of employment contracts of employees: In addition to the provision that inventions made during the course of duties are treated as intellectual property rights of the company according to the laws, during the employment period and after resignation, employees are required to bear non-disclosure obligation and other relevant obligations for the intellectual property rights and trade secrets of the company.

7

Implementation of education and training: Relevant intellectual property education and training courses are organized, in order to improve the intellectual property concept and awareness of employees.

» Intellectual Property Management Outcome

From 2000 to December 2022, BenQMaterials has accumulated a total of 1,180 global patent applications and has obtained 770 granted patents. These patents have been filed in major markets and countries such as Taiwan, the United States, the European Union, Japan, mainland China, and India. The achievements of BenQMaterials' intellectual property management have been reported to the sixth board of directors on November 1, 2022.

Patent Outcome	Number of Applications	Number of Certificates Granted
2018 year	33	53
2019 year	46	30
2020 year	63	30
2021 year	44	37
2022 year	39	38

» Collaboration with Industry-Academia for Technological Innovation

In order to continuously enhance its innovative research and development capabilities and product competitiveness, BenQ Materials has actively collaborated and exchanged with domestic academic research institutions. The collaborative partners include the Industrial Technology Research Institute, National Cheng Kung University, National Taiwan University of Science and Technology, and Chang Gung University, all of which possess abundant research and development capabilities. Together, they have engaged in joint projects covering various technological fields such as smart healthcare, solid-state battery material research, material recycling and reuse, and biomedical technology.

In 2022, a total of 11 industry-academia collaboration projects were implemented, with research and development expenses exceeding 12 million NT dollars. The projects have yielded results and led to the filing of three Taiwan invention patents (one of which has been granted: TW1759106), two Chinese patents, and one US patent. For more information on intellectual property management, please refer to the [BenQ Materials official website](#).



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Sustainable Design and Innovation of Products

We start the sustainable design and development of products from the product life cycle, from design, manufacture, logistics, and even end-use, maintenance and repair, and scrap. We also combine the concept of circular economy with the design and innovation principles of structure optimization, eco-friendly raw materials, product safety, product packaging material reduction, low-impact elements, and recyclable materials, aiming to reduce the overall environmental impacts of products and create sustainable value.

» Display Materials

Design

Structure optimization	<p>Polarizer:</p> <ul style="list-style-type: none"> By reducing the total thickness of each layer by 30%, we reduce the total materials consumption of polarizers. <p>PDLC Smart Optical Film:</p> <ul style="list-style-type: none"> We produce the industry-thinnest PDLC optical films, only 8–10µm vs. market average at 15–20µm. We also produce the industry-thinnest ITO, only 50µm vs. market average at 188µm.
Better Materials	<p>PDLC Smart Optical Film:</p> <ul style="list-style-type: none"> Currently, our ITO has the industry-best appearance quality and optical coefficient. The series 97/95 have the industry-highest transparency and lowest haze after electrification.
Recyclable Materials	<p>Polarizer:</p> <ul style="list-style-type: none"> hemicals and packaging materials are recyclable for reuse to reduce the waste production of products. (please refer to the Circular Economy section in 5-6)
Low-impact elements	<p>Optical Film:</p> <p>Apart from reducing waste production, thinning the isolation film (indirect material) by 50% and the effective layers (direct material) by 60% can also reduce process electricity consumption to reduce carbon emissions by about 25%.</p> <p>Solvent-free pressure sensitive adhesives (PSA) are used to reduce the oven-drying time and the emission of volatile organic compounds (VOCs) into the atmosphere.</p> <p>Optical Adhesive:</p> <ul style="list-style-type: none"> Solvent-free process: Skip the oven process to reduce electricity consumption and hence carbon emissions; skip acid use to enhance process safety while reducing the emission of hazardous substances in the process.

Product safety	<p>Polarizer:</p> <ul style="list-style-type: none"> Each ingredient and material comply with the RoHS directive. <p>Optical Adhesive:</p> <ul style="list-style-type: none"> Yunlin Tech Plant passed the certification of quality management systems including ISO 9001 (quality) and ISO 14001 (environmental) and IATF 16949 (automotive). <p>PDLC Smart Optical Film:</p> <ul style="list-style-type: none"> Comply with the REACH/RoHS directives and GP regulations.
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Manufacture

High-Performance Manufacture	<p>Functional Film:</p> <ul style="list-style-type: none"> Implement inkjet printers in the rewinding line to enhance effective monthly capacity by 5%. Enhance the speed of the gluing machine from 35m to 38m of the coating line to enhance monthly capacity by 3%. Enhancing inspection exemption rate: Implement the specification optimization project to enhance inspection exemption rate from 69% to 78%. Simplifying operation traffic flow: Increase material dispensers to save daily handling labor by 25 labor hours.
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Logistics

Green Packaging	<p>Polarizer:</p> <ul style="list-style-type: none"> In 2022 the average recycling rate of recyclable cartons and finished product trays was 92.67%, achieving the target. (please refer to 4-3 Green Logistics) Increase product packaging capacity to reduce packaging materials by 1/3. <p>PDLC Smart Optical Film:</p> <ul style="list-style-type: none"> All packaging materials are recyclable for reuse. Based on the shipping record of recyclable packaging materials to dealers (Taiwan), we will ask dealers to recycle the paper reels, plugs, and plastic reels used in the previous shipment in the next shipment. (concentration) Paper reels of packaging materials have passed the green partner (GP) certification.
High-Performance Delivery	<p>Functional Film:</p> <ul style="list-style-type: none"> The 2022 carbon emissions reduced by 97 tCO₂e from 2021 to 3,322 tCO₂e. (please refer to 4-3 Green Logistics) The green logistics policy implemented in 2023 reduces sea transportation expenses, cut the abnormal transportation fees, and increase general sea transportation. Hence, carbon emissions in 2023 tend to reduce from that of 2022. (please refer to 4-3 Green Logistics)



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Use Maintenance and Repair Scrap

Polarizer:

- Reduce the iodine compound in the last row by adjusting dyeing iodine concentration and tensile rate and optimizing the alignment of triiodide to enhance penetration by 2% while maintaining polarizing capability at the same time.
- Enhance polarizer penetration by 2% through low-reflection surface treatment to reduce backlight LED consumption to reduce energy consumption at the same product brightness.

Optical Film:

- Changed material design in 2022 to reduce product reflection rate by 2% and enhance penetration rate by 2%.
- After enhancing penetration in 2023, the end-product electricity consumption can be reduced by 5%.
- Develop high-penetration materials for displays to reduce power consumption and carbon emissions at the same condition for customers.

Optical Adhesive:

- Enhance panel penetration to reduce light loss so as to reduce energy consumption by about 20%.

PDLC Smart Optical Film:

- High heat-shielding efficiency: When using on French windows and curtain walls, the UV shielding rate >99% and infrared shielding rate >87% can block UV from entering the interior to harm the human body and furniture and reduce heat. The laboratory of National Cheng Kung University (NCKU) proves that the product can effectively reduce aircon consumption by 13–18% to effectively reduce aircon power consumption, make it a great green building material. As there is no rivalry products in the Taiwan market so far, our PDLC smart optical film is the unique smart glass film that can block UV and infrared at the same time.
- Compared to other smart glass films, transparency after electrification: save electricity by 10–13%, power-off blocking state: save electricity by 13–18%.
- Compared to ordinary glass (NCKU container house under 20m²): Save electricity by 19%, equivalent to carbon emissions of 96.38kg CO₂e.
- Passed the self-verification 2500–3000h weather resistance (RA) reliability test and the QUV 1500 h validation by NCKU laboratory. Both have exceeded the industry requirements and standards.
- UV shielding and heat shielding are up to 99% and 87% respectively to effectively block heat from entering the interior to reduce the electricity consumption of home appliances, adding extra energy conservation and carbon reduction functions to the original privacy and transparency switch design to care for Earth.

High-
Performance
Products

Polarizer:

- Complete high weather resistance test (raise to 500–1000 h) in 2023 to reduce optical wavelength changes after weather resistance (RA) by adjusting chemicals and parameters of the manufacturing process.

Product Life

PDLC Smart Film:

- By passing the self-verification 2500–3000h weather resistance (RA) reliability test and the QUV 1500 h validation by NCKU laboratory, both exceeding the industry requirements and standards, we provide the industry-longest warranty period: 5 years (vs. one year in the industry). The estimated life is over 10 years.

Social Contribution

Polarizer:

- Eyecare products: Use low-reflection products to reduce ambient light from entering the human eyes to reduce the eye fatigue of users after long-time use.

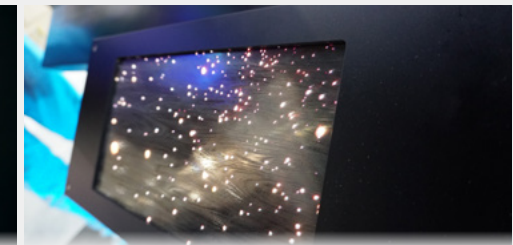
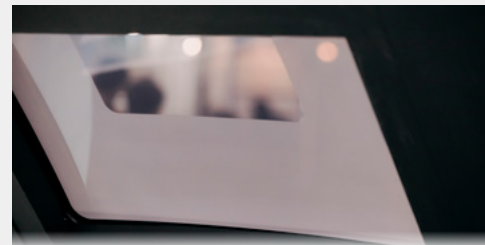
Optical Film:

Social

- High-penetration products can reduce the backlight quantity and brightness of displays to reduce the

Optical Adhesive:

- Enhance panel light-emitting efficiency and emit almost no hazardous substances in the manufacturing process to minimize the human hazards of displays.





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» **Advanced Battery Materials****Design**

Structure optimization	<p>Thinning key battery materials, the separator (isolation film) can also help enhance the energy intensity and power intensity of batteries. We will adjust the structure to develop thinner separators and develop new coating materials to reduce thickness while maintaining the same or improve the technical specifications.</p> <ul style="list-style-type: none"> Thin separators by 12-14μm. Thin coating by 4 \Rightarrow 1.5-2μm.
Better Materials	<ul style="list-style-type: none"> Use non-toxic water-based ceramic coatings.
Low-impact elements	<ul style="list-style-type: none"> Use polyolefin materials that are comparatively eco-friendly. Use organic-solvent-free process: Adopt the eco-friendly dry process for separator production.
Product safety	<ul style="list-style-type: none"> Independently verified QC mechanisms: Stringently meet the customer requirements and the ISO, IQC, IPQC, FQC, OQC, IATF 16949 standards to ensure the best quality of products for customers to use in battery and cell manufacturing processes without worries.

Manufacture

High-Performance Manufacture	<p>Enhance production efficiency and minimize energy consumption with smart manufacturing and powerful production experience.</p> <ul style="list-style-type: none"> Increase unit area output by 130% over last year and extend number of layers to 24. Support process extension for multiple layers to reduce electricity consumption by 9.2%.
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Logistics

Green Packaging	<p>Increase the length of each reel through reeling optimization and packaging design to enhance transportation efficiency and reduce packaging.</p> <ul style="list-style-type: none"> Increase the shipping length of products. Reduce packaging materials to enhance the container use rate and reduce transportation cost. In 2022 we reduced waste by 35.4MT through reel reuse. Recycled 45,198 reels for reuse by about 98%.
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Use Maintenance and Repair Scrap**Product Life**

The unique porous structure enables even pore diameter distribution on the battery separator for even distribution of charge and discharge currents. Low product curvature lowers the internal impedance of battery separators to enhance cell performance achieve quick charge and quick discharge and extend battery cycle life.

- The low internal impedance manufacturing process enhances battery cycle life.
- Special pore diameter control technology enhances batter cycle decline.

Social Contribution**Environmental**

- By enhancing process efficiency and yield rate, reducing waste, and making relevant improvements, the 2022 separator carbon emissions reduced by 50% over 2020, achieving the 45% target. In the future, we will continue to implement process improvement and thermal management to reduce carbon emissions.

Social

- Driven by the EV heat, lithium battery production is increasing exponentially, thus leading the production of the relevant waste. We will continuously extend material life to facilitate the raw material demand for lithium battery production and to reduce waste.





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» Healthcare and Nursing Products

Design

Structure optimization	<p>Skin Care:</p> <ul style="list-style-type: none"> Width optimization and alignment adjustment: Increase the unit mask and paper quantity of acne patches from 333 patches to 500 patches to enhance utilization rate by 6% and 20% respectively. Mass production is projected in 2024Q1. <p>Vision Care:</p> <ul style="list-style-type: none"> Use low-PP caps to reduce PP consumption by 60%. <p>Medical sterilization packaging:</p> <ul style="list-style-type: none"> Introduce the economy pack in 2023 to reduce the overall plastic consumption.
Better Materials	<p>Medical sterilization packaging:</p> <ul style="list-style-type: none"> Produce films with solvent-free bonding to reduce the human and environmental impacts of manufacturing process. <p>Skin Care:</p> <ul style="list-style-type: none"> Skincare products using "alcohol-free," "perfume-free," and "pigment-free" formulas. The marine-friendly formulas containing no Palau-prohibited substances are used for all sunscreen products.
Recyclable Materials	<p>Vision Care:</p> <ul style="list-style-type: none"> Recycle PP molds and PP cases of disposable contact lens, such as replacing non-toxic plastics, to achieve the circular economy goal of waste reduction and reduce environmental pollution.
Low-impact elements	<p>Skin Care:</p> <ul style="list-style-type: none"> Use solvent-free ingredients and processes to effectively reduce the human and environmental hazards and impacts of organic solvents. <p>Vision Care:</p> <ul style="list-style-type: none"> World-exclusive EautraSil@Plus technology. Resolve the incompatibility of silicone hydrogel without using solvents to avoid solvent residues and reduce the human hazards and risks of solvents to achieve no irritation and no allergy while enhancing oxygen transmissibility and comfort.
Product safety	<p>Medical sterilization packaging:</p> <ul style="list-style-type: none"> Passed the certification of the EU 2017/745 Medical Device Regulation (MDR) and completed US FDA certificate renewal. <p>Skin Care:</p> <ul style="list-style-type: none"> To ensure use safety for consumers, all patch products pass the cytotoxicity test, allergy test, and aging safety test. All skincare products also pass high-standard stability test, skin friendliness test, and functional tests.

Manufacture

High-Performance Manufacture	<p>Wound Care:</p> <ul style="list-style-type: none"> In 2022 we introduced the automatic folding machine and gauze yield rate improvement to enhance capacity by 56%. In 2022 we improved the single-lot silicon preparation dose to increase capacity by 25%. In 2022 we enhanced the yield rate by 10% of the ChitoClot Pad manufacturing process to reduce carbon emissions by 6.3%. In 2023 we will introduce the gauze folding machine to reduce packaging time by about 40%. In 2023 we will maximize the single-lot silicon preparation to increase capacity. <p>Skin Care:</p> <ul style="list-style-type: none"> Increasing machine speed: Apart from increasing yield rate increased by 11.1% from 73.2% to 84.3%, the output time was also reduced in 2022. Introducing the automatic feedback system: Through collaboration the automation team will develop image and program learning. After implementation in 2022, the projected acne patch deviation was 3,700 pieces while enhancing efficiency by nearly 2%. Implementing the automatic recognition system: In 2022 the visual inspection quantity accounted for 63.1%. In 2023 we will improve the middle-section AOI image recognition capability to replace human visual inspection with AOI recognition to reduce visual inspection from 63.1% to 35%. Reducing waste oil: Teaming up with the development for production collaboration, we analyze the composition of clean waste oil and optimize the cleaning process to effectively reduce waste oil production. In 2022 waste oil reduced by about 46% over 2021 to 9.1MT. <p>Vision Care:</p> <ul style="list-style-type: none"> Implement surface automatic optical inspection to increase utilization by 27% and capacity to 100pcs/hour. <p>Medical sterilization packaging:</p> <ul style="list-style-type: none"> Increase capacity by over 20% through machine speed optimization and automation. Enhance production efficiency and reduce process waste through process improvement and precision manufacturing.
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Logistics

Wound Care:

- Product packaging is 100% FSC-certified. Currently, we use a total of 55 types of paper containers in total. The switch to FSC-friendly packaging was completed by 43% in 2022, and 100% switch will be finished by the end of 2023.
- Apart from standardizing the specifications of exterior cartons in 2023, integration and consolidation of existing cartons will apply to new products, and revolving use and switch will be used based on sales need to reduce over 2,000 cartons in stock.

Skin Care:

- Product packaging is 100% FSC-compliant: Over 90% of products are packed with paper containers. Introduced the FSC-certified color boxes for the first time in 2022Q1. Over 50% were packed with such boxes in 2022. The 2023 target is 100%. The FSC certification for other packaging including display boxes and logistical containers will start in 2023 to progressively realize our forest sustainability commitment.
- Reduced consolidation from 2022Q3 to successfully reduce the 42% of cartons for consolidation and to reduce carton purchasing costs by NT\$83,000. Adopted integrated shipping in 2022Q4 to reduce transportation costs by NT\$50,000 with pallet shipping.
- Analyzed packaging materials consumption: Color boxes, cartons, and aluminum packs accounted for 86.5% of carbon emissions. Adjusted packaging portfolios to integrate multiple boxes into single box to reduce aluminum pack consumption and carton consumption at the same time. Used reusable containers when shipping to specific regions to reduce exterior carton use. The 2022 carbon emissions of packaging materials reduced by 18% over 2021.

Vision Care:

- Adjusting printing methods: Required information is printed in the interior of containers to reduce paper consumption.
- Reducing packaging materials: While online shopping is the most common in mainland China, after assessing the storage problems of old and new product packing formats, we started with reducing the container size of the monthly color disposable contact lenses. Apart from reducing the packaging materials for single packs, we also enhanced the transportation volume in each delivery.

Medical sterilization packaging:

- Reduced polyester strapping use to reduce over 400kg of waste each year to reduce the environmental burden.

Green
PackagingHigh-
Performance
Delivery

Wound Care:

- Plan centralization of third-party sterilization in 2023 to lower transportation frequency within the production-sales schedule and effectively capture the sterilization time and transportation frequency so as to reduce transportation length. It is estimated that over 2,000km of transportation, at least 800L of petroleum, and carbon emissions will be reduced in 2023.

Medical sterilization packaging:

- Plan smart logistics using the single-trip multi-destination model for domestic deliveries to reduce transportation of over 500km each year to reduce carbon emissions from vehicles. This will be implemented in 2023.

Use Maintenance and Repair Scrap

High-
Performance
Products

Wound Care:

- The average fluid absorption rate of ChitoClot Gauze is 14 times more than its weight, demonstrating excellent exudate absorbency. In bleeding management clinical trial, the bleeding management score of ChitoClot Gauze doubles than general gauze products.

Skin Care:

- The DermaAngel acne patch has excellent absorbency better than that of the market-leading brands by 3-5 times.
- Special matte surface finish.

Vision Care:

- The oxygen transmissibility is up to Dk/t193, which is 6 times that of traditional hydrogel. Oxygen reaches the cornea directly for the eyes to breathe smoothly.
- Unique color blocking technology keeps the pigmented layer in the middle layer and isolated from the eye for fade resistance.
- Solvent-free formula significantly enhances lens hydrophilicity and keeps eyeballs wet and smooth.
- Smart peripheral edge design effectively promote tears exchange and discharge metabolism to prevent helps improve surface wettability, reducing irritation and providing extra comfort lipid and protein from deposition.

Product
Life

Wound Care:

- Through special process technology, ChitoClot Gauze has a storage period of up to 5 years, higher than the 3-year life of ordinary gauze.



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Circular Economy (closed loop)

Vision Care:

- In response to the waste case problem of contact lens users, after assessment and collaboration with retailers, we will soon introduce the case reuse program. In addition to the waste cases of Miacare products, we can also recycle the waste contact lens cases of other brands from retailers at the same time. Apart from creating the secondary value of waste cases through recycling, we also encourage consumers to develop good recycling habits in addition to enjoying the convenience of disposal contact lenses.

Medical sterilization packaging:

- Currently, we are actively piloting reel use for self-produced films. Trials will start progressively in 2023.

Social Contribution

Environmental

Skin Care:

- Addition to the acne patch solvent-free process, we are also committed to reducing packaging materials, using materials with low environmental burden, and improving individual packaging without affecting the materials quality and warehouse operation to expand the scope of packaging materials reduction. In 2023 we will begin packaging "weight reduction" through material and specification assessment and packaging method optimization together with suppliers. Apart from reducing product weight and size, this can also reduce carbon emissions from transportation to contribute to environmental protection.

Social

Wound Care:

- Reduce health burden, contribute to home care and health nursing services, and help elderly people and persons with disabilities to improve daily life quality.

Vision Care:

- Protect and improve vision condition and provide the best eye care service.

Medical sterilization packaging:

- A sterile blocking system protects healthcare professionals and patients against hospital-acquired infections during related treatment behavior.





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» Waterproof and breathable textiles

Design

Structure optimization	<ul style="list-style-type: none"> Optimized application of thin film microstructure design and composite gel to enhance product performance and reliability.
Recyclable Materials	<ul style="list-style-type: none"> Utilization of recycled materials such as marine fishing nets and PET bottles for sustainable applications and optimal connectivity.
Low-impact elements	<ul style="list-style-type: none"> Solvent-free film production technology using low environmental impact, non-volatile organic compound (VOC)-free polymers.
Product safety	<ul style="list-style-type: none"> Intertex-certified materials free of perfluorooctane sulfonate (PFOS) and perfluorooctanoic acid (PFOA) to align with the trend of future sustainable applications. Micro-nano pore size design that meets the functional requirements of blocking bacteria in the post-pandemic era, tested through wet bacterial penetration testing (TTRI EN ISO 22610).

Manufacture

High-Performance Manufacture	<ul style="list-style-type: none"> Online fabric processing machine to increase fabric cutting efficiency by 50%. Introduction of automated packaging machine to enhance packaging capacity by 50%. Factory reassessment and addition of overhead cranes to reduce personnel and logistics movement, saving time wasted on station transfers. Addition of an automated adhesive dispensing machine to improve production efficiency. Optimized scheduling for concentrated production of products to avoid production capacity reduction due to changeovers.
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Logistics

Green Packaging	<ul style="list-style-type: none"> Reduction of core paper thickness from 3 inches to 2 inches for some shipped products, increasing fabric roll length and improving container space utilization, indirectly reducing transport trips and carbon emissions.
High-Performance Delivery	<ul style="list-style-type: none"> Consolidated shipments with customers, while meeting shipping deadlines, to maintain pallet recycling operations and further increase the overall recycling rate by 2% in 2022.

Use Maintenance and Repair Scrap

High-Performance Products	<ul style="list-style-type: none"> Establishment of a longer and more reliable product life cycle through BenQ Materials' core composite technology.
Product Life	<ul style="list-style-type: none"> Hydrophilic breathable materials with superior waterproof characteristics, ensuring resistance to hydrolysis and aging commonly found in polyurethane materials.

Social Contribution

Environmental	<ul style="list-style-type: none"> Resource waste reduction: Xpore minimizes power consumption while significantly increasing waste recycling rates. All Xpore processes strictly adhere to environmental regulations and do not generate any air or water pollution. Transforming the factory into a "green ecological park" to create a habitat for bees and tree frogs. Adoption of solar power generation to reduce carbon footprint.
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Green Logistics

» Green logistics policy

Net-zero emissions" is a global concern for businesses, and achieving net-zero is the ultimate goal. In addition to continuously improving the efficiency of electricity and water usage in our processes, BenQ Materials has implemented low-carbon circular management. This includes promoting low-carbon transportation to reduce carbon emissions caused by transportation, which is a primary focus of our green logistics policy.

Low-carbon Transportation

Planning for transportation optimization, implementation of combined type of transportation route, in order to reduce air freight weight, thereby achieving the goal of sustainable logistics and reduction of carbon emission.

Product packaging material reduction

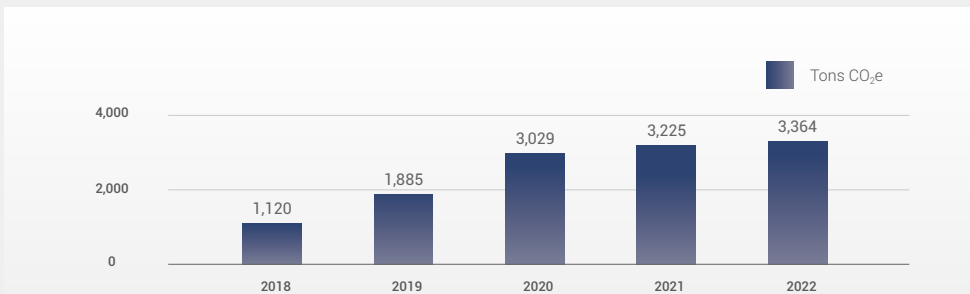
Change the disposable cartons to recyclable packaging boxes for the shipping method, and increase the times of use of use of packaging material, in order to reduce generation of waste.

Packaging Material/ Pallet Recycle

Use recyclable and reusable pallets for shipping, in order to prevent the use of disposable pallets, that may cause unnecessary wastes.

» Low-carbon Transportation

Since 2018, we have implemented a composite transportation system and adjusted our production plans specifically for display materials. Starting from 2023, we have gradually shifted back to regular sea freight and reduced air transportation. According to statistics from 2017 to 2022, we have achieved a cumulative reduction of 12,919 metric tons of CO₂e in carbon emissions. In the future, we will continue to implement low-carbon transportation policies and strive towards our net-zero emissions goal through low-carbon circular management.



Note: Carbon emission reduction equation: Number of transportation trips × [Carbon emission of single trip of transportation before implementation - Carbon emission of single trip of transportation after implementation]

» Low-carbon packaging

In order to promote sustainable packaging practices, we have implemented several policies for display materials, including "Verified Packaging Box Recycling," "Reduced Number of Product Shipments and Air Transport Usage," and "Recyclable Packaging Boxes." The aim is to encourage and lead customers to adopt these practices.

For our polarizer film products, we have transitioned from single-use cardboard packaging to "low-carbon packaging" for shipping. By implementing reusable packaging, we are able to reduce the environmental impact of packaging materials. Based on the shipment data from our polarizer film factory in 2022, the use of recyclable packaging boxes has resulted in a reduction of approximately 135 metric tons of CO₂e in carbon emissions through the reduction of one-time use packaging materials.



Note : 1. Packaging material recycling rate: Calculation method refers to Each packaging material recycling volume per month of the polarizer plant site ÷ Each packaging material shipping volume per month.

2. The packaging box carbon reduction coefficient data source refers to the statistics of Longchen Paper & Packaging that for 1 kg of recycled carton during the recycled waste paper process, the carbon emission is approximately 0.8 kg-CO₂e



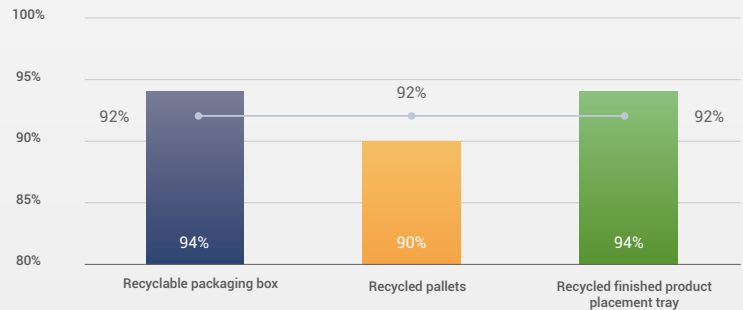
» **Low-carbon recycling and circularity**

BenQ Materials employs recyclable packaging materials and pallets for its polarizer business, accompanied by low-carbon recycling management to track the volume, recovery rate, and achievement rate of packaging materials. Through effective packaging recycling mechanisms, the company ensures the quality of recycled materials, extends the lifespan of packaging materials, reduces their usage and costs, and minimizes waste generation.

In 2022, the recycling rates for packaging boxes and pallets were 94% and 90% respectively. The recovery rate for finished product trays reached 94%. The overall recycling rate for packaging boxes and finished product trays in 2022 was 92%, showing an increase of approximately 0.67% compared to 2021 and meeting the 92% target. However, the target for pallet recovery rate was not achieved due to uncertainties related to transportation-related damages, which will be addressed as one of the improvement areas for BenQ Materials' recycling indicators.

The company continues to monitor the recycling status of customer returns and promptly arranges transportation for recycling, aiming for a recycling rate of 93% in 2023. Furthermore, in the advanced battery materials business, BenQ Materials utilizes recycled materials as substitutes to reduce the environmental impact of its products. In 2022, the utilization rate of core tubes reached 98%, resulting in a waste reduction of 35.4 metric tons. As the scale of other new business divisions, such as revenue and shipment volume, continues to expand, the company will also track recycling status and carbon emission data to further reduce carbon footprint and work towards the net-zero target.

Polarizer Packaging Recovery Rate %





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» Hazardous Substance Management

BenQ Materials has established the GP Core Team in 2010 and is committed to the promotion of Hazardous Substance Free (HSF) management. The company reviews the hazardous substance management current condition annually according to the international regulations, customer demands and environmental protection trend, in order to update the "Environmental Quality Assurance Management System Operation Standard" of BenQ Materials. All products are required to comply with the EU RoHS, EU REACH, including directives, international regulations of WEEE and customer demands. The company has established the material hazardous substance free management system, in order to ensure that all of the products of functional films and battery materials manufactured comply with the international regulations and relevant specifications of customers for hazardous substance management.

