



**BenQ Materials Corporation**  
2021 Sustainability Report

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# Message from the President

The COP26 held in the U.K. in 2021 aroused the emphasis and consensus of countries around the globe on climate change issues. The impact of climate change on our Earth is an important issue to not only countries but also corporations and sustainable operation. According to the global initiative, the government of Taiwan has established the goal of zero carbon emission by 2050. BenQ Materials also sets its ultimate goal based on the government's policy and has established the medium-term goal of carbon emission reduction of 30% by 2030 in comparison to the carbon emission in 2020.

In recent years, BenQ Materials has consecutively invested in energy saving equipment, process and product design improvement, in order to head toward the goal of greater reduction of carbon emission. The carbon dioxide generated from the power consumption is main source of carbon emission. BenQ Materials has also deployed the self-construction of a solar power generation project and has accelerated the purchase of green power, in order to effectively reduce the carbon emission generated during the operational process, thereby achieving true green manufacturing in practice.

Production zero waste is also a promotion focus for the environmental aspect of BenQ Materials. In addition to the reduction of wastes generated during the production process, utilization of resources properly to achieve their expected values and circular economy are also considered our key focuses. Through cooperation with associations, organizations and cross-industry collaboration, we have identified feasible technologies and opportunities that are expected to generate economic benefits and achieve true circular economy in practice.

BenQ Materials deploys the ESG plan based on the six aspects of Green Manufacturing, Partnership, Responsible Product, Responsible Governance, Social Care and Establishment of Friendly Workplace. Based on the business philosophy of ethical management, I have great faith in our company to achieve transparent governance, thereby allowing the shareholders and relevant stakeholders, including banks, to have sufficient trust on the business operation of BenQ Materials. With regard to the disadvantaged group and the group of remote areas, we will also utilize

the resources and power of BenQ Materials to contribute our efforts through various different methods of donation, purchasing and provision of opportunities, in order to provide assistance in solving social difficulty and to achieve the responsibility of corporate citizen.

I sincerely thank and appreciate the joint efforts of all suppliers and business partners moving forward in the sustainable development with BenQ Materials and all employees of BenQ Materials in implementing various plans and projects. Under such joint effort, I believe we will achieve greater future together.



Chairman and CEO



# Business Philosophy

## Vision

BenQ Materials aims to utilize the value of innovative technologies and applications in order to achieve the trueness, goodness and beauty of technology life.

## Mission

Under the principle of integrity of BenQ Materials

we continue to innovate and aim to become the leader in the field of material science.

We look forward to becoming the most trustworthy and reliable long-term partner in the value chain.

We are committed to the development of products and technologies advantageous to the environmental sustainability.

We emphasize social value, care people and treasure resources of the Earth.

## Business Objective

BenQ Materials aims to develop diverse products, technologies and applications and to implement innovation in all aspects, in order to provide greater unique value to customers and to seek the maximum benefits for employees and shareholders.

## Sustainability Policy

Based on the business mission, BenQ Materials aims to implement sound and sustainable corporate governance along with the consideration of the balanced benefits among stakeholders and environmental protection of the Earth, and is committed to social participation, in order to fulfill the maximum responsibility of a corporate social citizen.

## 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.

For the missions of responsible governance, BenQ Materials upholds the integrity principle for the core value in order to request internal employees and to bear responsibilities for external stakeholders based on the requirements of legal compliance and regulatory operation. In 2021, we have also included information security as one of the key missions for the corporate governance of the Company, and have applied for the ISO 27001 certificate.

Employees are important assets of the company, and allowing employees to work securely at BenQ Materials and to obtain energies and opportunities for growth and development is the main objective of the company to establish a friendly workplace. In addition to participation in activities of external social groups, the company also provides medical related products of the company to disadvantaged groups or units with needs, thereby contributing efforts in providing a return to society as a corporate citizen. For all aspects of the ESG, we invite important cooperating partners of suppliers and customers of BenQ Materials to collaborate jointly in order to achieve environmental and social common good.



Six Main Missions of Sustainability	SDGs	Strategic Aspect	2021 Strategic Goal	2021 Current Status	Goal Achieved	2022 Goal	2023 Goal	2025 Goal
Responsible Governance		Transparent and Responsible Governance	Financial Performance (Profit higher than last year's profit)	Profit higher than last year's profit	😊	Profit higher than last year's profit	Profit higher than last year's profit	Profit higher than last year's profit
			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%
			Promote corporate culture and value of ethical management of the company (All employee course training rate of 100%)	100%	😊	100%	100%	100%
Responsible Product		Sustainable material development	Inorganic and organic solvent PSA adhesive development (completed formula development)	Completed	😊	Pilot test	Mass production equipment assessment	Leading model MP
			Surface coating film with zero organotin content achieved 85%	86%	😊	90%	✎	100%
			Medical plastic film solvent-free lamination (equipment evaluation completed)	Completed	😊	20%	✎	100%
			EVA adhesive with toluene solvent reduction (material search completed)	Completed	😊	15%	✎	100%
		Green product	Acne dressing box with implementation of FSC certification color box	Implemented	😊	80% implemented	✎	100% implemented

Note: "😊" means that the goal is achieved; "😞" means that the goal is not achieved. "○" refers to the newly established goal in 2021, and "✎" refers that the goal is yet to be established. BenQ Materials has established the sustainability six main missions since 2021, and the targets of the sub-items of the strategic aspect are under planning and establishment process consecutively.





Six Main Missions of Sustainability	SDGs	Strategic Aspect	2021 Strategic Goal	2021 Current Status	Goal Achieved	2022 Goal	2023 Goal	2025 Goal
Green Manufacturing	13 CLIMATE ACTION 	Response to climate change management	Carbon emission intensity management	4.24 (ton-CO <sub>2</sub> e)	○	Decrease by 3% annually	Decrease by 3% annually	Decrease by 3% annually
			Energy consumption intensity management	32.96 (GJ)	○	Decrease by 1.5% annually	Decrease by 1.5% annually	Decrease by 1.5% annually
			Water resource consumption intensity management	32.95 (M <sup>3</sup> )	○	Decrease by 3% annually	Decrease by 3% annually	Decrease by 3% annually
	6 CLEAN WATER AND SANITATION 	Low-carbon production technology	Renewable energy consumption percentage	1.85%	○	8%	15%	20%
			Manufacturing process power consumption management	Hot spot inspection in process	○			
			Manufacturing process natural gas consumption management	Hot spot inspection in process	○			
			Reduction and recycling to reach zero production waste	Reduce total quantity of waste		○		
Partnership	10 DECENT WORK AND ECONOMIC GROWTH 	Emphasis on labor human rights	100% customer response ratio for compliance with the non-use conflict materials requirements	100%	😊	100%	100%	100%
			Supplier RBA audit reaches 30%	20%	☹️	80%	100%	100%
			Signing of corporate social responsibility code of conduct undertaking		○	98%	98%	98%
	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	Hazardous substance policy	Sign hazardous substance guarantee letter with 100% of customers	100%	😊	100%	100%	100%
			Collaboration in energy saving and carbon emission	Supplier shipping and delivery with recyclable carriers reaches 93%	87%	☹️	100%	100%

Note: "😊" means that the goal is achieved; "☹️" means that the goal is not achieved. "○" refers to the newly established goal in 2021, and "" refers that the goal is yet to be established. BenQ Materials has established the sustainability six main missions since 2021, and the targets of the sub-items of the strategic aspect are under planning and establishment process consecutively.



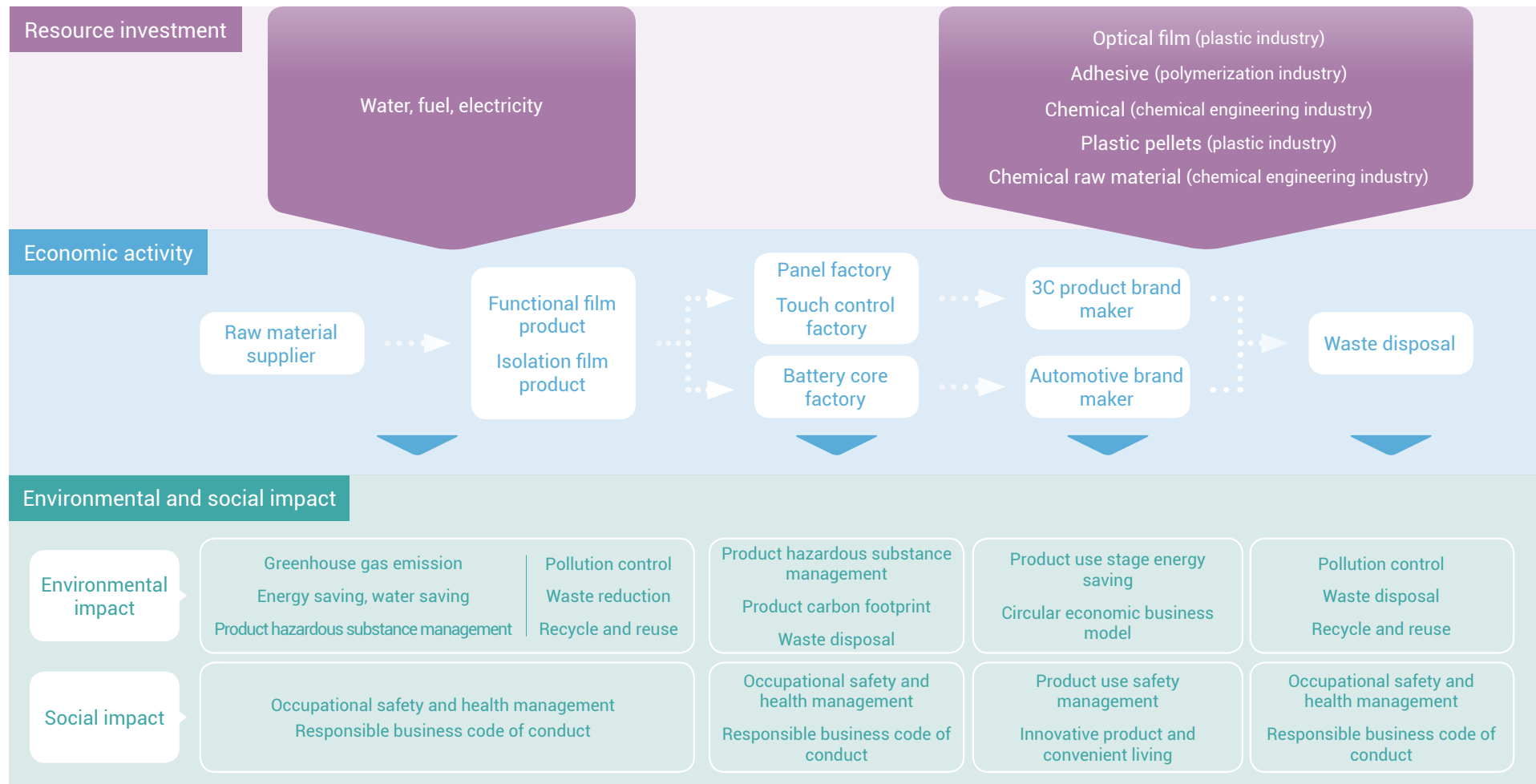
Six Main Missions of Sustainability	SDGs	Strategic Aspect	2021 Strategic Goal	2021 Current Status	Goal Achieved	2022 Goal	2023 Goal	2025 Goal	
Friendly Workplace	8 DECENT WORK AND ECONOMIC GROWTH	Employee development and talent cultivation	Strategic course and project execution achievement rate reaches 90%	95%	😊	90%	90%	90%	
			Annual course satisfaction reaches 4.5 points (full score of 5 points)	4.6	😊	4.5 points	4.5 points	4.5 points	
			Outstanding employee retention rate reaches 90%	97%	😊	90%	90%	90%	
	5 GENDER EQUALITY	Equal rights and inclusiveness	Occupational safety and health	Reach zero occupational injury and accident	FSI 0.12	😞	0	0	0
			Postpartum retention rate reaches 75%	100%	😊	75%	75%	75%	
			Unlawful infringement training course for all full-time employees achievement rate of 100%	100%	😊	100%	100%	100%	
			Overseas diverse professionals with employment of 9 professionals	7 people	😞	9 people	11 people	13 people	
	10 REDUCED INEQUALITIES		Employee complaint channel resolution achievement rate reaches 100%	100%	😊	100%	100%	100%	
Social Care			Support local agriculture	Taiwan agricultural food action purchase amount reaches NT\$ 1 million	832,350	😞	1,000,000	1,500,000	2,000,000
			Care for disadvantaged and young students	Vision and Hope Project service reaches 1,750 (people-time)	1,677 people-time	😞	2,000 people-time	2,500 people-time	3,000 people-time
				Seminar of science education fundamentals for 2 sessions	1 session	😞	4 sessions	5 sessions	6 sessions
12 RESPONSIBLE CONSUMPTION AND PRODUCTION		Environmental sustainability actions	Participate in environmental sustainability actions (number of sessions)	2 sessions	○	4 sessions	5 sessions	6 sessions	

Note: "😊" means that the goal is achieved; "😞" means that the goal is not achieved. "○" refers to the newly established goal in 2021, and "📅" refers that the goal is yet to be established. BenQ Materials has established the sustainability six main missions since 2021, and the targets of the sub-items of the strategic aspect are under planning and establishment process consecutively.



# Value Chain

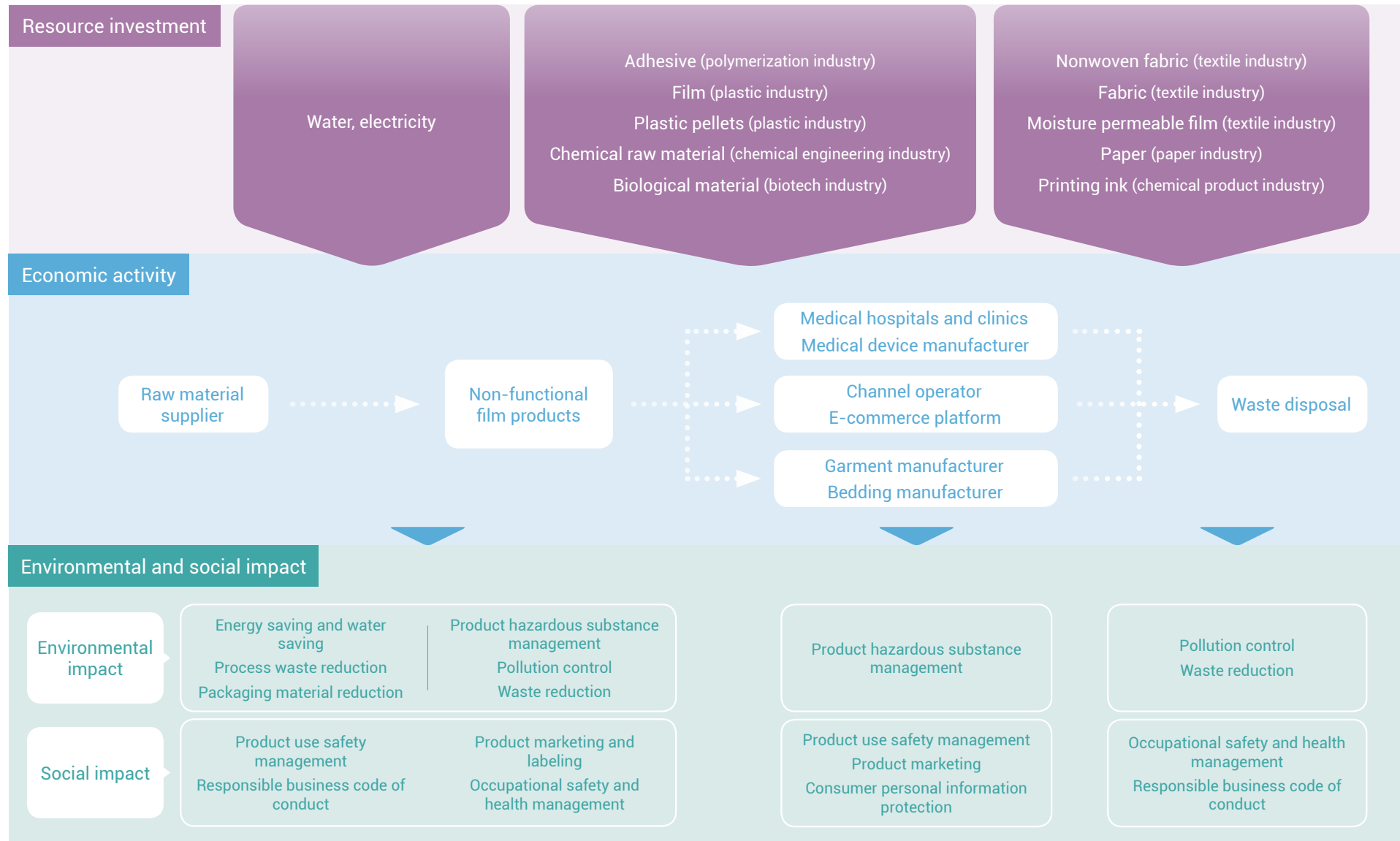
## Functional Film and Isolation Film Value Chain







### Non-functional Film Value Chain





# Annual Investment and Output

Capital	Description	Investment in 2021	Output in 2021	Result for 2021	Corresponding Chapter/Section
Financial Capital	Achieve most optimal financial performance through proper business management capability.	<ul style="list-style-type: none"> <li>Asset investment total amount of NT\$11.059 billion</li> </ul>	<ul style="list-style-type: none"> <li>Revenue of NT\$16.482 billion</li> <li>Tax expense of NT\$238 million</li> </ul>	<ul style="list-style-type: none"> <li>Earnings Per Share (EPS) of NT\$3.03, an increase of NT\$1.8 in comparison to EPS in 2020</li> </ul>	<ul style="list-style-type: none"> <li>Business Performance</li> </ul>
Manufacturing Capital	Seek optimization of process efficiency, in order to achieve most optimal manufacturing efficiency and yield rate.	<ul style="list-style-type: none"> <li>Promote share-use of process chemical fluids to reduce loss due to changeover</li> <li>Increase usage amount of adhesive without organic solvent</li> <li>Promote product packaging material reduction</li> </ul>	<ul style="list-style-type: none"> <li>Potassium iodide chemical fluid with reduction of 5.8% (usage amount/polarizer square meter), production area with an increase of 10.7%, unit area consumption with a decrease of 15%</li> <li>For polarizers, optical films, sterile packaging materials and functional woven materials, adhesives without organic solvent are introduced</li> <li>According to polarizer factory shipping volume statistics, the reduction of product packaging material is able to reduce approximately 119 tons of CO<sub>2</sub>e</li> </ul>	<ul style="list-style-type: none"> <li>Reduce raw material consumption to reduce environmental burden and to reduce energy resources</li> <li>Reduce the use of organic solvents, and analyze the reduction of environmental impact</li> <li>Product packaging material recycling rate reaches 92%</li> </ul>	<ul style="list-style-type: none"> <li>Product Innovation and Sustainable Design</li> </ul>
Human Resource Capital	Select appropriate talent, commit to employee growth and development, and provide competitive remuneration and welfare	<ul style="list-style-type: none"> <li>Number of employees of 2,552 people (including dispatched manpower)</li> <li>Training investment cost of NT\$8.66 million</li> <li>Promote digital learning</li> <li>Promote employee satisfaction survey</li> <li>Promote four main categories of safety improvement measures</li> </ul>	<ul style="list-style-type: none"> <li>Total training hours of 21,318 hours, and average training hours of an employee is 4.31 hours</li> <li>30 online courses, with effective reading people of 2,654 people-time, and number of effective reading hours of 1,380 hours</li> <li>Environmental safety and health related courses reached 11,808 people-time, and total of 20,356 people-time</li> <li>Frequency Severity Indicator (FRI) of 0.12 only</li> </ul>	<ul style="list-style-type: none"> <li>Overall employee satisfaction reaches 87.4%</li> </ul>	<ul style="list-style-type: none"> <li>Talent Cultivation</li> <li>Workplace Safety</li> </ul>



Capital	Description	Investment in 2021	Output in 2021	Result for 2021	Corresponding Chapter/Section
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"> <li>Natural gas consumption of 7.1053 million cubic meters</li> <li>Power consumption of 72,968.2 million kWh</li> <li>Construct renewable energy power generation facility</li> <li>Diesel consumption of 34.7 thousand liters</li> <li>Water consumption of 451.7 million liters</li> </ul>	<ul style="list-style-type: none"> <li>Greenhouse gas emission (Scope 1, Scope 2, Scope 3) of 68,979.12 tons CO<sub>2</sub>e</li> <li>Promote seven energy-saving solutions, and achieve power saving of 2,158,558 kWh</li> <li>Promote two gas saving solutions, and achieve gas saving of 252,808 cubic meters</li> <li>Yunlin Tech Plant and Suzhou Plant with a total solar power generation capacity of 1,379,200 kWh</li> <li>Promote three water saving solutions, and achieve water saving of 49.44ML</li> <li>Waste generation volume of 14,607.59 tons</li> </ul>	<ul style="list-style-type: none"> <li>Greenhouse gas emission intensity (Scope 1, Scope 2) is 3.61 (tons CO<sub>2</sub> e/million dollars), a decrease of 5.76% from 2020.</li> <li>Energy consumption intensity of 32.35 (GJ/million dollars), a decrease of 1.27 from 2020</li> <li>Water consumption intensity of 2.74 (ML/revenue of NT\$100 million), a decrease of 6.79% from 2020</li> <li>Waste direct disposal intensity (tons/revenue of NT\$1 million) of 0.22.</li> </ul>	<ul style="list-style-type: none"> <li>Response to Climate Change</li> <li>Environmental Management</li> <li>Circular Economy</li> </ul>
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"> <li>Invest NT\$759 million in research and development expense</li> <li>Implement Taiwan Intellectual Property Management System (TIPS)</li> <li>Implement ISO 27001</li> <li>Implement textile industry Bluesign standard</li> <li>Implement textile industry GRS certification</li> </ul>	<ul style="list-style-type: none"> <li>Filed 44 applications in 2021</li> <li>Obtained 37 granted patents in 2021</li> <li>Qualified for TIPS Class A certification</li> <li>Expect to quality the ISO 27001 certification in 2022</li> <li>Obtained the Bluesign production certification</li> <li>Plan to obtain the GRS certification in 2022</li> </ul>	<ul style="list-style-type: none"> <li>Up to the end of 2021, a total of 1,174 patent applications have been filed worldwide, and 770 granted patents have been obtained</li> <li>Plan to increase the textile recycled material use ratio, from 30% in 2021 to 80% in 2024.</li> </ul>	<ul style="list-style-type: none"> <li>Core Technology and Intellectual Property Management</li> <li>Product Innovation and Sustainable Design</li> </ul>
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"> <li>For key supplier project control, corporate social responsibility undertaking is required to be signed.</li> <li>For conflict mineral disclosure initiative, perform survey on whether suppliers use any conflict minerals for their materials.</li> <li>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</li> <li>Organize "Green Party" tree planting activity for the 11th consecutive year</li> <li>Promote Taiwan agricultural food plan for the 6th year</li> </ul>	<ul style="list-style-type: none"> <li>Request supplier to sign corporate social responsibility undertaking, and update the content and definition in 2022 and further request suppliers to provide supplemental signatures</li> <li>Five polarizer customers, four optical film customers and two battery material customers have signed and returned the non-use conflict mineral guarantee letter.</li> <li>Number of people with free offering of glasses accumulates to 1,677 people</li> <li>Planted more than 8,920 trees in all plant sites throughout Taiwan</li> <li>Taiwan agricultural food plan with purchase amount in the current year reaches NT\$820 thousand</li> </ul>	<ul style="list-style-type: none"> <li>All purchased woven materials do not use conflict minerals</li> <li>Assist disadvantaged children in vision care for healthy eyes and vision to achieve colorful lives.</li> <li>Assist sluggish sale of agricultural products of community farmers, and achieve social co-prosperity effect.</li> </ul>	<ul style="list-style-type: none"> <li>Supply Chain Management</li> <li>Social Care</li> </ul>



# Honors and Recognition in 2021

Aspect	Name of Award	Award Presentation Unit
E	ISO 14064 Greenhouse Gas Inspection Environmental Protection Knowledge Contest First Class Award (Suzhou Plant)	Suzhou Yangcheng Lake Peninsula Tourism Management Committee, China
	Technology Improvement Award (Wuhu Plant)	Bureau of Economy and Information Technology, Wuhu City, China
	Taiwan Sustainable Development Goal Action Award	Taiwan Institute for Sustainable Energy
S	Asia's Best Employer Brand Award	HR Asia
	Hsinchu Science Park Occupational Safety and Health Outstanding Unit Award (Longtan Tech Plant)	Hsinchu City Government, Taiwan
	Occupational Safety and Health Outstanding Unit (Yunlin Tech Plant)	Yunlin County Government, Taiwan
G	Taiwan Corporate Sustainability Awards – Sustainability Report Silver Medal	Taiwan Institute for Sustainable Energy
	Corporate Governance Evaluation "Top 6~20% in Small and Medium Market Value Category" Enterprise	Taiwan Stock Exchange Corporation (TWSE)
	Taiwan Intellectual Property Management System (TIPS) Class A Certification	Bureau of Industry, MOEA, Taiwan
	ISPO Best Product – Xpore Textile Brand	German Munich Sports Goods Exhibition ISPO
	100% Jury Like – Xpore Textile Brand	German Munich Functional Textile Exhibition PERFORMANCE DAYS
	Taiwan Excellence Award – Xpore Waterproof and Breathable Silk Fabric	Bureau of Foreign Trade, MOEA, Taiwan
	Taiwan Excellence Award – DermaAngel Salicylic Acid Acne Dressing	Bureau of Foreign Trade, MOEA, Taiwan
High-tech Enterprise High-tech Product Award (Wuhu Plant)	Bureau of Technology, Wuhu City, China	



# Report Introduction

Relevant information for the establishment of the 2021 Corporate Sustainability Report (referred to as "this Report") of BenQ Materials Corporation (referred to as "BenQ Materials") is as follows:

## Disclosure basis

This Report is prepared in compliance with the Global Reporting Initiative (GRI) and the "Core" of the GRI Sustainability Reporting Standards (GRI Standards) announced by the Global Sustainability Standard, and it is disclosed in accordance with the Hardware Industry of the Technology and Communication Field of the Sustainability Accounting Standards Board (SASB). In addition, the International Integrated Reporting Framework established by the International Integrated Reporting Council (IIRC) is also reviewed and referenced for the disclosure of this Report.