Raw material suppliers, process material suppliers, posterior cutting suppliers and shipping packaging material suppliers are linked in order to allow the upstream suppliers of the supply chain and BenQ Materials to form an effective green product industrial chain. Accordingly, effective control can be implemented at the source, thereby achieving products complying with the green product standard and reducing the impact of product manufacturing process on the environment. The number of non-use of hazardous substance applications in 2022 was 1,817 cases, and the compliance rate was 100%

Hazardous

Identify international regulations and customer demands

BenQ Materials hazardous substance management guidelines

Request suppliers to provide compliance documents

Respond to provide green supporting documents complying with customer's requirement

Number of HSF Product Applications

Product	Number of Applications	Compliance Rate
Functional Film	1,284	100%
Isolation Film	26	100%
Functional textiles	9	100%
Contact Lens	207	100%
aesthetic medicine products	190	100%
Biomedical products	101	100%
Total	1,817	100%

» Hazardous Substance Management Outcome

1

Products comply with EU RoHS completely: All products of BenQ Materials comply with the EU RoHS standard for the requirements on the concentrations of lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyls, polybrominated diphenyl ethers, etc. In 2016, to comply with the RoHS 2.0 regulatory requirements, BenQ Materials included phthalates (DEHP, BBP, DBP, DIBP) in the product test, and the test result was "Negative."

2

Electronic product Halogen Free (HF) requirement: General customers' demand for HF refers to that the individual content of bromine and chlorine in the product is <900ppm respectively, and total content <1500 ppm. According to the more rigorous requirement of BenQ Materials, the individual content of bromine and chlorine is <800 ppm respectively, and all products of BenQ Materials are able to satisfy the aforementioned requirement.

3

Product hazardous substance list disclosure: Regarding EU REACH, for the hazardous substances announced by EU REACH and the Substance of Very High Concern (SVHC) subsequently announced, BenQ Materials has conducted investigations on suppliers after the announcement of SVHC by EU REACH, and the investigation result is disclosed to customers in good faith.

In 2022, the EU REACH announced the 26th and 27th batches of Substances of Very High Concern (SVHC), consisting of a total of 5 substances. In the same year, we conducted 324 customer surveys for 21 customers in the polarizer industry, 9 customers in the optical materials industry, and 6 customers in the battery materials industry. We have faithfully disclosed the survey results.

» Supplier Chemical Management

By establishing a connection with raw material suppliers, process material suppliers, cutting facilities, and shipping packaging suppliers, we aim to form an effective green product industry chain with upstream suppliers of BenQ Materials. This allows us to effectively control and manage the environmental impact of the product manufacturing process from the source, ensuring compliance with green product standards and reducing environmental impact.

Supplier management process: BenQ Materials manages declaration information through the "Supplier Portal" and undergoes internal approval. The documents can be accessed and queried within the system, and supplier testing reports need to be uploaded and updated annually.



Product Safety and Marketing Labels

» Medical Device Specifications and Certifications

Before the sale of any medical devices sold by BenQ Materials in various countries, it is necessary to obtain the required national regulations and certifications of the respective sales regions. Currently obtained certifications include Taiwan TFDA, EU CE, US FDA, China CFDA, and others. For detailed information on product certifications in different countries, please refer to [the BenQ Materials ESG official website](#).

During clinical trials, products must also comply with the EN ISO 14971:2012 Medical Device Risk Management Standard and ISO 14155:2011 Guidelines for Clinical Evaluation of Medical Devices. These standards ensure that risk management in product development and processes such as design, conduct, documentation, and reporting of clinical trials comply with the specified guidelines, ensuring that clinical trials are conducted scientifically and produce reliable results. Additionally, the sterilization packaging series of products must pass the ISO 10993:2018 Medical Device Biocompatibility Testing before shipment.

» Medical Device Manufacturing and Sales Licenses

BenQ Materials is a medical device manufacturer that has obtained the necessary licenses and registrations to engage in the manufacturing of medical devices. After being approved and registered, the company is authorized to manufacture medical devices in compliance with the safety regulations and requirements set by each country. The products are manufactured by licensed manufacturers who meet the specific criteria for producing such devices.

For the sale of medical devices, BenQ Materials must also obtain a pharmaceutical sales license as well as product registration to comply with the regulations in each market. Additionally, for the distribution of contact lenses, which are considered medical devices, they can only be sold to end consumers through channels authorized by holders of pharmaceutical sales licenses.

BenQ Materials is committed to complying with all necessary manufacturing and sales licenses and registrations to ensure the quality and safety of its medical device products, as well as to meet the regulatory requirements of each market.

» Medical Device Labeling and Marketing Regulations

• Medical Device Packaging Labeling Regulations

1.The transportation packaging should be clearly and permanently labeled with the product catalog number, quantity, manufacturer or supplier name/trademark, production date in accordance with ISO 8601 format, lot number, standard weight per square meter (expressed in grams), roll width (in centimeters) and length (in meters), recommended storage conditions, etc.

2.The labels on the inner packaging or roll should be clear, legible, and securely affixed with the quantity, manufacturer or supplier name/trademark, lot number, and standard weight per square meter (expressed in grams).

• Medical Device Labeling Regulations

The labeling of various medical devices must comply not only with the relevant regulations for medical devices in the country of sale but also with the standard EN 1041:2008 for information provided by medical device manufacturers, as well as the standard ISO 15223-1:2016 for symbols used in medical device labels and information. The disclosure information for each product should be prepared based on the label symbols specified in the standards.

For products falling under the regulation of the Medical Device Management Act, such as skincare products, necessary information must be included in the medical device labels, instructions for use, or packaging. This information includes the product name, license number or registration number, performance/intended use or indications, manufacturing date/expiration date or shelf life, model/specification or main ingredients, warnings/precautions/usage restrictions or foreseeable side effects, name and address of the license holder or registrant, name and address of the manufacturer, batch number or serial number, and other information that should be included as announced by the competent authority.

• Medical Device Marketing Regulations

Medical devices and related products must comply with the relevant laws and regulations regarding medical device advertising and marketing in each country. Taking Taiwan as an example, prior to conducting medical device advertising and marketing, all information, including text, images, or words, must be submitted to the competent authority for approval. There are also restrictions on the promotional methods, and advertising cannot be conducted through the use of another person's name, publications/documents, interviews, or other inappropriate means.

For example, in the case of contact lenses, which fall under the regulations of the Medical Device Management Act, whether it is print or media advertising, it must comply with the advertising review regulations for medical devices set by the Ministry of Health and Welfare. The Food and Drug Administration of the Ministry of Health and Welfare provides guidance on the advertising laws and review principles for medical devices, which are promptly disseminated to relevant departments for implementation. The content of trial articles for brand products published by brand-endorsed influencers is reviewed by regulatory authorities to ensure compliance with advertising laws and regulations.



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Environmental Management

» Environmental Development Progress

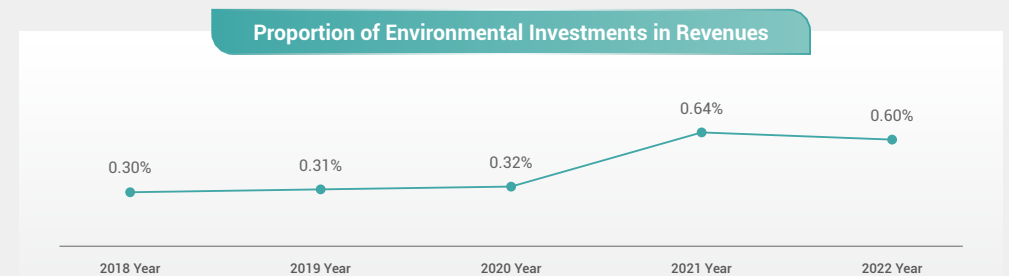
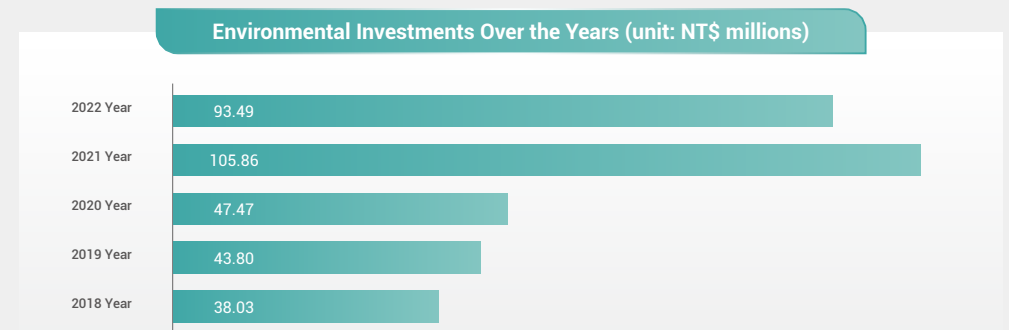


» Environmental Management Objectives

BenQ Materials has established a comprehensive environmental management mechanism, which includes relevant management measures for energy and greenhouse gas management, water resource management, and waste management. We actively manage energy and resource usage in various aspects and have set environmental management goals. In addition to monitoring international environmental issues and trends, BenQ Materials conducts internal audits and external third-party verifications annually to ensure the effective operation of the management system. Our important operational sites have obtained ISO 14001 and ISO 50001 certifications. We are also working towards obtaining ISO 46001 certification for water resource management system at our Taoyuan factory by 2023.

Item	Objectives
Climate Change Management	Reduce greenhouse gas emissions (Scope 1 and 2) compared to the baseline year (2020)
	Increase the share of renewable energy in the overall energy mix
Energy Management	Decrease energy intensity (non-renewable energy) compared to the baseline year (2020)
	Promote energy conservation among all employees (annually)
Water Management	Reduce water intake intensity (non-renewable water) compared to the baseline year (2020)
	Improve water resource reuse rate
Reduce, Reuse, and Recycle to Achieve Zero Waste Production	Increase waste recycling rate

» Environmental Investment Costs



註：包含廢棄物處理費、污染防治費用與設備投資。



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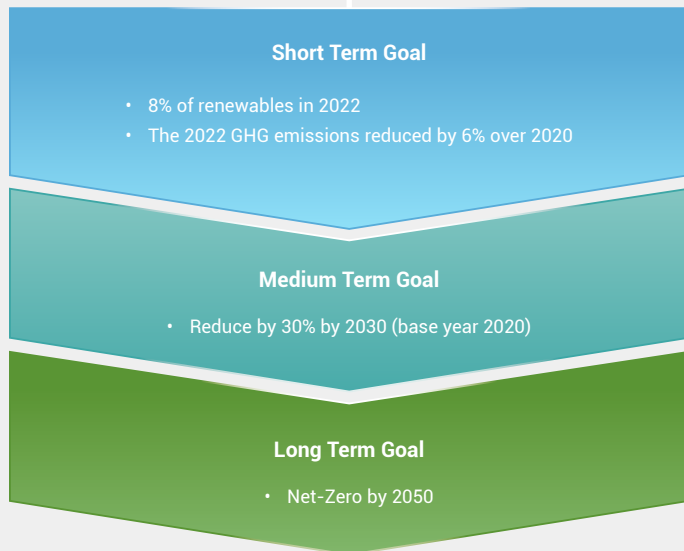
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Climate Change Management

Short-, medium-, and long-term carbon reduction targets and strategies are established based on the Net-Zero 2050 carbon reduction strategy and target set by the ESG Committee in 2021, as well as the GHG inventory information and corporate development trends. In response to climate change mitigation and adaptation, strategically we implement the ISO 14001 environmental management system (EMS), the ISO 50001 energy management system (EnMS), and various resource conservation activities. In recent years, apart from engaging in AI technology use, new equipment investment, production efficiency enhancement, and low-carbon production transformation, we have also built solar PV system to use renewables, actively developed low-emission green products, and teamed up with partners of the sustainable supply chain to develop towards a low-emission, green, and sustainable business.



Short Term Goal

- 8% of renewables in 2022
- The 2022 GHG emissions reduced by 6% over 2020

Medium Term Goal

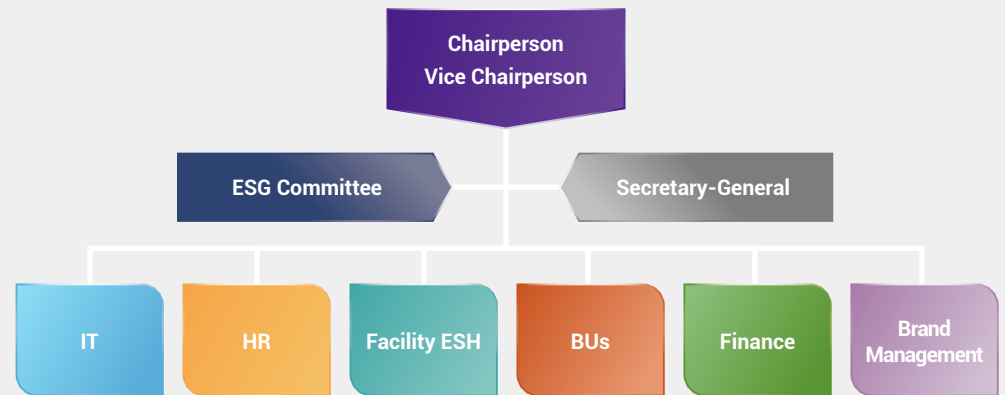
- Reduce by 30% by 2030 (base year 2020)

Long Term Goal

- Net-Zero by 2050

» Climate Change Management Working Team

We establish the "Climate Change Management Working Team" chaired by the chairperson & CEO and co-chaired by the president, with top-tier officers of each unit being members, the CFO and risk management unit being the secretary-general to unfold related activities within the TCFD-recommended framework.



» Strategy and action plan for climate change management

After identifying and assessing climate-related risks and opportunities based on the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD), we identified five major risks and opportunities. Through integrated consideration of the urgency, derivative benefits, economic benefits, and technical feasibility, we drew up 19 climate adaptation action plans. In 2022 the Climate Change Management Team began to hold the internal management review meeting each year and integrate with the existing risk management system to review and direct the Company's relevant issues, including climate change strategic goals and action plans.





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• TCFD Operation and Management Framework

Governance

- The Board periodically review climate-related risks and opportunities.
 - Periodic report the operation of climate-related issues to the Board and Audit Committee from 2022. The past report was made on November 1, 2022.
- The Board receives climate-related education and training.
 - Each month the ESG Committee shares environmental, social, governance (ESG) information to capture climate-related issues.
 - In 2022 directors and management received a total of 39 hours of climate-related training for the annual training. Please [refer to p.26 of the annual report for the name of courses](#).

Strategy

- Based on the methodology for assessment of climate-related risks and opportunities, the internal definitions include:
 - The time frame for potential impact occurrence: short term 0-3 years, medium term 3-5 years, and long term 5-10 years.
 - Considerations of the significance of risk impact include asset and financial impact, product and service impact, personnel impact, and reputational impact.
- Through identification and assessment, we focus on five major risks and opportunities:
 - Physical Risk: including weather events
 - Transition Risk - Policy and Legal: including the carbon pricing mechanism and compulsory renewables use.
 - Market: Increased cost or shortage of materials.
 - Technology: Unsuccessful investments/R&D of low-emission substitution products.
 - Reputation: Increased stakeholder concern or negative stakeholder feedback.
- Directions of scenario settings include:
 - Transition scenario: National carbon reduction target
 - Physical scenario: RCP 8.5

Risk Management

- Establishing the process for identifying climate-related risks based on the TCFD-recommended framework:
 - Based on the TCFD-recommended framework, identify and assess climate-related risks, including the current laws and regulations, emerging laws and regulations, legal, policy and legal, technology, market, reputation, and physical risks (acute and chronic).
 - Prioritize and analyze risks based on the identification and assessment results and report to the annual management review meeting of the Climate Change Management Working Group to ensure the effectiveness of operation.
- Including climate-related issues in the corporate risk management process
 - Include high-risk issues in the management meeting for management; review the changes in transition and physical risks every year; and make rolling adjustment to the adaptation action plans. ([Please refer to 3-5 Risk Management of this report](#).)

Metrics and Targets

- Metrics for climate change performance management have been set:
 - Ratio of renewables: 30% of renewables use by 2030.
 - Development of low-emission and low-carbon products and technologies
- Perform GHG inventory in accordance with ISO 14064-1:2018, review potential risks, and establish feasible mitigation strategies every year:
 - Conduct ISO 14064-1:2018 GHG inventory and pass third-party assurance (with certificate).
 - Reduce GHG emissions by 30% by 2030 over 2020 (base year).
 - Achieve net-zero emissions by 2050 and key climate-related targets, such as product design.



• Management Approach for Physical and Transition Risks

Risk Category	Aspect	Challenge and Opportunity	Management Approach	Number of Action Plans
Physical	<ul style="list-style-type: none"> Extreme weather events. 	<ul style="list-style-type: none"> Challenge: Increase the cost of risk management; business disruption due to poor response. Opportunity: Reduce carbon emissions and environmental impacts, reduce risks and costs, and enhance competitiveness and sustainability. 	<ul style="list-style-type: none"> Enhance the resilience of the in-house power system. Enhance the resilience of the in-house water system. Consider extreme weather events at the design phase of new plant construction. 	
Transition	<ul style="list-style-type: none"> Policy and legal: including carbon pricing and compulsory renewables use. 	<ul style="list-style-type: none"> Challenge: Increase operating cost; various operational uncertainties due to policy and legal changes. Opportunity: Accelerate promotion of the internal low-carbon operating model to enhance internal concern about the reduction and control of carbon emissions to enhance market competitiveness. 	<ul style="list-style-type: none"> Build solar PV installations. Promote energy conservation and carbon reduction activities and enhance energy efficiency. Participate in the domestic green power market to introduce green energy. 	
	<ul style="list-style-type: none"> Market: Increased cost or shortage of materials. 	<ul style="list-style-type: none"> Challenge: Increased operating costs or disrupted materials supply. Opportunity: Exploring new markets and closer supply chain partnership 	<ul style="list-style-type: none"> Alternative materials deployment and initiation. Energy conservation and carbon reduction guidance for suppliers. 	
	<ul style="list-style-type: none"> Technology: Unsuccessful investments/R&D of low-emission substitution products. 	<ul style="list-style-type: none"> Challenge: Shifts in consumer choices to other suppliers for failure to meet customers' demand for low-emission products or technologies; increased internal R&D costs. Opportunity: Reduced internal operating costs and cultivation of new markets for low-emission products. 	<ul style="list-style-type: none"> Design and development of low-emission products. Waste reduction in production and recycling for reuse. Reduction of packaging materials. 	
	<ul style="list-style-type: none"> Reputation: Increased stakeholder concern or negative stakeholder feedback. 	<ul style="list-style-type: none"> Challenge: Failure to meet stakeholder expectation and impact on corporate reputation and operations. Opportunity: Improve corporate green image through information disclosures to increase positive stakeholder concern. 	<ul style="list-style-type: none"> ESG performance disclosures and stakeholder communication. Establish and implement publicity campaigns to improve corporate in consumers. 	



» Greenhouse Gas Management

• GHG inventory

With reference to the ISO 14064-1:2018 GHG inventory standard and the Greenhouse Gas Protocol published by the World Resources Institute, we have established the GHG inventory mechanism, began to progressively establish the GHG emissions list of various manufacturing locations in 2008, and inventory GHG each year. Subsidiaries including Cenefom and Genejet Biotech will introduce and implement the GHG inventory mechanism in 2023.

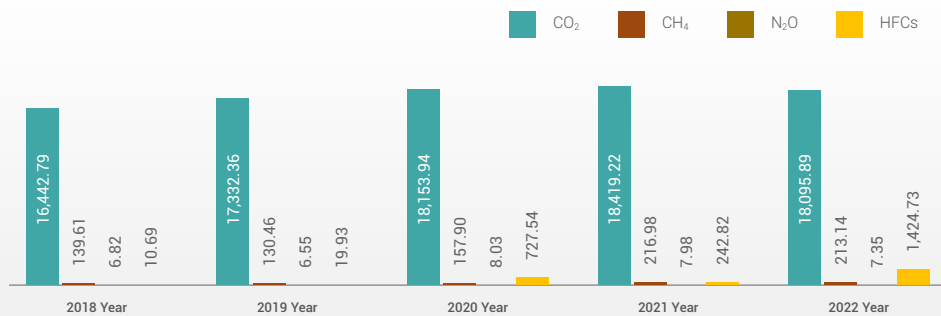
We have two major sources of GHG emissions, including the CO₂ produced from the purchased electricity used in the manufacturing process and the gas and petroleum used in internal operations.

In 2022 we re-identified the categories of indirect (Scope 3) GHG emissions through assessment through activity data collection and based on the ease of access to supply chain GHG emission factors to identify select the categories of indirect (Scope 3) GHG emissions for this year, including the following six categories: upstream transportation and distribution, business travel and employee commuting, purchased goods and services, capital goods, and waste generated in operations.

The 2022 GHG (Scopes 1 and 2) emissions reduced by 11.17% over 2021 and 8.02% over 2020 to 52,923.32 tCO₂e. GHG (Scopes 1 and 2) emissions intensity began to progressively reduce in 2017. The 2022 unit intensity reduced by 5.79% over 2021 and 10.92% over 2020 to 3.41 tCO₂e/NT\$ million.

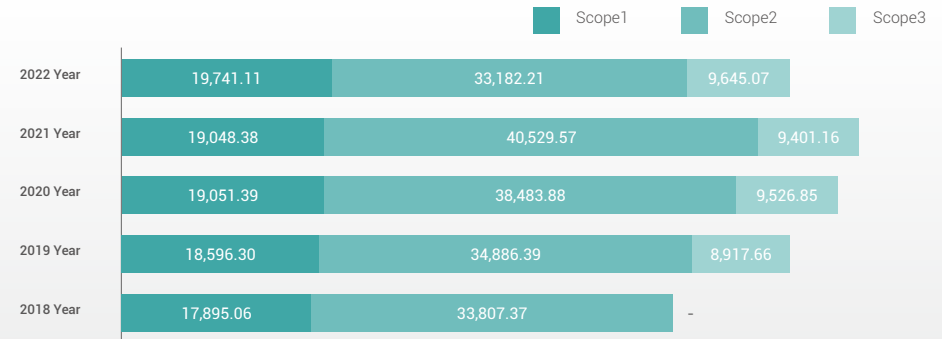
The 2022 GHG (Scope 3) emissions reduced by 2.59% over 2021 and 1.24% over 2020 to 9,645.07 tCO₂e.

GHG Emissions (by emission by) (unit: t)

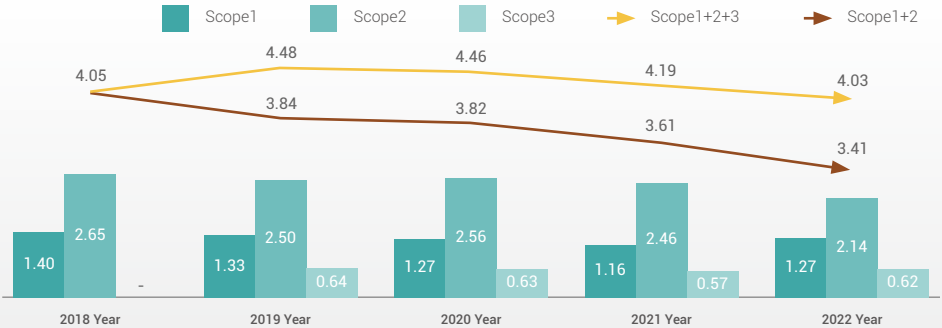


Note: We did not have PFCs and SF₆ emissions.

GHG Emissions (by scope) (unit: tCO₂e)



GHG Emissions Intensity Over the Years (unit: tCO₂e/NT\$ million revenue)



¹Boundaries of GHG inventory: BenQ Materials HQ, Taoyuan Plant, Longtan Tech Plant, Yunlin Tech Plant, Suzhou Plant, Wuhu Plant, and SIGMA Medical Supplies, Haihu Plant, BMC (No. 28), BMM, and DTB; Scope 3 inventory of HQ and all plants in Taiwan and overseas plants started in 2019 and 2022 respectively.

²We inventoried GHG in accordance with ISO 14064-1:2018 and implemented third-party verification by external certification bodies. Plants in both Taiwan and mainland China passed the verification in 2022.

³Emissions from electricity consumption in Taiwan were calculated based on the 2022 electricity carbon emission factor at 0.509kg tCO₂e/kWh announced by the Bureau of Energy.

⁴The power emission coefficient of business locations in China refers to the "2019 China Regional Grid Baseline Emission Factor" announced by the Ministry of Ecology and Environment Bureau, PRC, and the Eastern China regional grid conversion coefficient is 0.7921 tCO₂e/MWh.

⁵For the fuel and coolant emission coefficient, the research and summary information of the greenhouse gas emission provided by the Environmental Protection Administration, Executive Yuan – Emission Coefficient Table Version 6.0.4 is used

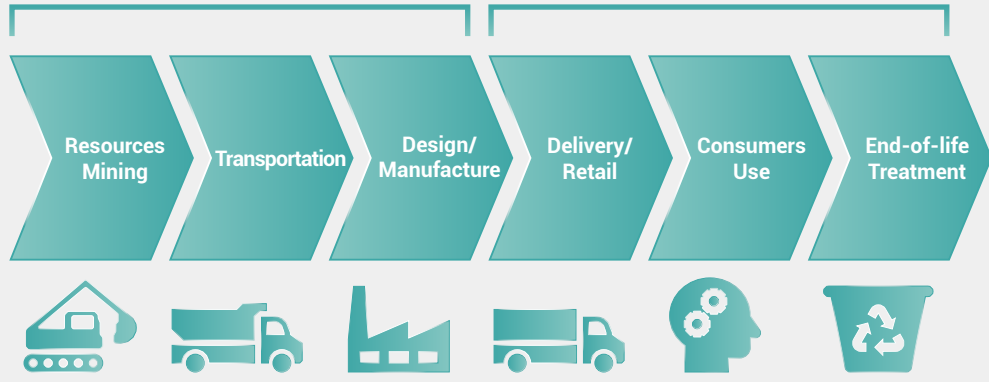


• **Product carbon footprint verification**

In addition to capturing organizational GHG emissions, we also continuously reduce product GHG emissions by and assess product GHG emissions based on the product's life cycle. In 2022 we started carbon footprint verification (CFV) on the textiles (product functional fabrics) and polarizer (product polarizer materials) business units. We obtain the Verification Opinion Statement of Greenhouse Gases (Cradle-to-Gate) in October 2023. Apart from providing a reference for establishing appropriate carbon reduction measures, voluntary CFV also enables customers to understand and calculate the carbon footprint (CFP) of their products and provides customers with added value.



The current scope of fact-checking is until now



• **Establishment of carbon management platform**

In 2022 we started "Carbon Management Platform Construction." At stage 1, we performed digital transformation of daily activities. The IT department developed the e-form system to collect data of GHG emissions in daily activities to build the carbon emissions database. Currently, data collection has been completed for direct (Scope 1) emissions from fuels, indirect (Scope 2) emissions from purchased electricity, and indirect (Scope 3) emissions from employee commuting and waste generated in operations. In the future, we will progressively expand the scope of data collection.

After the statistical analysis of the data collected through the Carbon Management Platform, we locate the hotspots and trends of emissions and discuss the reduction targets and performance through periodic review meetings, making the platform an important tool for setting reduction targets at different stages.

• **Internal Carbon Pricing**

BenQ Materials has implemented an internal carbon pricing of NT\$1,650 per metric ton (approximately \$55 USD). In evaluating new investment projects in the future, the company will utilize the shadow pricing method to estimate potential carbon costs and incorporate both the carbon costs and emission reduction benefits into the final investment decision-making process. This approach ensures that the impacts of carbon emissions are reflected in the decision-making of new project investments, allowing for effective anticipation and management of potential carbon costs.

• **Piloting internal carbon tax mechanism**

In response to the global net-zero target, businesses are accelerating their net-zero transformation. In 2023 we piloted the internal carbon tax system by pricing GHG rates of different business units and charging them the carbon tax based on their carbon emissions from energy consumption to internalize the external cost of GHG emissions in advance so as to urge the internal carbon reduction action and business process optimization for carbon reduction.