## 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.

## Disclosure scope

For this Report, the 2020 Report was released for the first time on July, 2021. In the future, this Report will be released once annually. This Report discloses information for the period of time from January 1 to December 31, 2021, and the scope of disclosure mainly includes BenQ Materials and its subsidiaries-Sigma Medical Supplies Corp., BenQ Materials Corp., Daxon Technology (Suzhou) Inc., BenQ Materials Medical Supplies (Suzhou) Co., Ltd., Suzhou Sigma Medical Supplies Co., Ltd., BenQ Materials (Wuhu) Co., Ltd., but excluding Genejet Biotech Co., Ltd. and Cenefom Corporation Limited, to provide overall disclosure on the execution performance in various aspects of economy, society and environment, etc. Furthermore, the key business locations include the areas of Taoyuan Plant, Longtan Tech Plant, Yunlin Tech Plant in Taiwan, and Suzhou Plant and Wuhu Plant in China. Accordingly, details of each plant are omitted in the subsequent content of this Report. Moreover, based on the consideration of the comparability of the information, except that some of the performance information, relevant information has not been collected via the system and the data for 2021 has been disclosed, the rest of the data has been disclosed based on the data collected in the last five years in principle.

## Preparation process

For this Report, each department designates dedicated personnel to form the Report Disclosure Team, and after the Disclosure Team completes the preparation of content, the ESG Committee officer then summarizes the content into a report, following which each member of the ESG Committee reviews the report, and the report is finally submitted to the Chairman for approval.

## External review

This Report is certified by SGS Taiwan Ltd. in accordance with the compliance standard of the "Core" of the GRI Standards and AA1000 AS v3 Class 1 Medium Assurance Level, in order to confirm that this Report complies with the requirements of the GRI Standards (please refer to page 41 of the Report).

## 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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# 1 BenQ Materials Introduction

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明基材料  
BenQ Materials Corp





# Company Profile

BenQ Materials, established in July 1998, was specialized in the research and development of high quality and high capacity optical disks for user data storage at the early stage of the company. Based on the principle of "Innovation in People's Life," BenQ Materials has continued to develop material science products, and is committed to self-development based on the field of material science. Accordingly, the company has developed and owned two main material technologies of optical multi-layer film design and polymer synthesis, as well as four main process technologies of roll-to-roll, precision engraving, precision coating and injection and extrusion molding. Through the cross application and utilization of the core technologies, the company has developed four main application categories of functional films, advanced battery materials, biomedical products and functional textiles, in order to provide quality and complete solutions to customers. The headquarters of BenQ Materials is located in Guishan District, Taoyuan City, and the company has three main production sites in Taiwan, located at Taoyuan, Longtan and Yunlin respectively, as well as two Suzhou Plant and Wuhu Plant in China. The sales/distribution and service locations of the company are distributed in the regions of Taiwan, China, Southeast Asia, U.S. and Japan, etc.

BenQ Materials is a global leading manufacturer for display material solutions and has also gradually become a brand company from a material supplier. The company's brands include six main brands of professional medical brand of Anscare, contact lens brand of Miacare, personal aesthetic medicine brand of DermaAngel, medical sterile packaging material of SIGMA, environmental protection waterproof and breathable textile brand "Xpore" and color contact lens brand of Gen Monster.

Based on the innovative user application oriented core philosophy, products released by the company have received recognitions of domestic and foreign major awards, such as Gold Panel Award Flat Display Component and Product Technology Award, Taiwan Excellence Award, Taiwan National Innovation Award. In addition, the company's Anscare SIMO negative pressure wound treatment system has received the German Red Dot Award, Xpore waterproof and breathable textiles have received recognition by the ISPO Best Product, the world's largest sports goods exhibition. With the recognition of customers and professional institution awards, BenQ Materials is confident to face challenges and to become a leading brand in various industrial fields.

The year of 2021 has been a prosperous year for BenQ Materials, and the polarizer business continues to head toward the development of high quality displays and the company has also engaged in strategic collaboration with brand makers in the development of privacy filter for notebook computers and mobile phones. In addition, the company has also achieved the No. 1 market share for its optical films of high resolution displays. The company's battery isolation films have successfully entered the Japan auto makers' supply chain, and relevant products have also entered the verification stage of European and American auto makers. Benefiting from the rapid growth of the contact lens and personal skin care markets, the company's product sales distribution has entered large chain stores and e-commerce channels in China, Southeast Asia, the U.S. and Japan, etc. In addition, the company's contact lens products, with a new brand name, have also entered the company's Taiwan's largest eyewear channel of "Formosa Optical." Wound care medical product with sales distribution expansion to reach medical hospitals and clinics as well as chain pharmacy stores and channels in Taiwan, in order to actively achieve the leading brand position for wound care products in Taiwan. The company has collaborated with French outdoor sports brand for the use of the company's waterproof and breathable functional textiles in the ski jackets jointly released by the two and such functional textile has made its way into the supply chain of the fabrics of numerous international outdoor sports brands.

BenQ  
Materials Corp

miacare

derma  
Angel

Anscare

xpore

Gem  
Monster  
Dazzling Fantasy

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
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 2021/12/31)
Number of Employees	2,552 people (up to 2021/12/31)
Revenue Scale	NT\$16.48 billion (2021)

## Participation in External Organizations

### Position of Director and Supervisor

- Director, Taiwan Medical and Biotech Industry Association
- Member, SEMI Taiwan – Flexible Hybrid Electronics Industry Committee
- Director, Society for Information Display (SID) Taipei Chapter
- Director, Taiwan Battery Association (TBA)
- Director, Taiwan Flat Panel Display Materials and Devices Association (TDMDA)
- Taiwan Display Unit Association (TDUA)

### Member Enrollment

- The Allied Association for Science Park Industries
- Taiwan Electric Power Association (TEPA)
- Taiwan Electrical and Electronic Manufacturers' Association
- Yunlin Technology Industrial Park Association
- National Association of Interior Design R.O.C.
- Taipei Optical Association
- Taiwan Regional Association of Adhesive Tape Manufacturers
- Optometry Society of Taiwan
- Advanced Filter for Technical Academic Industry Alliance
- Sterile Barrier Association (SBA)
- Deutsches Flachdisplay-Forum e.V. (DFF)



# Product Introduction



## Functional Film

### ▪ Polarizer

Polarizer is the most important sales product of BenQ Materials. It is a product that utilizes the optical characteristic of allowing light rays at certain direction to pass through and is considered as one of the essential components of a liquid display. Its main purpose of use is to allow light rays to generate phase difference during the presence or absent of electric field, in order to show illuminated or dark state for displaying screen texts or patterns. BenQ Materials is ranked the top 5 largest polarizer manufacturers worldwide, and the company's products are mainly applied to consumer products (such as televisions, displays, notebook computers, tablets, mobile phones, and public displays). Presently, there are five main polarizer types of general type, WV series, VA series, dual layer Zero-TAC film and circular polarizer, in order to satisfy customer demands. In addition, the company continues to actively expand business to enter other relevant fields, such as outdoor panels, touch panels, and 3D applications. In recent years, the company has also engaged in the development of high-end and high value products, such as circular polarizer, image quality enhancement polarizer, high weather resistant polarizer and non-rectangular polarizer.



#### OLED Circular Polarizer

It is supplied to wearable devices (such as watches) and foldable mobile phones currently under development.



#### High Weather Resistant On-board IPS Display

According to the automotive specification, it is able to withstand environment of higher temperature and higher humidity in comparison to conventional polarizers.



#### Full View Image Quality Enhancement Polarizer

It is able to enhance image quality and is widely used in various products of televisions, displays, mobile phones, public displays, and on-board displays, etc.



#### Stylish Polarizer

Its outer shape breaks through the traditional limitation of rectangular polarizer, such that its novel outer shape allows it to be used as a large circular polarizer for store or outdoor public display.

### ▪ Optical Film

BenQ Materials extends the core technology of polarizer to further research and develop optical film related products, such as Anti-Scattering Film (ASF), and it is mainly an extended application of the touch control technology of one glass solution (OGS) touch panel. Since edge frame is utilized to completely seal the circumference between the touch control component and the liquid crystal module, air tends to exist at the internal. Accordingly, when the external protective glass is broken, the ASF is required to provide the support to the glass in order to prevent scattering of broken glass debris.

To cope with the product characteristics for the automotive market, products must satisfy high safety standards. For instance, the vehicle dashboard with the design of central control monitor transforms from the mechanical design to the display design. Accordingly, the attachment of anti-scattering film (ASF) at the outer side of the display is able to satisfy the head collision test of vehicle, thereby improving the overall automotive safety. In 2021, the company has extensively demonstrated advanced optical and functional film material technology applications and breakthroughs, including the image quality enhancement for multimedia entertainment and on-board displays. In addition, the company has also provided solutions for low-reflection and eye protection as well as products for automotive safety.



#### Anti-Newton Ring (ANR) Anti-Scattering Film

It is able to reduce the adhesion and Newton's rings effect of the touch control module and LCD module.



#### Anti-glare Anti-Scattering Film

It is able to reduce glare caused by the external light.



Optical Film

Optical Clear Adhesive (OCA) is also used in the market to replace sealant and air layer and to increase the light transmittance. OCA is equipped with the optical characteristics of low haze and high transmittance, and it also has the characteristics of high filling, low dielectric coefficient, and durable plastic sheet, etc., thereby satisfying the market demand.



Optical Film

Module with Improved Transmittance and Reduced Reflection.



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

Advanced Battery Material

Isolation Film

Isolation film is one of the four essential materials of lithium-ion battery. BenQ Materials adopts the dry process (solvent-free process) and implements the active control safety product (PP/PE/PP) structure, which is manufactured by three manufacturers only worldwide. The isolation film is the key to the stable performance of a lithium-ion battery, and it is a porous, thin film made of polymer film and placed between the anode and the cathode of a battery, allowing ions to pass through freely while isolating the direct contact of anode and cathode to achieve current isolation.

BenQ Materials has leading advantages in materials and films, and is equipped with the core technologies related to polymer material, injection and extrusion molding, stretching and roll-to-roll processes. The company provides isolation film solutions of high safety and stability, including professional raw material selection, low temperature thermal shutdown technology, internal short-circuit suppression technology and low impedance technology, in order to increase the safety and performance of battery use. The company's special formula and stretching technology are able to effectively reduce the battery set resistance (direct current internal resistance, DCIR), and to achieve high power performance. In addition, through technical control, isolation film layer separation and wrinkle of the isolation film after being immersed in the electrolyte can be effectively prevented.



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





### Medical Products

- Wound Care

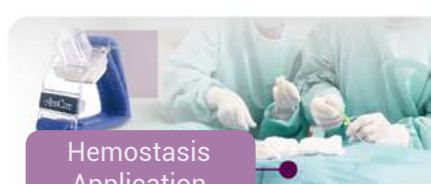
"Anscare" is a professional medical care brand of BenQ Materials for wound care, and its sales region includes the regions of Europe, America and Asia. With advanced material technologies, the company has developed treatment solutions corresponding to different stages of wound. Products related to bleeding wound care, would healing process, post-heal scar care have been developed in order to assist patients to recover and to resume to normal lives swiftly.

For would healing adjuvant therapy, the company has released the "Anscare SIMO Negative Pressure Would Treatment System" in order to overcome the problem of delayed wound healing of patients. The system adopts the physical pressing method to provide an appropriate negative pressure environment for a wound, in order to promote the blood circulation of the wound bend, to suppress the growth of bacteria and to absorb excessive would fluid, such that it is able to effectively shorten the healing period of 50% of wounds, thereby significantly reducing the physical and mental burden and medical resources of patients. This product is particularly suitable to the society with increasing awareness of environmental protection and countries of aging population. The product has a compact and stylish appearance and is convenient for patients' portable carrying and use for treatment of various acute or chronic wounds. Different from the traditional heavy, energy consuming and limited treatment area models for patients, this product is able to reduce medical cost and expense, and has received recognition from various major hospitals and clinics.

Anscare continues to focus on the wound care field, in order to provide solutions capable of cleaning wound festering, damaged issues and slough of chronic wounds and scald wounds of slow healing. "Anscare Healus Wound Gel" is able to achieve easy cleaning and collapse prevention of gel during dressing change, and it is also equipped with the characteristics of moisture retention for more than 24 hours, anti-hydration of gel and prevention of wound soaking, such that it is able to appropriately satisfy the demands of clinical physicians and nursing personnel. BenQ Materials will continue to achieve greater innovative breakthroughs, in order to provide comprehensive care solutions to professional medical care personnel and patients.



To learn more about the Anscare products, please scan the QRCODE





▪ Sterile Packaging Materials

In 2018, BenQ Materials merged with SIGMA Medical Supplies. Based on the integration of the SIGMA Medical Supplies' extensive experience in sterile packaging materials for more than forty years and BenQ Materials' innovative technology and business management in material science, the company after the merge is able to provide advanced sterile barrier films, coating products and customized services to customers. Presently, the company is the only medical packaging material supplier equipped with the special equipment of 8-color high speed printer and 7-layer co-extrusion film blowing machine, and the company's development has the leading sterilization resistance coating technology in Asia. Presently, the brand of "SIGMA" is used for the sterile products, and main customers of the company includes domestic medical hospitals and clinics as well as foreign medical channels, in order to provide professional medical device manufacturing (MDM). In addition, the company's products also comply with the countries of the region of sales and have obtained product certificates from numerous countries, including TFDA in Taiwan, CE (MDR) in the EU, FDA in the U.S. and CFDA in China. Furthermore, relevant international management systems and safety certifications have also be approved and acquired.

Sterile Barrier System Standard

- ISO 11607-2019 packaging material and sterile barrier system for sterile medical devices
- European medical standard EN 868-3:2017 packaging material system for sterile medical device

Pre-market Safety Verification Standards for Medical Products

- ISO 10993:2018 Medical device biocompatibility test



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





### ▪ Skin Care

"DermaAngel" is an own brand of BenQ Materials for care products researched and developed by the company, aiming to improve skin problems of consumers. Based on the consumer demand-oriented approach, a series of gentle conditioning care products have been released in the market. Apart from conventional skin care products, the product positioning of the brand focuses on special product design and composition formula. In addition, the brand also maintains the characteristics of appearance, taste, skin care demanded by users along with the merits of beauty and health.

"Concealing Acne Dressing Series of Products" use the key hydrogel formula independently developed by BenQ Materials, and production techniques are implemented in various aspects of design, coating, pressing, cutting, and product packaging, in order to achieve outstanding product performance, thereby overcoming drawbacks of most of the acne dressing products in the market. Presently, the products are sold via the model of the company's own e-commerce service for sale in region of China, and are sold via distributors in the region of Southeast Asia.

In 2021, for the skin care serious products, the company has released the "Health Balance Skin Conditioner" and "Ultra-Light UV Emulsion," in order to develop a series of gentle care and non-irritating skin care products. "Health Balance Skin Conditioner" is designed for unbalanced skin condition, and it is able to stabilize skin barrier and improve defense ability, thereby mitigating unstable skin condition. "Ultra-Light UV Emulsion," is a sunscreen product friendly to the skin and environment. It has the highest sun protection factor of SPF50+ / ★★★★★ capable of protecting against UV hazard comprehensively. With the addition of natural mineral source and purple porcelain effect powder in order to improve the problem of dark and yellowish skin caused by excessive sebum, and enhancing the skin brightness and glare. In 2022, for the skin care products, the company will further release the postbiotics moisture retention series (essence water, hydrogel and light lotion), with the self-developed Yogurtene Balance barrier protection technology. The prebiotics balance the skin microbiota in order to restore the skin's natural water retention ability, thereby enhancing its defense function. With the addition of provitamin B5 and hyaluronic acid composition, it is able to achieve intense moisturizing and repair, in order to maintain high moisture content for a long period of time, thereby overcome the problems of dry skin and unstable skin conditions.

### Outstanding product performance of acne dressing

- Highest absorption rate in the market: With the use of medical hydrogel dressing, its acne secretion absorption rate is the highest in the market, and it is able to retain skin moisture to promote healing.
- Waterproof and breathable material: Through biocompatibility and hypoallergenic tests, it is able to isolate external contamination and to protect the skin with proper acne treatment.
- Addition of anti-acne composition of "salicylic acid": Improve red and swell pimples, accelerate the acne treatment process.
- Addition of "gotu kola and tranexamic acid": Enhance the middle/late stage of acne treatment and whitening effect, thereby improving the issue of acne scar.
- Thick center and thin perimeter design: 0.01cm ultra-thin edge for proper attachment without slippage, and increased central thickness to enhance absorption of secretion.
- Matte and concealing design: Semi-transparent material blends with the skin color naturally, and non-sticky to cosmetic makeups, allowing acne and pimple to become invisible instantly.



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



▪ Vision Care

BenQ Materials integrates optical design and the technical expertise in material science, with the principle of eye healthcare, and through the injection molding technology of precision plastic molding in conjunction with optical design technology, machine processing technology of ultra-precision optical molding, silicone hydrogel synthesis and formulation technology, polymerization and hydration technology, in order to develop high oxygen permeability contact lenses and the two main brands of "Miacare" and "Gen Monster."

The "Miacare" product series include "Miacare" Silicone Hydrogel Soft Daily/Monthly Contact Lens, O2cellence 1-Day Contact lens, Confidence Color Silicone Hydrogel Daily/Monthly Contact Lens, Clarion Multi-purpose Solution. In addition, the company also provides functional and high oxygen permeability silicone hydrogel products, such as blue light filtering lens and multifocal products.

The contact lenses developed by BenQ Materials mainly use high oxygen permeability silicone gel material, and adopts the self-developed "EautraSil® TM," and its oxygen permeability is 6–10 times higher than conventional hydrogen lenses, and it is also equipped with the merits of hydrophilic softness and solvent residue free. The whole product series are added with the moisture retaining compositions of hyaluronic acid and alginate, and it is equipped with the UV protection function, in order to provide product choices of greater health and comfort to users.

In 2021, "Miacare" has released the "O2cellence 1-Day Hydrogel Contact lens with the world-class highest oxygen permeability of Dk/t 171.4," setting a new benchmark for silicone hydrogel contact lenses with a revolutionary improvement in the oxygen permeability. In addition to the high oxygen permeability (Dk/t 171.4), it is also equipped with the light and thin characteristic with the modulus of (MPa 0.5), emphasizing the comfort of the naked eyes. Furthermore, the company has also developed the moisture retaining TriLAQUA for long lasting moisturizing effect for lenses, thereby overcoming the problems of foreign object sensation and dry eye or discomfort concerned by consumers. In 2021, the company has further integrated the product design with fashion trend to release three new colors of blue/gray/brown daily contact lenses, along with the solvent-free upgraded EautraSil Plus® technology®, with high oxygen permeability (Dk/t 151) and low modulus (MPa 0.45). Furthermore, for the monthly color contact lens series, three new colors of gray/pink/blue have been released, and the ultra-high oxygen permeability (Dk/t 193) of the lenses allow long period of wearing with comfort and secure use.

The Gen Monster series of products have been designed and developed particularly for the pupil characteristics of Asians and their diverse living style. With regard to users' habit of long period of use of 3C products with eyes, the company's patented EautraSil® Plus is able to enhance the moisturizing effect in order to continue to maintain the high oxygen permeability of both eyes. The solvent-free silicone hydrogen material generates no solvent residue that may cause irritation of the eyes, thereby reducing eye irritation risk.

BenQ Materials continues to achieve innovative revolution for product research and development, and has been able to maintain its leading position in the color silicone hydrogel contact lens technology. BenQ Materials is committed to providing secure, comfort and healthy eye products with high oxygen permeability for consumers, and each product box delivered to consumers is equipped with package barcode, allowing the tracking of the shipment lot number and sales location, thereby offering greater security to the product use of consumers.



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



Miacare



Gen Monster

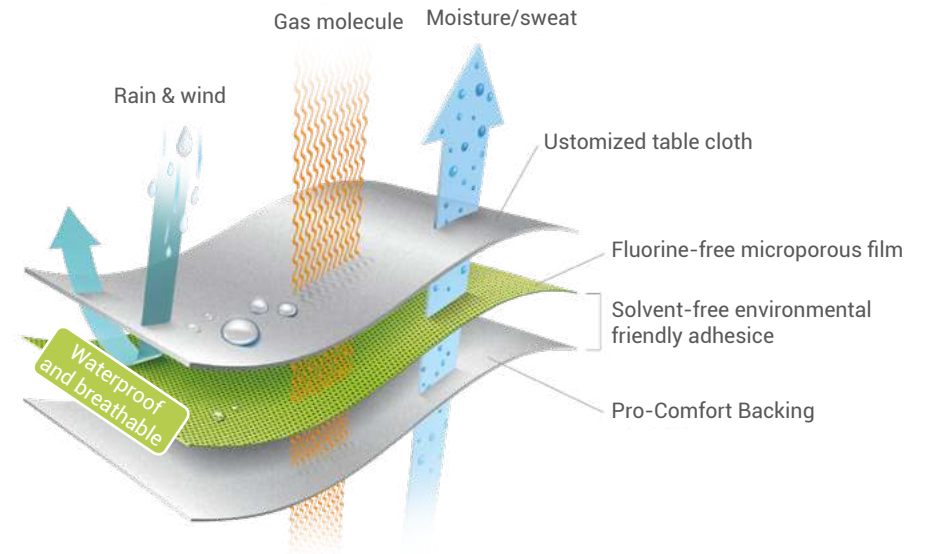


### Waterproof and Breathable Textiles

"Xpore" is a brand of BenQ Materials for the innovative "Waterproof and Breathable Textile" technology developed by the company. With its revolutionary material characteristics, it is able to achieve the goal of environmental protection and outstanding functionality of textiles at the same time. Nano microporous film technology and 100% free of perfluorinated compounds (PFCs) provides long lasting waterproof capability and great wind resistance, and textile products are able to further isolate bacteria and demodex.

Xpore is equipped with the characteristics of exceptional permeability, light weight, fast drying, eco-friendly and non-toxic. Accordingly, three main series products of Xtreme, Xtra and home application bedding have been developed. The company is committed to green design and production, and has achieved breakthroughs in the microporous film technology without containing toxic substances. Green Peace organization has proposed that no harmful PFCs shall be detected, and the company's Xpore products have qualified all of the tests of Intertek. The steps from material to film formation procedure have been verified to comply with the environmental protection requirements, and the product line has also qualified the Bluesign certification.

In 2021, Xpore has successfully developed epidemic control product of "Protective Functional Fabric," and the product has qualified the ISO and ASTM bacteria penetration standard tests, proving that it is able to effectively isolate harmful biological hazard of bacteria, etc. Epidemic control functional fabric has been sold to numerous functional clothing brands and the airline industry for the manufacturing of light and convenient protective clothes, thereby providing a new choice of protective and comfort clothing to outdoor users and travelers.



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



# 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 optical films, the company aims to satisfy the demands for home entertainment, automotive on-board image quality enhancement and low-reflection and eye protection solutions, integrated black optical film with seamless stitching of Micro LEDs, active privacy filtering technology and smart dimming green building materials, through the integration with the core technologies of optics, materials and processes, thereby achieving diverse and innovative scene applications in the future, including the effective enhancement of panel image quality of UHDEP and OLED CS Film based on the company's own precision engraving technology, and satisfying the demand for foldable screens. In addition, BenQ Materials has also developed anti-scattering film (ASF) equipped with substrate and surface treatment as well as OCA gel products with filling function, in order to be applied to display products of panels, touch panels and electronic books, etc. With regard to the touch control application field, BenQ Materials has developed the floating touch projection technology, such that through the integration of optical film and floating touch module, it is able to replace the frequent contact touch keys, thereby reducing the public space virus contact risk and the contact infection probability in the post-pandemic era. In addition to entering the automotive market, the company has also implemented the planning of diverse product lines for high quality and niche products. Furthermore, the company also actively invests development energy and resource in the early development stage of new display technologies, such that the company is able to seize opportunities according to the market trend and to become the leader in the market product development.