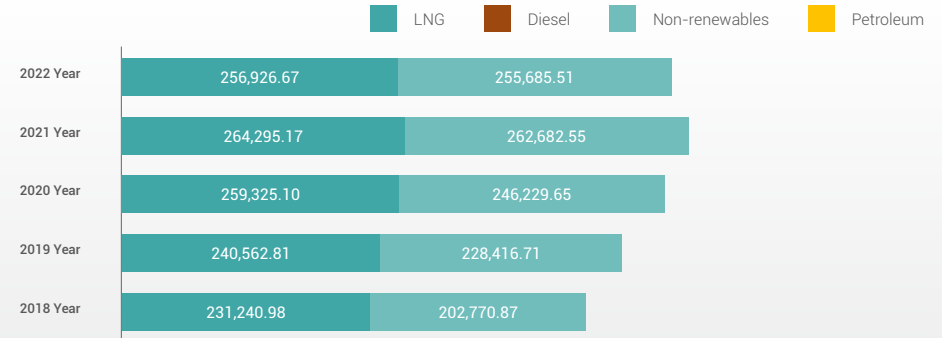
Energy Management

» Energy consumption data

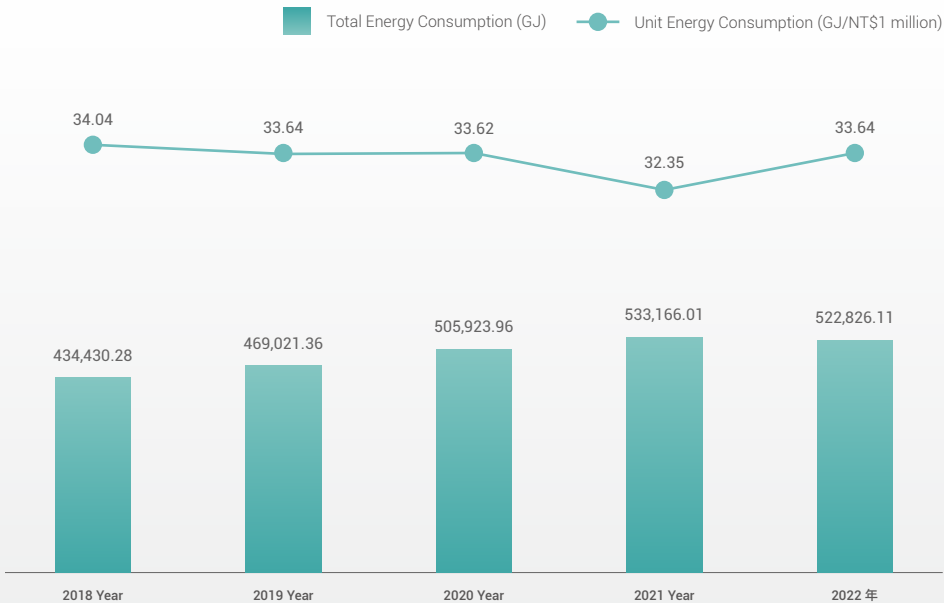
In 2022 non-renewables including natural gas and purchased electricity were the major types of energy we consumed, while diesel was the second highest. The total 2022 energy consumption included 6.8197m3 of natural gas, 73.5551 GWh (including non-renewables and renewables) of electricity, 1.234Ml of petroleum, and 1.994Ml of diesel. In terms of heat value, it was 522,826.11 GJ (109 joule), reducing by 1.94% over 10,339.90 GJ in 2021.

When calculating total energy consumption using revenues as the denominator, the 2022 energy intensity ratio (energy consumption/NT\$1 million revenues) was 33.64 (GJ/NT\$1 million), increasing by 1.29 (4.0%) over 2021.

Energy Consumption Over the Years (non-renewables) Unit: Gigajoules (GJ)



Energy Consumption Intensity Over the Years



» Action and Performance of Reduction

To mitigate global warming and to lower the operational risk from climate change and enhance the effectiveness of green production, we continue to take actions in energy conservation, emissions reduction, green manufacturing, and recycling to reduce energy and resources use and consumption.

In 2022 we implemented 25 electricity conservation projects, reducing carbon emissions by 1,207.7 tCO₂e in terms of the annual total energy consumption at 2.406 GWh. In 2022 we implemented 4 natural gas projects, reducing carbon emissions by 555.6 tCO₂e in terms of the annual total energy consumption at 294,000m³.

Item	Major Energy Conservation Measures in 2022
1	Introduction of the super-high performance active magnetic bearing compressor for the compression dryer air (CDA) system.
2	Reduction of chiller system energy consumption: Introduced super high-efficiency fan propellers to the cooling tower; replaced aged cooling materials; installed the AI smart load prediction/chiller energy conservation operation model.
3	Installation of the air-bearing blower in the biological tank in the wastewater treatment plant.
4	Introduction of smart high-performance energy-efficient lifts.
5	Installation of the waste heat recovery boiler to the regenerative thermal oxidizer (RTO).

*The boundary of energy management disclosure in 2022 included subsidiaries Cenefom and Genejet Biotech.



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Year	Electricity conservation effectiveness (kWh)	Emissions reduction effectiveness (tCO ₂ e)
2020	707,809	355.32
2021	779,358	391.24
2022	2,405,830	1,264.99

*Scope 2 for all.

Year	Natural gas conservation effectiveness (m ³)	Emissions reduction effectiveness (tCO ₂ e)
2020	341,808	646.02
2021	505,615	950.05
2022	293,972	552.37

*Scope 1 for all.

In 2023 we will replace old large equipment including aircon chillers and steam boilers; assess the benefits of implementing high-efficiency smart control and the use of waste heat recovery process technology; replacing lighting fixtures with energy-efficient LED models and FFU with DC motors to continuously implement energy conservation and carbon reduction to reduce energy consumption.

IT Data Center Energy Efficiency and Public Cloud Status

- Currently, approximately 90% of the existing information data centers have been transformed into centralized private cloud virtual environments, resulting in a 60% decrease in power consumption.
- External services, including employee mobile app self-service and brand official website, will be transitioned to external cloud hosting management, reducing the growing electricity consumption of the information data centers.

» Renewables use

• Self-developed renewables

In 2021 we began to build solar PV systems in each plant for self-generation of electricity for self-consumption to reduce purchased electricity and carbon emissions. The solar PV projects at Yunlin Tech Plant and Taoyuan Plant were completed in 2022. Operation will start in 2023Q1 to supply electricity for self-consumption. The annual general capacity of all plants will reach 2.53GWh. In 2023 we will continue the PV system expansion of Yunlin Tech Plant.

Year	Generation capacity (kWh)	Energy consumption (GJ)	Carbon reduction (tCO ₂ e)
2021	1,379,200	4,965.06	1,014.04
2022	2,530,591	2,530,591.42	1,886.56

*Figures were calculated using the electricity carbon emission factor announced by the Bureau of Energy of Taiwan and the Regional Grid Baseline Emission Factor of East China.

• Purchased renewables

We team up with renewables retailers to progressively obtain more renewables. In 2022 Suzhou Plant in mainland China purchased the renewable energy certificates issued by IREC to announce voluntary reduction of carbon emissions from purchased electricity of Suzhou Plant and Wuhu Plant in 2022.

In 2023 we will increase purchasing the Taiwan renewable energy certificate (T-REC) for solar PV wheeling to Taoyuan HQ. In the future, we will assess the increase in renewable purchase of all plants to reduce the carbon emissions from electricity.





Water Resource Management

Setting out from sustainable water use, we plan the four strategic stages: wastewater reduction, wastewater recycling, new water source cultivation, zero wastewater discharge by extending the three water principles: consumption inventory, conservation measures, and recycling. Reduction and recycling begin with domestic water use, process water use, aircon water use, and boiler water use to progressively enhance water efficiency and improve water use strategies. In 2023 we will implement the ISO 46001 water efficiency management systems and pass the certification.

» Water Consumption Overview

Water consumption in each plant can be divided into process water use, firefighting water use, and domestic water use. The withdrawal sources and suppliers of each plant are disclosed by location.

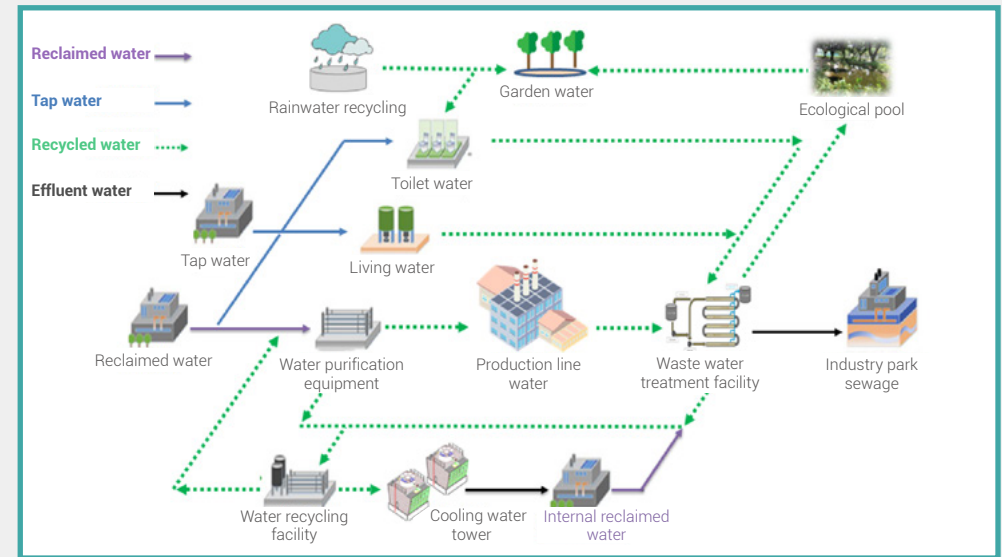
Water Sources and Uses :

Business Location	Withdrawal Source	Usage			Supply Unit
		Process	Firefighting	Living	
Taoyuan Plant	Shihmen Reservoir, and some from groundwater	●	●	●	Taiwan Water Company
Longtan Tech Plant	Shihmen Reservoir	●	●	●	Taiwan Water Company
Yunlin Tech Plant	Hushan Reservoir and Jiji Weir	●	●	●	Taiwan Water Company
Suzhou Plant	Yangcheng Lake Area (Yangtze River water consumption scope)	▲	●	●	Suzhou Qingyuan Water Resource Ltd.
Wuhu Plant	Yangtze River	●	●	●	Wuhu Huayen Water Resource Ltd.
Cenefom	Feicui Reservoir	●	●	●	Taiwan Water Company
Genejet Biotech	Yonghe Reservoir	●	●	●	Taiwan Water Company

▲ : Suzhou Plant is mainly for the posterior manufacturing process, and the factory water use demand is for air conditioning use only.

Currently, all plants in Taiwan have installed wastewater recovery and treatment facilities, and discharged wastewater is all transported to the sewage treatment plant in the industrial park where each plant is located for further treatment. The sewage treatment plant of each industrial park has set the water quality standard for incoming sewage and only qualified sewage will be discharged. The domestic sewage of Suzhou Plant is discharged into the urban sewerage network for centralized treatment by the urban treatment plant. Wastewater from cleaning coating fabric rollers is the major process wastewater of Wuhu Plant. After flocculation and sedimentation, it is discharged to the sewerage network via the septic tank together with domestic sewage. The 2022 effluents of all plants met the relevant requirements.

Plant Water Consumption Process :



Wastewater discharge standard and inspection items :

Business Location	Wastewater Discharge Standard	Inspection Item
Taoyuan Plant	Sewage Water Quality Standard of Guishan Industrial Zone Service Center Sewage Treatment Plant	Water temperature, pH, BOD, COD, SS, boron, fluoride salts, copper, zinc, nickel
Longtan Tech Plant	Longtan Park Sewage Usage Fee Calculation Standard of Hsinchu Science Park Bureau, Ministry of Science and Technology	Water temperature, hydrogen ion concentration index (pH), biochemical oxygen demand (BOD), chemical oxygen demand (COD), SS, boron, fluoride salt, copper, zinc, nickel, anionic surfactant, ammonia nitrogen, nitrate nitrogen, cyanide, cadmium, total chromium, hexavalent chromium, total mercury, arsenic, lead, indium, gallium, molybdenum, true color
Yunlin Tech Plant	Sewage Water Quality Standard of Yunlin Technology Park	Water temperature, pH, COD, SS, ammonia nitrogen
Suzhou Plant	"Sewage Comprehensive Discharge Standard" GB8978-1996, "Sewage Water Quality Standard for Discharging Sewage into Cities and Towns" GB/T31962-2015	Animal and vegetable oils, pH, COD, SS, ammonia nitrogen, total phosphorus (TP)
Wuhu Plant	"Sewage Comprehensive Discharge Standard" GB8978-1996 Level 3 standard	Animal and vegetable oils, pH, BOD, COD, SS, ammonia nitrogen
Cenefom	No wastewater	No wastewater

*Subsidiary Genejet Biotech does not involve wastewater discharge.



The 2022 total withdrawal reduced by 18.96MI (4.20%) over 2021 to 432.74 MI. The 2022 total discharge (wastewater discharge) to the local wastewater treatment plant reduced by 9.40 MI to 365.42MI over 2021. The 2022 water consumption was 67.32 MI, mainly from evaporation by the cooling water tower.

No wastewater was recycled for the following plants: Wuhu Plant (discharged together with domestic water), Suzhou Plant and subsidiaries Cenefom and Genejet Biotech (mainly domestic wastewater). The 2022 discharge rate (discharge/total withdrawal) of each plant in Taiwan was 82.13%. By including the amount of process recycling, scrubber recycling, process water treatment and recycling, ROR circulation and recycling, wastewater treatment recycling and aircon water recycling, the recycling rate was 84.16%. By further including the water recycled water from the cooling water, the recycling rate could be up to 97.36%.

Unit: Megaliters (MI)

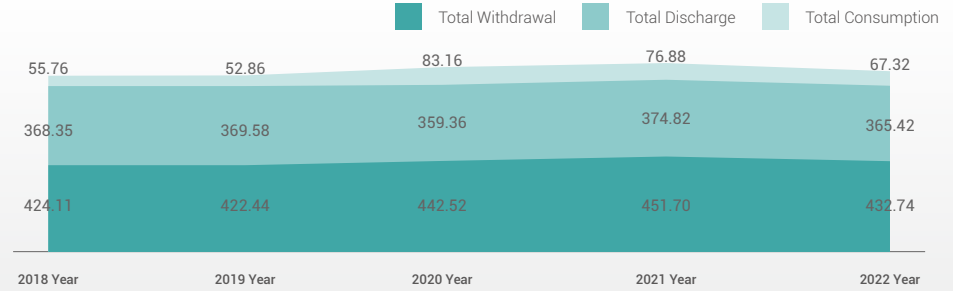
Statistics of Water Withdrawal Over the Years						
Withdrawal Source	Type	2018	2019	2020	2021	2022
Groundwater	Freshwater	0.43	0.26	0.16	9.17	0.06
Water from third party	Freshwater	423.68	422.18	442.36	442.52	432.68

Unit: Megaliters (MI)

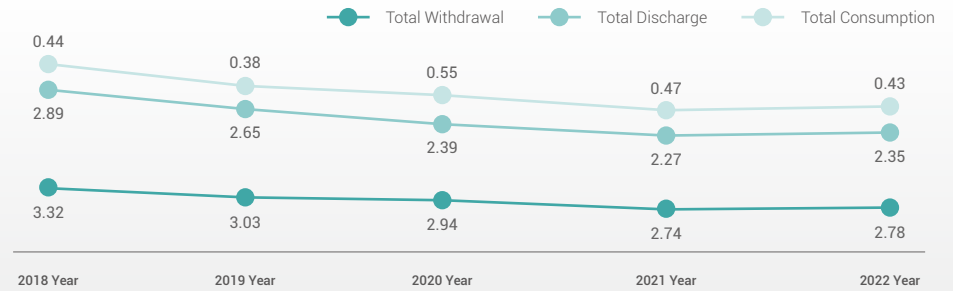
Statistics of Historical Water Discharge Amount						
Withdrawal Source	Type	2018	2019	2020	2021	2022
Discharge amount according to destination	Water from third party	368.35	369.58	359.36	374.82	365.42
Discharge amount according to water quality	Freshwater	368.35	369.58	359.36	374.82	365.42
Discharge by level of water quality treatment	Primary treatment	101.84	73.96	68.39	81.05	76.17
	Secondary treatment	169.84	188.16	204.66	203.75	212.49
	Tertiary treatment	96.67	107.47	86.32	90.02	76.76

*Analysis of the geographical location of business locations with WRI's Aqeduct tool shows that only Suzhou Plant in mainland China is located in a high water stress region (accounted for 11% of total withdrawal).

Annual water resource utilization intensity (Unit: million cubic meters per hundred million dollars)



Annual water resource utilization overview (Unit: hundred cubic meters)



*Subsidiaries Cenefom and Genejet Biotech were added to the water use disclosures in 2022.

» Water risk management

In accordance with the Global Risks Report 2022 published by the World Economic Forum (WEF), "natural resource crises," including water crisis, is amongst the most severe risks on a global scale over the next 10 years. Identification of the relevant water risks in the locations of all BenQ Materials plants in accordance with the AQUEDUCT Water Risk Atlas of the World Resources Institute shows, only Suzhou Plant in mainland China is located in a high water stress area in the short term, while the water risk of locations of other plants is low. In consideration of the long-term effect of climate change, the water stress and water risk of Yunlin Tech Plant in Taiwan will increase to moderate, and we will need to plan responsive strategies to enhance its water risk resilience.



• Analysis of Significance of Water Impact

Business Location	Supplier	Supply Volume ¹ (MI/day)	Consumption Volume ² (MI/day)	Significance of Impact ³
Taoyuan Plant	Danna Purification Plant	38.25	0.04	0.10%
Longtan Tech Plant	Longtan Purification Plant	13.76	0.06	0.44%
Yunlin Tech Plant	Yunlin Tech Purification Plant	1.6	0.01	0.63%
Suzhou Plant	Suzhou Qingyuan Water Resource Ltd.	45	0.02	0.04%
Wuhu Plant	Wuhu Huayen Water Resource Ltd.	87	0.005	0.01%

¹Source of supply volume: Data announced by local governments.

²Source of consumption volume: Average consumption calculated by each plant.






³Significance of impact = Consumption ÷ Regional Supply x 100%

Water is one of the key global resources. Additionally, the risk and importance of water availability and use matter our operational activities and supply for the supply chain. In response to business disruption resulting from the potential risk of water suspensions and droughts due to climate change, we have established three major risk response strategies: external water information reporting system, internal water management system, and emergency response mechanism to enhance overall water risk resilience.

• Water risk management approaches

- Establish a plant-wide water conservation management program and implementation plan and set up a task force.
- Analyze, inventory, and calculate plant water consumption, establish feasible solutions, and implement water conservation plans.
- Take the water conservation awareness education courses and training organized by the government and professional organizations.
- Enhance awareness and enrich professional knowledge of water conservation through awareness education and internal training.
- Each department sends seed personnel to implement water conservation work.
- Establish the water incoming and suspension information management report system to enhance the warning and response capabilities of water risks.
- Establish the drought response mechanism according to the government's water condition indicator.

• Drought Response Mechanism

	Rationing Stage	Government Policy	BenQ Materials' Response Plan
 Condition Blue	NA	Water supply stabilization	Normal withdrawal for production use
 Condition Green	NA	Recommendation for following	Trial operation of the well water system every two weeks Notification of water tank contractors
 Condition Yellow	Stage 1 rationing	Supply with reduced pressure at off-peak hours and specific periods	Trial operation of the well water system every week Notification of water tank contractors
 Condition Orange	Stage 2 rationing	1,000MT/month for industrial users Supply reduction by 5-20%	Initiation of the well system at Taoyuan Plant Notification of water tank contractors
 Condition Red	Stage 3 rationing	Supply by region or time-based water suspension	Initiation of the well system at Taoyuan Plant Activation of water tank supply

• Establishment of the water efficiency management system

Taoyuan Plant started establishing the ISO 46001 water efficiency management systems in 2023, and certification will be completed by the end of 2023 to raise the Company's water management standard to achieve environmental sustainability.

» Water Conservation Solutions

In 2022, the company continued to implement water saving solutions, such as condensate improvement, water consumption improvement and water recycling rate, which can be converted into the water saving amount of approximately 16.22 MI of whole-year water consumption. In addition, the company will continue to reduce the water resource consumed during the manufacturing process.

Year	Effectiveness (m ³)	Item	Major Water Conservation Measures in 2022
2020	14,290	1	Replace pure water RO membranes with biological anti-scaling membranes to increase water production
2021	49,439	2	Reduce process consumption
2022	12,562	3	Reclaim RO concentrate to the cooling water tower pump
		4	MBRReplace membrane pipelines



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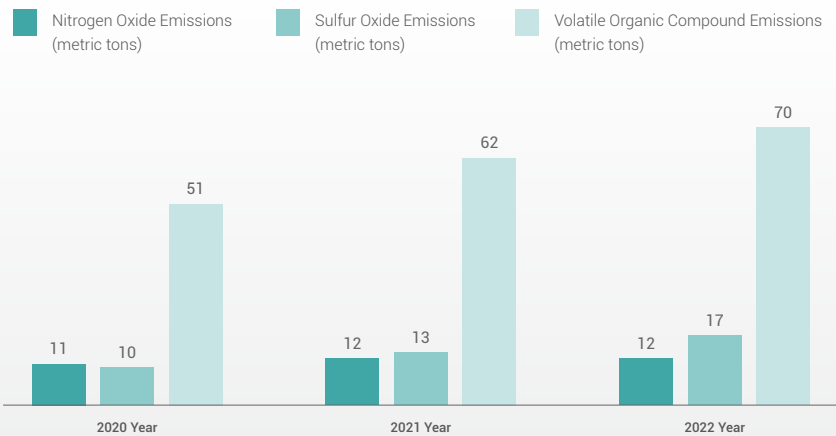
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Air Population Control

We abide by the environmental protection regulations and have installed the air pollution control equipment such as the regenerative thermal oxidizer (RTO), scrubber, and bag dust collector for process waste gas treatment to minimize air pollutant emissions and to reduce environmental burden. Each pollution control equipment is operated and maintained by responsible personnel. The operating status of the equipment is also monitored by the central control system or inspectors to ensure that the air pollution control equipment operates normally and to prevent air pollution incidents. Additionally, based on the ISO 14001 environmental management system, we manage and continually improve environmental performance and reduce the risk of environmental pollution. In recent years no sanction for air pollution has been reported.

2022 Air Pollutant Emissions :

Unit: MT



Note: Suzhou Plant and Wuhu Plant have no emission of air pollution

*The average efficiency of VOC treatment is maintained at over 98%, superior to the 92% standard of the Environmental Protection Administration.





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Circular Economy

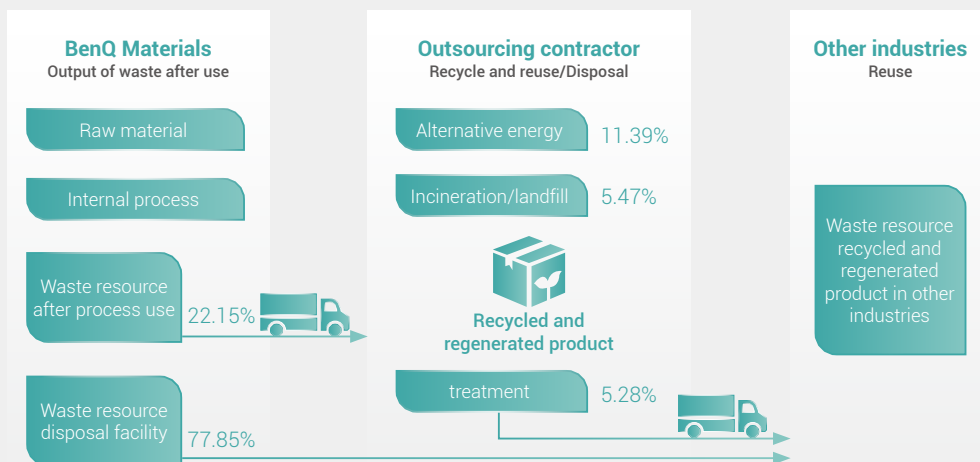
» Waste Management

Waste generated from business operations should be properly handled and disposed of. Inappropriate disposal may cause severe environmental pollution and indirectly affect residents in local communities. Committed to reducing the environmental impact of products at different stages of the life cycle from raw materials, manufacturing, storage, transportation, use to scrap to implement responsible production and achieve zero waste management through reduction and recycling.

BenQ Materials adopts the strategy of source management, and continues to perform the resource consumption minimization evaluation (reduce) at the production source, along with the adjustment of the raw material use parameters and process technology improvement solutions, thereby achieving the raw material optimization and minimization with the joint effort of the supply chain, in order to reduce the generation of wastes as much as possible.

In order to waste reduction management for the waste resource, the company also implements the circular economy principle along with the method of resource recycling and classification, in order to achieve the goal of waste reduction. For the waste resource that cannot be used in the plant, the methods of "Material Recycling" and "Energy Recovery" are adopted in priority for delivery to qualified waste treatment suppliers, following which incineration and landfill methods are performed at the end.

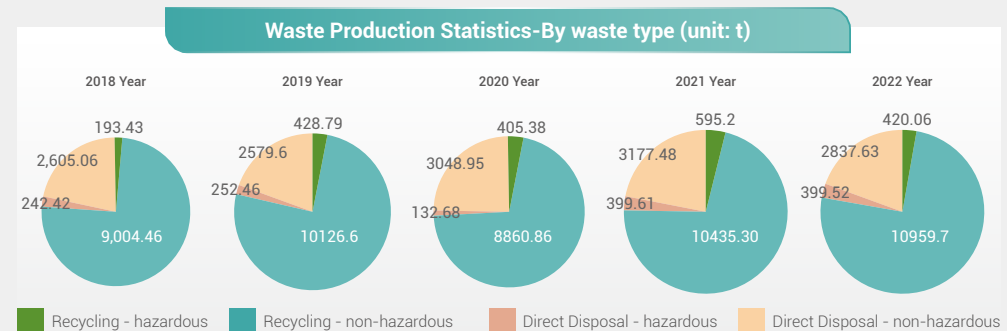
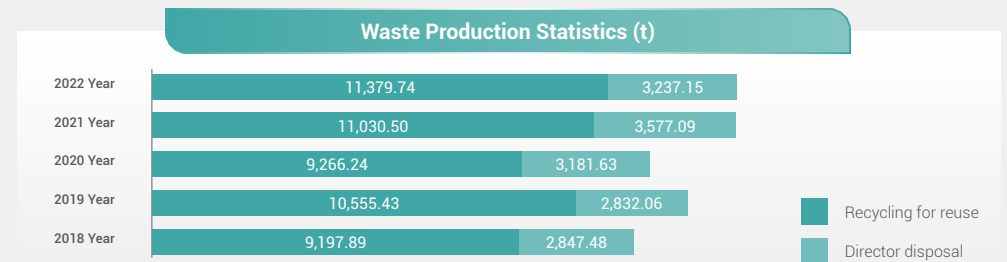
BenQ Materials Waste Impact Management



» Waste Production Volume

Waste produce at our plants can be classified into seven categories: general industrial waste, potassium iodine, film waste (waste films account for the majority of the waste), waste liquid and waste adhesive, recyclable waste liquid, solid waste, recyclable waste. The total weight of waste in 2022 was 14,616.88MT, including 11,379.74MT of recyclable waste (77.85%). Since 2018 the total weight of recyclable waste has reached 51,429.79MT accumulatively.

The 2022 total waste cleaning and disposal fee was about NT\$44.84 million, accounting for 0.29% of the revenue. The 2022 waste direct disposal (excluding recycling) intensity (weight of direct disposal/revenue of NT\$ million) was 0.21.





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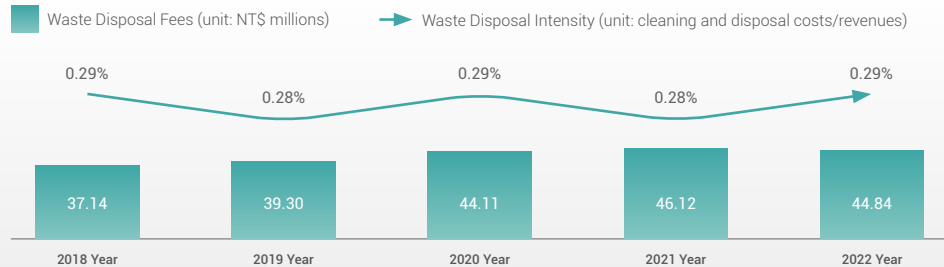
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Waste Production Intensity (t/revenue NT\$1 million)



Waste Disposal Fees and Intensity Over the Years



» Waste to resource

Each month we set targets for waste recycling to verify if the action plan is implemented unflinching. To increase the proportion of waste to resource, we have established a waste management procedure and recycling targets. Additionally, the action plan and targets are reviewed at the quarterly corporate sustainable development meeting to ensure long-term monitoring.

For each type of waste, we continuously find the reuse methods, such as development into products or for recycling and reuse. Currently, we focus on the in-house reuse of distilled ethyl acetate (EAC) to reduce the proportion of raw material consumption and waste production. We also sell distilled EAC to other businesses. We also seek contractors to recycle waste white films (iodine-free) into materials (guide films) for other businesses and continue to explore other treatments in addition to the combustion aid for waste films.

In addition, the product that accounts for the largest percentage of the revenue of BenQ Materials is polarizer, and its main material used is raw film. According to the currently existing technical capability, polarizer or other electronic recycled and reused materials cannot be used for re-fabrication into raw films in order to be used for the manufacturing of polarizer. Consequently, there have been no relevant product recycling or recovery of other electronic wastes. The wastes are self-recycled for treatment or are entrusted to other suppliers to perform reuse procedure. In 2022 two recycling projects are being implemented, including distilled EAC in-house recycling for reuse and waste films as materials for other businesses.

2022 Waste to Resource Management: In-house recycling and reuse of distilled EAC

Management Method:

1. Waste distillation.
2. Quality verification of distilled VAC.
3. Reuse of distilled EAC in the manufacturing process.

Reduction Performance:

- Replace ingredients by about 10,300 kg each month.
- Recycle waste for reuse.

2022 Waste to Resource Management: Waste white films as materials of other businesses.

Management Method:

1. Recovery, sorting, and gathering of waste films from the production process.
2. Quality verification against customer requirements.
3. Breakpoint and reeling verification of recycled waste against customer requirements before shipping.

Reduction Performance:

- Reused waste as materials of other businesses.
- Reduced 21MT of waste each month, as well as the corresponding waste disposal expenses.

» Waste to resource data

The weight of recycled waste in 2022 increased by 3.17% over 2021 to 11,379.74MT. After distillation machine optimization in 2022, the distillation efficiency of PSA adhesive enhanced to increase the recycled volume. We also continuously sought buyers to use waste white films as materials and buyers of release paper for reuse. [Please refer to Appendix 9-1 for the waste data over the years.](#)

According to the hazard type and location, wastes can be further classified into three types of waste recycled and reused directly by the plant, hazardous wastes transported to the external for recycling, and non-hazardous wastes transported to the external for recycling. In addition, according to the nature of recycling, wastes can be classified into two types of wastes for reuse, and wastes for other recycling operation.

Waste Clean-up Data

The 2022 total weight of waste for disposal (direct) by contractors reduced by 9.50% over 2021 to 3,237.15MT. Physical disposal and recycling were the major methods of disposal. In direct waste disposal, the weight of hazardous and non-hazardous waste reduced by 0.02% and 10.70% over 2021 respectively. This is mainly because the increased reuse of waste white films of Taoyuan Plant by other businesses and the reuse of release paper of Yunlin Plant by other businesses, reducing the weight direct disposal by 9.50% over 2021. [Please refer to Appendix 9-1 for the waste data over the years.](#)



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

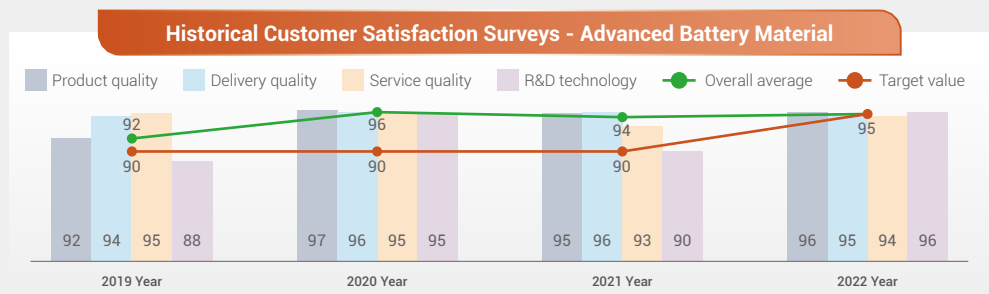
• Display Materials

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.



• 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.



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.



– 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.





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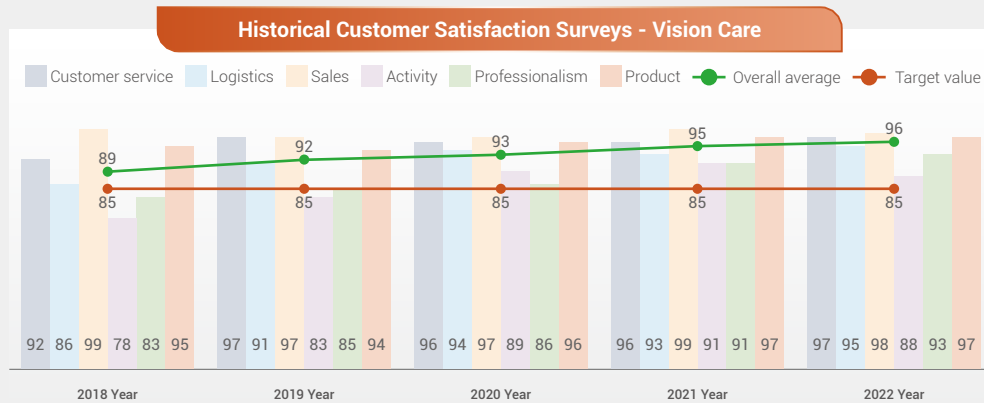
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Appendix

- 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%.

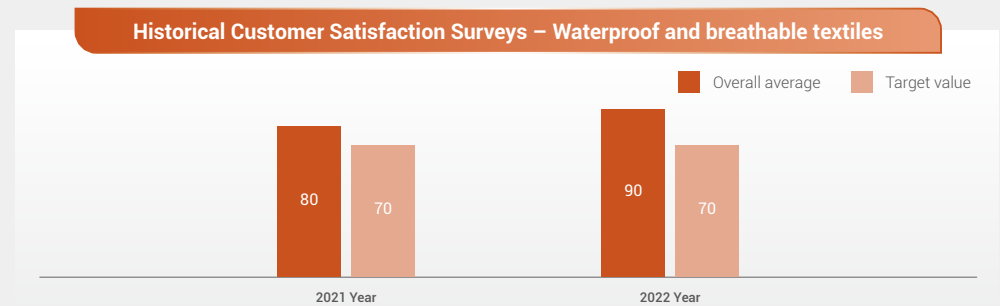
Note: A comprehensive customer satisfaction survey has been conducted since 2021.



• 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.

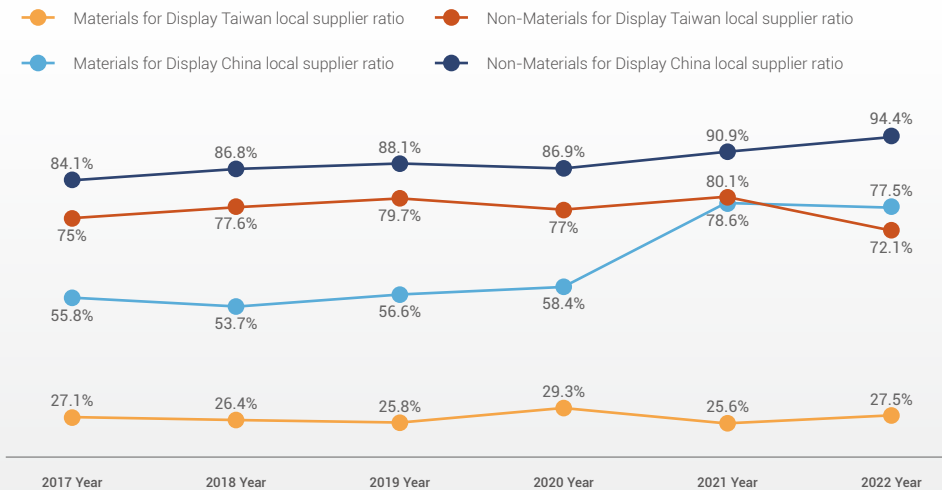
» Local Purchase

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.

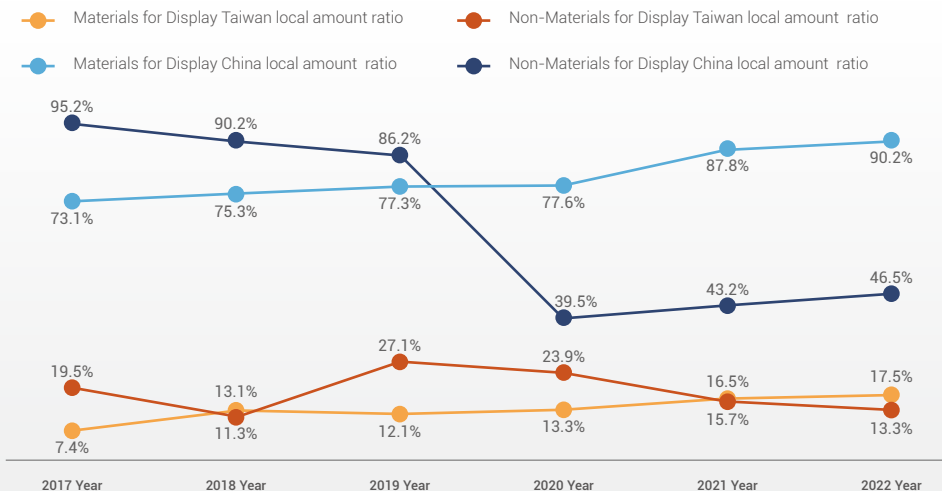
As for non-functional film materials, the proportion of local procurement amounts in Taiwan is also not high. This is mainly because the use of foreign materials has increased in the development of new products. Chinese functional film suppliers have shown stable performance, with a proportion of 77.5%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



Friendly Workplace

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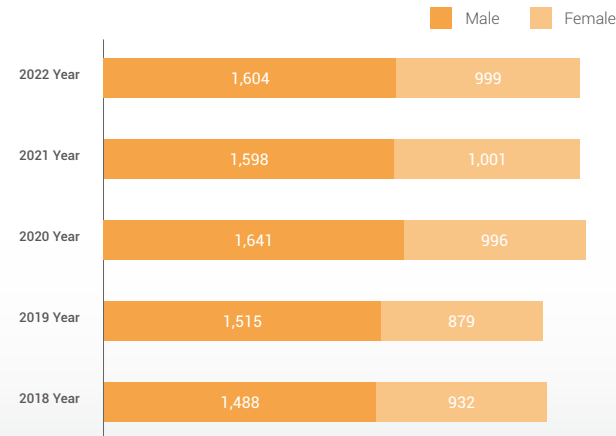
Manpower Overview

» Recruitment Policy

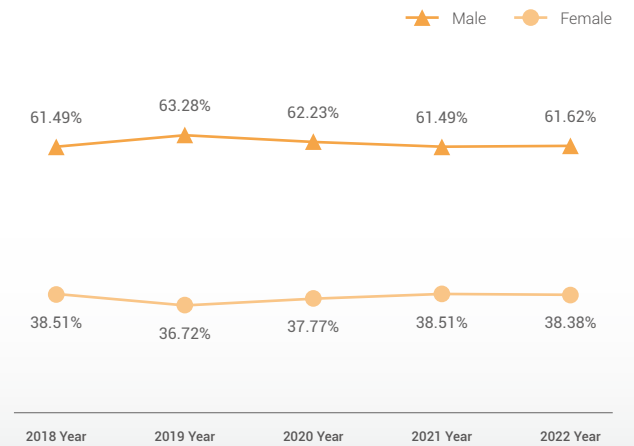
Through fair, just and open recruitment mechanism, BenQ Materials aims to establish diverse, inclusive, friendly and lively working environment. Comply with relevant labor laws and international human rights convention of the country where each business operation office is located. The company is committed to the protection of employee human rights, and the employment policy does not involve any discrimination in gender, race, social and economic level, age, marriage and family status, etc. In addition, the company implements equality and fairness in the employment, recruitment criteria, remuneration, welfare, training, evaluation and promotion opportunity. The aforementioned employment policy is specified in the work rules and is also included in the employment contract and training materials for new employee orientation. BenQ Materials expects to achieve outstanding and open working atmosphere, in order to effectively increase work efficiency and team coherence.



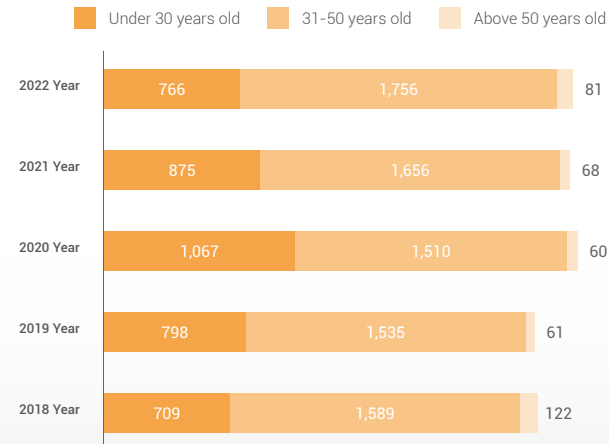
Historical Total Number of Employees (According to gender)



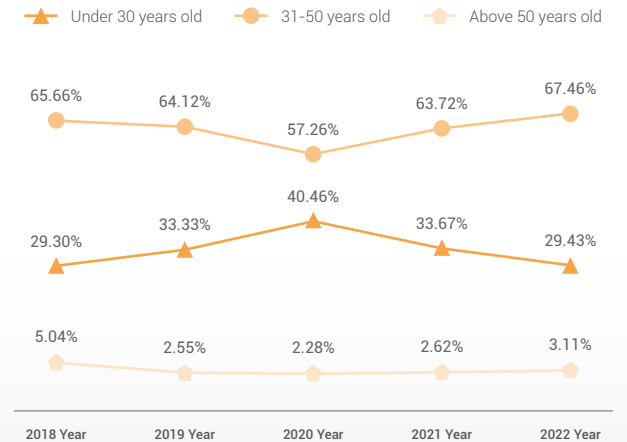
Historical Employee Gender Ratio



Historical Total Number of Employees (According to age)



Historical Employee Age Ratio



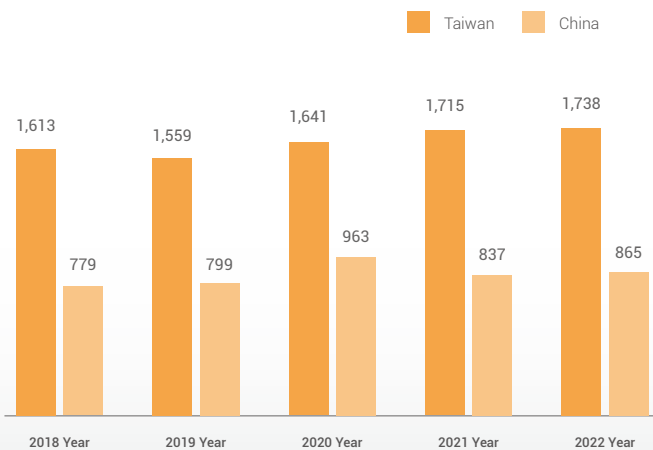


» Employee Statistics

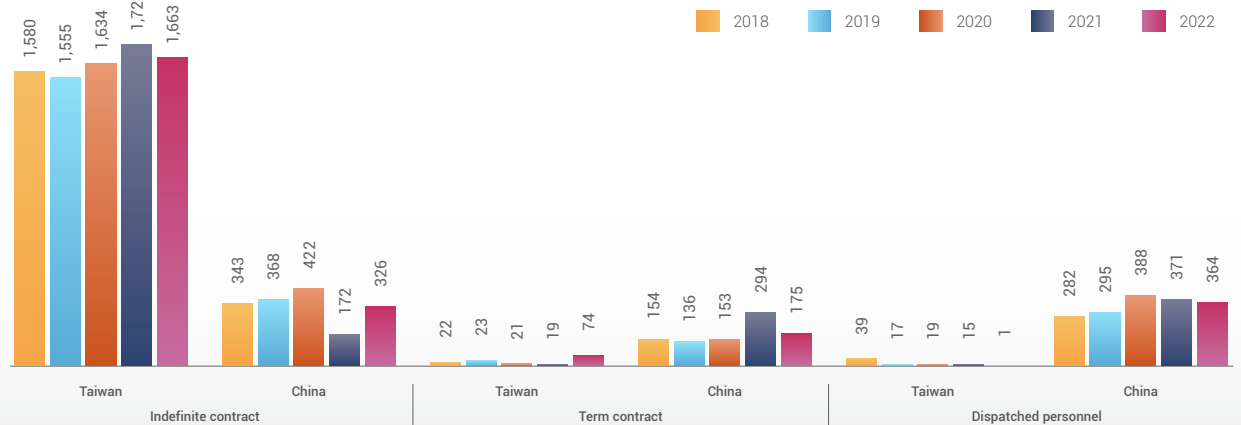
Up to the end of 2022, the global total number of employees of BenQ Materials was 2,603 people (including dispatched manpower of 365 people). Each business location had no major change in the number of employees in 2022. The number of employees in the business locations in Taiwan was 1,738 people, and the number of employees in Suzhou, China and Wuhu Plant in China was 865 people.

The workforce is divided by employment type into 1,989 regular employees and 249 contract employees. The non-employee workers primarily consist of 365 dispatched personnel assigned by external dispatch companies to provide material services for the company. Among them, the dispatched personnel are mainly stationed at the Suzhou plant and are responsible for tasks such as quality inspection and packaging on the Suzhou plant production line. The selection of dispatched personnel is primarily based on the efficiency and recruitment methods of local recruitment. The company commissions manpower dispatch companies to handle the recruitment process and also collaborates with students for internships. Therefore, the proportion of dispatched personnel and contract employees is higher compared to other operational locations.

Historical Business Location Number of Employees Statistics



Historical Employment Contract Number of Employees (Statistics according to business location)



Note 1: The scope of manpower data disclosure includes Taiwan and mainland China. The employee statistics for Taiwan include the headquarters, Longke Plant, Yunko Plant, Lianhe Medical, Jingjie, and Shuochen. The employee statistics for mainland China include the Suzhou Plant and Wuhu Plant.

Note 2: The 365 dispatched personnel in the table mainly assist in the basic packaging work for BenQ materials processing and do not include a total of 1,138 personnel from outsourced/contracted vendors (including security guards, janitors, catering staff, waste management personnel, and construction workers).

Note 3: The number of employees is calculated based on the number of employees in service as of December 31, 2022.

According to the contract type, there are only 4 part-time employees (0.15% of the total) across various operational locations in Taiwan. All 4 individuals are based in the Taoyuan Plant, with 3 females and 1 male.

In terms of gender statistics for 2022, females account for 38.38% of the workforce, while males make up 61.62%. In terms of age distribution, the average age is 36.2 years. The main age group among employees in 2022 is 31-50 years old (67.46%), with 29.42% being below 30 years old and 3.11% being above 51 years old.

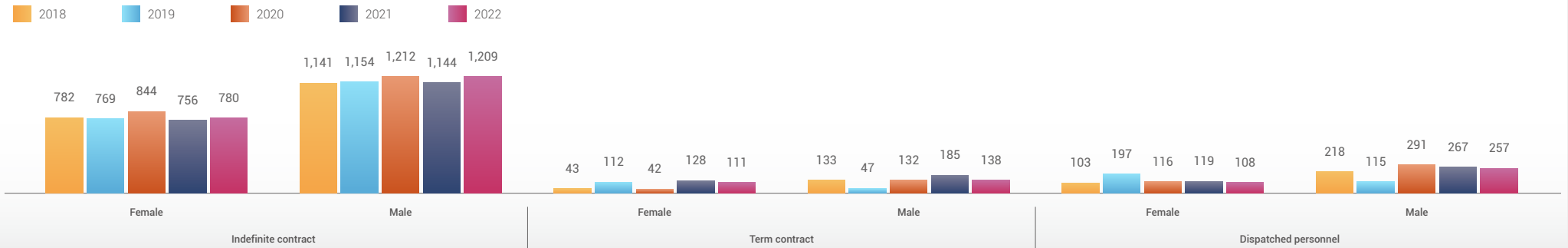
Analyzing gender ratios based on job levels and functions, the percentage of female executives (73.59%) is higher than that of males. The percentage of female frontline supervisors (34.76%) is roughly equivalent to the overall gender ratio of the company. The percentage of female senior executives (32.03%) and female engineers (32.30%) is slightly lower than the overall gender ratio, but the difference is not significant.

In 2022, 77% of the mid-to-senior-level executives hired in Taiwan were Taiwanese nationals, while the Suzhou Plant and Wuhu Plant had a ratio of 64% for hiring Chinese nationals as mid-to-senior-level executives.

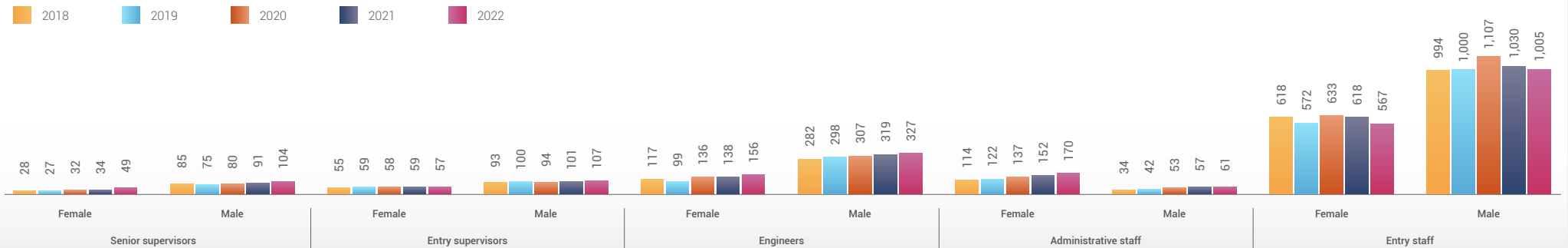
BenQ Materials pays attention to job opportunities for individuals with disabilities. In 2022, there were 17 applicants with disabilities in Taiwan, out of which 14 were actually hired. For the remaining positions, BenQ Materials plans to conduct a job inventory for business support and administrative positions and discuss with departments how to arrange and design work to suit individuals with disabilities, in order to facilitate future recruitment and employment.



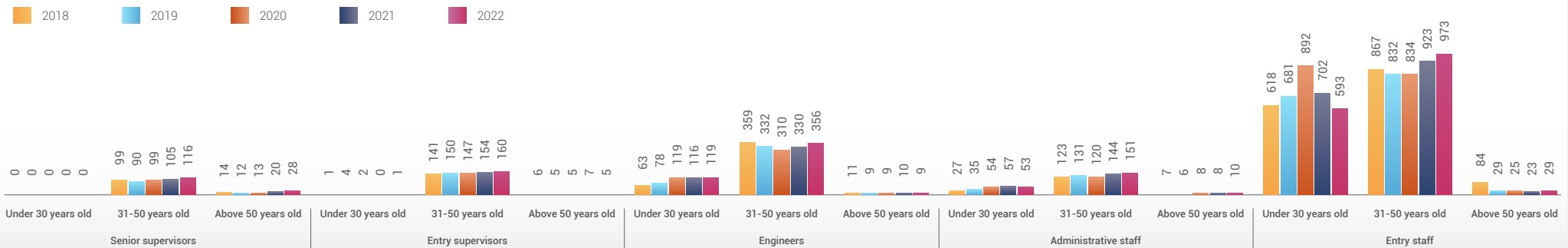
Historical Total Number of Employees (Contract type)



Historical Total Number of Employees (Job rank and gender)



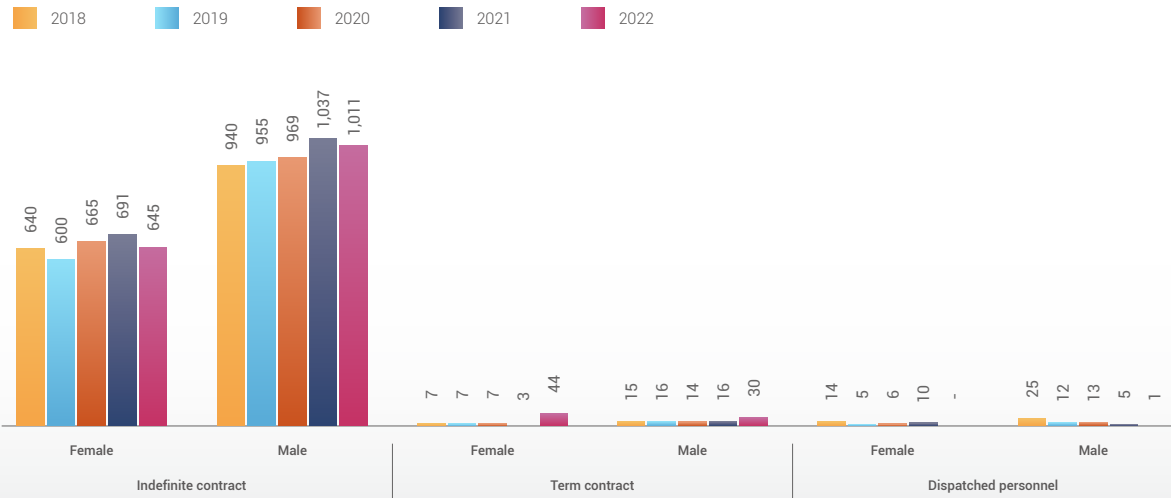
Historical Total Number of Employees (Job rank and age)



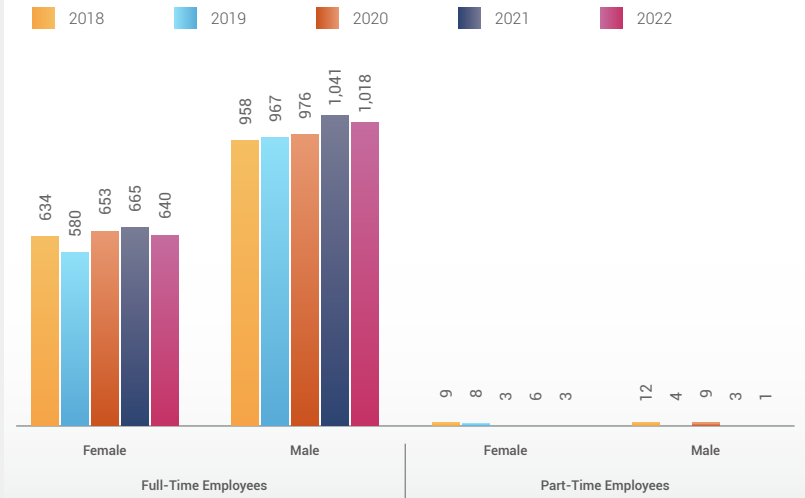
Note: Middle and senior supervisors: manager level or above; junior supervisors: deputy manager level supervisors; engineers: engineers and researchers; executives: commissioner level and clerks; junior staff: those who do not belong to the aforementioned categories in the factory.



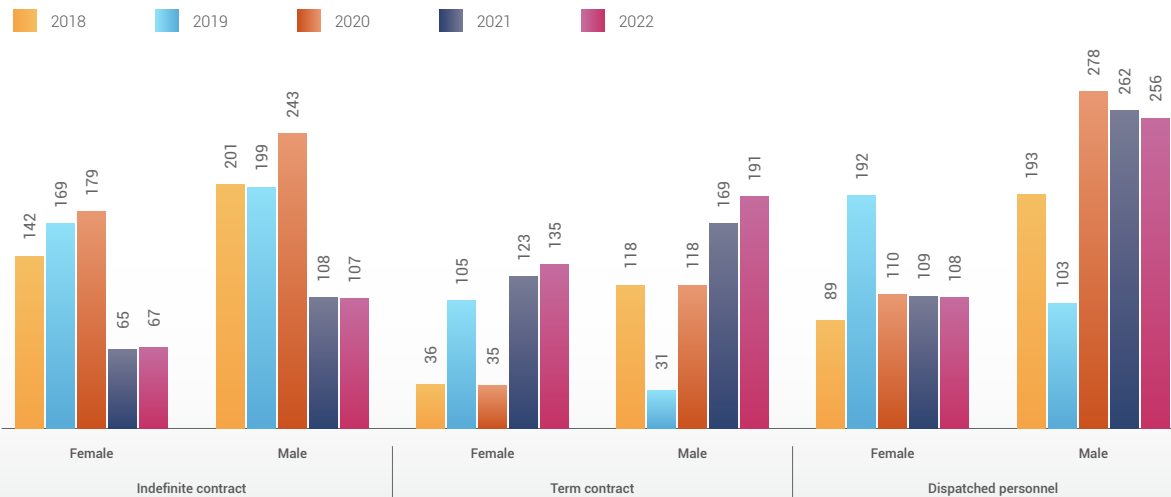
Historical Total Number of Employees (Contract type and gender/Taiwan)



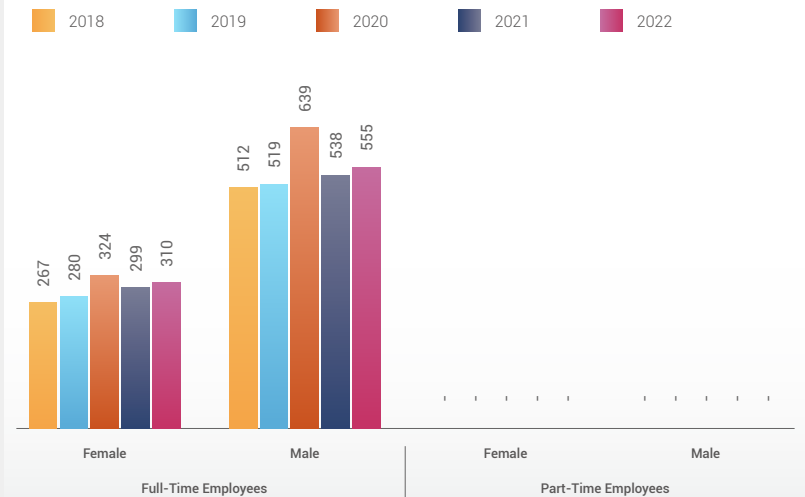
Historical Total Number of Employees (Gender and Employment types/Taiwan)



Historical Total Number of Employees (Contract type and gender/China)



Historical Total Number of Employees (Gender and Employment types/China)



Note: BenQ Materials does not have employees with guaranteed working hours. BenQ Materials in mainland China does not have part-time employees.