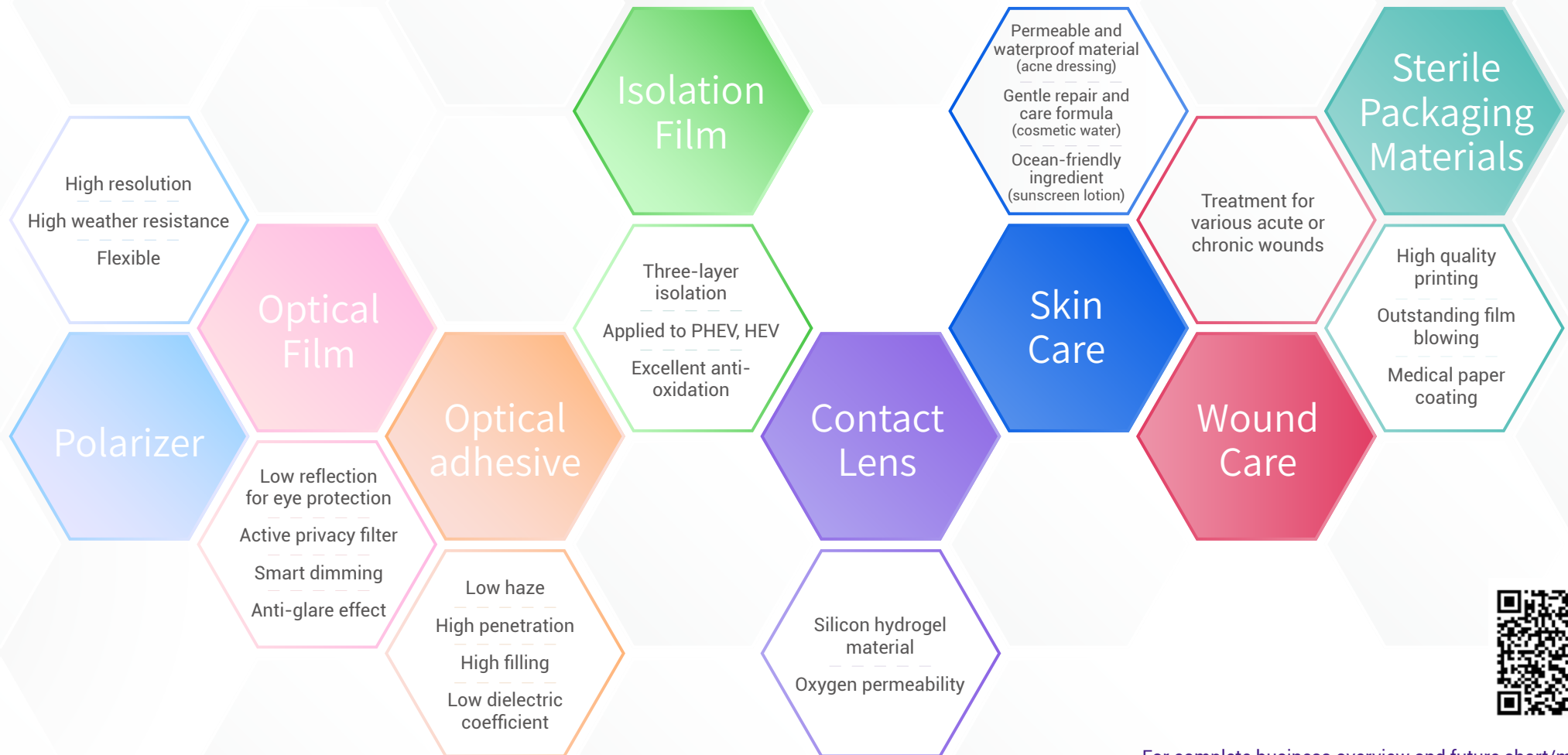
Under the global trend of energy saving and carbon reduction, European and American countries are actively promoting electric vehicles and the establishment of electric vehicle charging stations. The government of China has also announced the energy saving and new energy vehicle technology roadmap 2.0. The goal is to implement the development strategy and direction based on energy (low carbon), interconnection (information), and intelligence, thereby driving the overall trend of electric vehicle development and reducing carbon dioxide emission in 2035. Presently, European countries have announced that for the vehicle carbon emission target, the emission must be reduced from 130 g-CO<sub>2</sub>e/km in 2019 to 59 g-CO<sub>2</sub>e/km by 2030, and the U.S. and China have set the target to reduce to 110 and 90 g-CO<sub>2</sub>e/km by 2030 respectively. According to the 2020 statistical analysis report of the electric vehicle world sales database (EV Volumes), although China reduced the subsidy to electric vehicles, the global new energy vehicle sales volume in 2020 was still higher than 3.24 million cars, a positive growth for ten consecutive years since 2010. The isolation film manufactured by BenQ Materials is one of the four essential materials to lithium-ion battery, a key component of electric vehicles. Accordingly, the product of isolation film is expected to have great demands and growth in the future. In addition, BenQ Materials has invested in the research and development of advanced battery materials for a long period of time and has achieved remarkable results. The company's product of three-layer isolation film formed by polyethylene (PE) and polypropylene (PP) is currently applied to plug-in hybrid electric vehicle (PHEV) and hybrid electric vehicle (HEV), and it can also be applied to high power lithium-ion battery. Since 2020, the business outcome of the company's product has been promising, and among the three giant auto makers in Japan, two large Japanese auto makers are using BenQ Materials' isolation films. For new car models released by the second largest Japanese auto maker in Q4 of this year, BenQ Materials' product is expected to be applied to and used by such new car models. In 2021, the company has also invested in cell manufacturing factory in Thailand, which mainly supplies batteries for electric buses and electric boats, and the future outlook is optimistic. Furthermore, the company also actively engages in the product development of new fields, in order to satisfy the demands for the future development trend of new energies and various applications.





Disposable contact lens is one of the consumers' main choices for vision correction nowadays, and disposable contact lens can be divided into the two materials of hydrogel and silicone hydrogel. The contact lenses manufactured by BenQ Materials use silicone hydrogen, and as the material is equipped with the characteristic of high oxygen permeability, the level of wearing comfort and health of users are improved. Accordingly, silicone hydrogel material is now gradually replacing the traditional hydrogel material for contact lenses. For the European and American markets, it has more than 60% of the market share, and 30% for Asian countries, and approximately 10% of market share in Taiwan. The company's brands of "Miacare" and "Gem Monster" have unique technologies in the silicone hydrogel contact lens, and the future growth of both brands is promising.

For the skin care brand of "DermaAngel" and the wound care brand of "AnsCare," with the advancement of the economy, medical care technologies and biological technologies, along with the consideration of the trend of aging population, the demands for such care products are increasing, and their future development is optimistic. In 2018, BenQ Materials further merged with SIGMA Medical Supplies. The company now has the unique and exclusive sterilization resistance coating layer technology in Asia, and is able to achieve high quality printing process and sterile bag production, outstanding film blowing and medical paper coating technology, in order to provide reliable isolating barrier packaging solutions to customers. In addition to the OEM business, the company also has its own brand of "Sigma" with products sold to five main continents worldwide, and the main products are medical grade packaging materials. For medical device products, the company will continue to cooperate with different aspects of demands of physicians, hospitals, patients and users, and will engage in the industrial upstream, midstream and downstream strategic collaboration, in order to expand the business breadth and depth, thereby developing suitable products. In addition, the company will also change the service model, in order to increase the medical product penetration rate in the market together with the sales channels. With regard to the long-term goal, BenQ Materials expects to complete the establishment of end user market sales channel, to increase own brand value and to become a well-known brand in medical care products.



For complete business overview and future short/medium/long term development strategies of the company, please refer to 2021 BenQ Materials Annual Report (P.38) for details.





# 2 Sustainability Strategy

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# Sustainable Management Operation Mechanism

## ESG Sustainability Committee

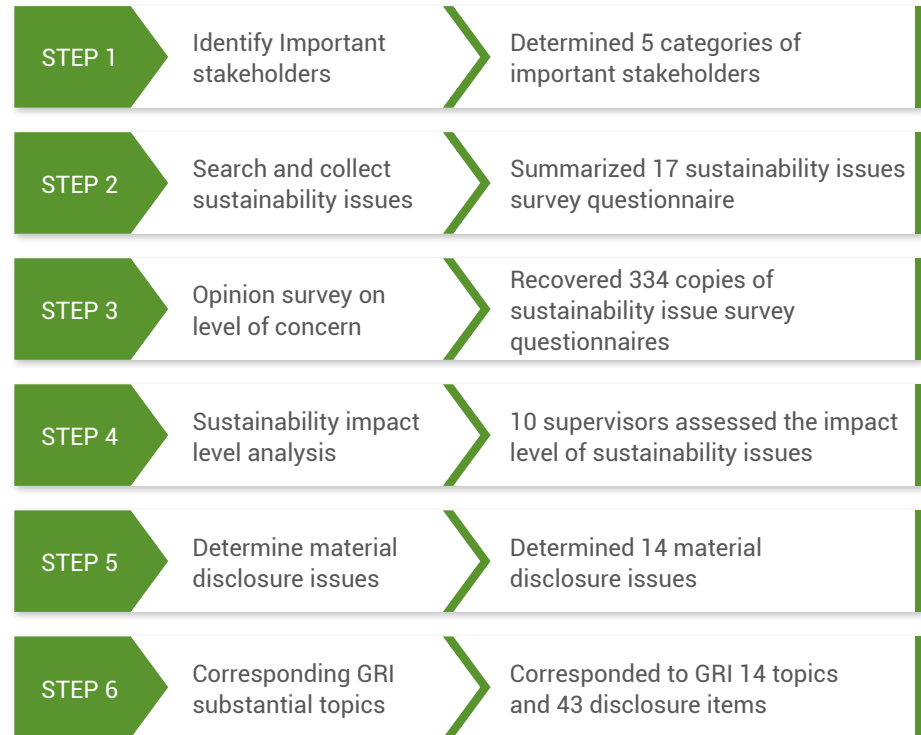
BenQ Materials has established the ESG Sustainability Committee, and the CEO acts as the chairperson of the Committee. Five main functional teams are established according to the vision and goals. Senior supervisors above the rank of assistant vice president act as the convener of each team, including the responsible units of R&D, manufacturing, factory affairs and environmental safety, procurement, human resource, finance and legal, in order to comprehensively promote the operation of sustainability plan of the company. The Committee periodically convenes four meetings on an annual basis to review the plan progress, goal setting and execution result of each project team. ESG Sustainability Committee reviews the plan promotion result of each team periodically, and the chairperson also calls meetings irregularly to discuss issues depending upon the materiality of the issues. The administrative officers team reports the ESG plan execution result and future short/medium/long term goals to the Board of Directors at least once annually.

In 2021, the ESG Sustainability Committee has established the medium- and long-term goals in response to the climate change, and has integrated the company's resources from renewable energy planning to product development and production efficiency improvement, etc. Accordingly, it is expected to reach the goals of RE100 and carbon neutrality by 2050. Furthermore, to cope with the trend and requirements of corporate governance, the company is expected to integrate the remuneration mechanism of senior supervisors of the company from 2022, in order to effectively implement the sustainable operation and maintain the long-term competitiveness of the company while demonstrating the company's outcome in ESG plan promotion. For the 2021 ESG promotion outcome, please refer to the chapter of Business Philosophy.



## Material Disclosure Issue identification Process

BenQ Materials performs the 6-step engagement procedure on the requirements of the report principle in accordance with the GRI Sustainability Report Standards, and complies with the principles of Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness, in order to perform sustainability issue management, thereby determining the material stakeholders, identifying material disclosure issues, and define the report information disclosure boundary.





# 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 "Responsibly, 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.

## Important Stakeholder Engagement Description

Each category of stakeholder is determined to have different meaning and interaction with the operating activities of BenQ Materials. In addition, different departments perform engagement through various communication methods. In 2021, communication engagement methods have been implemented continuously and various results have been generated.






Stakeholder Category	Shareholders	Customers
Meaning to BenQ Materials	Institutional investors and natural person investors are investors of BenQ Materials. Accordingly, the financial and non-financial related information provided shall be maintained with the same transparency without any information difference	Customers are sources of revenue and income, and they are also partners promoting product and technology research and development. It is BenQ Materials' goal to implement continuous improvement in the aspect of sustainable development together with the customers
Responsible Department	Corporate Governance Team	Product Lifecycle and Innovation Team
Engagement Method/Frequency	<ul style="list-style-type: none"> <li>Board of Directors and Audit Committee Report (quarterly)</li> <li>General Shareholders' Meeting (annually)</li> <li>Investors Conference (quarterly)</li> <li>Market Observation Post System Website (irregularly)</li> <li>Spokesman System (irregularly)</li> <li>Company's Official Website and Investors' Mailbox (irregularly)</li> </ul>	<ul style="list-style-type: none"> <li>Customer Satisfaction Survey (Quarterly)</li> <li>Customers' Supplier Audit (Annually)</li> <li>Customers' Supplier Conference (Annually)</li> </ul>
Engagement Result	<ul style="list-style-type: none"> <li>Board of Directors and Audit Committee Report (5 times)</li> <li>General Shareholders' Meeting (1 time)</li> <li>Investors Conference (4 times)</li> <li>Market Observation Post System Website (irregularly)</li> <li>Spokesman System (irregularly)</li> <li>Company's Official Website and Investors' Mailbox (irregularly)</li> </ul>	<ul style="list-style-type: none"> <li>Customer Satisfaction Survey (4 times)</li> <li>Customers' Supplier Audit (1 time)</li> <li>Customers' Supplier Conference (1 time)</li> </ul>



Stakeholder Category	Employees	Suppliers	Banks
Meaning to BenQ Materials	Employees are fundamental to the promotion of a corporation's continuing operation. BenQ Materials provides competitive environment and open and diverse workplace in order to attract outstanding talents to join the company for common growth and achieve great future together	With the support of suppliers, BenQ Materials is then able to provide quality products and services to customers, and improving the sustainable supply chain management and capability is the goal of the company for next stage	In addition to the capital market financing, Banks are another main source for providing the operating capital. Through close communication and interaction with banks, the company is able to obtain stable and competitive source of operating capital
Responsible Department	Social Participation Team	Supply Chain Team	Corporate Governance Team
Engagement Method/ Frequency	<ul style="list-style-type: none"> <li>▪ Labor-Management Meeting (quarterly)</li> <li>▪ Business Explanatory Session (quarterly)</li> <li>▪ Welfare Committee Meeting (quarterly)</li> <li>▪ Plant Direct Personnel Seminar (irregularly)</li> <li>▪ Unlawful Infringement Complaint Telephone and Mailbox (available at all time)</li> <li>▪ BenQ Personal Delivery App (available at all time)</li> <li>▪ President's Mailbox (available at all time)</li> <li>▪ External Complaint Mailbox (available at all time)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Mailing of Ethics Announcement (annually)</li> <li>▪ Key Supplier Evaluation (semi-annually)</li> <li>▪ Key Supplier Document Audit (annually)</li> <li>▪ Field Guidance and Audit (irregularly)</li> <li>▪ Harmful Substance Management Policy (irregularly)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Bank transactions and visits (irregularly)</li> </ul>
Engagement Result	<ul style="list-style-type: none"> <li>▪ Labor-Management Meeting (4 sessions)</li> <li>▪ Business Explanatory Session (4 sessions)</li> <li>▪ Welfare Committee Meeting (4 sessions)</li> <li>▪ BenQ Personal Delivery App Employee Comments (23 cases)</li> <li>▪ President's Mailbox (1 case)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Key Supplier Evaluation (100% completed)</li> <li>▪ Key Supplier Document Audit (100% completed)</li> <li>▪ Harmful Substance Management Policy (100% signed back)</li> </ul>	<ul style="list-style-type: none"> <li>▪ By maintaining close business relationship with banks, BenQ Materials is able to obtain necessary funds for operation.</li> </ul>



According to the sustainability issue survey result, the top 3 sustainability issues concerned by each category of stakeholders are analyzed, and such issues correspond to their relevant GRI substantial topics, in order to disclose relevant sustainability issue consideration as well as promotion strategies and plans of BenQ Materials.

Stakeholder	Top Three Issues Concerned	Corresponding GRI Substantial Topic	Review and Response Method
 Shareholders	Financial Performance Occupational Safety and Health Product Liability	201 Economic Performance 2016 202 Market Image 2016 403 Occupational Health and Safety 2018 416 Customer Health and Safety 2016 417 Marketing and Labeling 2016	To cope with the emerging concept of responsible product, institutional investors focuses more on the ESG performance of investees. BenQ Materials has established the ESG Committee to act as the organization for promoting the sustainable development, and enhancing the planning and execution of economic, environmental and social aspects, in order to improve ESG operational performance, to promote the investment willingness of institutional investors, and to reduce the fluctuation of stock price.
 Customers	Product Liability Occupational Safety and Health Talent Development	401 Employers-employee Relations 2016 402 Labor relation 2016 403 Occupational Health and Safety 2018 404 Training and Education 2016 405 Employee Diversity and Equal Opportunity 2016 416 Customer Health and Safety 2016 417 Marketing and Labeling 2016	As the sustainable design and requirements for products demanded by customers become higher, BenQ Materials focuses on the enhancement of environmental performance and promotion of circular economy, in order to reduce waste generation and to environmental burden. In addition, the product design is improved to increase customer satisfaction. For functional film series of products, the company adopts the methods of material reduction and non-use of organic solvents during manufacturing process. For medical device series of products, the company focuses on safe and eco-friendly packaging materials, in order to satisfy customers' expectation for product manufacturing and use.
 Employees	Occupational Safety and Health Product Liability Talent Development	401 Employers-employee Relations 2016 402 Labor relation 2016 403 Occupational Health and Safety 2018 404 Training and Education 2016 405 Employee Diversity and Equal Opportunity 2016 416 Customer Health and Safety 2016 417 Marketing and Labeling 2016	BenQ Materials values the safe working environment of the plant site, and promotes physical and mental health, balance between work and living, in order to allow all employees to joy their work. Through diversity and inclusiveness, the company aims to create an equal and open workplace, and has implemented training structure and communication channel to encourage innovation and to establish diverse and friendly workplace, in order to achieve common growth and promising future outlook together with employees.
 Suppliers	Product Liability Occupational Safety and Health Diversity, Inclusiveness and Equal Rights	403 Occupational Health and Safety 2018 405 Employee Diversity and Equal Opportunity 2016 406 Non-discrimination 2016 416 Customer Health and Safety 2016 417 Marketing and Labeling 2016	Some of the material supplies of BenQ Materials are foreign giant manufacturers in their fields, and their performance in ESG promotion may even be superior to that of BenQ Materials. In 2021, BenQ Materials has established the key supplier selection standard in order to establish the evaluation method on the suppliers' sustainability audit, thereby enhancing the specific actions for supplier management.
 Banks	Financial Performance Ethical Management Product Liability	201 Economic Performance 2016 205 Anti-corruption 2016 307 Compliance with Environmental Laws 2016 416 Customer Health and Safety 2016 417 Marketing and Labeling 2016 419 Compliance with Social and Economic Laws 2016	As the sustainable finance issue gains greater attention nowadays, with regard to corporations' performance and disclosure actions in terms of the ESG aspects, the concept of nice-to-have for encouragement has gradually transformed into essential principle of need-to-have. In the future, ESG is expected to become one of the essential factors for the corporate financing capital. Accordingly, BenQ Materials has implemented the promotion of sustainable development system, in order to satisfy the expectations of banks via active actions in practice, in order to reduce the financing cost.





Stakeholder	Short-term Planning	Long-term Strategy
 Shareholders	<p>The company has implemented the sustainable development promotion mechanism in 2020, and has prepared the sustainability report disclosure in order to serve as a cornerstone for the systematic promotion of sustainable operation. The company also enhances internal employees' awareness and understanding of ESG, in order to integrate the concept of ESG in the job duties of all departments.</p>	<p>Since 2021, cross-department sustainable development long-term goals have been established. Strategic goals for ESG are set and short-/medium-/long-term goals of each department are deployed. Accordingly, various ESG information disclosures are gradually completed in order to provide such information to ESG institution for evaluation and to institutional investors as the basis for investment decision making with respect to responsible investment.</p>
 Customers	<p>Based on the requirements of compliance with product specifications (functional film related products) demanded by customers and product safety standards/regulations (medical device related products) of various countries/products, the company has achieved 100% of compliance with the product specifications and national safety standards, and will continue to implement process improvement, in order to achieve the goals of energy saving, carbon reduction and waste reduction.</p>	<p>Assessment is performed according to the product lifecycle, and the assessments on the material reduction, waste reduction design and reduction of use of organic solvents during manufacturing process are performed starting from the product design stage. The company also considers the aspect of circular economy and assesses the high value cycle and systematic collaboration feasibility, in order to maximize the resource benefit.</p>
 Employees	<p>Employee satisfaction surveys that are once interrupted or not yet executed are continued in order to use survey results as the basis for implementing various human resource management measure improvement. The employee aspect diversity and inclusiveness indicators are assessed and included in the human resource management goal.</p>	<p>Various sustainability initiatives, Responsible Business Alliance (RBA), ESG evaluation and relevant international standards are reviewed and considered in order to establish the human resource management indicator and to promote improvement measures, thereby achieving ESG balanced development.</p>
 Suppliers	<p>In 2021, the company has implemented the key supplier selection standard, and the Responsible Business Alliance (RBA) audit standard is used as a reference basis for the establishment of the supplier, environment and society evaluation standard, thereby achieving responsible management on suppliers.</p>	<p>The company improves the supplier, environment and society evaluation standard and implements the execution accordingly, and also guides suppliers to continue their continuous improvement in the environmental and social aspects. The strategic goal of optimizing the local procurement has been implemented, and specific measures for increasing the local procurement has been established, in order to drive the local industry improvement and economic growth.</p>
 Banks	<p>The company enhances the communication with the credit extension department of banks, and understands the promotion strategy of the banks on sustainability credit extension principle. In addition, various ESG information disclosure and communication are enhanced, in order to provide such information to the banks for credit extension review and as reference for post-loan management.</p>	<p>According to various ESG evaluation institutions, the company has established the ESG information disclosure standard operation, in order to enhance the strength and quality of the information disclosure, thereby providing information to banks for making credit extension decision on the ESG execution performance of BenQ Materials.</p>





# Material Disclosure Issue Analysis

## Collect Sustainability Issues

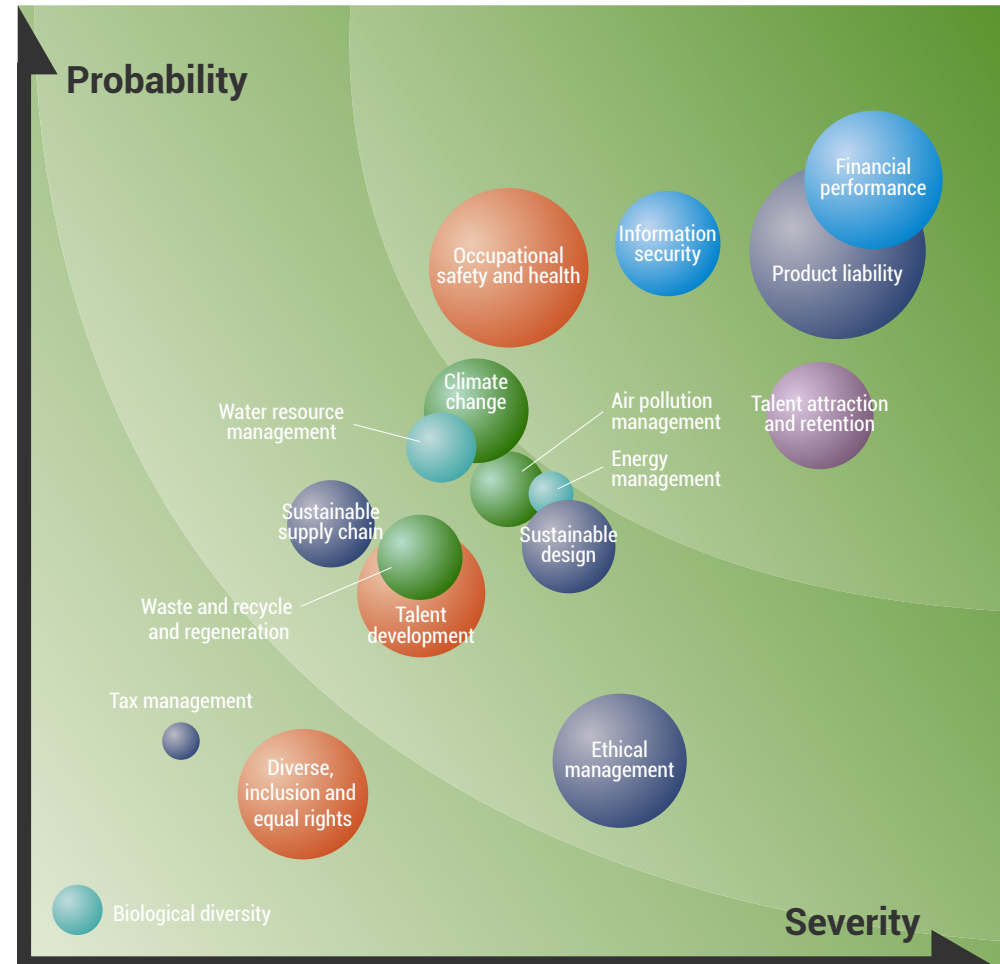
To understand the concern and expectation of important stakeholders on the sustainability issues of BenQ Materials, the GRI Sustainability Report Standards and manufacturing industry attributes are considered, and external relevant sustainability Report information is collected, in order to establish a survey questionnaire covering 17 sustainability issues. Through the survey conducted by responsible departments on the stakeholders, 334 copies of survey questionnaires have been collected, in order to understand the material issues concerned by stakeholders.