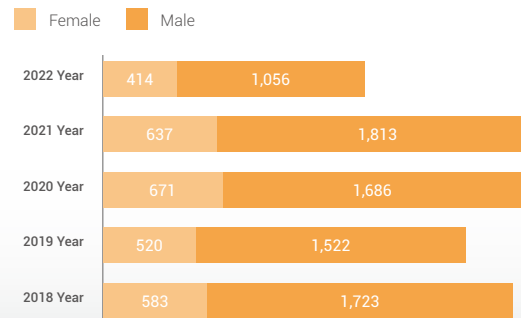
» Staff Turnover

In 2022, the turnover rate for regular employees, including both regular and non-regular contract employees, in various plants in Taiwan (including the headquarters, Taoyuan Plant, Longke Plant, Yunko Plant, and Sigma; Medical) was 31.3%. Analyzing the turnover rate by gender, the turnover rate for males was 29.46%, while for females, it was 34.11%. Looking at the turnover rate by age group, the turnover rate for employees below 30 years old was 47.60%, for employees aged 31-50 it was 26.85%, and for employees above 51 years old, it was 8.33%. The turnover rate for each age group is proportionate to the distribution of employees in those age groups. The new hire rate in Taiwan (total number of new hires in the year divided by the total number of employees at the end of the year) was 29.71%. The new hire rate for males was 27.93%, while for females, it was 31.49%. In terms of gender ratio among employees, the new hire rate for females is slightly higher than for males. Analyzing the new hire rate by age group, it was 52.86% for employees below 30 years old, 22.38% for employees aged 31-50, and 5.56% for employees above 51 years old. Due to the growing scale of operations, there is a higher new hire rate for employees below 30 years old. The new hire rate in Taiwan is relatively consistent with the turnover rate.

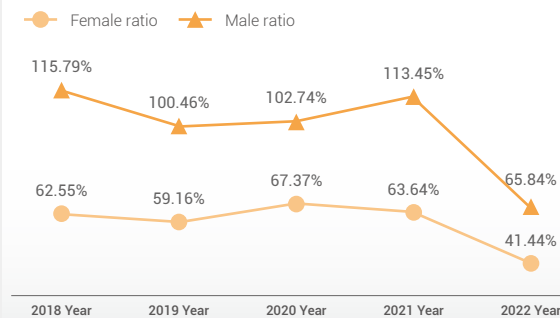
For the Wuhu Plant, the turnover rate in 2022 was 36.21%, which is not significantly different from the average of the various plants in Taiwan. However, the turnover rate for males was 44.32%, which is higher than the rate of 10.71% for females. Analyzing the turnover rate by age group, it was 51.16% for employees below 30 years old and 31.94% for employees aged 31-50. The turnover rate is relatively higher for employees below 30 years old. The new hire rate for the Wuhu Plant in 2022 was 38.79%, with a new hire rate of 45.45% for males and 17.86% for females. The new hire rate is relatively higher for males. Analyzing the new hire rate by age group, it was 51.16% for employees below 30 years old and 31.94% for employees aged 31-50.

Due to a labor shortage in the local labor market and increasing competition for talent, the Suzhou Plant mainly relies on cooperation with manpower agencies to recruit manpower through dispatch and regular contract arrangements. As a result, there is a higher proportion of short-term contract employees, leading to a significantly higher turnover rate in 2022, reaching 129.91%. However, due to the continuous expansion of operations, the new hire rate in 2022 was 122.16%, slightly lower than the turnover rate. The new hire rate for males (154.82%) was also higher than the turnover rate, while the new hire rate for females (68.09%) was lower than the turnover rate. Analyzing the turnover rate by age group, it was 231.82% for employees below 30 years old, 67.91% for employees aged 31-50, and 12.5% for employees above 51 years old. The new hire rate was 191.6% for employees below 30 years old, 80.22% for employees aged 31-50, and 25% for employees above 51 years old.

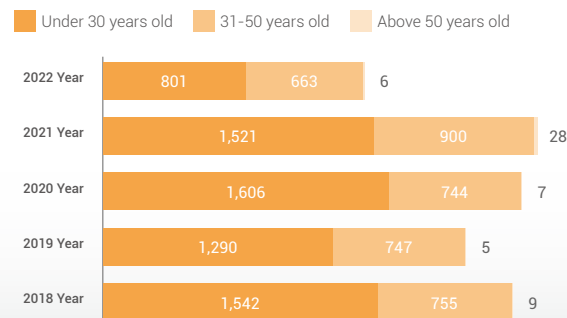
Historical Number of New Employees (According to gender)



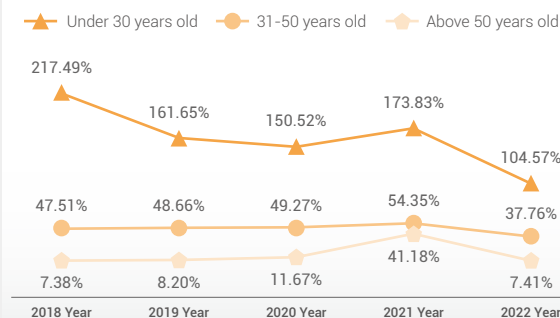
Historical New Employee Rate (According to gender)



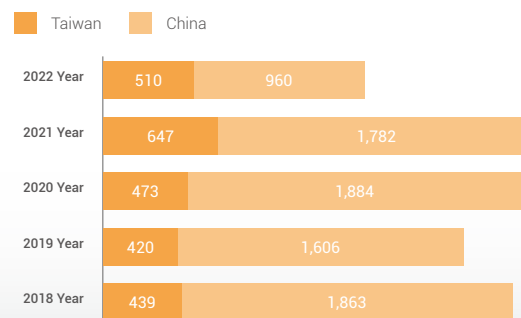
Historical Number of New Employees (According to age)



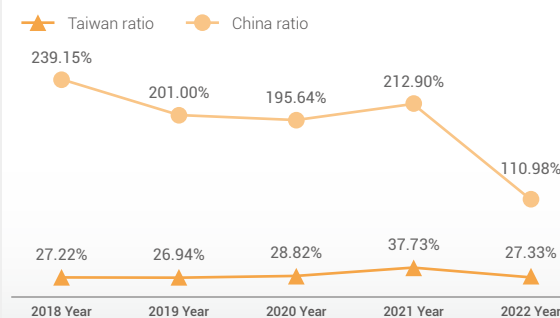
Historical New Employee Rate (According to age)



Historical Number of New Employees (According to region)



Historical New Employee Rate (According to region)



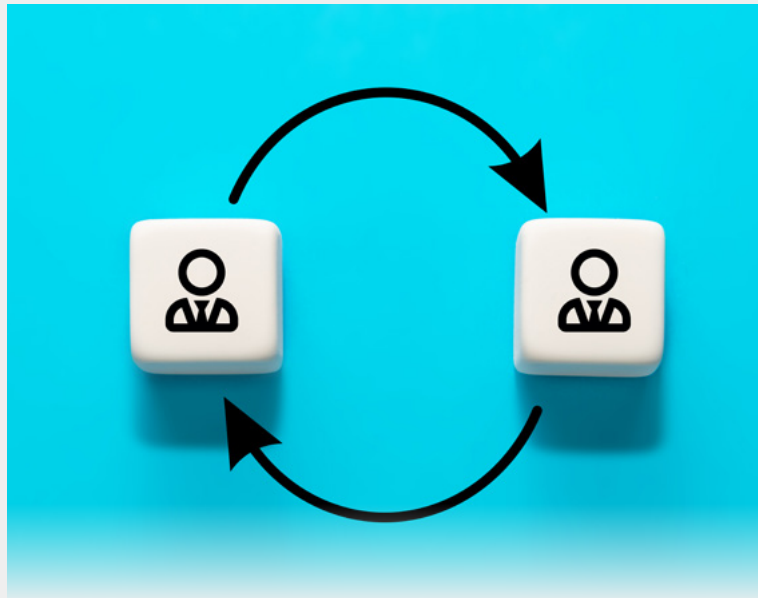


» Talent Development Strategy

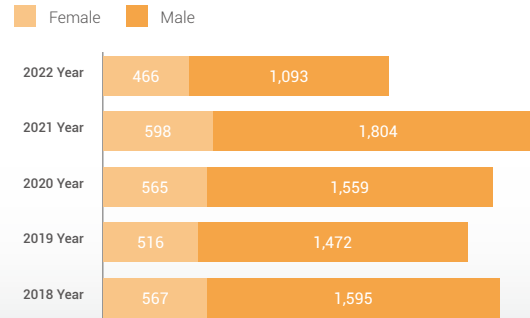
Based on the company's medium to short-term development direction and strategy, BenQ Materials identifies the future composition of talents, including manufacturing and R&D talents at the grassroots level, talents in new businesses and technologies, as well as marketing and business talents. The company establishes talent recruitment action plans, including engineering elite training programs, deep cultivation of local campuses, industry-academia collaborations, and the establishment of diverse talent acquisition channels. Various training and development opportunities are provided to meet the talent needs for the company's future operational development.

» Job Rotation Mechanism

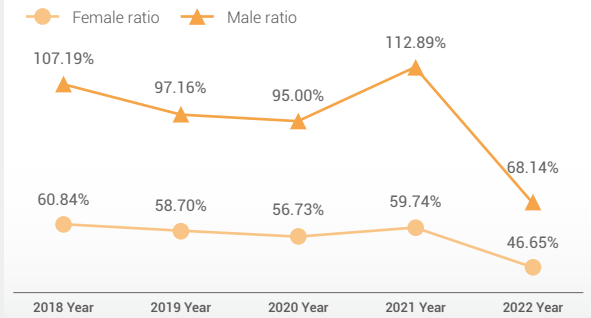
BenQ Materials encourages employees to engage in job rotation to cultivate their diverse capabilities and promote internal retention of excellent talents. The company prioritizes internal recruitment for managerial positions, and establishes a transparent internal job rotation platform. A well-established mechanism for job rotation application and matching is in place. Through planned job rotations, a total of 106 rotations were completed in 2022.



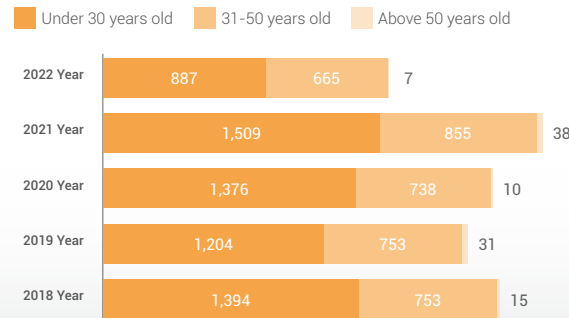
Historical Number of Resigned Employees (According to gender)



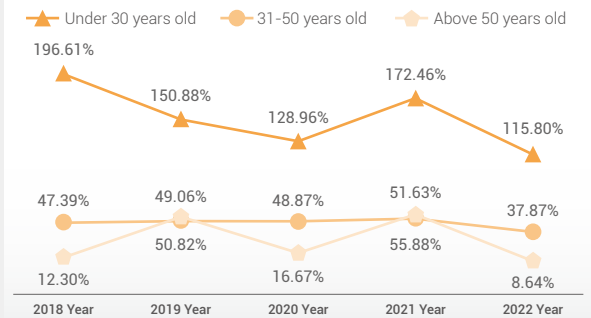
Historical Employee Turnover Rate (According to gender)



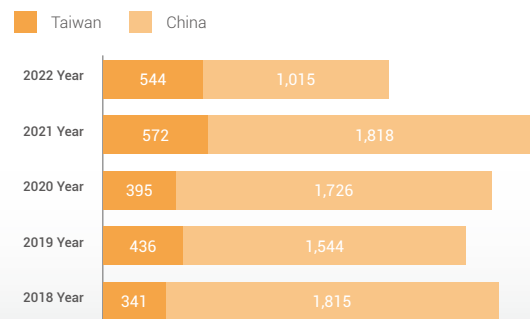
Historical Number of Resigned Employees (According to age)



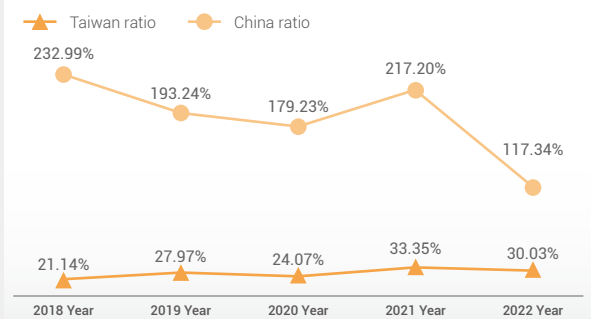
Historical Employee Turnover Rate (According to age)



Historical Number of Resigned Employees (According to region)



Historical Employee Turnover Rate (According to region)





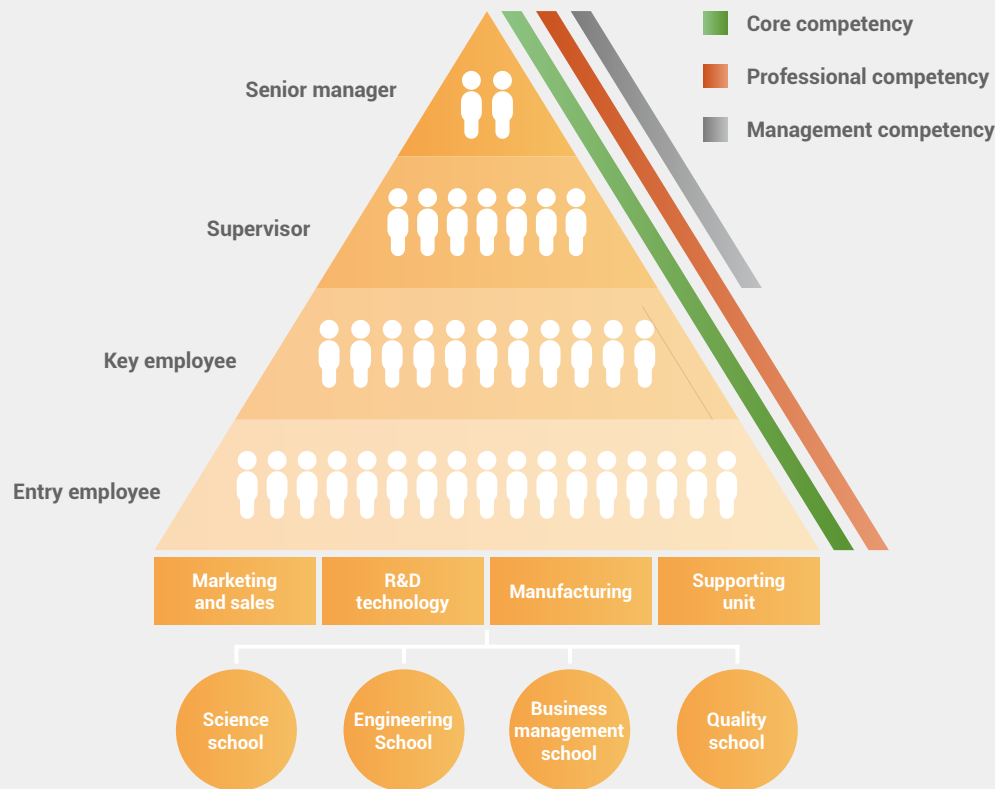
Talent Cultivation

» Training Structure

While facing a highly competitive environment, the company is committed to allow employees to continuously improve one's own competency and to uphold the learning passionate, thereby constructing a comprehensive and quality education and training system. The company also establishes the talent development blueprint along with the utilization of rich internal and external resources in order to encourage employees to continue learning. Education and training courses can be classified into four main schools according to the professional job function development, including the science school, quality school, engineering school and business management school.

Subject

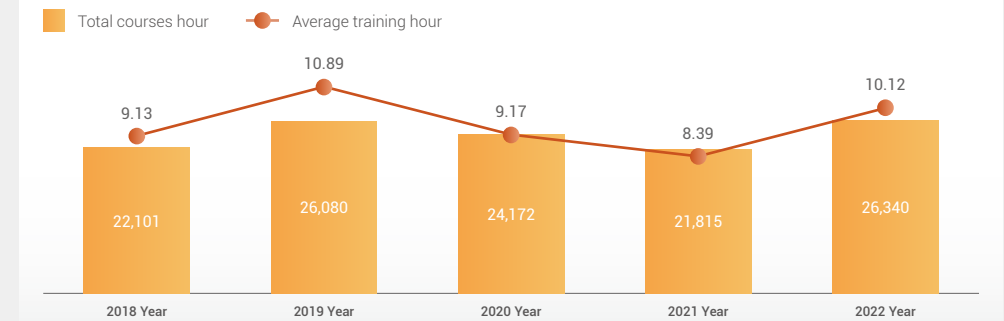
Develop competency



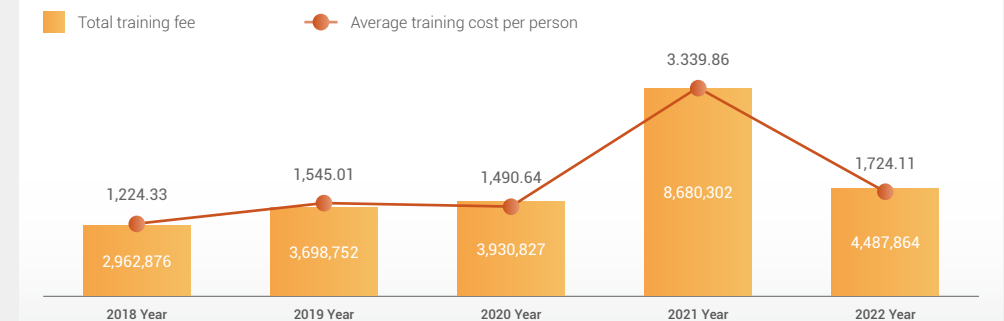
» Training Outcome

BenQ Materials opened 229 physical courses in 2022, and the total training fees invested was NT\$ 4,487,864. The total number of training hours was 26,340 hours, and the employee average training hours was 10.12 hours. Compared to 2021, the increase was mainly due to the acquisition of external online learning and internal training system licenses in 2022, in response to the pandemic. A total of 12 monthly topics were launched online, with 32 online courses available, and a total of 4,361 unique viewers engaged in effective reading. The employee average training hours classified according to the job rank and job function, the number of training hours was 22.76 hours for middle and senior supervisors, 34.39 hours for entry supervisors, 18.74 hours for engineers, 15.2 hours for administrative staff, and 4.96 hours for entry staff respectively. For the employee average training hours classified according to the gender, the number of training hours was 24.4 hours for female staff, and 21.05 hours for male staff.

Total hours of education and training courses offered over the years



Overview of funds invested in education and training over the years





• Talent Management and Development

Developing managerial talent is crucial for the company's sustainable operation. The Talent Development Committee regularly discusses organizational talent issues and implements a comprehensive talent development program, known as the Business Management Program (BMP). This program combines physical courses, case seminars, experience sharing lectures, senior mentors, job rotations, and task assignments to cultivate future business unit supervisors and facilitate the achievement of the company's long-term strategic goals. In 2022, the "A+ Development Program" was launched to provide high-potential talents with learning courses that encompass both breadth and depth. The aim is to provide pre-training for management positions and assist individuals in quickly adapting after promotion.

In 2022, external professional instructors were invited to conduct online courses to train all managers and employees in career counseling skills, assisting them in understanding their future career development and learning directions. This ensures that outstanding talents can be effectively utilized within the organization. Additionally, in 2022, a training program for frontline supervisors in the production line was held, focusing on basic management concepts and practical skills. The program incorporated role-playing exercises, and participants were required to present their achievements one month after the training, ensuring the integration of theory and practice.

• Diverse and Inclusion Course

BenQ Materials emphasizes human rights issues. In addition to providing explanation and reminder during the reporting to work of new employees/guidance of supervisors, the company also provides diversity, inclusion and human rights protection information during the physical courses of labor regulation entry courses and talent recruitment interview skills, etc., in order to ensure that employees are equipped with the core values of protection and respect of human rights. The information of relevant courses in 2022 is as shown in the following table.

Course Name	Course Type	Annual Number of Courses (Lectures)	Course Hour (hours)	Total Training Hours (hours)	Training Completion Rate of Required Trainees
Workplace unlawful infringement education and training	Online	1	0.5	854.5	100%
Understanding Workplace Violence and Sexual Harassment	Physica	1	2	120	Free to join
Labor law basics	Physica	1	3	42	83.0% ²
Talent recruitment interview skills	Physica	1	7.5	112.5	100%
New employee/supervisor guidance	Physica/Online	Performed regularly during the reporting to work date, and the training completion rate is 100%			

Note 1: Students are required to complete the 0.5-hour course and qualified the test for the completion of training. Employees not participating in the online course are tracked continuously for the course completion rate.

Note 2: Labor law basics is a required course for new supervisors, and when some of the students cannot complete the course, next session of the course is arranged in order to allow trainees to complete the course.

» School Campus Development

BenQ Materials continues to cultivate inter-school relationships by leveraging its own multiple brands and group resources. It aims to utilize industry resources to explore unknown possibilities for students, create the best employer experience, enhance interaction with outstanding international talents, and cultivate future industry workforce.

Project	Project Content and Results
Campus Ambassadors	<p>Project Content:</p> <ul style="list-style-type: none"> Collaborating with 9 students from different campuses to work on employer brand-related projects. Providing benefits such as scholarships and project bonuses during the tenure as Campus Ambassadors. <p>Project Results:</p> <ul style="list-style-type: none"> Social media following grew by 128% compared to the previous year. Total expenditure on benefits reached 210,000 NTD. Overall satisfaction rating for campus activities reached 4.7 out of 5. Overall satisfaction rating for Campus Ambassadors reached 4.5 out of 5.
Campus Executive Lecture Series	<p>Project Content:</p> <ul style="list-style-type: none"> To help students understand how their studies can be applied in the workplace and stay updated with the latest industry trends, senior executives from the company are invited to personally attend campus lecture series, providing students with a unique perspective and experience. <p>Project Results:</p> <ul style="list-style-type: none"> In 2022, a total of 13 universities participated in the program, including National Taiwan University, National Tsing Hua University, National Cheng Kung University, and National Chengchi University.
Campus Corporate Visits	<p>Project Content:</p> <ul style="list-style-type: none"> Every year, we organize corporate visit activities with major universities and colleges. These visits allow participating students to gain insights into the company's culture and work environment, inspiring them in their career planning. In 2022, we collaborated with Chang Gung University, National Tsing Hua University, and Yunlin University of Science and Technology for the visits. <p>Project Results:</p> <ul style="list-style-type: none"> Total participation of 167 individuals. Satisfaction rating of 4.6 out of 5. Successfully matched 2 interns for semester-long internships.



Project	Project Content and Results
AI Campus Talent Training	<p>Project Content:</p> <ul style="list-style-type: none"> In response to the flourishing development of AI technology, we collaborated with the Department of Industrial Management at Yuan Ze University to enhance the overall level of AI talent. Over a period of three months, two projects were completed. <p>Project Results:</p> <ul style="list-style-type: none"> Total participation of 7 students in the project. Provided a scholarship of 10,000 NTD to each participant.
Engineering Technology Talent Scholarship	<p>Project Content:</p> <ul style="list-style-type: none"> Engineering technology is a key focus for maintaining competitiveness at BenQ Materials. To ensure that talents can align with practical needs at an early stage, the company provides engineering technology talent scholarships and establishes collaborative relationships with the awardees. <p>Project Results:</p> <ul style="list-style-type: none"> Total participation of 7 individuals, with 1 person ultimately receiving the award.
Factory-Industry Collaboration	<p>Project Content:</p> <ul style="list-style-type: none"> In recent years, talent recruitment has been affected by the declining birth rate. The Social Engagement Subcommittee of the Sustainability Committee has held multiple discussions and formulated plans for factory talent development and training projects. In collaboration with schools located in advantageous geographical areas, factory talent development and training projects were initiated starting from September 2022. <p>Project Results:</p> <ul style="list-style-type: none"> In 2022, 7 individuals joined the Taoyuan factory. In 2023, 7 individuals joined the Yunlin Science and Technology factory. In 2024, a plan is in place to recruit 15 individuals for the Yunlin Science and Technology factory. A tuition subsidy of 30,000 NTD per semester (60,000 NTD per year) is provided to the students.

Project	Project Content and Results
Research and Development Industry-Academia Collaboration	<p>Project Content:</p> <ul style="list-style-type: none"> As a leader in materials science, BenQ Materials has a high demand for research and development of new materials. In the past, the company has regularly collaborated with top academic institutions in Taiwan to conduct specific research projects. This collaboration provides students with the best opportunity to combine theory with practical experience. <p>Project Results:</p> <ul style="list-style-type: none"> Investment of 600 million NTD in research and development industry-academia collaboration. Collaboration with the following institutions: National Taiwan University, National Taiwan University of Science and Technology, Yang-Ming University, National Tsing Hua University, National Cheng Kung University, and Chang Gung University.
Q Seed Summer Internship	<p>Project Content:</p> <ul style="list-style-type: none"> The Q Seed Summer Internship program continues to offer a project-based and mentorship-oriented internship experience, which is the highlight for attracting students. Through diverse training and presentation of their accomplishments, students are provided with a unique summer internship experience. <p>Project Results:</p> <ul style="list-style-type: none"> A total of 5 students from National Central University, National Chiao Tung University, National Cheng Kung University, and Yunlin Science and Technology University were accepted into the program. Four training courses were conducted, covering topics such as onboarding, work management, presentation skills, and personal branding.





Employee Care

» Human Rights Policy

BenQ Materials adheres to the principles of the United Nations Universal Declaration of Human Rights (UDHR), the United Nations Guiding Principles on Business and Human Rights (UNGPs), and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises. The company also follows the Responsible Business Alliance (RBA) Code of Conduct to fulfill its commitment to human rights.

enQ Materials conducts regular human rights due diligence processes to identify and assess risks related to human rights issues. This helps the company effectively manage the impact and consequences of human rights risks and make necessary adjustments accordingly. The company's human rights policy can be found in detail on its [ESG website](#).

The draft of the Human Rights Policy for the year 2022 has been approved by the Chairman's signature.

It is expected to be officially approved by the Board of Directors in 2023.

the company will initiate the planning for the due diligence process.

» Promoting workplace diversity

To promote workplace diversity, BenQ Materials not only continues to recruit professionals from different nationalities globally but also encourages internal departments to conduct internal meetings and presentations in English. Additionally, to ensure that employees of different nationalities can properly understand company systems, policies, work rules, and announcement messages, bilingual versions are provided to ensure that all employees can promptly access important information.

In striving to create a diverse and inclusive workplace, the company ensures that job qualifications do not discriminate based on gender or sexual orientation during talent recruitment. Recruitment advertisements are also gender-neutral and do not contain discriminatory language. Furthermore, talent promotion and selection are based on consistent qualification criteria. In 2022, the proportion of female executives increased by 6% compared to 2021, with women holding 33% of managerial positions.

» Welfare Measures

In addition statutory related welfare measures, BenQ Materials has planned dining, accommodation and recreation facilities satisfying certain level for all plant sites along with complete welfare system, in order to establish a friendly workplace, allowing all employees to enjoy working at BenQ Materials.

Welfare Items Superior to Regulations

- The company provides employee group insurance, in order to provide greater safety and security to employees
- New employees are permitted to take 7 days of annual paid leave in advance, in order to facilitate employees to arrange their time.
- One day of paid volunteer leave is provided annually, allowing employees to participate in volunteer activities
- Flexible clock-in system for indirect employees, allowing employees to adjust their commute to work time depending upon the family needs.
- COVID-19 insurance is provided (such as vaccination insurance, epidemic control insurance)
- New employees on-board of the jobs for half a year are entitled to 3 days of annual paid leave.

• Employee Retirement System

For employees in various operating locations in Taiwan, BenQ Materials follows the regulations of the Labor Standards Act and Labor Pension Act. Under the old system, retirement benefits were provided based on actuarial reports, with regular contributions made to the statutory retirement accounts. Under the new system, monthly transfers are made to individual retirement accounts. In China, the local labor laws are followed, and employees are covered by the endowment insurance system to ensure post-retirement security.

Retirement reserve funds are allocated monthly based on the Labor Standards Act and deposited into a dedicated account at Taiwan Bank, under the name of the Labor Retirement Reserve Supervisory Committee. As of the end of 2022, the fair value of planned assets is 50,266 million NT dollars. In accordance with relevant regulations, an expense of 2,089 million NT dollars was recognized in 2022, and any shortfall in the allocation has been recorded as an accrued retirement benefit liability, amounting to 19,831 million NT dollars as of the end of 2022.

Retirement benefits are also allocated based on the Labor Pension Act, with 6% of employees' monthly salaries contributed to individual accounts managed by the Bureau of Labor Insurance. An expense of 64,564 million NT dollars was recognized in 2022 for these contributions. Overseas subsidiaries also make monthly contributions to retirement funds in accordance with local regulations.

• BenQ Materials Employee Welfare Committee

BenQ Materials has established the BenQ Materials Co., Ltd. Employee Welfare Committee in Taiwan in compliance with the law. Committee members are elected or selected proportionally from each department, and regular meetings are held quarterly to make decisions on welfare systems and plan various employee activities.

In addition to the holiday bonuses, the Employee Welfare Committee provides a self-selected festival welfare platform, birthday welfare points exchange, and various subsidies including maternity, marriage,



condolence, and emergency assistance. In terms of sports and recreational activities, there are club activities, contracted stores, sports seasons, art lectures, and diverse competitions, catering to the diverse needs of employees. To continuously provide employees with better and more diverse welfare and strengthen the sound financial operation of the Welfare Committee, the company increased the allocation of welfare funds from 0.05% to 0.08% of the company's revenue starting in 2021. In 2022, proposals were made to increase the funeral and hospitalization allowances, employee housing damage assistance, and electronic vouchers for foreign employees. After being approved by the Welfare Committee, these adjustments were officially implemented, demonstrating BenQ Materials' commitment to enhancing employee welfare.

Program	Number of Applications in 2022	Total Amount of Benefits
Maternity Allowance	37	133,200
Condolence Support	30	75,000
Marriage Subsidy	29	58,000
Hospitalization Allowance	28	80,000

» Consistent Holder of the Asia's Best Enterprise Employer

BenQ Materials remains committed to creating a friendly and attractive work environment. In 2022, the company was once again recognized with the HR Asia "Best Companies to Work for in Asia" award. The overall evaluation of the survey results surpassed industry standards, demonstrating the high level of employee satisfaction and identification with the organization.



» Remuneration Management

BenQ Materials attracts talented individuals to join its workforce through a diverse and market-competitive overall compensation design. The salary conditions for new hires are evaluated based on the job position, individual qualifications, knowledge and skills, and work experience, without any differences based on gender, religion, race, political affiliation, marital status, etc. For entry-level employees without work experience, their salaries are set above the minimum wage mandated by local labor regulations in the operating locations, and gender does not impact the salary. However, there may be slight variations in salary due to differences in local regulations and living standards in the Suzhou and Wuhu factories in China.

The minimum wage at each operating location is a multiple of the local regulatory minimum wage of 2022

- Taiwan: 1.08
- Suzhou: 1.43
- Wuhu: 1.47

BenQ Materials regularly participates in market salary surveys and makes adjustments based on market levels for job positions and individual performance. Annual salary adjustments for regular employees are performance-based, with an average increase of 6% in 2022. BenQ Materials does not differentiate based on gender in terms of hiring, performance evaluation, salary adjustments, and promotions. However, when analyzing the average salaries across different job levels, there are still some variations based on ethnic groups and locations. Factors such as performance, educational composition, average years of work experience, differences in salary distribution within the same group, and variations caused by the number of individuals can contribute to the slight difference in salaries where male employees in Taiwan may have slightly higher salaries than female employees, or where female employees in Chinese factories may have slightly higher salaries than male employees.

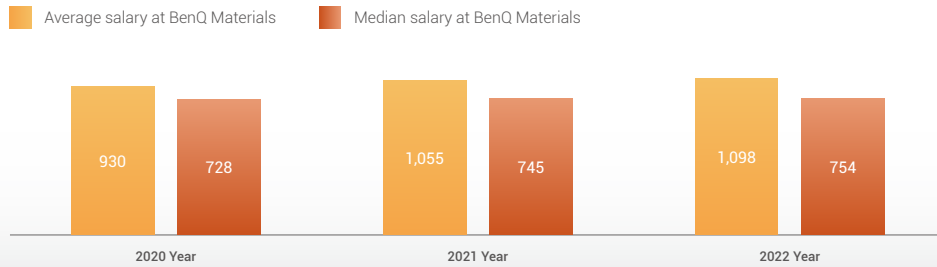
Location	Plants in Taiwan				Plants in China			
	Basic Salary		Basic Salary + Bonus		Basic Salary		Basic Salary + Bonus	
Gender	Male	Female	Male	Female	Male	Female	Male	Female
Middle and senior supervisor	1	1	1	0.83	1	1.07	1	1.08
Entry supervisor	1	0.97	1	0.93	1	1.03	1	1.07
Engineers	1	0.89	1	0.77	1	1.02	1	1.05
Administrative staff	1	0.93	1	0.82	1	1.05	1	1.20
Entry staff	1	0.98	1	1.07	1	0.98	1	1.02

Note: The above table presents the average salary calculated based on the total salary amount and the number of individuals in each job level for the year 2022. The calculation includes both the "base salary" and "bonus" based on the withholding statement. The calculation of the "base salary" is based on the full salary (excluding variable pay) of employees in December 2022.

In addition, according to the regulations of the "Full-time Employees of Non-supervisor Position Salary Information Declaration Operation Guidelines" announced by TWSE, the average salary of employees at all business locations of BenQ Materials in Taiwan is calculated. After the inspection and verification by accountant, the weighted average number of full-time employees of non-supervisor positions was 1,628 people in 2022, and the mean salary of full-time employees of non-supervisor positions was NT\$1,098 thousand, and the employee salary median was NT\$754 thousand. The average salary and median increased by 4% and 1% from the values in 2021 respectively.



Full-time employee salary excluding managerial positions



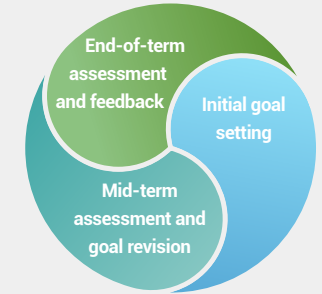
» Incentive System

To encourage employees to continue achieve new highs, the company has established the reward issuance guidelines for various goals, in order to provide different types of incentives to relevant employees, thereby promoting collaboration among departments, and sufficiently simulating employees' working potential.

Item	Explanation
Year-end bonus	The fixed year-end bonus is equivalent to one-month salary, and holiday bonus equivalent to half-month salary is issued on Moon Festival and Dragon-boat Festival respectively.
Profit sharing and performance bonus	Depending upon the business operation of the company, and based on the employee's performance, profit sharing and performance bonus is issued at the end of each year.
Patent reward	R&D Department has established the patent application goal, and when such goal is achieved, reward is issued.
Referral reward	For direct personnel of some departments, employee referral reward is established, in order to encourage employees to refer to friends and relatives to join the company.
Contest reward	CIP program is organized annually, and for crossdepartment project team with outstanding performance, reward is issued as encouragement.
Excellence reward	Excellence reward presentation ceremony is the annual role model employee election event, and award winner is announced at the end of each year, and medal and monetary reward are issued to the winners.
Seniority gift	The reward is calculated on a five-year interval, and for employees of long seniority is presented with medal and gift at the end of each year periodically
Certification Allowance	Direct staff members who possess relevant professional certifications and are actively engaged in related job responsibilities are eligible for an allowance.
External Training Subsidy	All employees who participate in external professional training or pursue on-the-job education are eligible to apply for training subsidies.

» Performance Evaluation

To effectively achieve the business plan of the company, department and personal goal achievement environment and incentives, the company has established the management system, in order to use it as the key basis for talent promotion and development as well as the remuneration issuance and salary adjustment. The Management by Objective (MBO) is used as the basis, and the evaluation focus includes the routine action performance and key mission achievement rate. The goal is to promote employees to achieve missions effectively and to request their conduct at work to comply with the cultural characteristics of BenQ Materials. Performance evaluation operations are performed two times annually.



The performance management system is to assist supervisors and staff to perform two-way communication, to stimulate personal and team potential. According to the operational strategy, future focus items and personal goals are established. For those with inadequate performance, the Performance Improvement Plan (PIP) has been established, in order to provide improvement assistance and guidance mechanism, thereby assisting employees to improve personal performance and to achieve mission goals.

Performance Management System at BenQ Materials is based on the principles of fairness, equity, and transparency. It operates through a transparent workflow that encourages employees to provide feedback on their supervisors and engage in appropriate communication. Currently, all global regular employees (excluding those in the probationary period) undergo regular performance assessments and reviews.

Starting from the end of 2022, sustainability indicators have been incorporated as one of the performance assessment criteria for senior executives. This integration ensures that sustainability goals are effectively integrated into job management. Concrete outcomes are expected to be achieved by the end of 2023 as a result of this initiative.

Performance Management System

Mid-term evaluation (May-June of each year)

Review the work target set at the beginning of the year and personal mission achievement status. Perform adjustment according to the interactive feedback of the supervisor and employee under evaluation, in order to achieve consensus on the work target planned to be activated in the next half of year.

Final evaluation (November-December of each year)

Provide feedback and evaluation outcome on the work mission achievement level and daily performance of the current year. Through one-on-one communication method, allow employees to actively propose recommendations beneficiary to the organization or personal development, and allow supervisors to understand the current status of the employee under evaluation, in order to use it as the focus for the work development in the next year.



» Employee Communication

BenQ Materials has established a diversified communication mechanism, ensuring the careful confidentiality and handling of employee complaints or incidents involving personal information. The company actively shapes an environment that promotes respect, care, and the protection of human rights, safeguarding the rights of labor organizations and collective bargaining. This approach aims to foster a healthy and positive labor-management relationship. In addition to listening to employee voices and suggestions, the company also strives to ensure timely and accurate dissemination of information to relevant staff members. Furthermore, appropriate feedback is provided as a reference for enhancing overall operational efficiency.

Communication Meetings (Quarterly)	Communication Platforms	Survey Communication
Labor-Management Meetings	Employee Suggestion Box (Ongoing)	Overall Employee Activity Satisfaction (Annually)
Meal Committee Meetings	Employee Feedback via App	Meal Satisfaction Survey (Twice a Year)
Welfare Committee Meetings	General Manager Inbox on Official Website	Satisfaction Surveys for Various Activities (Ad hoc)
Business Briefings (Various Business Units)	-	Employee Satisfaction Survey (Every Two Years)

» New Employee Care

BenQ Materials places great importance on the experiences and feedback of new employees. In addition to periodic proactive care from supervisors and HR, a Line public account called "BenQ&A" was established in 2021. By the end of 2022, it had been used by 270 individuals. The account provides consolidated information and frequently asked questions regarding policies on attendance, salary/meal expenses, administrative services, performance evaluations, new employee training, and employee benefits. This platform assists new employees in accessing information in real-time, and through the Line Q&A feature, their questions can be promptly addressed.

For new employees under newly appointed supervisors, a mentorship system and a care program for new supervisors have been established. Experienced supervisors guide new supervisors, helping them quickly adapt to the company culture and providing assistance tailored to their needs. This mentorship system acts as a guiding compass for their career development.

In 2022, to improve the satisfaction of new colleagues, a new employee symposium was held. Seventeen newly hired indirect colleagues had the opportunity to participate in a work discussion meeting with the General Manager to assess their job adaptation status. Follow-up actions were taken based on the issues discussed during the symposium, including work hours and overtime, in order to enhance the retention status of new employees.

• Improving Employee Living Quality

In 2021, BenQ Materials invested nearly millions in leasing and renovating a large dormitory in the company's vicinity. This created a completely new living and accommodation space. In February 2022, a total of 84 foreign migrant workers moved into the dormitory. Apart from reducing the risks associated with employee commuting, this initiative also enhances their living quality and satisfaction.

Employee Housing Damage Subsidy

- BenQ Materials provides a housing damage subsidy for all employees who experience home damage due to natural disasters. Eligible employees can apply for this subsidy.

Digitization of Paper Gift Certificates

- Gifts such as festival and birthday bonuses for foreign migrant workers have been fully digitized, offering more diverse purchasing channels.

» Maternal Health

In response to the government's maternity policy and to show care for new parents balancing their responsibilities between children and work, BenQ Materials has proposed a plan that goes beyond the requirements of labor laws. The aim is to provide ample leave and financial assistance to pregnant employees for pre-natal preparation and postpartum recovery. Additionally, employees with children under the age of 3 are provided with a monthly childcare subsidy of NT\$5,000. As of the end of 2022, there have been 232 applications, with a total subsidy amount of NT\$7,308,833. Furthermore, to safeguard the rights of postpartum employees, the performance evaluation system has been adjusted since 2021. The performance assessment of postpartum employees is no longer based on department rankings, but is determined directly by the supervisor based on individual job performance.

Type	BenQ Materials Employee Program
Maternity leave	<ul style="list-style-type: none"> Seniority of 6 months and above: 12 weeks of full-month salary paid maternity leave (8 weeks according to the law) Seniority less than 6 months: 12 weeks of half-month salary paid maternity leave (8 weeks according to the law) Miscarriage after pregnant for more than 2 months but less than 3 months: 1 week of half-month salary paid maternity leave (no maternity leave according to the law) Miscarriage after pregnant for less than 2 months: 5 days of half-month salary paid maternity leave (no maternity leave according to the law)
Pregnancy leave	<ul style="list-style-type: none"> Pregnancy leave is calculated independently, and is not counted as sick leave (counted as sick leave according to the law) When the pregnancy leave does not exceed 30 days in one year, half-month salary is paid for the leave (partial payment of half month salary according to the law)
Childcare allowance	<ul style="list-style-type: none"> For each child, allowance of NT\$5,000 is issued monthly, until the child reaches 3 years old in full.



» Maternity Leave Statistics

BenQ Materials Taiwan factory follows the Gender Equality in Employment Act, and eligible employees can apply for maternity leave without pay based on their needs. In 2022, a total of 8 employees applied for maternity leave. Among the employees who should have returned to work, there were 12 individuals. Among the 7 male employees, 3 returned to work after the leave period (a return rate of 42.86%). Among the 5 female employees, all 5 returned to work after the leave period (a return rate of 100%). The reasons for not returning to work were all related to individual career planning factors. Additionally, in 2021, a total of 2 employees returned to work, but both left the company in 2022 due to personal career planning, resulting in a 0% one-year retention rate for returnees.

Year	2021		2022	
	Female	Male	Female	Male
Number of employees qualifying for parental leave without pay (A)	42	89	37	74
Number of employees applying for parental leave without pay (B)	1	4	7	1
Number of employees scheduled for reinstatement in that year (C)	5	2	5	7
Actual number of employees of reinstatement (D)	1	1	5	3
Number of employees remain at their position after 12 months of reinstatement (E)	5	2	0	0
Parental leave without pay application rate (B)/(A)	2.4%	4.5%	19.01%	1.35%
Reinstatement rate after leave maturity (D)/(C) 2	20.00%	50.00%	100.00%	42.86%
Retention rate after reinstatement for one year(E)/ previous year(D)	100.0%	100.0%	0%	0%

Note: The maternity leave system is governed by Taiwan's Gender Equality in Employment Act and is a labor right. The statistics provided only disclose the application overview of Taiwanese employees. The number of eligible individuals for maternity leave is calculated based on the number of individuals who have applied for maternity leave or paternity leave within the past three years.

» Employee Activities



• Family Day

In 2022, as the COVID-19 situation improved, BenQ Materials organized a family day event in September at the Xihu Resort in Miaoli. The event aimed to encourage employees to step outdoors and enjoy the festivities with their family members. The event featured renowned artist Pan Ruodi, who led the BenQ Materials family in engaging in healthy physical activities, sweating it out, and enjoying the pleasure of recreational sports. Additionally, there were food options and various challenging activities, providing an opportunity for BenQ Materials employees to have fun, indulge in delicious food, relax with their families, and rejuvenate their mind, body, and soul.



• Excellence Award Presentation

To recognize and encourage outstanding performance of employees and teams, BenQ Materials holds an annual True, Good, and Beautiful (TGB) Awards Ceremony at the end of each year. The event is promoted through internal newsletters and bulletin boards, acknowledging the employees' dedication and hard work. As of 2022, a total of 13 ceremonies have been held, honoring 252 employees.



• Year-end Party

To bring employees together and celebrate a joyful time at the end of the year, an annual Grand Year-end Party is organized to enhance the emotional connection and team cohesion among the staff. The event serves as an occasion to recognize the hard work and achievements of employees throughout the year, allowing them to feel valued and appreciated by the company. It also serves as a source of motivation for them to strive harder in their future.



Health Management

In order to create a more diverse employee experience, BenQ Materials offers several initiatives that go beyond legal requirements. These include a healthy and diverse employee cafeteria that provides lunch subsidies and allows employees to enjoy meals with small payments. Additionally, the company provides annual health check-ups, access to affiliated hospitals, stress relief workshops, and on-site physical therapists and massage therapists for employees. Regular health information newsletters are also distributed to ensure employees can stay up-to-date with the latest health knowledge and focus on maintaining their optimal well-being.

» Health Examination

BenQMaterials goes beyond legal requirements by organizing annual health check-ups, which are divided into three categories: "Employee Health Check-ups," "Special Health Check-ups," and "Self-Paid Health Check-ups." After the check-ups, data is collected and analyzed to identify high-risk groups, and health tracking and consultation are provided accordingly.

To effectively manage employee health data, given the continuous growth in the number of employees, a health software system was implemented in 2022. This system allows occupational health personnel to manage and access multi-year health check-up data, closely monitor changes in relevant indicators for high-risk groups, and enables employees to check their own health check-up records and sign up for health promotion activities through their smartphones. If they have relevant body composition, blood pressure, or blood glucose measurement data, they can also upload and record them on the system.

Healthcare Type	Content	Frequency	Compliance/Exceeding Regulations	Execution Effectiveness	Management Mechanism Description
Employee Health Checkup	Employee Health Examination	Once per year	Better than legal requirements	<ul style="list-style-type: none"> The check-up rate is 98.6%, with a total of 1,205 people undergoing health examinations 	General health checks are classified into four levels of management. Individuals suspected of having a disease at level three or above, or those classified as high-risk according to the law, undergo interviews.
Special Operations Health Checkup	Employee Health Examination	Once per year	Only the Yunlin factory exceeds legal requirements, while the other factories comply with legal requirements.	<ul style="list-style-type: none"> 175 individuals comply with legal requirements, with a check-up rate of 100%. 19 individuals have a noise work environment that exceeds legal requirements, with a check-up rate of 100%. The re-evaluation result for non-noise work environment testing is at level four. After assessment by an occupational medicine specialist, individuals can continue working and will be re-evaluated the following year. 	Special health checks are managed according to the Labor Health Protection Regulations.
Self-Paid Health Checkup	Screening for the Top 10 Cancer Causes and Ultrasonography	Once to twice per year	Better than legal requirements	<ul style="list-style-type: none"> There are a total of 125 individuals. 	-
Cervical Pap Smear Test	Cervical Pap Smear Test with Both Self-payment and Full Health Insurance Subsidy	Once per year	Better than legal requirements	<ul style="list-style-type: none"> 50 individuals underwent the examination. 	-
Vaccination	COVID-19 Vaccination and Influenza Vaccination	Once per year	Better than legal requirements (voluntary flu vaccine)	<ul style="list-style-type: none"> A total of 137 individuals. 	-
Occupational Health Consultation	Health Consultation for Abnormal Cases, Follow-up Management, Four Major Programs, Respiratory Protection Program, Personal Injury/Illness Consultation	Once per week	Physician on-site service frequency exceeds legal requirements	<ul style="list-style-type: none"> A total of 379 individuals were included in abnormal tracking. 	Managed according to the Labor Health Protection Regulations plan.
Health Management for Middle-aged and Senior Employees	For individuals aged 45 and above, adding a Work Ability Index Questionnaire during health examinations.	Once per year	Better than legal requirements	<ul style="list-style-type: none"> For individuals over 45 years old, 93.2% of questionnaires were collected, and one person recommended arranging a physician interview. 	When the score is less than 27, an interview with a physician is arranged to further assess the need for job adjustments.



» Health and Fitness Activities

In order to encourage employees to stay active and maintain vitality, apart from offering 9 sports clubs, BenQ Materials holds regular annual sports competitions, including various ball games such as soccer, softball, basketball, and bowling. Through these activities, we aim to attract more employees to participate in diverse sports and fitness endeavors.



Type	Content	Frequency	Execution Effectiveness
Club Activities	1. Softball Club	Every week	The Welfare Committee submits quarterly reports on the operation of the clubs and provides a quarterly social fund of 8,000 dollars to support the clubs' financial needs.
	2. Yoga Club		
	3. Aerobic Boxing Club		
	4. Zumba Club		
	5. Basketball Club		
	6. Cycling Club		
7. Badminton Club			
8. Running Club			
9. High Jump Club			
10. Mountaineering Club Environmental Service Club (New in 2022)			
Hiking and Nature Walks	Encourage colleagues to go outdoors during their vacations and experience the healing power of nature for their physical and mental well-being.	Feb.~April.	Through the hiking note-taking feature, colleagues can record their routes and submit their hiking records, allowing us to track their progress. A total of 32 individuals completed the 30km challenge.
Sports Facilities	Facilities such as fitness centers, dance studios, and basketball courts are available.	Every week	Colleagues have free access to facilities such as the gym, dance studio, and basketball court.
Seasonal Sports Competitions	The sports season runs from April to August each year, featuring basketball, softball, human foosball, and bowling as part of the activities.	April.~Aug.	Sporting events are organized to foster camaraderie among colleagues and maintain a healthy habit of exercise. In 2022, there were a total of 400 participants in these sports-related events.

» Health Promotion

The World Health Organization (WHO) defined "workplace health promotion" in 1997 as the implementation of comprehensive programs that create a supportive environment in the workplace to promote employee health and enhance their ability to control their own health. Therefore, every year, based on health check-ups and employee satisfaction surveys, BenQ Materials designs various health promotion activities to meet the needs of its colleagues. The 2022 health promotion activities included health lectures, weight loss competitions, first aid courses, and other initiatives.



Type	Content	Execution Effectiveness
Physical Therapy	Manual Therapy 、 Exercise Therapy 、 Orthopedic Physical Therapy 、 Myofascial Release	Reservation rate: 100%
Visually Impaired Massage	Hiring certified massage therapists to provide massage services to employees	Reservation rate: 100%
Health Lectures	Expert guidance on achieving a lean body through proper eating habits	Participation: 35 people / Satisfaction: 4.8
	Offering healthy and delicious light meals for a balanced diet	Participation: 17 people / Satisfaction: 4.9
	Rehabilitation instructor teaching techniques for muscle and joint relaxation	Participation: 38 people / Satisfaction: 4.9
Weight Loss Competition	Professional instructors teaching scalp protection and healthy care	Participation: 20 people / Satisfaction: 4.9
	On-site examinations to address the excessive use of electronic devices and prevent eye disorders	Participation: 56 people / Satisfaction: 4.8
Basic First Aid Course	Setting weight loss goals and encouraging employees to exercise through competitive activities for a perfect body shape	Participation: 200 people / Average weight loss per person: 4.5%
Blood Donation Event	Installation of AED devices in the factory and conducting annual education training	Participation: 54 people / Satisfaction: 4.9
	Encouraging employees to participate in blood donation activities within the factory premises due to insufficient blood supply in blood banks.	Participation: 223 people / Total of 328 bags



» Epidemic Control Management

In 2022, due to the variant strains of the COVID-19 virus causing a widespread pandemic, there was initially a shortage of medical capacity, and quarantine facilities or hotels were unavailable for isolation. The company, facing the pandemic, took care of its employees by providing hotel accommodations with independent bathrooms and air conditioning for isolation, along with catering services. Each room was equipped with fingertip pulse oximeters, axillary thermometers, and home rapid antigen test kits.

The company implemented a rolling policy in line with government quarantine measures. Custom-made acrylic dividers were installed in restaurants and meeting rooms, and later removed when necessary. Remote work arrangements were provided, especially during the peak of the pandemic. Additionally, professional disinfection companies were hired to conduct thorough disinfection in the factory area during the peak period of the outbreak.

» Employee Assistance Plan (EAP)

To strengthen the employees' ability to cope with work-related stress, BenQ Materials places great emphasis on the mental and physical well-being of its employees. Each year, the company signs a contract with an external counseling and coaching company. All employees within the operational locations have access to a free hotline counseling service for legal, psychological, managerial, and adaptive issues. Professional case managers provide expert counseling or emergency assistance through this service. Additionally, an unlimited email consultation service is available to discuss relevant topics. The privacy of the employees is protected in accordance with relevant privacy laws and regulations, ensuring their peace of mind when using the service. In 2022, a total of 111 individuals utilized this service.

External Assistance

- Employee Assistance Program (EAP): Provides a free helpline staffed by psychologists, as well as email consultations and individual counseling sessions.
- On-site Counseling: Counselors are available on-site every Tuesday or Thursday for free consultations. Appointments can be made in advance.
- Periodic Workshops: Organizes stress relief workshops to help employees manage their mental well-being.

Internal Assistance

- Monthly Mental Health Articles: Offers articles on popular topics in today's society to enhance employees' knowledge of mental health and self-awareness.
- Relief and Support via Line@: A Line@ account called "Relief and Support Little Lion" provides a platform for employees to share their thoughts and relieve stress through text messages, breaking the barriers of distance and time.

2023 Planning

- Expansion of On-site Services: Expands the scope of on-site counseling services to reach more employees.
- Multilingual Mental Health Promotion: Provides mental health materials and resources in multiple languages to cater to diverse employee needs.
- Support for Significant Life Events: Extends care and support to employees experiencing major life events such as marriage, childbirth, bereavement, and more.





Workplace Safety

» Occupational Safety and Health Management System

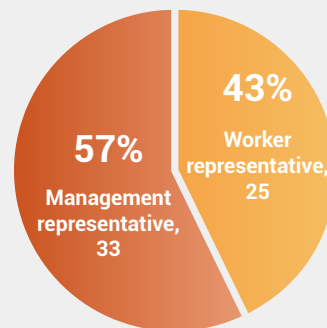
Since 2005, we have obtained the Occupational Health and Safety Assessment Series (OHSAS) 18001 certification. Our current management system is based on ISO 45001:2018, which establishes the Occupational Health and Safety Management System. The certified scope includes our Taoyuan, Longke, Yunko, Suzhou, and Wuhu plants, covering both production and non-production areas. It encompasses routine and non-routine operations and includes all activities of external personnel entering the premises of our company.

As of the end of 2022, the total workforce within the certified scope was 3,655 employees, accounting for 57.65% of the total workforce. In addition, there were 1,503 non-employee workers, including dispatched personnel, on-site security guards, cleaning staff, catering company personnel, and contracted construction workers, accounting for 40.08% of the total workforce. The overall coverage rate of the certified scope is 97.73%.

However, our Haihu Plant and subsidiaries Jinjie and Shuochen have not undergone ISO 45001 management system certification as the number of employees in these locations is below 200. The total workforce in these locations is 85, representing 2.27% of the total workforce.

» Social Responsibility and Environmental Health and Safety Management Committee

In accordance with the Occupational Safety and Health Management Regulations, the "Social Responsibility and Environmental Health and Safety Management Committee" has been established to promote occupational safety and health matters. The committee's term is 2 years, and it holds meetings once per quarter. The Vice General Manager serves as the Chairman of the Committee. There are a total of 58 committee representatives, including 25 worker representatives, accounting for 43% of the total committee members. This exceeds the legal requirement of worker representatives comprising over one-third of the committee. The committee engages in communication, participation, and consultation on occupational safety and health law requirements and related issues. It tracks the annual occupational health and safety management plan and reviews the effectiveness of training. During the operation of the management system, regular occupational health education and training are provided to management representatives and safety and health officers to enhance the professional competence of personnel in occupational safety and health management systems across departments.



Note: Suzhou Plant and Wuhu Plant conduct quarterly meetings online, jointly promoting occupational safety and health matters with the Taiwan Social Responsibility and Environmental Health and Safety Management Committee.

» Hazard Identification and Risk Assessment

A regular hazard identification and risk assessment of occupational safety and health hazards is conducted at the end of each year. This involves examining the operational processes, steps, frequencies, and the causes of potential hazards and opportunities. Taking into account the existing management measures, an assessment and classification of the overall safety and health risks are performed. The results of the risk assessments for various operations that rank within the top 20% of the company's overall assessment are considered as unacceptable risks or high acceptable risks. These risks are documented in the "Unacceptable Risk and High Acceptable Risk Control Form" along with the explanation of improvement or control measures. In 2022, a total of 18 management plans were included in the tracking and management process. Examples of these plans include machine safety improvements and operational procedure enhancements. As of the end of 2022, 15 management plans have been successfully implemented, while 3 plans are still in progress.

In cases where there are changes or additions to products/services/processes that may result in changes to the organization, environment, equipment, workforce, or conditions of work, non-routine hazards may arise. In such instances, the "Environmental Safety and Health Change Management Evaluation Application Form" is completed to reassess the hazard identification and risks associated with the specific operation. In 2022, a total of 133 application forms were submitted. For risks assessed as unacceptable hazards or high risks and opportunities, improvement plans are implemented to reduce the risks. This may involve a sequence of actions such as elimination, substitution, and engineering improvements, along with administrative measures such as personnel qualifications, warnings, protective equipment, monitoring, and emergency response. Continuous improvement efforts are made to mitigate risks.





» Accident Investigation and Injury Prevention

BenQ Materials follows the ISO 45001 standard and has established an Accident Investigation Management Procedure. Accident investigations include identifying the causes of the accident, hazard identification, follow-up improvement measures, and ongoing care and monitoring to assess return-to-work readiness. Employees are encouraged to report work conditions that may lead to hazards or illnesses without fear of punishment, and each department is encouraged to report environmental and safety improvement projects on a monthly basis to enhance safety management in the work environment. In addition, a safety reporting incentive mechanism for potential risk events has been established, and commendations and bonuses are awarded during the company's monthly safety meetings held on the 10th of each month.