## Opinion Survey on Concern Level

Statistics and analysis works are performed on the sustainability survey of stakeholders, and the concern level of important stakeholders is summarized, in order to provide such information to 10 senior supervisors of BenQ Materials for understanding. In addition, the survey questionnaires are also issued to allow supervisors to assess the possible level of impact of each issue on the economic, environmental and social aspects of BenQ Materials.

## Determine Material Disclosure Issues

The concern level of important stakeholders, severity and probability of impact of the sustainability issues on the economic/environmental/social aspects of BenQ Materials are assessed. Accordingly 14 material disclosure issues are listed, and such issues refer to "Financial Performance," "Product Liability," "Talent Attraction and Retention," "Information Security," "Occupational Safety and Health," "Climate Change," "Air Pollution Management," "Energy Management," "Water Resource Management," "Sustainable Supply Chain," "Waste and Regeneration Cycle," "Sustainable Design," "Talent Development" and "Ethical Management." All these 14 material disclosure issues have been listed as the basis for the 2021 sustainability report disclosure.



Bubble size: Concern level of stakeholders



# Material Disclosure Issue Description

## Corresponding GRI Substantial Topics

Thirty-three topics of economy, environment and society, etc., of the GRI Sustainability Report Standards have been reviewed, and the corresponding relationship between such topics and the material disclosure issues are made. Accordingly 14 substantial topics with relevance and 50 disclosure indicators covered by such topics are selected from the GRI Sustainability Report Standards, and the report of this year adopts the core disclosure principle for numbering accordingly.

## Define Report Disclosure Boundary

The disclosure team convenes meeting to review the impact of each material disclosure issue on BenQ Materials and the upstream/downstream of the value chain, in order to determine the disclosure boundary within the organization for the entity of BenQ Materials. The impact scope of each issue varies due to issue difference.

Material Disclosure Issue	Scope of Impact					Corresponding GRI Substantial Topic
	BenQ Materials	Subsidiaries	Customers	Suppliers	Consumers	
Financial Performance	◎	◎				General Disclosure - Governance 201 Economic Performance - Direct Economic Value 2016
Product Liability	◎	◎	◎		◎	416 Customer Health and Safety 2016 417 Marketing and Labeling 2016
Talent Attraction and Retention	◎	◎				202 Market Image 2016 401 Labor - Management Relationship 2016 405 Employee Diversity and Equal Opportunity 2016
Information Security	◎	◎	◎	○	◎	418 Customer Privacy Information Security (self-defined topic)
Occupational safety and health	◎	◎	○			403 Occupational Health and Safety 2018
Climate Change	◎	◎	○	◎		305 Emission 2016
Air Pollution Control	◎	◎				305 Emission 2016
Energy Management	◎	◎				302 Energy 2016
Water Resource Management	◎	◎				303 Water and Effluent 2018
Sustainable Supply Chain	◎	◎	◎			308 Supplier Environmental Assessment 2016
Waste and Regeneration Cycle	◎	◎		○		306 Waste 2020
Sustainable Design	◎	◎	◎			Sustainable Design (self-defined topic)
Talent Development	◎	◎		◎		404 Training and Education 2016
Ethical Management	◎	◎	◎	◎		General Disclosure - Molarity and Ethics 205 Anti-corruption 2016

Note: "◎" refers to direct impact, "○" refers to indirect impact



Material Disclosure Issue	Meaning and Impact to BenQ Materials
Financial Performance	BenQ Materials is a TWSE listed company in Taiwan. Through implementation of corporate governance, and enhancement of the corporate culture of ethical management, including the behaviors of all board members and employees, the company aims to achieve the economic meaning of sustainable development and to ensure satisfaction of expectation of stakeholders, thereby achieving innovation and growth for the operational aspect, and continuously maintaining excellent financial performance and protecting the rights and interests of investors.
Product Liability	For products of BenQ Materials, the company establishes the goal for sustainable product design, and products can be divided into two main categories: Functional film products are targeted for supplying materials to 3C terminal products and green products (without any harmful substances) as the key requirements; medical material related products rigorously focus on the product safety as such type of products are highly related to medical treatment behaviors and body care. For the sale of various products, it is necessary to comply with the green product regulations in each region and the medical material/product safety standards of different countries. In addition, since the medical materials/products mainly adopt the business model of own brand, any product safety issue may cause impact on the brand image, and may even result in damage claim due to health/safety hazards.
Sustainable Design	
Sustainable Supply Chain	BenQ Materials' products are diverse, and the upstream and downstream suppliers are important partners of BenQ Materials. The ESG performance of suppliers has important connection to the sustainability commitment of BenQ Materials and may also cause material impact on the brand of BenQ Materials and customer demands.
Talent Attraction and Retention	Diverse, inclusive and friendly working environment and provision of comprehensive welfare measures are beneficial to corporate's innovation and growth, and are also the fundamental for the company to establish an excellent workplace. The company has established competitive human resource management measures and respects the rights of employees. In addition, through the improvement of the job functions of employees, enhancement of safe and healthy workplace, the company cooperates to provide effective communication and exchange, allowing employees to actively engage in their works with balanced physical and mental state, such that employees are able to achieve most optimal working abilities and job satisfaction, thereby reducing employee turnover rate and relevant costs.
Talent Development	
Information Security	BenQ Materials emphasizes on the information security management customer privacy protection, and continues to respond to information security issue requiring attention, to enhance information security protection software and hardware deployment, and to introduce the information security management system (ISO 27001) in order to implement information security control.
Occupational safety and health	BenQ Materials emphasizes occupational safety and health management, and complies with the ISO 45001 occupational safety and health management system regulations. In addition, the company provides healthy working environment complying with the regulatory requirements, and enhances the safety awareness of all factory employees and contractors, in order to prevent occurrence of occupational accidents.
Climate Change	The increase of climate change risk has drawn great attention of enterprises for making responses to climate change. A lot of countries have newly established or amended laws and regulations related to climate change, and international enterprises have also announced their carbon neutrality schedule consecutively. As the standards of policy requirements and customer demands increase, enterprises seek to reduce the greenhouse gas emission in order to mitigate the climate change, to strengthen the adaptability and resilience of enterprises. Accordingly, this is also an essential issue to BenQ Materials for the future operation.
Energy Management	To cope with the reduction of greenhouse gas emission, it is necessary to implement management and reduction on the material, energy and water of the operation aspect. In addition, through the improvement of technologies, loss and air pollution emission generated during the manufacturing process area reduced, or through the concept of circular economy and systematic collaboration, the energy resource and water resource use efficiency is increased, in order to properly reduce the generation of greenhouse gases, air pollutants, wastewater and wastes.
Water Resource Management	
Waste and Regeneration Cycle	
Air Pollution Control	
Ethical Management	BenQ Materials has established excellent corporate governance and ethical management culture, and all employees are able to comply with the regulations of the company while upholding the ethical attitude and fulfilling of responsibilities diligently, thereby demonstrating the value of the company and protecting the rights and interests of stakeholders, which is also the key to the company's continuous and stable growth.



# GRI Content Index

## General Standard Disclosure Index

❖ refers to non-core disclosure item

Standard	Disclosure Item	Corresponding Chapter/Description	Page No.
GRI 101: Basics 2016			
GRI 102: General Disclosure 2016			
Organization Overview			
102-1	Organization Name	1-1 Company Profile	P15
102-2	Activity, Brand, Product and Service	1-2 Product Introduction	P17
102-3	Headquarters Location	1-1 Company Profile	P15
102-4	Business Location	1-1 Company Profile	P15
102-5	Ownership and Legal Form	1-1 Company Profile	P15
102-6	Market of Service Provision	1-2 Product Introduction	P17
102-7	Organization Scale	1-1 Company Profile 3-2 Business Performance 4-1 Product Revenue	P15 P47 P62
102-8	Information of Employees and Other Workers	7-1 Manpower Overview	P114
102-9	Supply Chain	Value Chain	P8
102-10	Material Change of Organization or Supply Chain	No material change during the report disclosure period	-
102-11	Precautionary Principle or Directive	3-5 Risk Management 5-1 Response to Climate Change	P52 P79
102-12	External Initiative	Up to the end of 2021, no external initiative has been officially signed	-
102-13	Membership of Unions and Associations	1-1 Company Profile	P15

Standard	Disclosure Item	Corresponding Chapter/Description	Page No.
Strategy			
102-14	Statement from Decision Maker	Message from the Chairman	P3
Ethnics and integrity			
102-16	Values, Principles, Standards, and Code of Conduct	Business Philosophy 3-4 Ethical Management	P4 P49
Governance			
102-18	Governance Structure	3-1 Corporate Governance 2-1 Sustainable Management Operation Mechanism	P44 P27
102-22❖	Composition of the highest governing unit and its committees	3-1 Corporate Governance	P44
102-23❖	Chairperson of highest governance unit	3-1 Corporate Governance	P44
102-25❖	Conflict of Interest	3-1 Corporate Governance	P44
102-27❖	Group knowledge of the highest governance unit	3-1 Corporate Governance	P44
Stakeholder Communication			
102-40	Stakeholder Group	2-2 Stakeholder Engagement	P28
102-41	Group Agreement	Union has not been established to sign the group agreement	-
102-42	Stakeholder identification and selection	2-2 Stakeholder Engagement	P28
102-43	Stakeholder communication directive	2-2 Stakeholder Engagement	P28
102-44	Proposal on key topics and concerned matters	2-4 Material Disclosure Issue Description	P33



❖ refers to non-core disclosure item

Standard	Disclosure Item	Corresponding Chapter/Description	Page No.
<b>Report practice</b>			
102-45	Entities included in the consolidated financial statements	Report description Please refer to chapters and sections of 2021 Financial Statements the company for details	P13
102-46	Define report content and topic boundary	2-4 Material Disclosure Issue Description	P33
102-47	Major topic list	2-4 Material Disclosure Issue Description	P33
102-48	Information restatements	In 2021, some of the environment and manpower data calculation boundaries have been increased, such that there is slight variation from the data of past years and the data presented in the last year's report.	-
102-49	Report change	2-4 Material Disclosure Issue Description No major report change in 2021	P33
102-50	Reporting period	Report description	P13
102-51	Date of last report	Report description	P13
102-52	Reporting cycle	Report description	P13
102-53	Contact person for responding to questions related to the report	Report description	P13
102-54	Declaration according to GRI Standard Report	Report description	P13
102-55	GRI content index	2-5 GRI Content Index	P35
102-56	External guarantee/assurance	2-8 External Inspection Certificate	P41

Standard	Disclosure Item	Corresponding Chapter/Description	Page No.
<b>GRI 103: Management Directive 2016</b>			
103-1	Explanation of major topics and boundaries thereof	2-4 Material Disclosure Issue Description	P33
103-2	Management directives and composition thereof	Issue: Financial Performance	P43
		Issue: Product Liability	P60
		Issue: Talent Attraction and Retention	P113
		Issue: Information Security	P56
103-3	Management directive assessment	Issue: Occupational Safety and Health	P136
		Issue: Climate Change	P78
		Issue: Air Pollution Management	P89
		Issue: Energy Management	P78
		Issue: Water Resource Management	P78
		Issue: Sustainable Supply Chain	P107
		Issue: Waste and Regeneration Cycle	P91
		Issue: Sustainable Design	P67
	Issue: Talent Development	P122	
	Issue: Ethical Management	P49	





## Specific Topic Standard Disclosure Index

❖ refers to non-core disclosure item

Standard	Disclosure Item	Corresponding Chapter/Description	Page No.
GRI 200: Economic Topic			
GRI 201: Economic Performance 2016			
201-1	Report the direct economic value generated and distributed	3-2 Business Performance	P47
GRI 202: Market Position 2016			
202-1	Ratio of standard salary of entry level personnel of different genders and local minimum wage	7-3 Employee Care	P126
202-2	Ratio of senior management employed from the local community	7-1 Manpower Overview	P114
GRI 205: Anti-corruption 2016			
205-2	Communication and training related to anti-corruption policy and procedure	3-4 Ethical Management	P49
205-3	Anti-corruption incidents confirmed and actions adopted	No corruption related events in 2021	-
GRI 300: Environmental Topic			
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	5-2 Environmental Management	P83
302-3	Energy Intensity	5-2 Environmental Management	P83
302-4	Reduction energy consumption	5-2 Environmental Management	P83
GRI 303: Water and Effluent 2018			
305-1	Mutual impact of sharing of water resource	5-2 Environmental Management	P83
305-2	Management of impacts related to drainage	5-2 Environmental Management	P83
305-3	Water Intake	5-2 Environmental Management	P83
305-4	Water discharge	5-2 Environmental Management	P83
305-5	Water consumption	5-2 Environmental Management	P83

Standard	Disclosure Item	Corresponding Chapter/Description	Page No.
GRI 305: Emission 2016			
305-1	Direct (Scope 1) greenhouse gas emission	5-1 Response to Climate Change	P79
305-2	Energy indirect (Scope 2) greenhouse gas emission	5-1 Response to Climate Change	P79
305-4	Greenhouse gas emission intensity	5-1 Response to Climate Change	P79
305-5	Greenhouse gas emission reduction amount	5-1 Response to Climate Change	P79
305-7	Nitrogen oxides (NOx), sulfides (SOx), and other significant material gas emissions	5-2 Environmental Management	P83
GRI 306: Waste 2020			
306-1	Waste generation and waste related significant impact	5-3 Circular Economy	P92
306-2	Management of waste related significant impact	5-3 Circular Economy	P92
306-3	Waste generation	5-3 Circular Economy	P92
306-4	Waste disposal transfer	5-3 Circular Economy	P92
306-5	Waste direct disposal	5-3 Circular Economy	P92
GRI 307: Compliance With Environmental Protection Related Laws 2016 ❖			
307-1	Violation of environmental protection laws	3-4 Ethical Management	P49
GRI 308: 308 Supplier Environmental Assessment 2016			
308-1	Adopt environmental standard for screening new suppliers	6-3 Supply Chain Management 100% adopt environmental standard for screening new suppliers	-



❖ refers to non-core disclosure item

Standard	Disclosure Item	Corresponding Chapter/Description	Page No.
<b>GRI 400: Social Topic</b>			
<b>GRI 401: Labor-Management Relationship 2016</b>			
401-1	New employees and resigned employees	7-1 Manpower Overview	P114
401-2	Benefits provided to full-time employees only (excluding temporary or part-time employees)	7-3 Employee Care	P126
401-3	Parental leave	7-4 Health Management	P132
<b>GRI 402: Labor relation 2016❖</b>			
402-1	Minimum notice periods regarding operational changes	7-3 Employee Care	P126
<b>GRI 403: Occupational Health and Safety 2018</b>			
403-1	Occupational safety and health management system	7-5 Workplace Safety	P137
403-2	Hazard identification, risk assessment, and accident investigation	7-5 Workplace Safety	P137
403-3	Occupational Health Service	7-4 Health Management	P132
403-4	Participation, consultation and communication of employees related to occupational safety and health	7-5 Workplace Safety	P137
403-5	Training of employees related to occupational safety and health	7-5 Workplace Safety	P137
403-6	Promotion of employee health	7-4 Health Management	P132
403-7	Prevention and mitigation of impact of occupational safety and health directly related to business	7-5 Workplace Safety	P137
403-8	Employees covered by the occupational safety and health management system	7-5 Workplace Safety	P137
403-9	Occupational Injury	7-5 Workplace Safety	P137
<b>GRI 404: Education and Training 2016</b>			
404-1	Average Hours of Training per Year per Employee	7-2 Talent Cultivation	P123
404-3	Percentage of employees receiving periodic performance and occupational development reviews	7-3 Employee Care	P126

Standard	Disclosure Item	Corresponding Chapter/Description	Page No.
<b>GRI 405: Employee Diversity and Equal Opportunity 2016</b>			
405-1	Diversity of governance unit and employees	3-1 Corporate Governance 7-1 Manpower Overview	P44 P114
405-2	Ratio of basic salary raise of female employees to male employees	7-3 Employee Care	P126
<b>GRI 406: Non-discrimination 2016❖</b>			
406-1	Discrimination event and improvement action adopted by organization	7-3 Employee Care	P126
<b>GRI 412: Human Rights Assessment 2016❖</b>			
412-2	Employee training for human rights policy or procedure	7-2 Talent Cultivation	P123
<b>GRI 416: Customer Health and Safety 2016</b>			
416-1	Assess the impact of product and service category on health and safety	6-2 Product Safety and Marketing Label	P103
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	6-2 Product Safety and Marketing Label	P103
<b>GRI 417: Marketing and Labeling 2016</b>			
417-1	Product and service information as well as labeling requirements	6-2 Product Safety and Marketing Label	P103
417-2	Incidents of non-compliance concerning product and service information and labeling	6-2 Product Safety and Marketing Label	P103
417-3	Incidents of non-compliance concerning marketing and broadcasting related laws	3-4 Ethical Management	P49
<b>GRI 418 Customer Privacy 2016</b>			
418-1	Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	In 2021, there has been no infringement of customer privacy and loss of customer data	-
<b>GRI 419: Social and Economic Regulatory Compliance 2016❖</b>			
419-1	Non-compliance with laws and regulations in the social and economic field	3-4 Ethical Management	P49



# SASB Disclosure Indicator

## Technology and Communication – Hardware Disclosure Indicator

Indicator Content	Indicator No.	Corresponding Chapter/Section
Explanation for product information security identification and handling method	TC-HW-230a.1	Product attribute not applicable
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 (due to the employee attribute at the place of the business location, the race indicated by the standard is not used for the disclosure, but the number of employees of relevant categories is disclosed according to the gender)
Use of the product sales amount percentage of the materials covered by the IEC 62474 standard of electronics industry	TC-HW-410a.1	4-6 Chemical management, functional film related products 100% comply with EC 62474 standard
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	5-3 Circular Economy
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	Please refer to 6-3 Supply Chain Management for details
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	Please refer to 6-3 Supply Chain Management for details
Explanation of risk management for key raw material use	TC-HW-440a.1	Raw materials do not use rare-earth metals or relevant materials of limited resources



Sustainable Management Operation Mechanism

Stakeholder Engagement

Material Disclosure Issue Analysis

Material Disclosure Issue Description

GRI Content Index






SASB Disclosure Indicator

SDGs Disclosure Indicator

External Guarantee Certificates


# SDGs Disclosure Indicator

Corresponding SDGs	Sub- target No.	Corresponding SDG Sub-target	Corresponding Chapter/Section
	3.3	Eliminate epidemic diseases causing infection through mouth foam, contact, vector mosquito, water and others	Health Management
	3.4	Through prevention, therapy and promotion of physical and mental health to reduce the fatality rate of non-infectious disease	Health Management
	3.9	Significantly reduce hazardous chemicals and death and number of patients due to air, water and soil contamination.	Circular Economy
	4.3	Ensure that all male and female employees equally receive quality technical, occupational and advanced education suitable to their jobs	Talent Cultivation
	4.4	Significantly increase and manage relevant skills necessary for employment, suitable jobs and startup	Talent Cultivation
	5.1	Eliminate all forms of discrimination on women and girls	Manpower Overview
	5.5	Ensure that women have equal opportunities for effectively participating in economic decision making and entering the decision-making management level	Manpower Overview
	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	Environmental Management
	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	Environmental Management
	7.2	Significantly increase the ratio of renewable energies in the global energy structure	Environmental Management
	7.3	Increase the energy improvement rate to two times higher by 2030	Environmental Management

Corresponding SDGs	Sub- target No.	Corresponding SDG Sub-target	Corresponding Chapter/Section
	8.2	Adopt diverse operation, technology improvement and innovation to achieve economic production capability of higher level	Business Performance Core Technology and Intellectual Property Management
	8.4	Gradually improve resource use efficiency for consumption and production	Circular Economy
	8.5	Provide sufficient employment and suitable works with production capability without gender difference, and implement same remuneration for same job	Manpower Overview Employee Care
	8.8	Protect labor rights, and create safe and secured working environment for all employees	Employee Care Workplace Safety
	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.	Product Innovation and Sustainable Design
	9.5	Enhance science research, improve technical skills, encourage innovation and increase R&D personnel and R&D expenditures.	Core Technology and Intellectual Property Management
	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.	Environmental Management Circular Economy
	12.5	Significantly reduce waste generation through prevention, reduction of emission, recycling and reuse.	Circular Economy
		13.1	Enhance the capability to reduce and adapt climate related accidents and natural disasters
13.2		Response to climate change will be included in the policies, strategies and plans	Response to Climate Change
	16.5	Significantly reduce all forms of corruption and bribery actions	Ethical Management



# External Guarantee Certificates



## ASSURANCE STATEMENT

**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](http://www.sgs.com)



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# 3 Responsible Governance

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# Issue: Financial Performance



## Goal and Subject Matter


- Enhance corporate governance level
- Increase company information transparency



## Management Directive Assessment Result

- Stakeholder communication and risk management operation status are reported during the Board of Directors' meeting annually, and English financial report is provided quarterly
- 2021 financial report is announced early before the end of February 2022.
- 2021 corporate governance evaluation result indicates the BenQ Materials is a company at the top 6%–20% of all companies
- First Board of Directors performance external institution evaluation has been completed in 2021

Management Directive Item	Content Description
Policy/Strategy	<ul style="list-style-type: none"> <li>▪ By providing professional products, technologies and services, the company is able to maintain excellent profit and revenue performance. In addition, the company adopts the stable and ethical management principle, and complies with various laws of environmental, economic and social aspects, in order to achieve higher economic value continuously in the long term.</li> </ul>
Commitment	<ul style="list-style-type: none"> <li>▪ Protect shareholders' rights and interests and implement equal shareholders treatment</li> <li>▪ Strengthen the structure and operation of the Board of Directors</li> <li>▪ Enhance information transparency</li> <li>▪ Implement corporate social responsibility</li> <li>▪ Seek maximum overall interests of stakeholders</li> </ul>
Complaint Mechanism	<ul style="list-style-type: none"> <li>▪ "Investor Service" section has been established on the company website</li> <li>▪ Investor mailbox</li> <li>▪ BenQ Materials is a TWSE listed company, and complaints may also be filed to the TWSE</li> </ul>

Management Directive Item	Content Description
Specific Actions	<ul style="list-style-type: none"> <li>▪ Sustainability report disclosure project</li> <li>▪ Financial information disclosure optimization project</li> <li>▪ Improve corporate governance rating</li> </ul>
Mechanism for Assessing Management Directives	<ul style="list-style-type: none"> <li>▪ Corporate governance evaluation executed by the Financial Supervisory Commission (FSC)</li> <li>▪ Financial report reviewed or audited by CPA</li> <li>▪ irregular substantial review or document review conducted by TWSE</li> </ul>
Corresponding GRI	<ul style="list-style-type: none"> <li>▪ 201 Economic Performance 2016</li> </ul>
Corresponding SDGs	 <p>8.2 Adopt diverse operation, technology improvement and innovation to achieve economic production capability of higher level</p>
Responsibility	<ul style="list-style-type: none"> <li>▪ Financial Department</li> </ul>

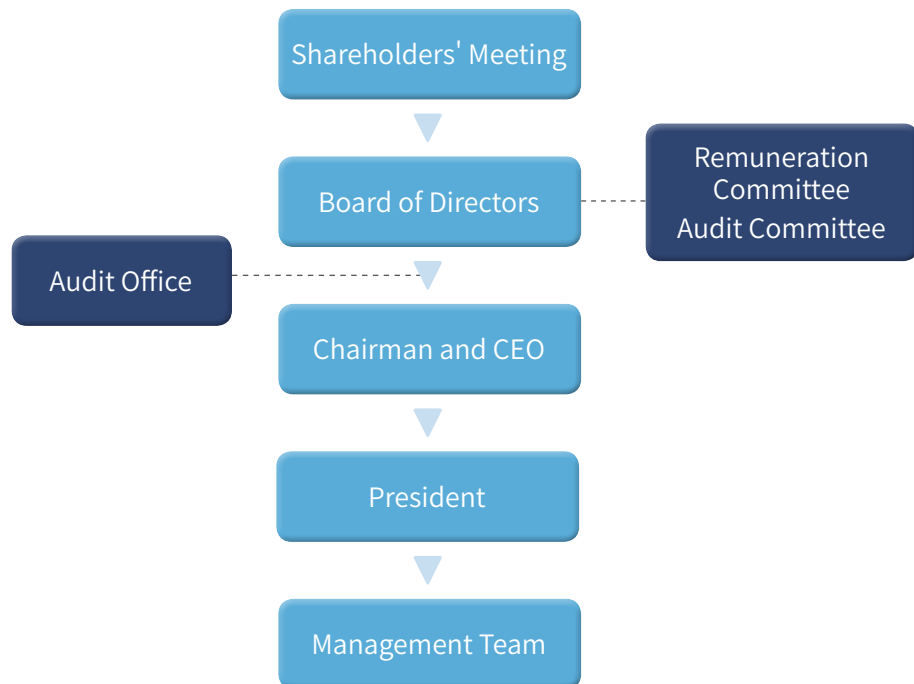


# Corporate Governance

## Organization Structure

BenQ Materials establishes the corporate governance structures and execute works according to the Company Act, Securities and Exchange Act and other relevant laws of R.O.C. The corporate governance organization, under the board of directors, is presently established with the Audit Committee and Remuneration Committee, and the members of the two committees are formed by all independent directors, and all directors (including independent directors) are elected via the shareholders' voting.