BenQ Materials provides education and guidance on emergency evacuation rights for labor safety during employee onboarding and safety month meetings. If an employee encounters an immediate danger in the work environment that could jeopardize the safety of others, they have the right to stop work and evacuate to a safe place without jeopardizing the safety of other workers.



» Safety Improvement

Type	Safety Improvement Item	Content	Tracking/Improvement Mechanism
Risk Control	Abnormality Exclusion Safety Protection Mechanism Audit	The abnormality exclusion involves safety measures that are not part of the primary routine operations and are more likely to be overlooked. Therefore, by simulating/checking the operational methods from the perspective of colleagues, improvements are made to enhance machine safety in the factory. In 2022, a total of 144 high-risk areas were inspected, and 50 inspections have been completed with ongoing inspections.	Analysis of occupational injury causes in the past 3 years ⇒ Inspection of safety protection mechanisms ⇒ Improvement of unsafe machinery (with a focus on engineering solutions supported by administrative management.)
	Improvement of Working Environment Odor	Improvements are made by utilizing an environmental monitoring system and handheld instruments to inspect and identify the causes of unusual odors, supported by CCTV footage. In 2022, two instances of odor issues in the work environment were addressed, resulting in a significant decrease in both the frequency and intensity of the odors.	Regular monitoring of odor issues to ensure their absence.
	Electrostatic Prevention Zone Improvement	Enhancements were implemented to strengthen the safety measures in the electrostatic control zones within the factory premises. These improvements focused on ensuring the safety of personnel, chemical management, operational safety, fire facilities, and electrostatic management. In 2022, a total of 35 improvements were successfully implemented in these areas.	Inspection of static control areas ⇒ Compilation of missing item lists ⇒ Tracking improvement progress ⇒ Confirmation of results.
Education and Training	Professional Course Training (Newly Added in 2022)	In addition to providing the mandatory regulatory courses, extra professional safety training was offered to enable employees to apply their knowledge in their work and enhance the safety culture within the company. In 2022, a total of 236 individuals participated in these training sessions.	Topic selection for inspection courses ⇒ Development of course materials ⇒ Course scheduling ⇒ Attendance of personnel.
	Current Affairs Course on Safety Knowledge (Newly Added in 2022)	By compiling and providing up-to-date information on recent incidents, timely knowledge on work and home safety was shared to prevent disasters. In 2022, a total of 1,457 individuals participated in these courses.	Monitoring of news and current events ⇒ Compilation of course topics ⇒ Development of course materials ⇒ Course scheduling ⇒ Attendance of personnel.
Incident and Injury Safety	Organizing Interactive Experience Activities	Animations and gaming experiences were utilized to replace traditional print materials and poster campaigns. This allowed employees to engage in a more interactive way and experience traffic safety knowledge firsthand, applying defensive driving skills during commutes and business trips. In 2022, a total of 2 events were organized, with 212 individuals participating in these experiential activities.	Regular tracking of the number and causes of work-related accidents ⇒ Formulation of corresponding improvement measures.
Management System Optimization	Documentation of Education and Training System Records	The personnel training record management system was enhanced by implementing an E-learning system. This system allows for the integration and documentation of personnel occupational safety training records, providing a mechanism for checking and verifying training completion.	Testing/trialing of E-learning system functionality ⇒ Importing/Archiving training records.
	Establishing a Dynamic Safety Promotion Mechanism	During shift handovers, safety precautions and regulations are communicated by online personnel on a rotational basis. This practice aims to enhance employees' awareness of work safety and adherence to safety protocols.	Inspection of unit operations ⇒ Development of awareness plans ⇒ Safety awareness campaigns (periodic audits of awareness by occupational safety personnel).



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» Workplace Misconduct

Every year, all employees receive education and training to provide a smooth reporting mechanism. Supervisors arrange annual hazard identification and risk assessment, self-checklists, and organize courses by lawyer Xue Jinkun from the Cheng Cheng Law Firm. Supervisor courses include Workplace Communication Boundaries, understanding workplace violence and harassment issues. In addition, we collaborate with external organizations such as the Chinese Mental Health Foundation to provide telephone consultation, email consultation, or in-person counseling. Furthermore, in 2022, we partnered with qualified counseling psychologists to provide regular on-site counseling services within the company, making it more convenient for our colleagues.

Workplace misconduct handling process:



» Occupational Safety and Health Training

Worker safety awareness and disaster prevention and response are important cornerstones of occupational safety. BenQ Materials values training and safety promotion for supervisors and employees at all levels to establish emergency response capabilities and safety concepts, enhancing worker safety awareness and preventing accidents caused by unsafe behaviors. BenQ Materials includes safety and health education and training for new employees, hazard general education training (hazardous chemical management), machinery safety, emergency response, operators of elevating work platforms with a capacity of over one ton, operators of lifting equipment with a capacity of over 0.5 tons and up to 3 tons, users of lifting gear, boiler operators, and operation of safety and health management systems in the annual training plan. In 2022, environmental health and safety-related courses were provided to 35,962 individuals, including employees and non-employees (dispatched personnel, on-site security guards, on-site cleaning personnel, cafeteria staff), with a total of 41,089 person-hours.

BenQ Materials adheres to a diverse occupational safety and health education and training system that replaces traditional face-to-face teaching methods. This includes utilizing digital learning platforms provided by the Occupational Safety and Health Administration, incorporating external educational and training resources, training foreign employees to serve as professional instructors (providing training content that is close and easily understandable in colloquial language), and organizing external professional seminars to deepen employees' awareness of workplace safety and maintain a safe and healthy work environment.





» Contractor Occupational Safety Education and Training

In addition, to implement contractor management systems and protect every construction worker entering BenQ Materials, all construction personnel are required to undergo safety training provided by BenQ Materials before commencing work on the premises. In 2022, a total of 1,666 individuals completed the training. In addition to safety training for contractors, a "Contractor Supervisor Management System" has been established, requiring qualified supervisor personnel to be responsible for outsourcing projects to ensure construction quality and safety standards. In 2022, a total of 87 individuals completed supervisor safety training. No abnormal incidents involving contractors occurred in 2022.

» Disability Injury Statistics

BenQ Materials' occupational accident statistics are disclosed in accordance with the definition of occupational accidents under the Occupational Safety and Health Act and the GRI 403-9 Occupational Injury Statistics Indicator published by the Global Reporting Initiative (GRI). In 2022, there were no fatalities or severe occupational accidents among all workers (employees and non-employees). A total of 11 occupational accidents were recorded, primarily involving entrapment hazards. Among them, there were 7 cases of disabling injuries, resulting in a total of 238 days of disability. The number of work-related disabling injuries and the total days lost due to disability were higher for males than females. These injuries were primarily caused by failure to follow standard operating procedures during machine maintenance operations, resulting in entrapment. After a review conducted by occupational safety personnel and relevant departments, a total of 144 high-risk areas were inspected, focusing on addressing abnormal machine issues and ensuring the installation of safety protective devices in high-risk areas during cleaning. Occupational safety personnel, unit supervisors, and operators worked together to simulate safe operating procedures to improve the safety of unsafe equipment and achieve the goal of zero occupational accidents, thereby preventing occupational accidents from occurring. In 2022, there were no recordable occupational injuries among non-employee workers on the premises throughout the year.



Employees Disability Injury Statistics

Item	2018	2019	2020	2021	2022
Whole-year working hours	4,036,698	1,115,620	3,116,150	2,036,168	5,152,318
Number of people of occupational injury and death	0	0	0	0	0
Occupational injury and death ratio	0	0	0	0	0
Number of severe occupational injuries	0	0	0	0	0
Rate of severe occupational injuries	0	0	0	0	0
Number of recordable occupational injuries	7	4	7	4	11
Rate of recordable occupational injuries	2	4	2	2	2
Number of disabling injuries	5	2	5	2	7
Number of days lost due to disabling injuries	214	24	183	55	238
Disability injury frequency (FR)	1.23	1.79	1.6	0.98	1.35
Disability injury severity (SR)	53	21	58	27	46
Frequency severity indicator (FSI)	0.25	0.19	0.3	0.16	0.24

Non-Employees Disability Injury Statistics

Whole-year working hours	111,034	1,149,300	867,942	392,392	1,260,334
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Note 1: The data includes Taoyuan Plant, Longke Plant, Yunlin Plant, Suzhou Plant in Mainland China, Wuhu Plant, and subsidiaries including Jingjie and Shuo Chen.

Note 2: The calculation of employee working hours is based on the standard of day shift and shift rotation. Day shift is calculated as 8 hours per day, and shift rotation is calculated as 10 hours per day. The working hours of non-employees, including dispatched personnel, on-site security guards, on-site cleaning staff, and on-site catering staff, are calculated based on the nature of their work. Dispatched personnel and on-site security guards are calculated as 10 hours per day, while cleaning staff are calculated as 8 hours per day. (The working hours of non-employees do not include contract workers in construction, as their entry time to the plant is not fixed and it is difficult to calculate their actual working hours. Systematic management will be planned for the future.)

Note 3: The calculation method of the indicators does not include transportation accidents:

Occupational fatality rate = (Number of occupational fatalities × 10⁶) ÷ total annual working hours

Rate of severe occupational injuries = (Number of severe occupational injuries (excluding occupational fatalities) × 10⁶) ÷ total annual working hours

Rate of recordable occupational injuries = (Number of recordable occupational injuries × 10⁶) ÷ total annual working hours

Frequency rate (FR) of disabling injuries = (Number of occupational injuries × 10⁶) ÷ total annual working hours

Severity rate (SR) of disabling injuries = (Number of days lost due to disabling injuries × 10⁶) ÷ total annual working hours

Frequency-severity index (FSI) = $\sqrt{(FR \times SR) / 1000}$

"Number of severe occupational injuries" refers to injuries that result in permanent disability (e.g., amputations) or the inability to return to work within six months.

"Number of recordable occupational injuries" includes fatalities, severe injuries, and occupational injuries requiring internal or external medical treatment.

"Disabling injuries" refer to injuries that temporarily (or permanently) prevent the injured person from returning to work. The days lost due to disabling injuries do not include the day of injury or the day of return to work but include any intervening days (including Sundays, holidays, or days when the business unit is not in operation) and any additional days of inability to work due to the injury after returning to work.



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Social participation

With the corporate vision of BenQAUO Group Lionel of "Realizing the Truth, Goodness and Beauty of Technology Life, BenQ Materials is committed to fulfilling its social responsibility and continuously promoting various sustainable actions, including environmental sustainability and social care. To implement this philosophy, in addition to regular charitable donations, BenQ Materials focuses on four main pillars: "Charitable Care, Rooted Education, Green Action, and Art and Culture." It provides a "Paid Volunteer Day" to encourage employees to participate in voluntary activities autonomously, combining various local care programs with the aim of addressing social issues and continuously contributing to the land of Taiwan.

Type	Item	Starting Year	Indicator	2022 Goal	2022 Actual Outcome	2022 Achievement Rate	2023 Goal	2022 Investment Amount
Community Care and Welfare	Vision Hope Project	2014	Assist medium and low-income household children Accumulated number of people with glasses fitting	2,000	1,982	99%	2,250	150,000
Educational Development	Science Camp	2014	Accumulated number of children serviced	4	5	125%	Cumulative service attendance of 720	130,000
Green Action	Green Party	2011	Accumulated tree planting quantity	9,500	9,371	98%	Planned area	200,000
	Taiwan agricultural food plan	2016	Purchase amount of current year	1,500,000	670,000	45%	Purchasing quantity of 7,500 pounds	670,000
Art and Culture	Promotion of Local Arts and Culture	2014	Annual Sponsorship of Various Types of Arts and Cultural Groups or Events					

Charitable donations



» Donation of Hemostatic Gauze to National Police Agency

In line with its commitment to social responsibility, on October 21, 2022, Chairman Chien-Chih, Chen of BenQ Materials presented a donation of 1,000 medical-grade Wound Care Product FastNing hemostatic gauze to the Criminal Investigation Bureau of the National Police Agency, Ministry of the Interior. The donation was received by Director General Lee Hsi-Ho on behalf of the Criminal Investigation Bureau. This collaboration aims to protect police officers by providing them with the means to promptly and effectively address unexpected injuries during their duty. We hope that our contribution can help safeguard the well-being of the dedicated officers and enable timely intervention in cases of severe bleeding, thus minimizing unfortunate outcomes.



» Donation of Skincare Products to Suzhou City

BenQ Materials Suzhou Co., Ltd., in response to the call from the Suzhou City government to combat the COVID-19 pandemic, donated 600 bottles of the Skincare Angel Brightening and Anti-Acne Facial Cleanser (equivalent to approximately NTD 200,000) to the BenQ Materials Suzhou Public Welfare Foundation in February 2022. This donation is intended to support the COVID-19 prevention efforts in Suzhou City and fulfill our corporate social responsibility by contributing to the fight against the pandemic.



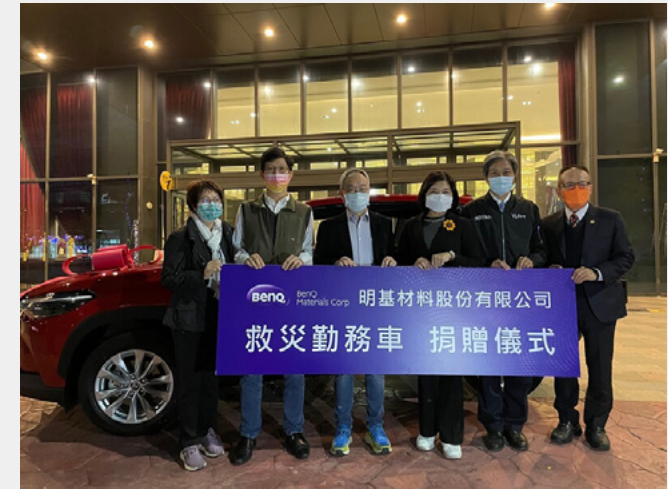
» Donation of Leak-Proof Adult Diapers to Yunlin County Government

In its over 12 years of operation in Yunlin, BenQ Materials has been committed to developing environmentally sustainable products and technologies. Upholding the concept of local care, we actively engage in social welfare and community activities in Yunlin. In addition to sourcing agricultural products from local farmers and organizing science learning camps for children in remote areas, in 2022, we donated 4,000 sets of "medical-grade leak-proof adult diapers" to the Social Affairs Department of Yunlin County Government. This donation aims to provide proper care for the elderly, ensuring that they receive dignified and respectful care.



» Donation of Protective Clothing, Adult Diapers, and Moisture Pads to Elderly Welfare Institutions in Taoyuan City

BenQ Materials continues to embody the principles of ESG sustainability and actively engages in environmental protection and social welfare activities. In 2022, we donated a total of 7,000 sets, valued at NT\$4.9 million, including "medical-grade leak-proof adult diapers," "sanitary pads," "bedding sets," and "functional protective clothing" to 67 elderly welfare institutions in Taoyuan City. These products are made from eco-friendly and non-toxic materials, providing functions such as breathability, waterproofing, dust mite resistance, bacterial inhibition, and quick drying. Our goal is to meet the cleaning needs of the elderly welfare institutions while ensuring the health and comfort of their residents, allowing them to experience warmth, kindness, and thoughtfulness. Furthermore, this donation aims to alleviate the cleaning burden faced by Taoyuan's elderly welfare institutions.



» Donation of Disaster Relief Vehicle to Yunlin County Government

BenQ Materials upholds the principle of local care and, on January 14, 2022, donated a disaster relief vehicle to the Yunlin County Fire Department. The donation was made by Chairman Chen Chien-Chih, and it was received by County Magistrate Chang Li-Shan. As BenQ Materials places great importance on plant safety and aims to contribute to societal security, in addition to the donated disaster relief vehicle, we have previously donated residential fire alarm systems to safeguard the safety of residents in their homes. Just as the fire department represents peace of mind and trust in the eyes of the public, BenQ Materials has established a close relationship of trust and mutual assistance with the local residents through our long-standing commitment to local care in Yunlin.



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Community Care and Welfare



» Vision Hope Project

"Health eyes creating colorful life" is the philosophy upheld by BenQ Materials for the promotion of its business brand of "Miacare." BenQ Materials, Kobayashi Optical and local family support centers collaborate with each other via the method of BenQ Materials providing free lenses and Kobayashi Optical providing glasses frames in order to assist medium- and low-income household children in Taiwan for glasses fitting at free of charge. The program has been implemented for 10 years, and the number of accumulated people of the glasses fitting service has reached 1,982 people-time. In 2022, the number of people serviced was 187 people-time.

In order to provide resources more accurately to children in need, the Vision Hope Project has planned a new service model in 2022, expanding its services to rural high school students and placement institutions.

Firstly, we focus on providing contact lens fitting to high school students in remote areas of Yunlin County, excluding mountainous and urban areas. Our target group is specifically high school students in sports classes who require contact lenses. During this period, we established a partnership with the woodball team from Tuku Industrial and Commercial High School, gaining insight into the needs of high school students and providing them with contact lens fitting services at the Yunlin branch of Kobayashi Eyewear.

Additionally, we have expanded our services to include six placement institutions in Taoyuan and Yunlin. We have also included the students from the HomeAid Academy, which is under the HomeAid Foundation, as beneficiaries. With the expansion of our collaborative network, we aim to provide appropriate care and support for more children in need of vision correction.



» Participation in Optometrist Association Education and Training

In addition to the Vision Hope Project, Ming Ji Materials is committed to public welfare and actively participates in medical and health education activities. In order to cultivate more optometry professionals, our company's employees have joined regional eyewear trade associations, including serving as directors of the Taipei City Eyewear Trade Association and the Tainan City Eyewear Trade Association. They actively engage in continuing education courses for optometrists, conveying the application of innovative material technology in professional optometry.

Furthermore, we actively promote health education information through our Facebook account and have had our content shared multiple times on eyewear retail channels' Facebook pages, thereby expanding the influence of health education.

» Organizing Medical Product Health Education Activities

The ComfortHealth team held workshops at nursing homes, introducing the ComfortHealth medical product series and conducting health education activities. We provided solutions for wound care at different stages, emphasizing the importance of wound care to participants and helping injured individuals return to their daily lives more quickly. During these activities, we also listened to the feedback from end-users and relayed it to our research and development team. This feedback loop ensures continuous improvement in product design, creating a positive cycle for the betterment of society.



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Educational Development

» Science Camp

BenQ Materials has long been committed to addressing the diverse needs of children in Taiwan and dedicating efforts to enhance the education of underprivileged students. We have been consistently implementing a one-day science camp program called "Science Camp by Science," aiming to use the power of our company to balance the unequal distribution of educational resources.

Based on the concept of integrating our core business technology, we regularly send knowledgeable volunteers to rural elementary schools or local foster care centers. They provide instruction and hands-on activities on everyday science knowledge, utilizing engaging and lively curriculum designs. Through these efforts, we assist children in learning science with ease, inspiring their interest in science through experiments, and fostering critical thinking and teamwork skills. As of 2022, we have conducted 20 sessions, serving approximately 621 participants.

Starting in 2022, in order to better cater to the genuine needs of rural areas, BenQ Materials took the initiative to send letters to regions with a higher number of rural elementary schools in Taoyuan and Yunlin. Within a few days, we received enthusiastic responses and numerous sign-ups. To enhance flexibility and collaboration with schools, we planned options for both full-day and half-day programs. The adjusted activities resulted in an increased satisfaction rating of 1-2 points.

In 2022, BenQ Materials also made its first attempt at conducting Social Return on Investment (SROI) assessment internally. One month after the activities, we invited the school teachers who accompanied the students to fill out observation feedback questionnaires, evaluating whether the participation had generated positive changes in the children. The feedback showed that, on average, 55% of students who participated in the Science Camp by Science demonstrated proactive engagement in school classrooms (asking questions, hands-on activities, and a greater willingness to complete assignments). They also exhibited a strong curiosity in the field of science and continued to show interest in the details of the initial activities.



Art and Culture

BenQ Materials, understanding the scarcity of resources and support for domestic arts and cultural teams and professionals, aims to provide more stages and support to help them gain visibility. Every year, the company sponsors and supports various forms of artistic endeavors, whether it's showcasing art exhibits within the company or actively supporting stage performances. The goal is to respond to the domestic arts and cultural scene and ensure that more artistic expressions are seen and appreciated. In 2022, BenQ Materials sponsored tickets for the performance of "The Land of Gods" by U-Theatre at Shan-Shang Theater, totaling NT\$47,520. Additionally, they sponsored Green Light Theatre's stage play "Goodbye! Beitou" with a budget of NT\$500,000, while also inviting customers to support Taiwan's creative cultural industry together.





Green Action



» GreenParty

As BenQ Materials, we have been organizing the "GreenParty" tree-planting event for 12 consecutive years in response to Earth Day and Arbor Day. Through the enthusiastic participation of our employees and their families, we create a vibrant celebration where they can make green commitments together and demonstrate their determination to practice environmental conservation through engaging ecological tours and tree-planting activities.

As of 2022, BenQ Materials has planted over 9,371 trees across all our factory locations in Taiwan through the GreenParty event. In addition to tree-planting, the event features exciting Green Tours that provide guided explanations of the flora within our factory areas. There is also a DIY activity for creating plant ecology bottles, where we collectively sow 600 seeds of hope and produce portable green memories. As a token of the event, we collaborate with local small-scale farmers in Yunlin to offer souvenirs sourced from their hard work, allowing us to show our love for the land while supporting the local community.

The sustainable and abundant Green Party aims to nourish the land with our corporate resources, with the hope of continuing to share and co-create a greener and brighter future with society.



» Taiwan agricultural food plan

"Seeing the needs and considering resource recycling" has always been the belief of BenQ Materials, a company that constantly seeks innovation and change. Upholding this philosophy, we have extended our efforts to green initiatives. Upon learning about the challenges faced by farmers in the Maliguang community, Jianshi Township, Hsinchu, including agricultural product oversupply, BenQ Materials took it upon ourselves to support local farmers. We purchase their surplus and organic produce and regularly sell these agricultural products in our employee cafeteria. Through the enthusiastic support of our employees, we not only promote the consumption of healthy and organic agricultural products but also help address the issue of oversupply faced by the local farmers, thereby achieving social prosperity.

The Taiwan Agri-Food Program has been implemented for seven years, with a cumulative purchase amount reaching NT\$3.84 million as of 2022. In 2022 alone, the procurement amount for agricultural products was approximately NT\$670,000. We have also collaborated with the local small-scale farmers platform, "San Xiao Market," in Yunlin. If any small-scale farmers have specific needs or encounter oversupply due to natural disasters, BenQ Materials is ready to provide timely assistance. In the future, we will continue to seek partnerships with local farmers in Taoyuan and organize food and agriculture lectures to enhance our employees' understanding of this field.



» Biodiversity: Reviving the Shirakawa Tree Frog and Supporting Solitary Bees in a Friendly Environment

BenQ Materials' Yunke Plant occupies approximately 8.5 hectares of land, of which over 4,000 trees and plants have been planted over the past 10 years. In addition to regular pruning and maintenance, natural ecological methods have been employed in certain areas to create suitable habitats for various species without excessive human intervention.

When BenQ Materials first established its presence in the area, the local ecosystem was home to an abundance of Shirakawa tree frogs, a Taiwan endemic species classified as a level-two protected species. These frogs were commonly found in bamboo forests in low-lying rural areas of Yunlin and Chiayi. However, with the construction of surrounding public works and factory buildings, their presence gradually diminished.

In order to facilitate the return of the Shirakawa tree frogs, in 2022, BenQ Materials sought the guidance of Professor Lu Wei-yuan from the General Education Center at National Chung Cheng University, who has long recorded and observed natural ecosystems. The company also invited a team led by CEO Chuang Meng-hsien from the Froghome Ecological Farm to provide assistance. This marked the beginning of a phased restoration plan. After professional assessments, suitable areas outside the factory were selected, and small ecological ponds were excavated. Nearby, Shirakawa tree frog-preferred green bamboo was planted to create suitable breeding and habitat conditions. The ecological recovery is anticipated with the arrival of the rainy season, and it is hoped that the tree frogs' chorus will resound again during the peak breeding period next summer.

During the winter and spring seasons, BenQ Materials provides open spaces in the factory for beekeepers to place beehives. This allows bees to collect pollen and nectar from nearby rapeseed fields and honey-producing plants within the factory area. Scientists have observed that the decline in global bee populations has had the most significant impact on ecological balance due to reduced pollination and dispersal. Solitary bees, which constitute over 85% of bee species, play a vital role in plant pollination within the ecosystem. Their pollination efficiency is much higher than that of regular honeybees. Solitary bees prefer to nest in natural materials such as fallen trees, earthen walls, or bamboo, where they reproduce and establish their next generation. BenQ Materials provides different options for solitary bee habitats within the factory area. In 2022, three solitary bee hotels were set up in the Yunke Plant, providing suitable living spaces designed specifically for their reproduction. Through ongoing ecological observations in the factory area, more solitary bees have been spotted, and traces of their activities have been discovered within the hotels, showing preliminary results in maintaining biodiversity through BenQ Materials' efforts. This design will be gradually implemented in other factory areas in the future to continue fostering a thriving ecosystem.





Appendix

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Waste Data

» Historical Waste Statistics (by Disposal Method and Facility)

(Unit: Tons)

	Disposal Type	Hazard Category	Disposal Method	2018	2019	2020	2021	2022	
Off-site disposal	Recycle and reuse	Hazardous	Ready to reuse	-	-	-	-	-	
			Regeneration and reuse	-	-	-	21.07	7.77	
			Other recycling operation	193.43	428.79	405.38	574.13	412.29	
		Non-Hazardous	Ready to reuse	-	-	-	-	-	
			Regeneration and reuse	8,869.50	9,926.19	8,676.61	-	-	
			Other recycling operation	134.96	200.45	184.25	10,435.30	10,959.68	
	Direct disposal	Hazardous	Incineration (including energy recycle)	242.42	252.46	132.68	-	4.36	
			Incineration (excluding energy recycle)	-	-	-	258.16	203.56	
			Landfill	-	-	-	-	-	
			Other disposal operation	-	-	-	141.45	191.60	
		Non-Hazardous	Incineration (including energy recycle)	-	-	376.00	51.36	459.39	
			Incineration (excluding energy recycle)	-	-	-	730.75	132.27	
			Landfill	-	-	-	-	-	
			Other disposal operation	2,605.06	2,579.60	2,672.95	2,395.37	2,245.97	
	Total	Type			2018	2019	2020	2021	2022
		Recycle and reuse - Hazardous			193.43	428.79	405.38	595.20	420.06
Recycle and reuse - Non-Hazardous			9,004.46	10,126.64	8,860.86	10,435.30	10,959.68		
Direct disposa - Hazardous			242.42	252.46	132.68	399.61	399.52		
Direct disposa - Non- Hazardous			2,605.06	2,579.60	3,048.95	3,177.48	2,837.63		
Type			2018	2019	2020	2021	2022		
Recycle and reuse - Hazardous and Non-Hazardous			9,197.89	10,555.43	9,266.24	11,030.50	11,379.74		
Direct disposa - Hazardous and Non- Hazardous			2,847.48	2,832.06	3,181.63	3,577.09	3,237.15		



GRI Sustainability Reporting Standards Content Index

» GRI Statement of use

Statement of use	BenQ Materials has reported its activities following the GRI guidelines for the period from 2022/1/1 - 2022/12/31
GRI 1 used	GRI1 : Basic 2021
Applicable GRI Sector Standard(s)	None

» GRI 2: General Disclosures 2021

Disclosure	Description	Reference	Page	Note
Organizational and Reporting Practices				
2-1	Organizational details	1-1 Company Profile	010	
2-2	Entities included in the organization's sustainability reporting	0-4 Report Introduction	008	
2-3	Reporting period, frequency and contact point	0-4 Report Introduction	008	
2-4	Restatements of information	5 Environmental Sustainability	062	The scope of calculations for the past year has been revised to include subsidiary companies, resulting in updated data.
		7 Friendly Workplace	086	
2-5	External assurance	0-4 Report Introduction	008	

Disclosure	Description	Reference	Page	Note
Activities and Workforce				
2-6	Activities, value chain and other business relationships	1-1 Company Profile	010	There were no significant changes in the value chain in 2022.
		6-3 Supplier Management	083	
2-7	Employees	7-1 Manpower Overview	087	
2-8	Workers who are not employees	7-1 Manpower Overview	087	
Governance				
2-9	Governance structure and composition	3-1 Corporate Governance	036	
2-10	Nomination and selection of the highest governance body	3-1 Corporate Governance	036	
2-11	Chair of the highest governance body	3-1 Corporate Governance	036	
2-12	Role of the highest governance body in overseeing the management of impacts	3-1 Corporate Governance	036	
2-13	Delegation of responsibility for managing impacts	2-1 Sustainable Governance and Operations	018	
		2-5 Sustainability Issue Management Approach	030	



Disclosure	Description	Reference	Page	Note
Governance				
2-14	Role of the highest governance body in sustainability reporting	0-4 Report Introduction	008	
		3-1 Corporate Governance	036	
2-15	Conflicts of interest	3-1 Corporate Governance	036	
2-16	Communication of critical concerns	3-1 Corporate Governance	036	
2-17	Collective knowledge of the highest governance body	3-1 Corporate Governance	036	
2-18	Evaluation of the performance of the highest governance body	3-1 Corporate Governance	036	
2-19	Remuneration policies	3-1 Corporate Governance	036	
2-20	Process to determine remuneration	3-1 Corporate Governance	036	
2-21	Annual total compensation ratio	Annual Total Remuneration Ratio 28.1 Annual Total Remuneration Variation Ratio 5.8		
Strategies, Policies, and Practices				
2-22	Statement on sustainable development strategy	0-1 Message from the President	003	

Disclosure	Description	Reference	Page	Note
Strategies, Policies, and Practices				
2-23	Policy commitments	3-4 Ethical Management	043	
		7-3 Employee Care	096	
2-24	Embedding policy commitments	3-4 Ethical Management	043	
2-25	Processes to remediate negative impacts	2-5 Sustainability Issue Management Approach	030	
		3-4 Ethical Management	043	
		7-3 Employee Care	096	
2-26	Mechanisms for seeking advice and raising concerns	3-1 Corporate Governance	036	
		3-4 Ethical Management	043	
2-27	Compliance with laws and regulations	3-1 Corporate Governance	036	
		3-4 Ethical Management	043	
2-28	Membership associations	1-1 Company Profile	010	
Stakeholder Engagement				
2-29	Approach to stakeholder engagement	2-2 Stakeholder Engagement	023	
2-30	Collective bargaining agreements	-		There were no collective agreements in place.