Corporate governance structure:



## Board of Directors

The articles of incorporation of the company has explicitly specified that the board election adopts the candidate nomination system. In addition, according to Article 20 of the Corporate Governance Best-Practice Principles, the composition of board members shall consider the diversity of directors. Except where directors concurrently acting as the managerial officers of the company shall not exceed one third of the total number of directors, appropriate diversity directives may be established according to the actual operation, type and development needs. There are a total of eight board members (including three independent directors). The Chairman is elected among the directors, and all directors are equipped with relevant working experience of more than five years in fields of commerce, legal, finance, according or business necessary to the company. In 2022, BenQ Materials will re-elect all directors, and it is planned to further increase the number of directors and to implement the diversity policy. Accordingly, it is expected to increase at least one female director, and the company will continue to improve the board function and to enhance the supervision function.

Each year, continuing education is arranged for the board members and the management team with respect to the issues of economy, environment and society, in order to enhance relevant knowledge of the highest governance unit. The personnel education and training status is disclosed in the section of Corporate Governance in the BenQ Materials Annual Report.

In accordance with the provision of Paragraph 8 of Article 26-3 of the Securities and Exchange Act, BenQ Materials has established the "Rules of Procedure for Board of Directors Meetings," and relevant matters are handled according to such rules. In 2021, the board of directors of BenQ Materials has convened five meetings. The board members adopt the directive of maximizing the interests of shareholders, and act as a prudent administrative with due care and fulfill the obligation of loyalty, in order to exercise authorities, to perform business evaluation and material resolutions with high self-disciplinary standard and careful attitude. Please refer to the section of Corporate Governance in BenQ Materials Annual Report for details of the board member attendance number and ratio.



During the board meeting proposal discussion and voting, in case where a director has any likelihood of damaging the company's interest due to conflict of interest, the provision on recusal for conflict of interest specified in Paragraph 2 of Article 206 of the Company Act with the application of Article 178 of the same Act, such director does not participate in the discussion and voting of such proposal. In addition, when it is considered necessary, the Chairman may also instruct another director to act as the deputy chair for the meeting. The recusal for conflict of interest during board meeting is also disclosed in the section of Corporate Governance of the Annual Report.



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### Implementation of diversity policy by board members:

Name	Title	Gender	Seniority of Independent Director			Professional Knowledge or Skill			Age			Employee Identity
			Less than 3 years	3-9 years	More than 9 years	Industrial Sector	Academic Sector	Legal, Financial, Accounting Background	56-60 years old	61-65 years old	66-70 years old	
Chieh-Chih Chen	Chairman	Male				✓			✓			✓
Kun-Yao Li	Director	Male				✓						✓
Ke-Yung Yu	Director	Male				✓		✓		✓		
Wen-Te Li	Director	Male				✓			✓			
Chi-Hung Chen	Director	Male				✓				✓		
Fu-Hai Yeh	Independent Director	Male		✓		✓						✓
Chiu-Ming Chen	Independent Director	Male		✓		✓						✓
Yu-Yang Lu	Independent Director	Male	✓				✓	✓				✓

### Audit Committee

The Audit Committee of BenQ Materials was established through the resolution approval of the extraordinary shareholders' meeting on November 16, 2007. The Audit Committee shall consist of all independent directors, and the number of members shall not be less than three, in order to comply with the regulatory requirements. The most recent one term of office of the committee members assumed their positions after the re-election held in July 2019.

The Audit Committee meeting is convened periodically on a quarterly basis, and at least four meetings are convened annually. In 2021, a total of five meetings were convened. For relevant information on the meeting attendance status of each member and other details related to the Audit Committee, please refer to the disclosure of BenQ Materials Annual Report.

### Audit Committee Responsibilities

- Supervise and review proper presentation of the financial statements of the company
- Supervise and assess effective implementation of internal control system;
- Supervise the status of the company's compliance with laws and regulations and relatively important legal compliance of the company, such as anti-trust law;
- Review the company's transactions on the acquisition or disposition of assets, major loaning of fund and providing endorsement or guarantee to others, major related party transaction, and matters for recusal from exercise of voting rights due to any director involving conflict of interest;
- Raising, issuance or private placement of securities of equity nature;
- Assess and supervise the company's risk management status;
- Appointment, dismissal or remuneration of CPA;
- Appointment and dismissal of financial, accounting or internal audit officers.





## Remuneration Committee

The Remuneration Committee of BenQ Materials was established on October 25, 2011, consisting of three independent directors acting as the Remuneration Committee members. The most recent term of office of the members assumed their positions after the re-election held in July 2019.

The Remuneration Committee meeting is convened at least twice annually, and it may be convened at any time depending upon the needs. A total of two Remuneration Committee meetings were convened in 2021. The Committee performs relevant authorities faithfully according to the laws based on the due care of a prudent administrator, and proposals are submitted to the Board of Directors' meeting for discussion.

The Remuneration Committee assists the Board of Directors to assess the remuneration standard for the directors and managerial officers of the company and considers the link with the business performance of the company, in order to determine the bonus appropriation ratio, and to provide recommendations on the remuneration of managerial officers and the company's remuneration policy. In addition, according to the industrial competitive environment, operation performance of the company and benchmark market status, the remuneration strategy for the hierarchy of the company is established. In 2021, the ESG sustainability plan execution outcome has also been included in the bonus indicator for managerial officers, in order to measure and encourage managerial officers to promote sustainability plan, and to implement the company's short/medium/long-term goals for ESG. Information related to the remuneration of the senior management level of the board of directors and managerial officers is also appropriately disclosed in the company's annual report, in order to allow all stakeholders to sufficiently understand the correlation between the remuneration of senior officers and the business performance of the company.

## Remuneration Committee Responsibilities

- Formulation and regular review of the policies, systems, standards and structures of the performance evaluation of and remuneration for directors and managers.
- Regular evaluation and establishment of the remuneration for directors and managers.

## Board of Directors Performance Evaluation

The Board of Directors approved the "Rules for Performance Evaluation of Board of Directors" on May 6, 2019, specifying that the Board of Director shall perform the performance evaluation (self-evaluation) of Board of Directors and board members once annually, and at least one time of external institution evaluation shall be performed every three years. In 2021, BenQ Materials has entrusted the Taiwan Corporate Governance Association to complete the annual board of directors performance evaluation. Through actual interviews with the Chairman, independent directors, corporate governance supervisor and audit supervisor, evaluation has been performed on the eight main aspects of the board composition, guidance, authorization, supervision, communication, self-discipline, internal control and risk management, and an evaluation report for the Board of Directors performance has also been issued, in order to be used as a reference for subsequent enhancement of the board function. The 2021 evaluation result has been reported to the Board of Directors on February 24, 2022, and please refer to 2021 Annual Report for details.

### Five Main Aspects of Internal Self-Evaluation of the Board of Directors

- 1 Participation in the operation of the company
- 2 Improvement of the quality of the Board of Directors' decision making
- 3 Composition and structure of the Board of Directors
- 4 Election and appointment of directors
- 5 Continuing education and internal control





### Internal Audit

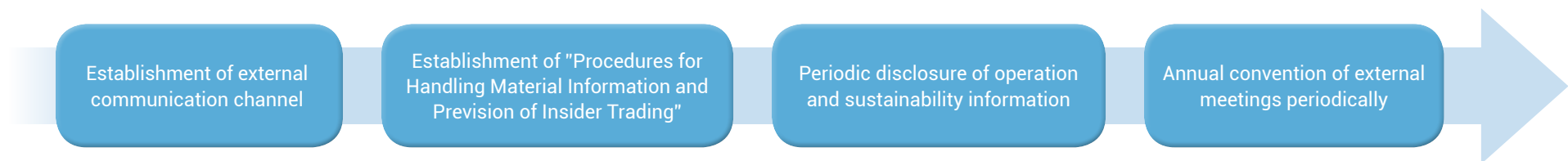
BenQ Materials has established the Audit Office, and for various operation process of daily operating activities, appropriate internal control mechanism is designed for operations having potential corruption, legal compliance and operating risks. The Risk Management Committee is responsible for the identification of corruption risk, the human resource department is responsible for the training, and the audit office is responsible for the verification of the implementation and establishment of relevant mechanisms, in order to reduce possible risks arising from corruption, legal compliance and operation, and to prevent occurrence of such risks. The internal audit supervisor submits the audit summary report to the Audit Committee periodically according to the annual audit plan. The Audit Committee also periodically reviews the internal control system and evaluates the internal auditors and their works periodically.

For the appointment and dismissal of internal auditors of BenQ Materials, the internal audit supervisor is requested to submit such appointment or dismissal to the Chairman for approval. The performance evaluation is executed twice annually according to the "Performance Evaluation Management Regulations." After it is reviewed by the audit supervisor, it is submitted to the Chairman for approval. The appointment and dismissal of the internal audit supervisor are handled in accordance with the "Audit Committee Charter" and the "Rules of Procedure for Board of Directors Meetings," and shall also be reported to the Audit Committee and the Board of Directors for approval. The remuneration is handled by the Human Resource Division according to the "Remuneration Management Regulations" and submitted to the Chairman for approval.

### Shareholders' Rights and Interests

BenQ Materials has established comprehensive external communication channels. Through the "Investor Section" and "Corporate Social Responsibility Section," the shareholders and investors are able to acquire and understand company operation information at any time. To protect the equal rights of shareholders and to maintain the securities market trading fairness, the company has established the "Procedures for Handling Material Information and Prevision of Insider Trading," in order to ensure the material information handling and open mechanism, thereby preventing improper disclosure of information. In addition, announcement is also made to allow all employees to understand relevant requirements and rules. The company prohibits insiders of the company from using undisclosed information in the market to trade securities.

BenQ Materials responses to the TWSE's policy on encouragement of public companies in their increase of communication frequency with investors, in order to increase the operation transparency. Since 2021, the company has scheduled the convention of investor conferences or participation in external investor conferences at least four times annually. In 2021, the actual number of investor conference convened was four sessions.





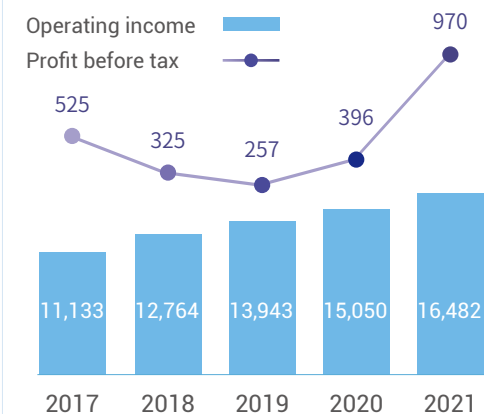
# Business Performance

For 2021, the whole-year consolidated revenue of BenQ Materials was NT\$16.482 billion, a growth of 9.51% in comparison to the revenue in 2020. With the increase of the gross profit, the 2021 consolidated operating profit was NT\$977 million, an increase of 78.55% from 2020. The 2021 consolidated net profit after tax was NT\$970 million, an increase of 144.95% from 2020. The 2021 earnings per share (EPS) was NT\$3.03. Other details of the operation result are disclosed in Financial Overview section of the 2021 Annual Report.

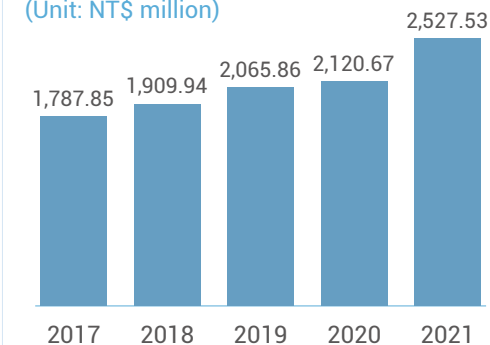
In 2022, BenQ Materials plans to organize syndicated loan case to repay old debt with new loan, and actively cooperates with the sustainability syndicated loan requirements (relevant ESG syndicated loan criteria, including environmental protection, social responsibility and corporate governance) of the syndicated loan bank. BenQ Materials has achieved relevant ESG indicators, and has also obtained corresponding interest rate discount from the syndicated loan bank. The syndicated loan bank and BenQ Materials jointly fulfill the corporate social responsibility and achieve sustainable corporate value jointly.

Historical Revenue and Profit					
Unit: NT\$ million	2017	2018	2019	2020	2021
Operating income	11,133	12,764	13,943	15,050	16,482
Operating cost	9,387	10,914	11,801	12,776	13,425
Gross profit	1,746	1,850	2,142	2,274	3,057
Operating expense	1,450	1,411	1,788	1,726	2,079
Marketing expense	475	595	880	870	1,050
Management expense	217	223	222	216	270
Research and development expense	696	641	686	640	759
Others	62	(49)	0	0	0
Operating profit	296	440	354	547	977
Non-operating income (expense)	249	(67)	(19)	(38)	231
Net income before tax	545	372	334	510	1,208
Income tax expense	20	47	78	114	238
Net profit	525	325	257	396	970
Other comprehensive profit or loss after tax – net	(27)	(45)	(39)	(49)	(21)
Total comprehensive profit or loss	498	281	218	347	949
Earnings per share	1.64	1.02	0.80	1.23	3.03

**Historical Revenue and Profit before Tax**  
(Unit: NT\$ million)



**Historical Employee Salary and Benefit**  
(Unit: NT\$ million)





# Tax Governance

To cope with the international trend of tax governance, BenQ Materials upholds the philosophy of ethical management, complies with tax laws, seeks sustainable development and establishes tax governance principle. The responsible unit is responsible for the execution and reporting to the management level, in order to ensure the effective operation of tax management mechanism, thereby protecting the rights and interests of the company and investors. In 2021, the income tax expense was NT\$238 million, accounting for 1.45% of the whole-year revenue.

## Tax Governance Principle

### 1 Senior governance unit management

BenQ Materials' Board of Director serves as the highest decision-making unit for the tax risk management, and the Financial Department acts as the responsible unit for the tax management. The highest supervisor for the tax management is the Chief Financial Officer (CFO), the daily tax management is executed by the accounting supervisor, and qualified tax professional staff with extensive experience assist the accounting supervisor to fulfill the tax obligations of BenQ Materials. In addition, BenQ Materials also enhances professional knowledge via the professional service provided by external tax consultation institutions.

### 2 Compliance with local tax laws

BenQ Materials is a leading global display material solution provider and has established manufacturing and sales locations in numerous countries. The company actively monitors any changes of the tax policies of different countries, and each business location also performs planning according to the tax law of the local country. In addition, major transactions and decision makings are also planned according to the local tax laws and tax agreements, in order to implement the arm's length principle.

### 3 Comprehensive tax risk management

Tax risk management has been included in the risk management plan of BenQ Materials. The risk management organization periodically reports the risk environment, risk management focuses, risk assessment and mitigation measures of the company to the Audit Committee Please refer to BenQ Materials 2021 Annual Report for further detailed information on the risk management.

### 4 Tax disclosure transparency

The company does not adopt the radical tax avoidance. In addition, the company's tax information is disclosed in the financial report and local tax declaration for stakeholders' understanding, in order to increase information transparency.



# Issue: Ethical Management



### Goal and Subject Matter


- "Zero" penalty case due to violation of the law
- "Zero" violation of ethics or pending complaint case without handling



### Management Directive Assessment Result

- In 2021, the routine courses and promotion for ethics and insider trading prevention were completed
- There were no unethical conduct events in 2021
- In 2021, all board members and employees completed all required training

Management Directive Item	Content Description
Policy/Strategy	<ul style="list-style-type: none"> <li>▪ Comply with the domestic and foreign anti-corruption and business ethics related initiatives and regulations, and comply with the "Ethical Corporate Management Best-Practice Principles" established by BenQ Materials, in order to establish and implement the corporate culture of ethical management, and to achieve sound development and excellent business operation.</li> </ul>
Commitment	<ul style="list-style-type: none"> <li>▪ To perform commercial activities, personnel shall not, directly or indirectly, provide, promise, demand, or accept any unjustified interest or engage in other dishonest acts against integrity, the law, or in violation of the entrusted obligations in order to gain or maintain interest.</li> </ul>
Responsibility	<ul style="list-style-type: none"> <li>▪ Financial Division, Legal Affairs Division, Human Resource Division, Audit Office</li> </ul>
Complaint Mechanism	<ul style="list-style-type: none"> <li>▪ Company's official website, established with the "Contact Us" section to provide complaint channel</li> <li>▪ Ethics/complaint mailbox, recipient is the supervisor of the Audit Office</li> <li>▪ Internal communication channel (direct supervisor, human resource supervisor, auditor)</li> <li>▪ Internal complaint mailbox (internal communication mailbox, President's mailbox)</li> </ul>

Management Directive Item	Content Description
Specific Actions	<ul style="list-style-type: none"> <li>▪ Perform promotion and educational training for board members and suppliers annually</li> <li>▪ Perform promotion and training of ethics for employees annually</li> <li>▪ Report the execution status to Board of Directors annually</li> </ul>
Mechanism for Assessing Management Directives	<ul style="list-style-type: none"> <li>▪ Progress report of each communication channel and complaint mailbox</li> <li>▪ Perform internal audit to determine whether each internal control operation is executed thoroughly</li> <li>▪ Audit and recommendation of external audit (such as TWSE)</li> <li>▪ Determine whether board members and employees complete relevant training according to the principle</li> <li>▪ Obtain the case number of unethical conducts or violation of business code of ethics</li> </ul>
Corresponding GRI	<ul style="list-style-type: none"> <li>▪ 205 Anti-corruption 2016</li> </ul>
Corresponding SDGs	 <p>16.5 Significantly reduce all forms of corruption and bribery actions</p>





## Code of Conduct

In 2015, BenQ Materials has established the "BenQ Materials Corporation Ethical Corporate Management Best-Practice Principles" and approved by the Board of Directors. In addition, the Corporate Integrity Manual has been established, and all board members and employees are required to sign the "Integrity Declaration." The corporate principle emphasizes the integrity as the core value. From the establishment of regulations, educational promotion, complaint mechanism to inspection of integrity risk, relevant departments are responsible for reporting the execution status to the Board of Directors annually:

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	Legal Affairs and Audit Office	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 effective communication with suppliers, BenQ Materials has established communication and complaint channels, and has established numerous systems in order to strengthen the communication efficiency and information transparency. The purchase order explicitly specifies the ethics and integrity cooperation principle, and suppliers are requested to sign the Letter of Undertaking of Integrity. In case of any violation, the company may terminate the contract or permanently stop the cooperation with such violating supplier.



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

## Integrity Education Promotion and Training

For the integrity educational promotion and training, including code of ethical conduct online course and new employee integrity course mainly implemented in 2021, a total of 2,176 people-time participating in the course. For the integrity educational promotion for directors, the e-mail promotion method was adopted for the education on the insider trading prevention and precaution, and a total of 68 people-time participated in the training.

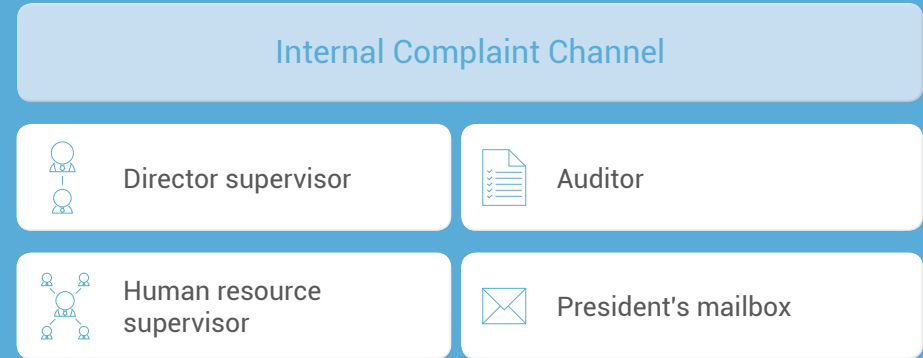
Course Name	Number of Hours Z(Hrs)	Course Description	2019 Number of Trainees	2020 年 Number of Trainees	2021 年 Number of Trainees
New employee integrity course	2020	Required course for all new employees	350	364	361
Code of ethical conduct online course	2021	All employees are required to complete the online course	791	1,894	1756
Insider training prevention course	2	Course is opened periodically for supervisors and employees of relevant works	44	— Note	76
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

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



### Complaint Mechanism(Audit)

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 cross-department 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 2021.



### Regulatory Identification and Compliance

The company has established the Legal Affairs and Regulatory Department, and contract review system has been established. External documents of all departments are required to be reviewed by the legal personnel in order to ensure that labeling and marketing are performed in compliance with the requirements of relevant domestic regulations and international standards.

### Legal Compliance Result

In 2021, a total of seven government penalty cases occurred, and the total of the fine was NT\$767,170. Two of the penalty cases were related to the reporting according to regulatory requirements, and preventive control was not adequately implemented via the management mechanism. The reporting procedure has been corrected completely, and the company also improves the management measure to prevent re-occurrence of such issue.



Penalty Item	Penalty Description	Penalty Amount (NT\$)	Improvement Measures
Delay of MOEA subsidy fund return	The company participated in the Bureau of Industry, MOEA advantageous and niche medical device integrated value addition plan, and some of the material fee and research entrustment fee were not used completely, but such fee was not returned by the deadline.	1,170 元	For future participation in the government subsidy project team, personnel education and training are to be enhanced, in order to obtain the full-amount subsidy approved.
Violation of product publication and labeling event	For the IN NEWS publication of the Miacare O2cellence daily silicone hydrogel contact lens, the broadcasting content is inconsistent with the medical device advertisement originally applied and approved.	310,000	Before the broadcasting of advertisement involving medical efficacy, it is necessary to confirm the advertisement permit applied, and it is necessary to inform 1. During the media publication, the content must match with the advertisement permit description completely, and any modification of the description is prohibited to cause inconsistency with the advertisement permit; 2. Post-event inspection shall be performed completely, and any images or texts without permit application must request the media to remove such content immediately.
	For Miacare color silicone hydrogen monthly contact lens with classic black color, the product image involves advertisement of medical efficacy on the company's website, and the advertisement content has not been applied for medical device advertisement approval before online publication.	210,000	Carefully evaluate the advertisement benefit, and broadcast appropriate and legal content on proper media, in order to improve consumers' right of knowing, and commit to providing accurate and legal product advertisement information to consumers.  Actively monitor the shared articles of natural online users. If medical efficacy is involved, it is necessary to make active contact and guidance communication to remove such content, in order to prevent any inappropriate advertisement information that may mislead the general public.
Equipment Jamming Event	Yunlin Tech Plant violated Article 78 of the Occupational Safety and Health Act. For rolling machine of rolling paper, fabric, metal foil or other rolling machines with rolling point that are potentially hazardous to workers, it is necessary to install the equipment of fence, guiding rollers, etc.	60,000	Extended ink tray protective cover is provided and limit switch is additionally installed such that when the protective cover is opened, the entire production line is stopped.
	During machine roller wiping operation at Longtan Tech Plant, an operator's right thumb was accidentally jammed and injured, causing open fracture.		Four emergency stop buttons are additionally installed at the front ink seat, rear ink seat, rolling feed end, and rolling output end.  For areas where personnel have the potential risk of direct contact with running mechanism, protective covers are additionally installed, and interlock active protection equipment is provided for protection.
Violation of Toxic and Concerned Chemical Substances Control Act	SIGMA's Ruifang Plant failed to report the toxic substance operation record for August, such that it violated the Toxic and Concerned Chemical Substances Control Act.	66,000	Procedure for preventing violation of Toxic and Concerned Chemical Substances Control Act of SIGMA's Ruifang Plant has been established.
Waste Online Reporting Information Abnormality	Due to the incorrect digit setting of the inventory quantity of the waste statistics form, the reporting quantity was incorrect.	60,000	The internal statistics form digit number has been changed to three digits completely, and the algorithm is re-performed to verify the value properly. Taiwan operation plant site cross data comparison has been performed to confirm the report value.