» GRI 3: Material Topics 2021

Disclosure	Description	Reference	Page	Note
3-1	Process to determine material topics	2-3 Material Disclosure Issue Analysis	026	
3-2	List of material topics	2-4 Explanation of Major Sustainability Disclosures	028	
Material topics 1 : Sustainable Supply Chain				
3-3	Management of material topics	2-5 Sustainability Issue Management Approach	030	
204-1	Proportion of spending on local suppliers	6-3 Supplier Management	083	
308-1	New suppliers that were screened using environmental criteria	6-3 Supplier Management	083	In 2022, one new supplier was added, and the new supplier is 100% screened based on environmental standards.
Material topics 2 : Tax Management				
3-3	Management of material topics	2-5 Sustainability Issue Management Approach	030	
207-1	Approach to tax	3-3 Tax Governance	042	
Material topics 3 : Innovation Management				
3-3	Management of material topics	2-5 Sustainability Issue Management Approach	030	
-	Custom Topic: Structural Optimization and Efficiency	4-2 Sustainable Design and Innovation of Products	051	
Material topics 4 : Information Security				
3-3	Management of material topics	2-5 Sustainability Issue Management Approach	030	

Disclosure	Description	Reference	Page	Note
-	Custom Topic: Information Security Incidents	3-6 Information Security	046	
Material topics 5 : Quality Management				
3-3	Management of material topics	2-5 Sustainability Issue Management Approach	030	
416-2	Incidents of Violating Health and Safety Regulations Regarding Products and Services	3-1 Corporate Governance 4-5 Product Safety and Marketing Labels	036 061	There were no incidents of violating health and safety regulations regarding products and services in 2022.
Material topics 6 : Climate Strategy				
3-3	Management of material topics	2-5 Sustainability Issue Management Approach	030	
305-1	Direct (Scope 1) GHG emissions	5-2 Climate Change Management	064	
305-2	Energy indirect (Scope 2) GHG emissions	5-2 Climate Change Management	064	
305-4	GHG emissions intensity	5-2 Climate Change Management	064	
Material topics 7 : Talent Attraction and Retention				
3-3	Management of material topics	2-5 Sustainability Issue Management Approach	030	
401-1	New employee hires and employee turnover	7-1 Manpower Overview	087	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	7-3 Employee Care	096	
401-3	Parental leave	7-3 Employee Care	096	



Disclosure	Description	Reference	Page	Note
405-1	Diversity of governance bodies and employees	3-1 Corporate Governance	036	
		7-1 Manpower Overview	087	
405-2	Ratio of basic salary and remuneration of women to men	7-3 Employee Care	096	
Material topics 8 : Occupational safety and health				
3-3	Management of material topics	2-5 Sustainability Issue Management Approach	030	
403-1	Occupational health and safety management system	7-5 Workplace Safety	104	
403-2	Hazard identification, risk assessment, and incident investigation	7-5 Workplace Safety	104	
403-3	Occupational health services	7-5 Workplace Safety	104	
		7-4 Health Management	101	
403-4	Worker participation, consultation, and communication on occupational	7-5 Workplace Safety	104	
403-5	Worker training on occupational health and safety	7-5 Workplace Safety	104	
403-6	Promotion of worker health	7-5 Workplace Safety	104	
		7-4 Health Management	101	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked to business operations	7-5 Workplace Safety	104	
403-8	Workers covered by an occupational health and safety management system	7-5 Workplace Safety	104	
403-9	Work-related injuries	7-5 Workplace Safety	104	

» Voluntary Disclosures of GRI Topics and Indicator

Disclosure	Description	Reference	Page	Note
GRI200 : Economic Series				
GRI201 : Economic Performance 2016				
201-1	Direct economic value generated and distributed	3-2 Business Performance	041	
GRI202 : Market Presence 2016				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	7-3 Employee Care	096	
202-2	Proportion of Local Residents Employed in Senior Management Positions	7-1 Manpower Overview	087	
GRI205 : Anti-corruption 2016				
205-2	Communication and training about anti-corruption policies and procedures	3-4 Ethical Management	043	
		3-1 Corporate Governance	036	
205-3	Confirmed incidents of corruption and actions taken	3-4 Ethical Management	043	There were no corruption-related incidents in 2022.
GRI300 : Environmental Series				
GRI302 : Energy 2016				
302-1	Energy consumption within the organization	5-3 Energy Management	069	
302-3	Energy intensity	5-3 Energy Management	069	
302-4	Reducing energy consumption	5-3 Energy Management	069	
GRI303 : Water 2018				
303-1	Interactions with water as a shared resource	5-4 Water Management	071	



Disclosure	Description	Reference	Page	Note
303-2	Management of impacts related to water discharge	5-4 Water Management	071	
303-3	Water withdrawal	5-4 Water Management	071	
303-4	Discharge volume	5-4 Water Management	071	
303-5	Water consumption	5-4 Water Management	071	
GRI305 : Emissions 2016				
305-7	Nitrogen oxides (NOx), sulfides (SOx), and other significant material gas emissions	5-5 Air Population Management	074	
GRI306 : Waste 2020				
306-1	Waste generation and waste related significant impact	5-6 Circular Economy	075	
306-2	Management of waste related significant impact	5-6 Circular Economy	075	
306-3	Waste generation	5-6 Circular Economy	075	
306-4	Waste disposal transfer	5-6 Circular Economy	075	
306-5	Waste direct disposal	5-6 Circular Economy	075	
GRI400 : Social Topic				
GRI402 : Labor relation 2016				
402-1	Minimum notice periods regarding operational changes	-		BenQ Materials will provide advance notice and notification in accordance with local regulations in the event of significant operational changes.

Disclosure	Description	Reference	Page	Note
GRI404 : Education and Training 2016				
404-1	Average Hours of Training per Year per Employee	7-2 Talent Cultivation	093	
404-3	Percentage of employees receiving periodic performance and occupational development reviews	7-2 Talent Cultivation	093	
GRI406 : Non-discrimination 2016				
406-1	Discrimination event and improvement action adopted by organization	7-3 Employee Care	096	There were no incidents of discrimination in 2022.
GRI417 : Marketing and Labeling 2016				
417-1	Product and service information as well as labeling requirements	4-5 Product Safety and Marketing Labels	061	
417-2	Incidents of non-compliance concerning product and service information and labeling	4-5 Product Safety and Marketing Labels	061	
417-3	Incidents of non-compliance concerning marketing and broadcasting related laws	4-5 Product Safety and Marketing Labels	061	
GRI418 Customer Privacy 2016				
418-1	Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	6-1 Customer Service	078	There were no incidents of customer privacy violation or loss of customer data in 2022.



SASB Disclosure Indicator

» Hardware Disclosure Indicator

Type: Technology & Communications

Category: Hardware

Issue	Indicator Content	Indicator No.	Corresponding Chapter/Section	Page												
Product Information Security	Explanation for product information security identification and handling method	TC-HW-230a.1	BenQ Materials primarily produces materials and medical devices, therefore, product attributes are not applicable.													
Workforce Diversity and Inclusion	Gender, race/ ethnic origin percentage (for (1) Supervisor above middle management rank (2) Engineering, R&D, information personnel (3) All other employees	TC-HW-330a.1	7-1 Manpower Overview BenQ Materials currently operates mainly in the Asian region, and the majority of its senior executives and employees are of Asian descent. <table border="1" style="margin-left: 20px;"> <thead> <tr> <th></th> <th>Male</th> <th>female</th> </tr> </thead> <tbody> <tr> <td>Supervisor above middle management</td> <td>67.97%</td> <td>32.03%</td> </tr> <tr> <td>Engineering, R&D, information personnel</td> <td>67.70%</td> <td>32.30%</td> </tr> <tr> <td>All other employees</td> <td>59.63%</td> <td>40.37%</td> </tr> </tbody> </table>		Male	female	Supervisor above middle management	67.97%	32.03%	Engineering, R&D, information personnel	67.70%	32.30%	All other employees	59.63%	40.37%	087
	Male	female														
Supervisor above middle management	67.97%	32.03%														
Engineering, R&D, information personnel	67.70%	32.30%														
All other employees	59.63%	40.37%														
Product Lifecycle Management	Use of the product sales amount percentage of the materials covered by the IEC 62474 standard of electronics industry	TC-HW-410a.1	4-4 Chemical management Functional film related products 100% comply with EC 62474 standard	060												
	Sales amount percentage of conforming products complying with the standard of EPEAT or equivalent standards.	TC-HW-410a.2	Non-EPEAT standard products													
	Sales amount percentage of conforming products complying with the standard of ENERGY STAR®.	TC-HW-410a.3	Non-ENERGY STAR® standard products													
	Obtain the weight and recycling percentage of products at end of lifecycle or electronic wastes	TC-HW-410a.4	5-6 Circular Economy BenQ Materials' products primarily fall under the category of materials and are not applicable to electronic waste. The company's highest revenue-generating products are in the field of films, and the related recycling management mainly focuses on film waste.	075												
Supplier Management	Percentage of Level 1 suppliers qualifying the audit of RBA VAP or equivalent audit, according to (a) all Level 1 suppliers' plant sites (b) all Level 1 suppliers' plant sites classified as high-risk plant sites	TC-HW-430a.1	6-3 Supplier Management In 2021, we adopted a supplier ESG auditing mechanism based on the RBA standard. In 2022, we successfully completed ESG audits for 12 key suppliers, achieving 80% of our target audit count	083												
	Level 1 supplier (1) percentage of nonconforming with RBA VAP (or similar audit) (2) corrective measure ratio, according to (a) priority level nonconformity (b) Other level nonconformity	TC-HW-430a.2	6-3 Supplier Management In 2022, we completed ESG audits for 12 suppliers, and all of them successfully passed the audits.	083												
Raw Material Procurement	Explanation of risk management for key raw material use	TC-HW-440a.1	6-3 Supplier Management BenQ Materials has established a sustainable supply chain management framework that requires all suppliers to comply with sustainability policies and document specifications, including provisions and certifications related to the non-use of conflict minerals.	083												



Sustainable Disclosure Indicators for the Optoelectronics Industry

No.	Indicator	Indicator Type	Disclosure content of 2022
I	Total Energy Consumption (in billion joules), Percentage of Purchased Electricity, and Renewable Energy Usage Rate (in percentage)	Quantitative	<ul style="list-style-type: none"> Total Energy Consumption: 522,826.11 billion joules Percentage of Purchased Electricity: 96.56% Renewable Energy Usage Rate: 13.09% (percentage)
II	Total Water Intake and Total Water Consumption (in thousand cubic meters)	Quantitative	<ul style="list-style-type: none"> Total Water Intake: 432.74 Megaliters (ML) Total Water Consumption: 67.32 Megaliters (ML)
III	Weight of Hazardous Waste Generated (in metric tons) and Recycling Percentage (in percentage)	Quantitative	<ul style="list-style-type: none"> Weight of Hazardous Waste: 819.58 metric tons Percentage of Hazardous Waste Recycling: 51.25%
IV	Description of Occupational Accident Categories, Number of Incidents (quantity), and Ratio	Quantitative	<ul style="list-style-type: none"> Occupational Accident Category: Personnel Entrapment Injuries Number of Incidents: 7 Ratio: 0.0027
V	Disclosure of Product Lifecycle Management: Weight of Scrap and Electronic Waste (in metric tons) and Recycling Percentage (in percentage) <small>Note 1</small>	Quantitative	<ul style="list-style-type: none"> As BenQ Materials primarily deals with material and medical device products, which are not consumer electronic products, there is no disposal of electronic products or electronic waste recycling. BenQ Materials actively seeks ways to reuse and develop various types of waste materials, focusing on recycling distilled ethyl acetate (EAC) within the plant to reduce raw material usage and waste generation. The recycled EAC is also used as a raw material in other industries. In 2022, 123.6 metric tons of distilled EAC were recycled, with a recycling rate of 60%. For more details, please refer to sections 5-6 on circular economy.
VI	Description of Risk Management related to Key Materials	Qualitative	<ul style="list-style-type: none"> BenQ Materials has established a sustainable supply chain management framework that requires all suppliers to comply with sustainable policies or document specifications. This includes signing a Corporate Social Responsibility (CSR) commitment, providing certificates confirming non-use of conflict minerals, and signing a hazardous substance management policy. Through on-site audits, improvement measures, and supplier capacity building, both for new and existing suppliers, supply chain risks are managed, and the sustainability performance of suppliers is strengthened. This series of sustainable management processes promotes mutual growth with suppliers, enabling the creation of greater shared value and impact.
VII	Total Monetary Losses from Legal Litigations related to Anti-Competitive Practices (reported currency)	Quantitative	<ul style="list-style-type: none"> In 2022, BenQ Materials had no legal litigation cases related to anti-competitive behavior regulations.
VIII	Primary Product Production Volume by Product Category	Quantitative	<ul style="list-style-type: none"> The main source of revenue for BenQ Materials is functional films, with a production volume of 24,725 thousand square meters in 2022.

Note 1: Including the sale of offcuts or other recycling processes, relevant explanations should be provided.



TCFD Disclosure Index

Aspect	TCFD recommended disclosure items	BenQ Materials Strategy and Action Plan
Governance	<ul style="list-style-type: none"> Description of the board's oversight of climate-related risks and opportunities. Description of management's role in assessing and managing climate-related risks and opportunities. 	<ul style="list-style-type: none"> The Board regularly reviews climate change-related risks and opportunities: Starting from 2022, an annual report on the operational status of climate change-related issues is presented to the Board and the Audit Committee. The Board receives regular climate change-related education and training: In 2022, a total of 39 hours of training on climate change-related issues were provided to the company's directors, supervisors, and management.
Strategy	<ul style="list-style-type: none"> Description of the short, medium, and long-term climate-related risks and opportunities identified by the organization. Description of the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning. Description of the organization's strategic resilience and consideration of different climate-related scenarios, including a 2°C or more ambitious scenario. 	<ul style="list-style-type: none"> Based on the methodology for assessing climate change risks and opportunities, internal risk impact timeframes and risk impact levels have been defined, and scenario setting has been conducted. Through identification and assessment, five major risks and opportunities have been identified and prioritized.
Risk Management	<ul style="list-style-type: none"> Description of the organization's process for identifying and assessing climate-related risks. Description of the organization's process for managing climate-related risks. Description of how the identification, assessment, and management processes for climate-related risks are integrated into the organization's overall risk management system. 	<ul style="list-style-type: none"> Utilizing the TCFD framework, an identification process for climate change has been established. Based on the identification and assessment results, sorting and analysis are conducted. For significant risks, a working group initiates discussions on risk response planning and develops adaptation action plans. The Climate Change Management Working Group holds annual management review meetings to ensure the effectiveness of operations. Climate-related issues are incorporated into the enterprise risk management process.
Metrics and Targets	<ul style="list-style-type: none"> Disclosure of the indicators used by the organization to assess climate-related risks and opportunities in accordance with its strategy and risk management processes. Disclosure of Category 1, Category 2, and Category 3 (where applicable) greenhouse gas emissions and associated risks. Description of the organization's targets for managing climate-related risks and opportunities, as well as the performance in achieving those targets. 	<ul style="list-style-type: none"> Climate change performance indicators have been established. Annual greenhouse gas inventories are conducted using ISO 14064-1:2018. The company also examines potential risks and formulates feasible mitigation strategies.

Disclosure Scope

BenQ Materials Corporation and its subsidiaries ^{Note1}	Important operational locations.					Subsidiaries ^{Note2}	
	Taoyuan Plant	Longtan Plant	Yunlin Plant	Suzhou Plant	Wuhu Plant	Jingle Biotech Co., Ltd	Shuo Chen Biomedical Co.,Ltd.
BenQ Materials Corporation	●	●	●				
BenQ Materials (Sigma) Corporation			●				
BenQ Materials Co., Limited				●			
Daxin Medical Technology (Suzhou) Co., Ltd				●			
BenQ Materials Medical Technology (Suzhou) Co., Ltd.				●			
Suzhou Sigma Medical Materials Co., Ltd				●			
BenQ Materials (Wuhu) Limited					●		
Governance							
Financial performance	●	●	●	●	●	●	●
Integrity in business and education training	●	●	●	●	●		
Environment							
Environmental management system	●	●	●	●	●		
Greenhouse gas emissions	●	●	●	●	●		
Energy management	●	●	●	●	●	●	●
Water resource management	●	●	●	●	●	●	●
Air pollution management	●	●	●	Note 3	Note 3	Note 3	Note 3
Waste management	●	●	●	●	●		
Social							
Employee headcount	●	●	●	●	●	●	●
Education and training	●	●	●	●	●	●	●
Compensation and benefits	●	●	●	●	●	●	●
Occupational health and safety	●	●	●	●	●	●	●

Note 1: Wholly-owned subsidiaries.; Note 2: Non-wholly-owned subsidiaries.; Note 3: No air pollution emissions.



Greenhouse Gas Verification and Assurance Status

As of 2022, BenQ Materials Corporation, a company in the optoelectronics industry, with a capitalization below 5 billion NTD, is still in the voluntary disclosure stage according to the Sustainable Development Roadmap for listed companies. The greenhouse gas emission information in this report is based on ISO 14064-1 standards. The operational boundary includes Scope 1, Scope 2, and Scope 3 emissions. Please refer to the "Organizational Boundary Explanation" table for details on the boundary and level of assurance of the inventory.

» Greenhouse gas emissions (Scope1、Scope2)

Scope1					Scope2				
Emission scope	Total emissions (metric tons CO ₂ e)	Intensity (metric tons CO ₂ e/million dollars)	Assurance Bodies	Assurance Statement Explanation	Emission scope	Total emissions (metric tons CO ₂ e)	Intensity (metric tons CO ₂ e/million dollars)	Assurance Bodies	Assurance Statement Explanation
Consolidated Financial Reporting Company	NA	NA	DNV (Taiwan) SGS (China)	DNV and SGS have conducted reasonable assurance procedures for Scopes 1 greenhouse gas emissions of BenQ Materials Corporation. The organizational boundary for the assurance procedures is based on operational control criteria, which include a total of five operational sites. Please refer to the "Organizational Boundary Explanation" table for detailed information on each specific site. The emissions for each scope are provided in the table on the left. The greenhouse gas verification statement can be found on the ESG website .	Consolidated Financial Reporting Company	NA	NA	DNV (Taiwan) SGS (China)	DNV and SGS have conducted reasonable assurance procedures for Scopes 2 greenhouse gas emissions of BenQ Materials Corporation. The organizational boundary for the assurance procedures is based on operational control criteria, which include a total of five operational sites. Please refer to the "Organizational Boundary Explanation" table for detailed information on each specific site. The emissions for each scope are provided in the table on the left. The greenhouse gas verification statement can be found on the ESG website .
BenQ Materials Corporation	19,741.109	1.27			BenQ Materials Corporation	33,182.21	2.14		
Taoyuan Plant	7,010.646				Taoyuan Plant	16,860.94			
Longtan Plant	9,971.855				Longtan Plant	8,829.41			
Yunlin Plant	800.430				Yunlin Plant	2,774.07			
Suzhou Plant	650.895				Suzhou Plant	3,769.17			
Wuhu Plant	1,307.283				Wuhu Plant	948.63			

Note 1: Intensity of Scope 1 or 2 emissions for consolidated financial reporting companies = Scope 1 or 2 emissions for consolidated financial reporting / Total revenue for consolidated financial reporting.

Note 2: Intensity of Scope 1 or 2 emissions for parent company = Scope 1 or 2 emissions for parent company / Revenue for individual financial reporting.



» Greenhouse gas emissions (Scope3)

Scope3			
Emission scope	Total emissions (metric tons CO ₂ e)	Assurance Bodies	Assurance Statement Explanation
Scope 3 Total7	9,645.07	DNV (Taiwan) SGS (China)	DNV and SGS have conducted reasonable assurance procedures for Scopes 3 greenhouse gas emissions of BenQ Materials Corporation. The organizational boundary for the assurance procedures is based on operational control criteria, which include a total of five operational sites. Please refer to the "Organizational Boundary Explanation" table for detailed information on each specific site. The emissions for each scope are provided in the table on the left. The greenhouse gas verification statement can be found on the ESG website .
3-1 Purchased goods and services	85.60		
3-2 Capital goods	79.76		
3-3 Fuel- and energy-related activities (not included in Scope 1 or 2)	8,161.35		
3-4 Upstream transportation and distribution	53.11		
3-5 Waste generated in operations/ wastewater	554.46		
3-6 Business travel	98.46		
3-7 Employee commuting	237.50		
3-9 Downstream transportation and distribution	374.84		

» Organizational Boundary Explanation

Operational Sites	Operational Sites Explanation	Verification	Assurance
Consolidated Financial Reporting Company	The emissions of the consolidated financial reporting companies in the above table represent the total emissions of all audited operational locations listed below. Currently, not all consolidated financial reporting companies are included.		
BenQ Materials Corporation BenQ Materials (Sigma) Corporation	Taoyuan Plant \ Longtan Plant \ Yunlin Plant	✓	✓
BenQ Materials Corporation Daxin Medical Technology (Suzhou) Co., Ltd BenQ Materials Medical Technology (Suzhou) Co., Ltd. Suzhou Sigma Medical Materials Co., Ltd BenQ Materials (Wuhu) Limited	Suzhou Plant \ Wuhu Plant	✓	✓
Exclusion scope	Explanation		
Investment Holding Companies	NA		
Operational Sites Not Included	Jingle Biotech Co., Ltd Shuo Chen Biomedical Co.,Ltd.		



SDGs Disclosure Indicator

Corresponding SDGs	Sub- target No.	Corresponding SDG Sub-target	Corresponding Chapter/Section	Page
	3.3	Eliminate epidemic diseases causing infection through mouth foam, contact, vector mosquito, water and others.	7-4 Health Management	101
	3.4	Through prevention, therapy and promotion of physical and mental health to reduce the fatality rate of non-infectious disease.	7-4 Health Management	101
	3.9	Significantly reduce hazardous chemicals and death and number of patients due to air, water and soil contamination.	5-6 Circular Economy	075
	4.3	Ensure that all male and female employees equally receive quality technical, occupational and advanced education suitable to their jobs	7-2 Talent Cultivation	093
	4.4	Significantly increase and manage relevant skills necessary for employment, suitable jobs and startup	7-2 Talent Cultivation	093
	5.1	Eliminate all forms of discrimination on women and girls	7-1 Manpower Overview	087
	5.5	Ensure that women have equal opportunities for effectively participating in economic decision making and entering the decision-making management level	7-1 Manpower Overview	087
	6.3	By 2030, water quality is to be improved through the following methods: Reduce pollution and eliminate waste dumping, and reduce the hazardous chemical and material emission to the minimum level, reduce untreated wastewater ratio to half, and significantly increase the global waste recycle and safe reuse	5-4 Water Resource Management	071
	6.4	By 2030, all industries shall significantly increase the water consumption efficiency, and ensure sustainable use and supply of freshwater, in order to overcome the water shortage issue and to significantly reduce the number of people suffering from water shortage	5-4 Water Resource Management	071
	7.2	Significantly increase the ratio of renewable energies in the global energy structure	5-3 Energy Management	069
	7.3	Increase the energy improvement rate to two times higher by 2030	5-3 Energy Management	069
	8.2	Adopt diverse operation, technology improvement and innovation to achieve economic production capability of higher level	3-2 Business Performance 4-1 Core Technology and Intellectual Property Management	041 049
	8.4	Gradually improve resource use efficiency for consumption and production	5-6 Circular Economy	075
	8.5	Provide sufficient employment and suitable works with production capability without gender difference, and implement same remuneration for same job	7-1 Manpower Overview 7-3 Employee Care	087 096
	8.8	Protect labor rights, and create safe and secured working environment for all employees	7-3 Employee Care 7-5 Workplace Safety	096 104




Corresponding SDGs	Sub- target No.	Corresponding SDG Sub-target	Corresponding Chapter/Section	Page
	9.4	Adopt actions according to one's competence, upgrade infrastructure, improve industry, in order to increase resource use efficiency, and adopt greater cleaning and eco-friendly technologies and processes.	4-2 Sustainable Design and Innovation of Products	051
	9.5	Enhance science research, improve technical skills, encourage innovation and increase R&D personnel and R&D expenditures.	4-1 Core Technology and Intellectual Property Management	049
	12.4	Achieve the hazard-free environment management for chemicals and all wastes in the entire product lifecycle, reduce the probability of emission into the atmosphere and infiltration into the water and soil, in order to reduce negative impacts on the human health and environment.	5-6 Circular Economy	075
	12.5	Significantly reduce waste generation through prevention, reduction of emission, recycling and reuse.	5-6 Circular Economy	075
	13.1	Enhance the capability to reduce and adapt climate related accidents and natural disasters	3-5 Risk Management	044
	13.2	Response to climate change will be included in the policies, strategies and plans	5-2 Climate Change Management	064
	16.5	Significantly reduce all forms of corruption and bribery actions	3-4 Ethical Management	043

Overview of Management Systems Implementation

ISO Management Systems	2022 Scope of Assurance	Scope of Operational Locations Covered	2023 Scope of Assurance	Scope of Operational Locations Covered
ISO 14001	Taoyuan Plant, Longtan Plant, Yunlin Plant, Suzhou Plant, Wuhu Plant	100%	-	100%
ISO 14064	Taoyuan Plant, Longtan Plant, Yunlin Plant, Suzhou Plant, Wuhu Plant	100%	Planning for Subsidi-aries' Independent Inventory and Discolo-sure	100%
ISO 14067	Taoyuan Plant, Yunlin Plant	2 Product	Advanced Battery Material	3 Product
ISO 50001	Taoyuan Plant	20%	Longtan Plant, Yunlin Plant	60%
ISO 46001	-	0%	Taoyuan Plant	20%
ISO45001	Taoyuan Plant, Longtan Plant, Yunlin Plant, Suzhou Plant, Wuhu Plant	100%	-	100%



External Guarantee Certificates



SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE BENQ MATERIALS CORPORATION'S SUSTAINABILITY REPORT FOR 2021

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION
SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by BenQ Materials Corporation (hereinafter referred to as BenQ Materials) to conduct an independent assurance of the Sustainability Report for 2021 (hereinafter referred to as the Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during verification (2022/03/17–2022/05/27). SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT
This Assurance Statement is provided with the intention of informing all BenQ Materials's Stakeholders.

RESPONSIBILITIES
The information in the Report and its presentation are the responsibility of the directors or governing body (as applicable) and management of BenQ Materials. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all BenQ Materials's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options and Level of Assurance	
A.	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B.	AA1000ASv3 Type 1 Moderate Level (AA1000AP Evaluation only)

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SCOPE OF ASSURANCE AND REPORTING CRITERIA
The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options
1. GRI Standards (Core)
2. AA1000 Accountability Principles (2018)

- AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) at a moderate level of scrutiny; and
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

ASSURANCE METHODOLOGY
The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS AND MITIGATION
Financial data drawn directly from independently audited financial accounts, Task Force on Climate-related Financial Disclosures (TCFD) and SASB related disclosures has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE
The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from BenQ Materials, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

FINDINGS AND CONCLUSIONS

VERIFICATION/ ASSURANCE OPINION
On the basis of the methodology described and the verification work performed, we are satisfied that the specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

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AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity
BenQ Materials has demonstrated a commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, BenQ Materials may proactively consider having more direct two-ways involvement of stakeholders during future engagement.

Materiality
BenQ Materials has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.



Responsiveness
The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

Impact
BenQ Materials has demonstrated a process on identify and fairly represented impacts that encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Measurement and evaluation of its impacts related to material topic were in place at target setting with combination of qualitative and quantitative measurements.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, BenQ Materials's Sustainability Report of 2021, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, it is recommended to have at least some descriptions of topics with low impact from internal assessment but high attention from stakeholders. More discussion of updated GRI standards, such as 303 and 306, is also expected.

Signed:
For and on behalf of SGS Taiwan Ltd.

David Huang
Senior Director
Taipei, Taiwan
22 June, 2022
www.sgs.com

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BenQ
Materials Corp