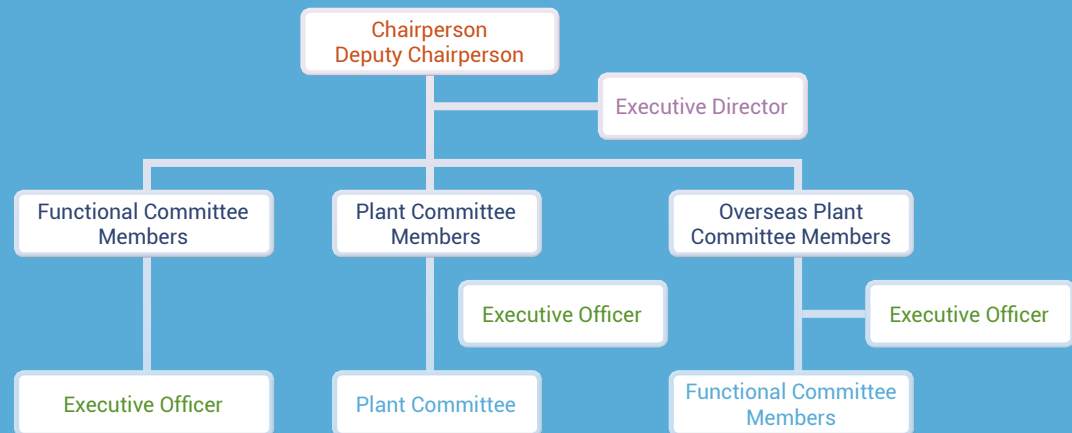
# Risk Management

BenQ Materials has established the "Risk Management Policy and Risk Management Committee Charter," and the risk management scope covers BenQ Materials and subsidiaries 100% owned by the company, in order to analyze and establish four main risk management goals, to implement risk identification and assessment, to improve plan and periodically management review, thereby effectively managing risks exceeding the risk tolerance limit, and creating an enterprise with resilience for overcoming challenges of risks.



## Organizational Structure and Operation of the Risk Management Committee

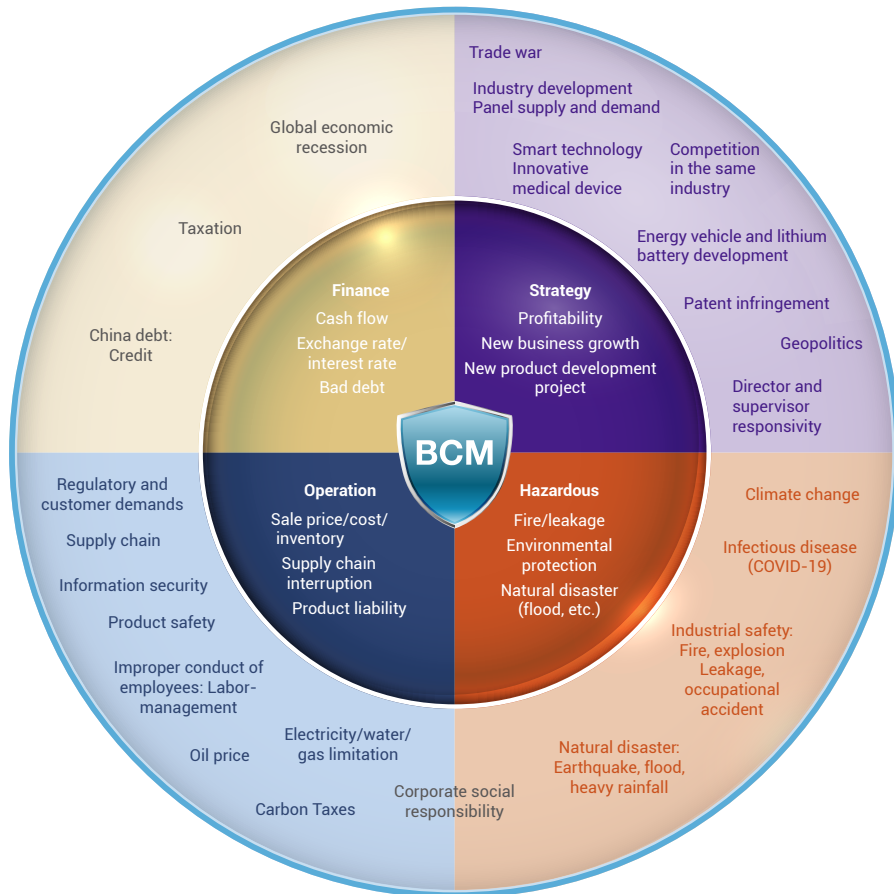
The Risk Management Committee of BenQ Materials was established in July 2010, and the CEO and President acts as the chairperson/deputy chairperson of the committee, and the first-class supervisor of each department acts as the committee member, in order to be responsible for the resolution on the risk management strategy, and to establish the annual risk management goal. The CFO acts as the executive director of the Committee and is responsible for observing and monitoring internal and external risk events, and providing notices or educational promotion. In addition, the executive director is also responsible for organizing the risk management review meeting semi-annually and perform tracking of the risk improvement plan progress and relevant assignments periodically. Each department proposes risk improvement plan according to the risk self-evaluation procedure, and implements execution solution until case closure, followed by submitting the risk improvement report. The Risk Management Committee is supervised by the Board of Directors and Audit Committee, and report is made annually, and the report content includes the operation status executed in the current year, and the strategy direction outlook for next year.





### Risk Management Process

Classification is performed according to the four main risks, and the internal and external risk issues are considered, in order to prepare the risk radar chart for management. In 2021, two sessions of risk management review meetings were convened, and 26 risk improvement plans were established, among which half of the plans were medium- and long-term plans, and were expected to be implemented in 2022.



### Business Continuity Planning (BCP)

For scenarios of major risk determined by the Risk Management Committee, all departments shall jointly establish the business continuity planning (BCP) in order to manage the occurrence of accidents, to perform identification during normal time, to conduct control risk assessment and to implement improvement or measures to prevent occurrence of accidents. In addition, loss control in case of accident and the fast post-accident recovery of product and service provision are also planned. Presently, BenQ Materials has established the BCP for fire, earthquake, flood, strike, infectious disease (flue, major infectious disease, such as COVID-19), supply chain interruption, brand reputation, suspension of work due to an environmental protection event and accident causing information security interruption. In addition, to ensure the effectiveness of BCP, the plan shall be reviewed and updated once annually. In addition, according to different risk trend, after the approval of the chairperson and deputy chairperson of the Risk Management Committee, one scenario is selected for BCP drill annually. To cope with the global COVID-19 pandemic, BCP (extraordinary) meeting was convened and early preparation was made according to the procedure, in order to effectively manage the risk of pandemic spread through monitoring at all time.

In view of the frequent occurrence of enterprise information security events in recent years, in 2021, BenQ Materials has enhanced the overall information security BCP. Through the implementation and certification of ISO 27001, the company has determined important system acceptable interruption time and has established corresponding solutions for reducing the key business process interruption. Actual drill operation has been performed on the ERP system, in order to verify the applicability of the BCP design. In addition to the substantial risk the company also assesses the impact of associated events, including social media discussion, government entity (such as TWSE) concern, stock price fluctuation, brand impact, etc., that may be concerned by the stakeholders.

Furthermore, the overseas plants of BenQ Materials also cooperate with the Chinese government in the enhancement of implementation of "Energy Consumption Dual-Control" for the dual-control policy on the energy consumption and intensity, such that irregular power limitation measure may be implemented by the Chinese government. To cope with the power limitation, BenQ Materials has activated the energy power generator response and considers the adjustment of production capacity allocation, and will continue to establish responsive measures and emergency backup plan.





## Risk Management Education and Training

To strengthen the risk management awareness of employees, in 2021, the company has implemented the "Risk Management Basics Education and Training" through online courses, in order to allow all employees to understand the risk of corporate operation, and the policy and operation of the Risk Management Committee of the company, thereby promoting all employees to find risks and to report to the unit supervisors, such that employees are able to continue to improve and to contribute effort to the sustainable operation of the company jointly.

## Emergency Reporting

In addition to the prevention management on potential risks of various internal and external events, the company has established the Risk Management Committee Emergency Reporting and Investigation Guidelines, and the scope of emergencies requiring reporting include 15 types of events reaching the materiality standard. In case of emergency or possible occurrence of emergency, it is necessary to report immediately, and the report subjects and personnel include Risk Management Committee chairperson/deputy chairperson, executive director, highest supervisor of the unit of the event/affected by the event. For each event, the accuracy, integrity and confidentiality principles shall be adopted, and within 2 days from the occurrence of the event, the responsible unit shall propose the event investigation, corrective measure and preventive improvement measure. In addition, as the risk category and type continue to increase, the event category requiring reporting is also reviewed and revised continuously.



### Events Requiring Reporting

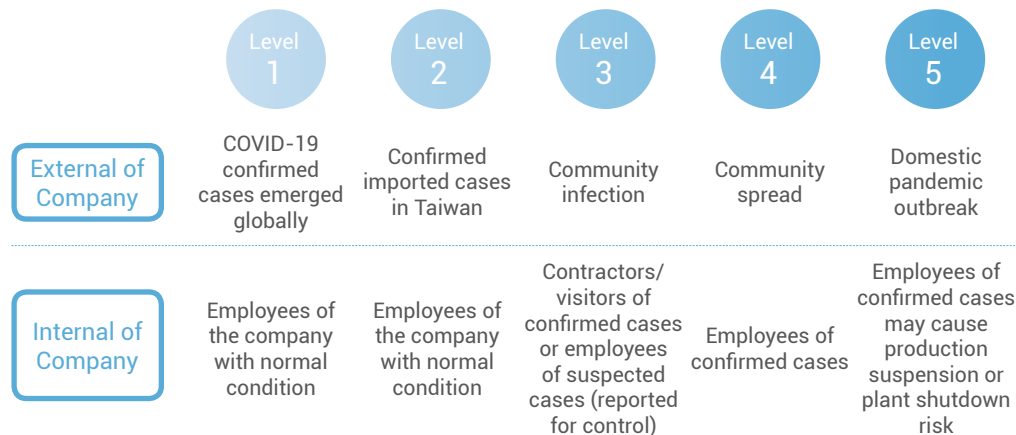
Occupational safety event	Fire accidental action, explosion/fire, chemical leakage, water leakage, occupational injury
Natural disaster	Earthquake, typhoon, flood
Public hazard event	Penalty fine after government authority's audit
Environmental event	Pollution control equipment abnormality
Safety protection equipment	Public safety protection system abnormality
Energy event	Voltage drop/power outage, unexpected natural gas or water source interruption
Social responsivity/health	food poisoning, strike, labor-management dispute, infectious disease
Public affairs	Fighting, stealing
Public relationship	Corporate image
Financial loss	Government disposition/(possible) customer bankruptcy
Legal	Lawsuit, legal matters Lawsuit: Company involving in litigation and receiving indictment transcript (such as infringement of right, contract dispute) Law : ① Possible or extended legal related issues in any form ② Complaint due to product related information/ advertisement, nonconforming with regulations and government entity requesting for explanation, potential media exposure risk
Production capacity interruption	Business operation interruption
SCM interruption	Production line, cargo transportation
Customer complaint	Customer service center, product quality
Network communication system interruption	Application system, network communication, information security



### COVID-19 Project Control Description

Since the first confirmed COVID-19 case in Taiwan on January 21, 2020, BenQ Materials has initiated meeting discussion to review the BCP for infectious disease, and response resources inventory and preparation are performed. In addition, emergency telephone conferences were also organized during the Chinese New Year period. In 2021, a total of 20 infectious disease BCP meetings were convened, including domestic and foreign pandemic monitoring, internal epidemic control response team execution (please refer to 7-4 Health Management for details), supplier report and management, distributed work mechanism and activation, information resource preparation and upgrade, factory production capacity backup plan, product supply mechanism, and maintaining proper communication channel with customers. In addition, the epidemic control measures of BenQ Materials have been implemented according to the regulations of relevant government entities of different countries, and such measures are continuously reviewed and executed. In 2022, to cope with the security plan promoted by the government, rapid COVID-19 testing was implemented in Taoyuan Plant, and the results of all employees were negative. In August, numerous cities and areas in China reported increasing number of confirmed cases, the Rui fang BCP was updated for the plant sites in China, in order to implement relevant epidemic control whenever necessary.

### BenQ Materials COVID-19 BCP Classification Definition





# Issue: Information Security



## Goal and Subject Matter


- "Zero" major information security event



## Management Directive Assessment Result

- No major information security event in 2021
- Information security education and training qualification rate in 2021 was 83.3%
- Completed ISO 27001 implementation procedure (qualification certificate has been obtained in 2022/3)

Management Directive Item	Content Description
Policy/Strategy	<ul style="list-style-type: none"> <li>▪ Establish "Information Security Operation Guidelines" and "Information Security Manual" according to the information security international standard of ISO 27001, in order to reduce the information security risk of the operation level</li> </ul>
Commitment	<ul style="list-style-type: none"> <li>▪ Comprehensively protect the confidentiality, integrity and availability of the information assets of BenQ Materials, and protect the data privacy and security of all employees</li> </ul>
Responsibility	<ul style="list-style-type: none"> <li>▪ Information Security Management, Information Technology Division</li> </ul>
Complaint Mechanism	<ul style="list-style-type: none"> <li>▪ Perform reporting operation according to the information security event management procedure, and report to relevant responsible unit according to the event level, and perform handling operation</li> </ul>

Management Directive Item	Content Description
Specific Actions	<ul style="list-style-type: none"> <li>▪ Execute information security management (protection, drill) project</li> <li>▪ Implement ISO 27001 information security management system</li> </ul>
Mechanism for Assessing Management Directives	<ul style="list-style-type: none"> <li>▪ Perform vulnerability scan to ensure the information security protection capability</li> <li>▪ Perform malware scan on equipment to determine whether there is any potential insecure activity</li> <li>▪ Qualified ISO 27001 third party certification</li> </ul>
Corresponding GRI	<ul style="list-style-type: none"> <li>▪ 418 Customer Privacy 2016</li> <li>▪ Information Security (self-defined topic)</li> </ul>
Corresponding SDGs	 <p>9.1 Develop infrastructure that is of high quality, reliability, sustainability and equipped with post-accident recovery capability, including regional and cross-border infrastructure, in order to support economic development and social welfare, and to focus on providing fair channels affordable to all people</p>



# Information Security

## Information Security Policy

To protect the interest of the company and the sustainable operation goal, BenQ Materials has established secure and reliable computerized operating environment, in order to ensure the computer data, system, equipment and network security and to maintain normal operation. According to the Cyber Security Management Act, Personal Data Protection Act, Copyright Act, Electronic Signatures Act along with the reference of the Information Security International Standard (ISO 27001), the company has established the "Information Security Policy Procedure" and has also established the "Information Security Operation Guidelines" in compliance with the structure. In addition, the company also continues to monitor information security issues, establishes response plan and enhances the purchase and installation of information security protection software and hardware, including new anti-virus software update, global security fabric joint defense establishment, internal operating system upgrade and vulnerability improvement. To emphasize the importance of information security policy on the information security of the company, information security education and training as well as information security drills are organized periodically, in order to integrate the information security awareness in the organization culture.



## Qualifying Information Security Management System (ISO 27001)

To properly protect information assets, BenQ Materials executes risk assessment procedure, establishes and implements relevant regulations, in order to determine the risk level of the information assets. Through the risk assessment result and the handling measures on the risk matters determined via internal meeting, the company is able to achieve effective risk reduction, transfer, elimination or even risk acceptance. In 2021, BenQ Materials completed the ISO 27001 implementation project and completed the third-party certification preparation. The goal was originally set to complete the external certification procedure in 2022 (qualification certificate has been acquired successfully in 2022/3).

## Information Security Committee and Responsible Unit

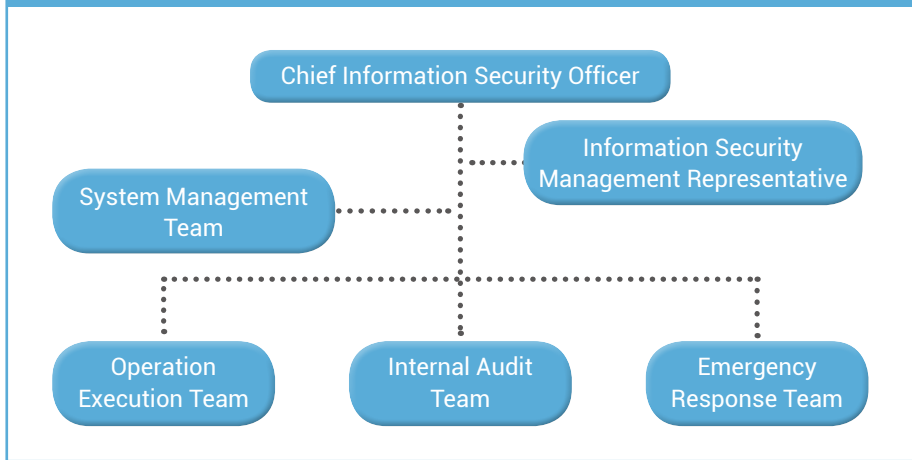
In 2021, BenQ Materials has established the "Information Security Management Committee," and the Chief Information Security Officer and information security representative are assigned to enhance the information security management mechanism. To satisfy the information security trend and the policy demands of the Financial Supervisory Commission (FSC), for information security operation, the company has established one "Information Security Full-time Staff" and the "Infrastructure and Information Security Department" has been established in January 2022, and it is planned to set up one "Information Security Full-time Supervisor."



### Information Security Management System Construction Goal

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

### Information Security Management Committee Organizational Chart



### Information Security Management

- Network Security Structure Enhancement

BenQ Materials has established the "Network Information Security Management Inspection Guidelines," and in 2021, vulnerability scan and improvement operation have been performed on important system mainframes and websites in 2021. The scope of scanning is expected to be expanded in 2022 to include the network equipment, system mainframe scanning quantity and scanning frequency, in order to enhance the overall system security strength.

- Smart Factory with Cloud Implementation

BenQ Materials has completed the preliminary planning of the construction of smart factory, AI and BigData platform, and it is expected to be implemented on AWS cloud service, in order to Bigdata reduce the original physical server construction.

- Information Security Education and Training

To improve the information security awareness of all employees, in addition to the basic information security related training during the orientation of new employees, various information security education and training courses are implemented in order to ensure that information security concept is integrated in the daily operation works.

October of each year is the information security month of BenQ Materials, and online information security course is implemented for all employees, and information security seminars are arranged for middle and senior level of supervisors. In addition, information security promotional activities (videos, comics, interactive games) are arranged, posters and e-mail announces are also issued, in order to enhance the information security awareness of all employees. To increase the information security awareness of middle and senior level of supervisors, in 2021, external information security consultants were invited to provide speech on the topic of "information Security Awareness Promotion," in order to ensure that information security concept is integrated in the daily operation works.





### Information Security Activity (Education and Training, Q&A)

- Online education and training for entire company (qualification ratio of 78%)
- Senior supervisor information security seminar (participation rate of 70%)
- Q&A session with a total of 285 participants

#### ▪ Social Engineering Drill

Starting from April 2021, e-mail social engineering drill is organized monthly, in order to provide education and training on e-mail receipt and transmission related information security knowledge for all employees, thereby reducing the risk of accidental click of malicious mails and to enhance the mail security concept of employees.

#### ▪ Information Security Insurance Arrangement

BenQ Materials has started to enroll in the enterprise information security risk management insurance since December 2020, in order to respond to relevant expenses (such as operation interruption, accident response, recovery cost) that may be incurred in case of the occurrence of information security event. The scope of the insurance coverage includes affiliates with the majority of shares held by the company, in order to reduce the loss incurred during the occurrence of accidents.

### Information Security Planning

In terms of the management aspect, the company implements ISO 27001 to establish the organization for the internal information security management operation of the company, and continues to enhance and improve the information security management mechanism, thereby improving the company's countermeasure and emergency response capability for information security events. As for the technology aspect, the company has completed the construction of information security infrastructure, and for new type of information structure, such as the technologies of cloud application, artificial intelligence (AI) and Internet of Things (IoT), after the implementation of such technologies, the company is able to perform corresponding information security structure protection with such new technologies. With regard to the awareness and knowledge training, the information security awareness of all employees is improved, and it is expanded to suppliers, such that through the information security assessment and supplier education and training, the company is able to assist suppliers to improve the information security capability, in order to construct an overall supply chain defense network.



# 4 Responsible Product

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# Issue: Product Liability



### Goal and Subject Matter

#### Functional film and advanced battery material

- 100% of products comply with the international regulations of RoHS, REACH, packaging directive, and WEEE
- Continue to reduce the use of gel materials containing organic solvent

#### Medical products

- 100% of products comply with REACH international regulations
- "Zero" violation of medical device related product regulations, labeling and marking regulations
- 100% of consumer products comply with the standards and regulations of GMP, HAS 23000 (Halal certification), and ISO 13485
- Waste adhesive and film with reduction of 5%, waste oil with reduction of 20% (in comparison to 2020)

#### Waterproof and breathable textiles

- 100% of products comply with REACH international regulations
- Bonding process comply with Bluesign certification and use solvent-free adhesives
- Obtained GRS certification (global recycling standard) in 2022



### Management Directive Evaluation Result

#### Functional film and advanced battery material

- The number of non-use of hazardous substance applications in 2021 was 1,583 cases (100% compliance rate)
- Production area of polarizer with organic-solvent-free adhesive in 2021 reached 10%
- Introduced 13 products of optical films with organic-solvent-free adhesive in 2021

#### Medical products

- Complete toxic substance testing for all finished products in 2022
- Complete main raw material suppliers' REACH declaration for products exported to European market
- In 2021, consumer products qualified GMP certificate renewal audit, ISO 13485 periodic audit, HAS 23000 certificate renewal audit (Class A).
- In 2021, acne dressing product with reduction of waste films of 9%, and reduction of waste oil of 30%

#### Waterproof and breathable textiles



- Obtained Bluesign certification in 2021
- Obtained GRS certification in February 2022

Management Directive Item	Content Description
Policy/Strategy	<ul style="list-style-type: none"> <li>▪ Comply with various international standards and product specifications, and ensure that the design, manufacturing, quality control and shipping of products are able to satisfy the customers' expectation. All products are able to comply with relevant product (such as medical device) safety and labeling regulations of different countries</li> </ul>

Management Directive Item	Content Description
Commitment	<ul style="list-style-type: none"> <li>▪ Continue to innovate and collaborate with customers in the development of innovative and sustainable technology products</li> <li>▪ Provide most optimal use experience to users with products of high quality and safety</li> <li>▪ Continue to reduce the use of organic solvents and reduce wastes</li> </ul>



Management Directive Item	Content Description
Responsibility	<ul style="list-style-type: none"> <li>▪ Polarizer business group, optical film business division, battery material business division, biomedical product business division, contact lens business division, aesthetic medicine product business division, functional textile business development division</li> </ul>
Complaint Mechanism	<ul style="list-style-type: none"> <li>▪ Customer complaint handling process</li> <li>▪ Consumer service direct line 0809-092-599 (medical device related products)</li> <li>▪ E-mail (medical device related products)</li> <li>▪ Contact mailbox of company websites of all major brands</li> </ul>
Specific Actions	<p>Functional film and advanced battery material:</p> <ul style="list-style-type: none"> <li>▪ Continue to implement non-hazardous substance management of products</li> <li>▪ Use solvent-free adhesives to replace the organic solution currently used</li> </ul> <p>Medical products:</p> <ul style="list-style-type: none"> <li>▪ Perform finished product and sample toxic substance testing</li> <li>▪ Continue to implement product waste management</li> <li>▪ Periodically track regulatory update status and internal audit</li> <li>▪ Supply chain REACH management</li> </ul> <p>Waterproof and breathable textiles:</p> <ul style="list-style-type: none"> <li>▪ Continue to implement non-hazardous substance management of products</li> <li>▪ Continue Bluesign certification</li> <li>▪ Introduce Higg index certification, GRS certification</li> </ul>

Management Directive Item	Content Description
Mechanism for Assessing Management Directives	<ul style="list-style-type: none"> <li>▪ ISO quality management system management review meeting</li> <li>▪ Periodic analysis of product waste improvement status</li> <li>▪ Audit and verification of qualification of various international standards and product specifications</li> <li>▪ Customer satisfaction survey</li> <li>▪ Auditing of customers' suppliers</li> <li>▪ Consumer service direct line for the vision care and skin care customer service management</li> </ul>
Corresponding GRI	<ul style="list-style-type: none"> <li>▪ 416 Customer Health and Safety 2016</li> <li>▪ 417 Marketing and Labeling 2016</li> </ul>
Corresponding SDGs	<div style="display: flex; align-items: center;">  <p>8.2 Adopt diverse operation, technology improvement and innovation to achieve economic production capability of higher level</p> </div> <hr/> <div style="display: flex; align-items: center;">  <p>9.4 Adopt actions according one's competence, upgrade infrastructure, improve industry, in order to increase resource use efficiency, and adopt greater cleaning and eco-friendly technologies and processes.</p> </div> <hr/> <p>9.5 Enhance science research, improve technical skills, encourage innovation and increase R&amp;D personnel and R&amp;D expenditures.</p>

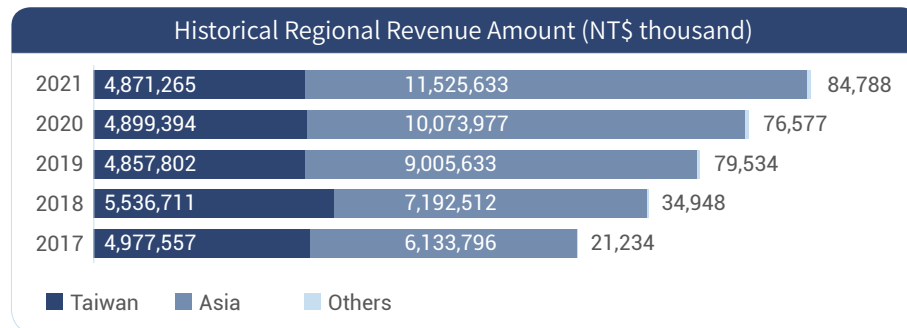
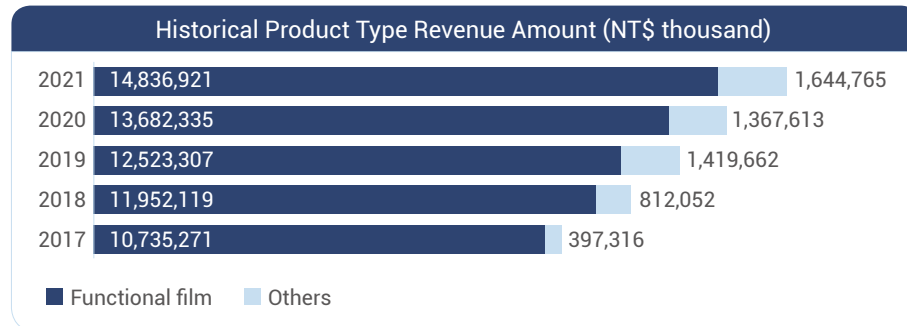




# Product Revenue

## Product Revenue Overview

In recent two years, due to the impact of COVID-19 pandemic, global enterprises have been affected significantly. With continuous effort in overcoming obstacles and difficulty, BenQ Materials has been able to deliver remarkable business performance, and the profit margin continues to reach new highs, and the goals of revenue and profit growth have been achieved.



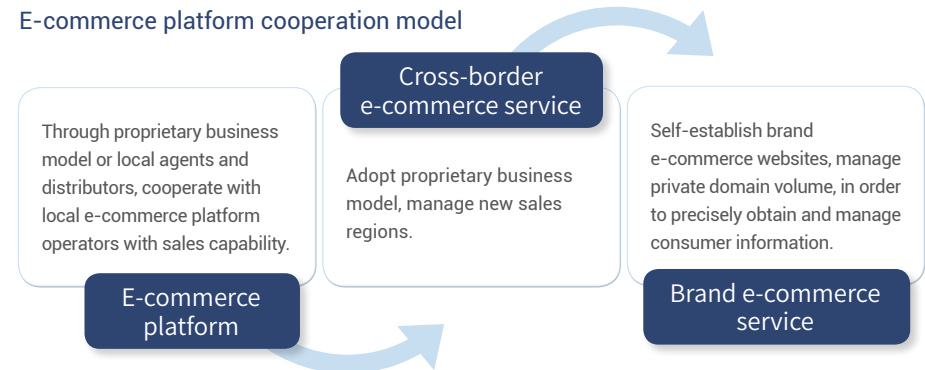
For complete revenue status, please refer to the description of 2021 BenQ Materials Annual Report (P.38) for details.

For the medical devices and cosmetics products, the sterile packaging materials have been developed for a long period of time, and the company's products have a certain market share in both Taiwan and China. In addition, for the series of products of skin care (acne dressing), vision care (contact lens), etc., the sale of the company's products is mainly for the markets in Taiwan, China and Southeast Asia.

As the e-commerce development accelerates rapidly in recent years, the sales market becomes global, and due to the current consumers' purchase characteristics and under the positive impact of COVID-19 pandemic since 2020, the e-commerce is stimulated further for repaid growth. BenQ Materials adopts the agent and distributor method or proprietary business model to cooperate with various local mainstream e-commerce platforms, in order to massively expose the company's products at different platforms for sale.

For the medical product series of "DermaAngel" in 2021 and the vision care product series of "Gem Monster" in January 2022, their own brand e-commerce official websites have been established, in order to adopt diverse and innovative sales method to satisfy and to precisely understand the preferences of consumers, to manage long-term loyal members and to construct solid brand image, thereby driving continuous and stable profit and growth of the company. (E-commerce platform cooperation model)

### E-commerce platform cooperation model





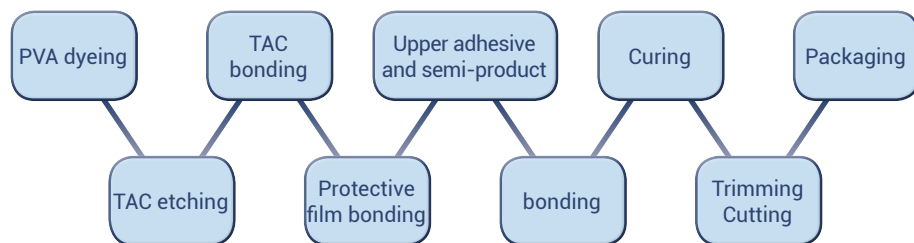


# Product Manufacturing Process

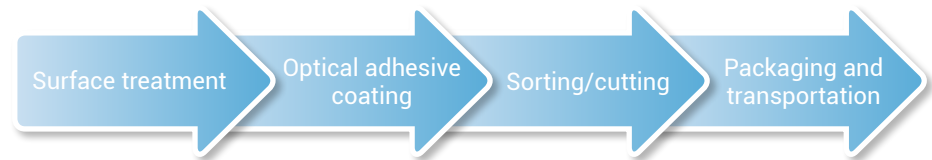
The products of BenQ Materials are classified into functional film and isolation film series of products, and the non-functional film series of products, for a total of five types of products. At the five main business locations of the company, after the products are self-manufactured, the functional films and isolation films are shipped to B-to-B customers. Non-functional films and functional textiles are shipped to B-to-B customers, distributors, hospitals and clinics or e-commerce platforms according to the product property. The business locations corresponding to the production line of each product are summarized in the following table.

Type	Functional Film		Advanced Battery Material	Medical Products				Waterproof and breathable textiles
	Product type	Polarizer	Optical Film	Isolation Film	Wound care	Sterile Packaging Materials	Vision Care	
Taoyuan Plant		✓	✓		✓		✓	✓
Longtan Tech Plant	✓							
Yunlin Tech Plant			✓			✓		✓
Suzhou Plant	✓					✓		
Wuhu Plant				✓			✓	

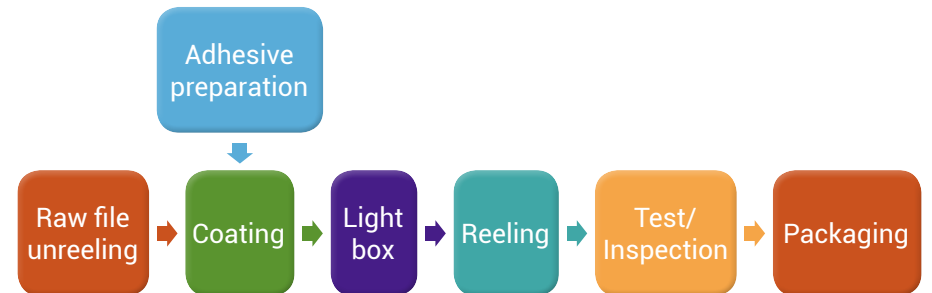
## Polarizer



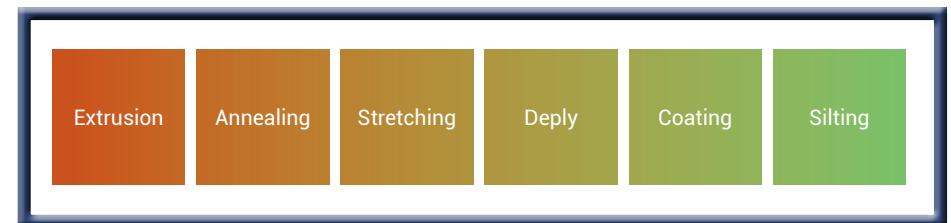
## Optical Film



## Optical adhesive

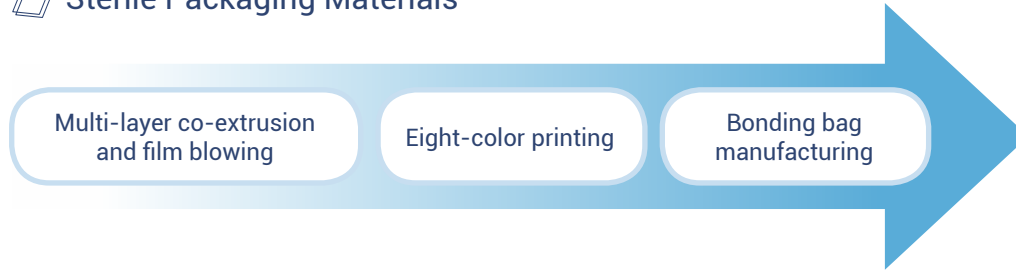


## Isolation Film

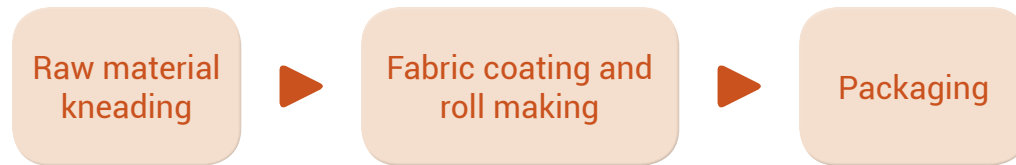




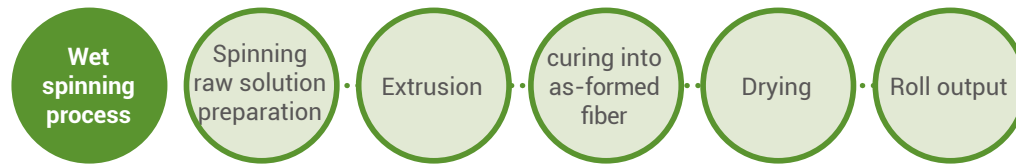
### Sterile Packaging Materials



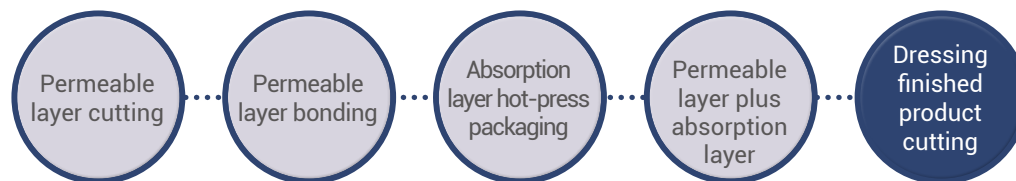
### Skin car (acne dressing)



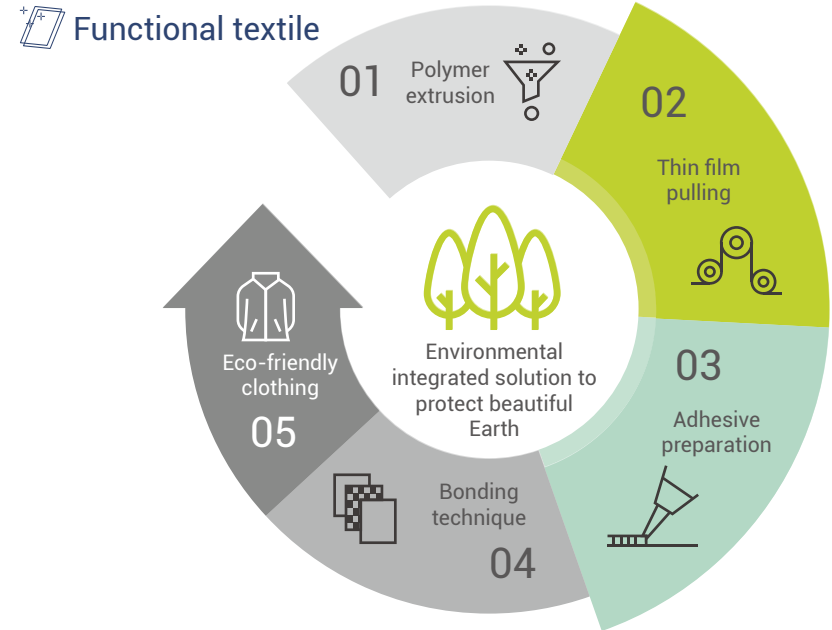
### Wound care (gauze)



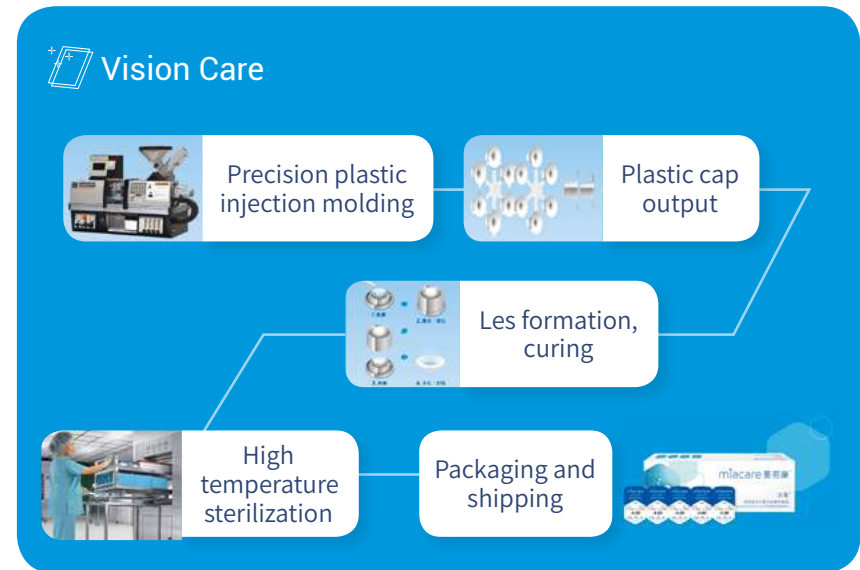
### Negative pressure product (dressing)



### Functional textile



### Vision Care





# Core Technology and Intellectual Property Management

## ✎ Six Main Core Technologies

BenQ Materials positions itself to be an expert in material science and innovative application, and has developed and owned two main material technologies of optical multi-layer film design and polymer synthesis, as well as four main process technologies of roll-to-roll, precision engraving, precision coating and injection and extrusion molding. Through the cross application and utilization of the six main core technologies, the company has developed four main product categories of functional films, advanced battery material, biomedical products and textiles, applicable to diverse industries of flat displays, automotive on-board displays, and contact lenses, medical devices, skin care and functional textiles, etc.

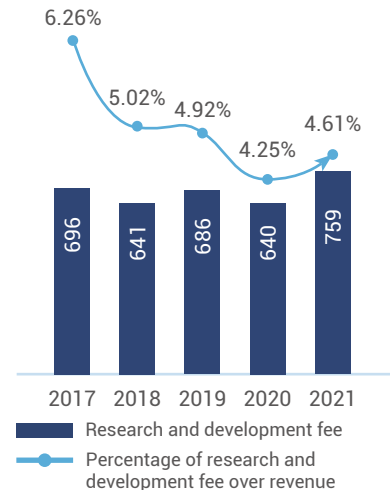


## ✎ Intellectual property Management

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 2021, 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

BenQ Materials has implemented the intellectual property management system, and the execution outcome has been reported during the fifth Board of Directors' meeting on October 29, 2021.

Management items include:

- ① Establishment of task force: Through cross-department collaboration, the intellectual property management system is improved.
- ② Implementation of intellectual property systematic management
 

Intellectual property management standardization: To facilitate the intellectual property planning and review, intellectual property acquisition process, intellectual property evaluation and maintenance, document and record management process, the company has established a comprehensive patent management and trademark management system in order to strengthen the intellectual property management.

Intellectual property management system control: To effectively perform the domestic and foreign intellectual property documents and intellectual property maintenance process control, the company irregularly updates the management system and control process according to changes of domestic and foreign intellectual property rights laws and regulations, in order to maintain the effectiveness of the intellectual property management system.

Revision of intellectual property confidential document management process: To enhance the research and development process related management mechanism, the use and preservation, confidential period, decryption and destruction processes of intellectual property confidential documents are enhanced, in order to prevent the risks of infringement of rights and disclosure of trade secrets.
- 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

For the period from 2000 to December 2021, there was a total of 1,174 patent applications filed worldwide, and the company has obtained 770 granted patents. The patent planning of the company covers all main markets and countries, including Taiwan, U.S.A., Europe, Japan, China and India.

Patent Outcome	2016	2017	2018	2019	2020	2021
Number of Applications	47	76	33	46	63	44
Number of Certificates Granted	55	51	53	30	30	37

### Intellectual Property Management Planning

BenQ Materials establishes medium- and long-term intellectual property strategies according to the technology development and product strategy. Through the establishment and promotion of TIPS system, the intellectual property risk control of the company is effectively improved, thereby promoting the use of the intellectual properties of the company to generate operational benefits. In the future, the company will continue to review the operational effectiveness of the TIPS system, and improve the intellectual property management standard, thereby guaranteeing the operational resilience and enhancing the competitive advantages of the company.



# Issue: Sustainable Design



### Goal and Subject Matter


- High anti-glare and low reflection polarizer product ratio reaches above 30% (high-end product application) in 2024
- Ratio of use of solvent-free pressure sensitive adhesive on polarizer reaches above 90% in 2026



### Management Directive Evaluation Result

- In 2021, high anti-glare and low reflection polarizer qualified the customers' optical and reliability tests
- In 2021, solvent-free pressure sensitive adhesive qualified the laboratory reliability test

Management Directive Item	Content Description
Policy/Strategy	<ul style="list-style-type: none"> <li>▪ Utilize material science and technology innovative application, achieve sustainable value in the product design, manufacturing and application fields</li> </ul>
Commitment	<ul style="list-style-type: none"> <li>▪ Continue to develop various optical and functional material technologies, in order to enrich people's lives with optical application</li> <li>▪ Provide next generation of display and optical functional films capable of satisfying diverse applications and green energy saving to customers</li> </ul>
Responsibility	<ul style="list-style-type: none"> <li>▪ Functional Film Business Group, Advanced Research and Development Center</li> </ul>
Complaint Mechanism	<ul style="list-style-type: none"> <li>▪ Product technical service window</li> <li>▪ Customer technology exchange meeting</li> </ul>

Management Directive Item	Content Description
Specific Actions	<ul style="list-style-type: none"> <li>▪ Periodically collect market demands and latest trend in the industry</li> <li>▪ Customer technology exchange interview and update sustainable product development progress</li> </ul>
Management Directive Evaluation Mechanism	<ul style="list-style-type: none"> <li>▪ Confirm sustainable product development progress through periodic quarterly meeting and monthly meeting</li> </ul>
Corresponding GRI	<ul style="list-style-type: none"> <li>▪ 416 Customer Health and Safety 2016</li> <li>▪ 417 Marketing and Labeling 2016</li> </ul>
Corresponding SDGs	<div style="display: flex; align-items: flex-start;"> <div style="margin-right: 10px;">  </div> <div> <p>8.2 Adopt diverse operation, technology improvement and innovation to achieve economic production capability of higher level</p> </div> </div> <hr/> <div style="display: flex; align-items: flex-start;"> <div style="margin-right: 10px;">  </div> <div> <p>9.4 Adopt actions according one's competence, upgrade infrastructure, improve industry, in order to increase resource use efficiency, and adopt greater cleaning and eco-friendly technologies and processes.</p> <p>9.5 Enhance science research, improve technical skills, encourage innovation and increase R&amp;D personnel and R&amp;D expenditures.</p> </div> </div>





# Product Innovation and Sustainable Design

The product sustainable design and development of BenQ Materials mainly focus on the lifecycle aspect in conjunction with the concept of circular economy. Since the types of the products are diverse, the company mainly adopts the methods of structure optimization, eco-friendly raw materials, product safety, product packaging material reduction, low-impact elements, and recyclable materials, as the principle for the product design, thereby achieving the reduction of environment impact of the product and creation of sustainable value.

Design Principle	Actual Product Application
Structure optimization	Reduction of raw materials (decrease of film thickness of polarizer, reduction of coating layers of isolation film))
	Reduction of size (Anscare products designed to have compact and stylish appearance and convenient for portable carrying)
Eco-friendly raw materials	Use of solvent-free adhesive (polarizer)
	Use of adhesive without organic solvent (optical film)
	Use solvent-free technique (isolation film)
	Reduction of adhesive coating process, solvent-free bonding, reduction of use of plastic material (sterile packaging material)
	100% of products without containing PFCs material (Xpore)
Product safety	Obtain quality certification according to different product properties (products of four main product lines)
Product packaging material reduction	Reduction of packaging material, increase transportation loading capacity (polarizer packaging material reduction/pallet recovery, DermaAngel with packaging reduction design and use of FSC)
Low-impact elements	Improvement solution for process waste reduction (polarizer)
	Product manufacturing via solvent-free process (Xpore)
Recyclable materials	Use of recycled raw materials (Xpore)


## Functional Film

- Polarizer

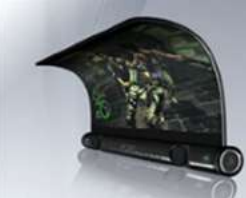
To satisfy the application of rollable OLED displays (Flexible, foldable or rollable OLED), the company has developed circular polarizer, and the film thickness must be reduced by 60%, and the product must qualify the bending test and weather resistance test.

For the high-end models of high resolution 8K televisions, gaming monitors, public displays (PID), general displays (GD), etc., the company has developed display image enhancement polarizer, and a precision engraving technique is adopted to develop optical film capable of solving the problem of large view angle color shift, thereby increasing the high added value of polarizer.


Foldable




Rollable




Flexible OLED for Car





- Ultra-Precision Machining
- Customization
- Application : Lens Array/Micro-Dot

Washout      Improved



\* Experiment on 4 domain Model



BenQ Materials is committed to the improvement solution of process waste reduction. During the development of new products, the company also considers the feasibility of common use of chemicals, in order to reduce loss during changeover through the common use of chemicals for the manufacturing process. If a new chemical is to be used due to consideration of the product characteristic, then the replacement of the original chemical being used is also evaluated at the same time. In 2021, with the method of continuous improvement of common use chemicals, as the production area increased by 10.7%, the total consumption amount of the chemical of potassium iodide decreased by 5.84% in comparison to the amount in 2020, and the unit area consumption (amount of use/production of polarizer square meters) ratio decreased by 14.94%. In addition, with the increasing consumption amount of adhesive without containing organic solvent, the high solid content of PSA primary adhesive increased by 14%. In 4}2021, adhesives without organic solvent are developed to replace all existing adhesives completely, and the mass production of the product is expected to be implemented in 2025.

In 2021, the company has developed low reflection surface treatment polarizer. In comparison with ISP computer monitor panel, the brightness of a high fog low reflection surface treatment panel is 1.5% brighter than a conventional surface treated panel (SAG25), thereby achieving energy saving effect.

## Optical Film

For new development product of optical film, the company has considered the solvent consumption amount at the development source, and the solvent-free adhesive is mainly used for the development. The company will continue to replace the solvent type of products with non-solvent type of products. Accordingly, an amount of at least 2.7 tons of organic solvent has been reduced monthly in 2021, and approximately 32.4 tons of organic solvent has been reduced for the whole year. In 2022, another five types of products will also be replaced, such that at least an additional 1 ton of organic solvent can be further reduced monthly, and 12 tons of organic solvent can be reduced for the whole year. Furthermore, the company has developed new anti-glare film with reduced thickness, in order to reduce the material use. In comparison to products of the same series, the shipping volume is reduced by 40%, thereby reducing the environmental hazard.





## Advanced Battery Material

### ▪ Isolation Film

The dry isolation film developed by BenQ Materials is an active control safety product, and it uses the PP/PE material three-layer co-extrusion technique. Presently, there are only three manufacturers in the world capable of manufacturing such product. Merits of dry process isolation film: Eco-friendly, solvent-free technique, complying with continuity development requirements. Low thermal shrinkage, excellent anti-oxidation, and relatively low cost. The performance of isolation film can directly affect the battery internal resistance, discharge capacity, cyclic use lifetime and battery safety performance.

- 1 Hybrid electric vehicles with low internal resistance and high strength lithium-ion battery isolation film: Through the use of high strength and high crystallinity PP/PE material three-layer co-extrusion technique, it is able to achieve the effect of low impedance and high power. With special design and process control techniques, in comparison with the previous generation of product, the new product has relatively lower impedance (reduced by 10%), which is advantageous to batteries of high charging/discharge rate (C-rate) with improved performance.
- 2 The next generation of lithium-ion power battery with thin film and functional coating material: Through the application of material and patented coating technology, the functional coating is applied to the isolation film, such that the performance of DC internal resistance (DCR) of the battery is reduced by approximately 10% in comparison to conventional coating, such that it is able to increase the charging/discharging performance while maintaining excellent loop lifetime performance. With such unique technology, it is able to achieve applications of different functional coating materials.
- 3 BenQ Materials continues to develop advantageous isolation films for battery application. In 2021, the development of isolation film focuses on four main aspects, and ultra-low internal impedance isolation film has been developed (in comparison with the products in 2020, the impedance is reduced by more than 40%), improvement of thermal shrinkage, improvement of discharge performance under high C-rate, increase of isolation film mechanical strength by 6–10%. The isolation films have been provided to customers for verification in 2021, and mass production is expected to be implemented in 2022.





## Medical Products

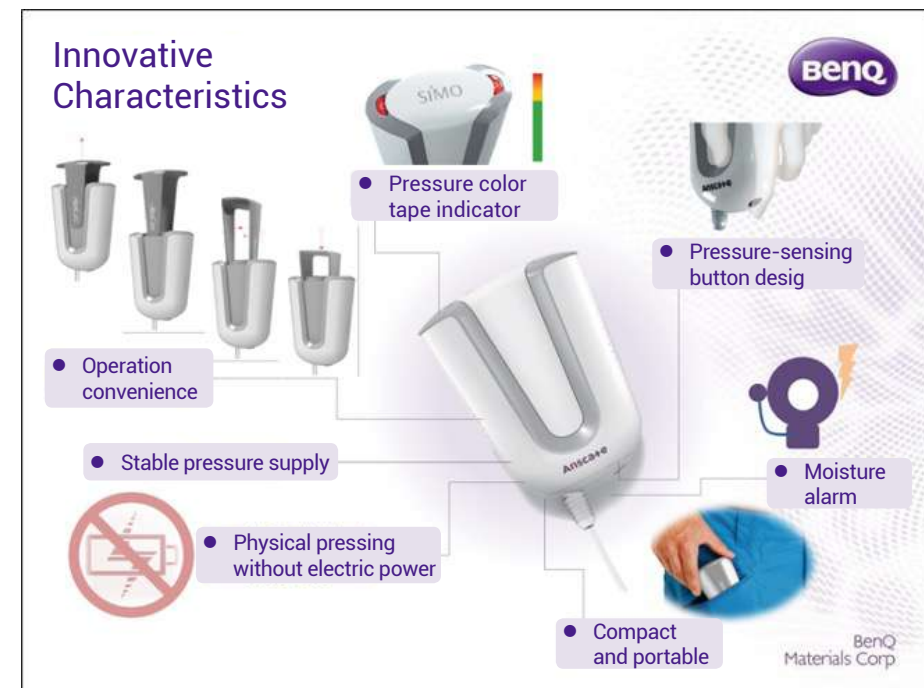
### ▪ Wound care

To improve the limitation of volume and weight of traditional negative pressure wound instrument, BenQ Materials has developed "Anscare Negative Pressure Wound Treatment System." Based on the consideration of care of patients with chronic wounds, the company has developed compact and portable pump device, in order to improve the living inconvenience of patients. The product has also received the 2019 Taiwan Excellence Award and 2019 Red Dot design award.

BenQ Materials integrates the design principle of electronic product with the care requirements of medical products, and releases wound care product characteristic – "Anscare Negative Pressure Wound Treatment System," and it has four main product characteristics:

- ❶ Compact and simple design: The traditional large machine is transformed into handheld portable device, in order to satisfy the convenient and simple design demands of aging society.
- ❷ Facilitated operation: Patient is required to align the center of the wound with the dressing, and gently press the dressing to supply negative pressure, and follow the operation method illustrated by the instruction drawings; the operation is simple without hassle.
- ❸ Integrated design: The appearance of the product stands apart from traditional medical products and focuses on stylish product design with outstanding engineering technique to achieve an integrated design. In addition to prevention of excessive packaging, the product is lightweight for portable use of patients while overcoming the image of "patient" for users with such stylish integrated design.
- ❹ No electrical power required: With the integration of the environmental design concept, power is provided through physical pressing method without the need of power supply. In addition, it does not require the use of tape for securing the collection bottle in traditional product, such that unnecessary waste can be reduced during the therapy process.

For "Anscare Healus Wound Gel" of BenQ Materials, to remove the problem of wound ulcer/damaged slough tissue of the wound due to slow healing of chronic would and scald wound, would healing gel typically requires sterilization for clinical use. Presently, "Anscare Healus Wound Gel" is the first product ensuring the integrity of the structure after sterilization process such that the high adhesiveness of the gel can still be maintained after sterilization, allowing the product to be more effectively attached to a wound. In addition, the product has received the 2020 Taiwan Excellence Award.







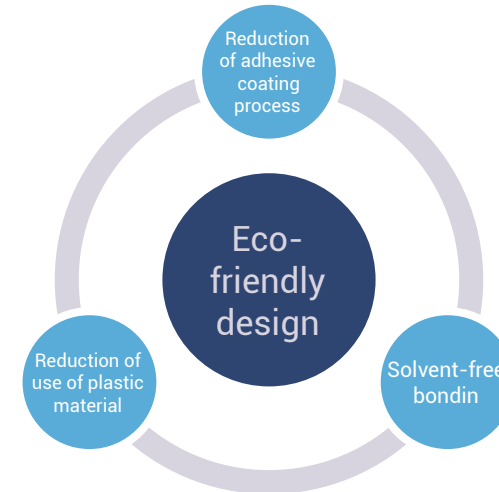
- Sterile Packaging Material

Through material and process improvement, the company is able to overcome the limitation requiring the use of adhesive to achieve the required tension. In 2020, the company has successfully developed product without the adhesive coating process, and parts of the mass production have been implemented. In addition, in 2021, the company has continued to accelerate the promotion of the product and has assisted customers to complete relevant certification and verification, in order to increase customer acceptance and loyalty.

For plastic film of product, development is performed to achieve thickness reduction, such that under the same pulling force and protection, the thickness reduction ratio of the product development outcome in 2021 reaches 19.23% in comparison to the product in 2020, reducing the environmental burden.

BenQ Materials continues to implement solvent-free bonding technology and increases the product ratio of solvent-free bonding products. In addition to surpassing the regulatory requirements of various countries in the world, the company is able to reduce the hazard associated with the use of solvent at human body and environment. Upon to the end of 2021, the ratio of production with solvent-free bonding technology has exceeded 10%. In addition to the use of solvent-free technology for the bonding process to reduce the environmental hazard, the company further utilizes the polymer and new technology to develop solvent-free coating layer complying with the permeability regulatory requirement, applicable to automatic packaging machines with increasing popularity, thereby significantly reducing the use of solvent. It is expected that in 2022 samples will be provided and products will be promoted.

#### Environmental design elements for antibacterial packaging materials



- Vision Care

To act as a pioneer in the circular economy of the industry, BenQ Materials has completed the recycling of 3,000 kg of contact lens PP plastic cover waste from the production line in 2021. The recycled waste is provided to downstream manufacturers as the materials for the manufacturing of other products. In 2022, for "Miacare" silicone hydrogen contact lenses, the company plans to integrate the channels to initiate the recycle plan of contact lens cups for all brands in order to recycle cup packaging materials and contact lenses. Eyeglasses stores and channels are called to participate in the recycling plan through the establishment of recycling stations, design of simple and convenient recycling process, and contact lens users are promoted to respond to this plan in action. The recycled materials of the recycle plan will become regenerated recycle bags, thereby allowing the recycled material to undergo a regeneration cycle in order to be used in the daily lives of users again.





▪ Skin Care

"DermaAngel" adopts the three main innovative packaging designs to provide greater user experience to consumers using the product. The first innovative design is to adopt the packaging reduction design and to use FSC forest sustainable operation certified paper, in order to achieve eco-friendly design. Another innovative design is the portable bag design with addition of three independent attachment packs released in 2020, and the mass production of the bag has been implemented officially in 2021. In addition to achieving greater sanitation of use and preservation, the risk of improper storage is also reduced. Furthermore, the innovative design also facilitates the carrying and storage of the bag for users. The last innovative design is the easy-tear line. Through the new design of the easy-tear line that is not sticky to the hands, users are not required to use any auxiliary tool to achieve quick and convenient use with greater sanitation.

Since 2021, all packaging materials for new products use material rigorously and independently certified by FSC, and the supply chain and original forestry center of the material can be tracked, in order to fulfill the social responsibilities of environmental protection, sustainable operation, ecological protection. In addition, for the acne dressing product in 2022, the FSC certification is implemented for the outer box packages of such product, and it is expected that 78% of the products in the region of Taiwan will qualify the certification during the first half of the year.

For the medical device products of BenQ Materials, to ensure the lifecycle safety and risk management principle of all medical products, 100% of products have qualified the certifications of relevant government units or international certifications. The acne dressing series of skin care products have qualified the certifications of the Taiwan Food and Drug Administration (TFDA) of MOHA, U.S. Food and Drug Administration (FDA). The sterile packaging products have qualified the Good Manufacturing Practice (GMP) for medical devices, the EU's Medical Device Regulation (MDR), and FDA certification. The contact lens products have qualified the certification of MOHA in Taiwan. The Anscare wound care products qualify for FDA certification, in order to enhance the health and safety of customers after the market release of the products.

Packaging design elements



Packaging material design



Easy-tear line design



Portable bag design





### Waterproof and breathable textiles

The waterproof technologies for functional fabrics worldwide can be classified into two types. One type refers to the PU/TPU/TPEE non-porous film technology; however, its material is not permeable such that comfort is decreased. The other type refers to the PTEE porous film technology, and it is able to achieve the effect of permeability and dryness at the same time; however, during the manufacturing of the film, perfluorinated compounds (PFCs) are used such that it can cause irreversible hazard to the environment and human health (reproductive system/stimulation of tumor growth/interference to endocrine).

The "Xpore Eco-friendly Microporous Film Textile Technology" of BenQ Materials contains no PFCs, and the 5R sustainability and environmental protection philosophy is implemented from the material to manufacturing process, thereby achieving green design and production. The functional textiles of BenQ Materials has obtained the Bluesign textile industry indicative certification in 2021, and it is expected to receive the Global Recycled Standard (GRS) certification in 2022. In addition, the company also plans to increase the textile recycled material use ratio, such that the ratio will be increased from 30% in 2021 to 80% in 2024.

BenQ Materials continue to strengthen the circular economy concept, and integrates the electronics industry with the textile industry in order to achieve environmental protection and sustainability alliance. The company also researches and evaluates the use of wastes of other enterprises in the manufacturing process of functional textiles. Accordingly, the company has invested development resources in 2021, in order to use the recycled electronic industry wastes for manufacturing of recycled yarn, which can be further manufactured into recycled textile products. The company plans to achieve small sample production in 2022, and mass production in 2023, thereby implementing the principles of environmental protection and sustainability in practice.





# Green Logistics

## Materials Policy

In addition to the improvement of manufacturing process, BenQ Materials also improves the process power consumption and increases the water consumption efficiency. In addition, after the completion of product manufacturing, the company aims to achieve low-carbon transportation for the shipping to the customer end in priority, in order to reduce the carbon emission due to the transportation, and the generation of wastes of packaging materials and pallets due to the protection of products during the transportation process. Such objectives also serve as the promotion policy of the company for the materials aspect of the operation.

### 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

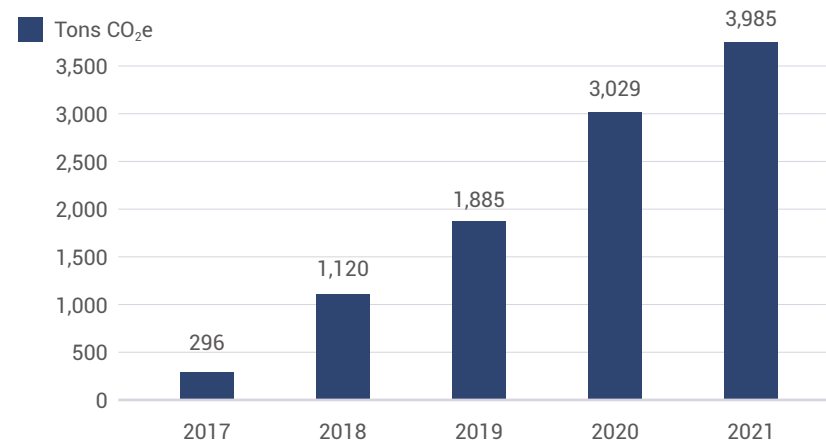
Change the disposable cartons to recyclable packaging boxes for the shipping method, and increase the times of use of packaging material, in order to reduce generation of waste.

### 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

Transportation optimization is an important indicator for the materials and logistics of BenQ Materials. To implement combined transportation route for shipping, the company has been seeking alternative transportation methods to replace the air freight since 2018, such as express marine transportation for reduction of air freight. In addition, the company also uses recycled packaging boxes to increase the transportation load and to reduce the number of transportation trips. With regard to the carbon emission reduction improvement outcome via the combined transportation method, for the period from 2017 to 2021, the accumulated carbon reduction was 10,276 tons CO<sub>2</sub>e. In 2022, the company will continue to implement the low-carbon transportation policy, in order to achieve the goals of sustainable logistics and carbon emission reduction.



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]



### Product Packaging Material Reduction

BenQ Materials seeks to reduce the product packaging material, and improvement is continued to be implemented based on the three main policy aspects of "Promotion of recyclable packaging box certification," "Promotion of greater customers to agree with the implementation in order to achieve reduction of shipping carton demand," and "Reduction of number of trips of finished product transportation and use of air freight for transportation."

The product packaging material of BenQ Materials has been changed from the original "Disposable carton package" to "Recyclable packaging box" for shipping. For example, packaging boxes and finished product placement trays are recycled and cleaned with inspection of the level of cleanness, followed by reuse in the shipping of finished product. In 2021, the recycling rate achieved 92% of the predefined target. For the recycled pallets, due to damages and contamination during transportation operation and customer feeding process, some of the pallets could not be recycled, such that the recycling rate of pallets was only 88%. Through repetitive use, BenQ Materials is able to reduce the packaging material, in order to reduce environmental impact. According to the polarizer factory shipping volume statistics in 2021, for the outcome of the use of recyclable packaging boxes to reduce the disposable packaging material, it is able to reduce the carbon emission of approximately 119 tons CO<sub>2</sub>e.



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 1kg of recycled carton during the recycled waste paper process, the carbon emission is approximately 0.8 kg · CO<sub>2</sub>e

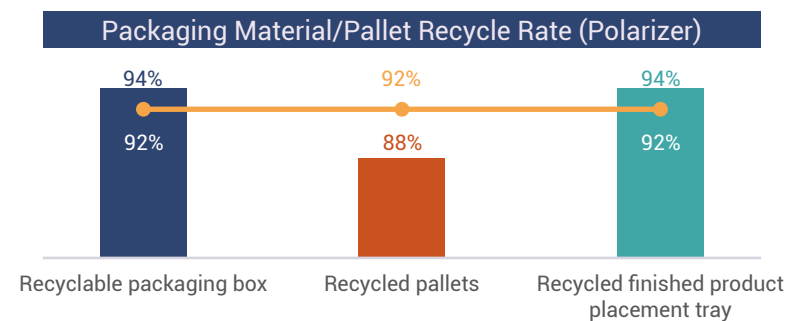
### Packaging Material/Pallet Recycle

BenQ Materials uses recyclable packaging material and pallet for shipping, and the packaging material recycle volume, recycle rate and achievement rate are statistically analyzed monthly. Through the packaging material recycle management mechanism, the recycle quality can be ensured and the packaging material use cycle can be extended, thereby reducing the packaging material use volume and cost while reducing the generation of wastes.

In 2021, for the packaging material and pallet recycle items, the recyclable packaging box recycle rate was 94%, recyclable pallet recycling rate was 88%, recyclable finished product placement tray recycling rate was 94%. For the recyclable packaging box and finished product placement tray, the overall recycling rate in 2021 was 92%, an increase of 2% from 2020, and the predefined target has been achieved. During the transportation operation and customer feeding process, the uncertainty of relevant damages of recyclable items is high, such that the pallet recycling rate target has not been achieved, and this will be one of the improvement indicators of BenQ Materials.

In addition to satisfying the delivery date of customers continuously, BenQ Materials also considers the feeding schedule of customers as it is closely related to the return and recycle carrying method. To improve the recycling rate of packaging materials and pallets, the company will continue to monitor the feeding and recycle status of customers and will promptly arrange recycle transportation along with the reduction of use of disposable packaging method. In 2022, the company sets the recycling rate of 92% as the annual goal.

For functional textile products, during the first quarter of 2021, the company implemented the wooden pallet recycling and reuse. As the shipping volume is divided into lots, the pallet use quantity was increased, and since some foreign customers requested the use of pallets for marine and air transportation for packaging and shipping, accordingly, the recycling rate predefined goal was set to be 80% in 2021. For 2022, as the shipping volume starts to become stable, under the condition where the shipping delivery dates can be met cooperatively, combined shipping will be performed, and the pallet recycling will also be maintained, in order to reduce the shipping pallet demands, and the target of the recycling rate is increased to 85%.





# Chemical Management

## 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 2021 was 1,583 cases, and the compliance rate was 100%.

### Green Product Policy



Provide flawless and competitive green products and services to customers in a timely manner.

### Hazardous



### Number of HSF Product Applications

Product	Number of Applications	Compliance Rate
Functional Film	1,110	100%
Isolation Film	55	100%
Functional textiles	11	100%
Contact Lens	97	100%
aesthetic medicine products	180	100%
Biomedical products	130	100%
Total	1,583	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.





## EU Medical Device Regulation (MDR)

EU Medical Device Regulation (MDR) (EU)2017/745 refers to the requirement that all medical devices must qualify the verification of the verification unit in order to be imported to EU countries. Recently, the EU has elevated the original MDR from "directive" level to "regulation" level as "EU Medical Device Regulation (MDR) (EU)2017/745," specifying that all medical devices imported to Europe must qualify the verification of the qualified verification unit based on the uniform standard, in order to be imported to the EU countries. The MDR has become officially effective after the grace period of 2021/05/26, and originally registered products are required to comply with the MDR completely before 2024/5/26.

Presently, BenQ Materials has implemented the quality system requirements of the new MDR, and all medical products are planned to achieve full compliance and the MDR permit license applications are to be completed before shipping to Europe for renewal of licenses.







# 5 Green Manufacturing

Response to Climate Change	85
Environmental Management	89
Circular Economy	98





# Issue: Climate Change: Energy Management , Water Resource Management



### Goal and Subject Matter


- Short-term: In 2021, the company has implemented 1.5% of renewable energy and has increased the energy use efficiency by 1.5%; the greenhouse gas emission intensity and water intake intensity is 3% lower than the intensity in 2020.
- Medium-term: Greenhouse gas emission (tons CO<sub>2</sub>e) reduced by 30% in 2030. (Base year of 2020)
- Long-term: Achieve carbon neutrality in 2050



### Management Directive Assessment Result

- In 2021, external inspection declarations have been obtained for the greenhouse gas inspections of the headquarters and five main plant sides
- In 2021, the renewable energy implemented has reached 1.85%
- In 2021, the energy saving outcome indicates the converted whole-year energy saving of 17,301.65 (GJ) with the energy saving rate of 3.25%
- Greenhouse gas emission intensity decreased in 2021 by 5.76% (Scope 1, Scope 2) in comparison to 2020
- The water intake intensity in 2021 decreases by 6.79% from the 2020

Management Directive Item	Content Description
Policy / Strategy	<ul style="list-style-type: none"> <li>▪ Comply with FSC's requirements for disclosure of responsive measures for climate change, and implement various measures and promotional solutions related to climate change management according to the disclosure recommendation of TCFD and in compliance with the ISO 14064 greenhouse gas inspection standard</li> <li>▪ Implement low-carbon production and resource recycle and reuse, in order to reduce impact on the environment and ecology, and to increase the resilience to climate change</li> </ul>
Commitment	<ul style="list-style-type: none"> <li>▪ Based on the goal of achieving carbon neutrality, establish carbon reduction strategy, continue to reduce energy use and reduce greenhouse gas emission in order to mitigate the climate change</li> </ul>
Responsibility	<ul style="list-style-type: none"> <li>▪ Risk Management Committee, ESG Committee, Facility Environmental Safety Division, Sustainability Project Office, Environmental Policy and Management Team</li> </ul>
Complaint Mechanism	<ul style="list-style-type: none"> <li>▪ Company's official website is established with the "Contact Us"</li> </ul>
Corresponding GRI	<ul style="list-style-type: none"> <li>▪ 305 Emission 2016</li> </ul>

Management Directive Item	Content Description
Specific Actions	<ul style="list-style-type: none"> <li>▪ Continue to execute the climate change risk and opportunity assessment and management measures</li> <li>▪ All business locations are included in the greenhouse gas inspection and qualifying the external inspection</li> <li>▪ Continue to construct self-generated solar photovoltaic system for self-use</li> <li>▪ ISO 14001 management review meetings are convened for periodic tracking of energy saving and emission reduction management indicator</li> <li>▪ ESG Committee performs periodic tracking of various mitigation and adaptive management measures and solution execution outcome</li> <li>▪ Environmental Policy and Management team meeting is convened monthly to review the energy saving, emission reduction management indicator achievement outcome</li> <li>▪ ESG Committee meeting is convened semi-annually to review various mitigation and adaptive management measure and solution execution outcome</li> </ul>
Mechanism for Assessing Management Directives	
Corresponding SDGs	 13.2 Response to climate change will be included in the policies, strategies and plans

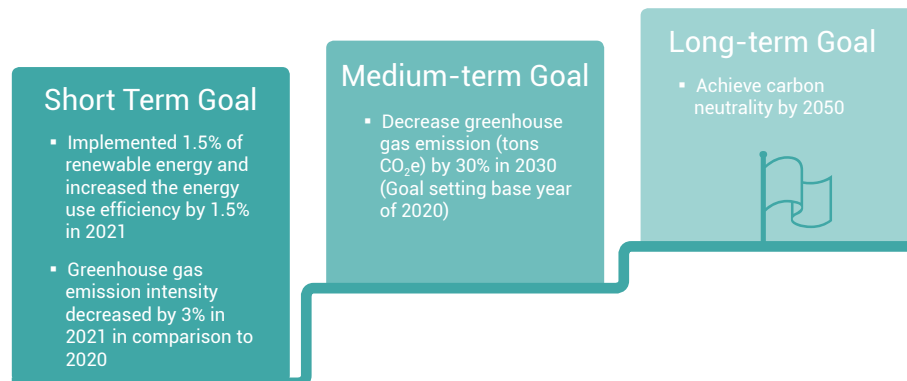


# Response to Climate Change

## Long-term Climate Change Goal Setting

"Zero Carbon Emission by 2050" is now a global consensus, and it is also the goal set by the Taiwan government in response to climate change. BenQ Materials has also planned the short-/medium-/long-term goals in response to the global climate change and zero carbon emission trend. For the short-term goal, the company will utilize new technologies, such as AI, and will invest in new equipment, in order to increase the use efficiency of production equipment, including energy saving, water saving, resource recycle and reuse, in order to achieve the goal of efficiency increase of 1.5% annually.

In addition, since 2020, BenQ Materials has started to install roof type solar panels at the facility roofs of plant sites in Taiwan and China. It is expected that by 2025, all of the plant sites are able to complete their own solar panel installation, in order to participate in the renewable energy supply. Furthermore, BenQ Materials will also adopt the method of purchasing green power and green power certificate, in order to achieve the medium-term goal of reducing greenhouse gas emission (ton CO<sub>2</sub>e) by 30% in 2030 in comparison to the emission in 2020. For the long-term goal, the company will continue to expand the channel for obtaining renewable energy, and will adopt the method of carbon trading, carbon capture technology research, etc., in order to achieve the goal of carbon neutrality by 2050.



## TCFD Promotion Plan and Schedule

In response to the possible operational impact caused by global warming and extreme climate, BenQ Materials implements specific action evaluation in accordance with the "Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) announced by Financial Stability Board (FSB) In June 2017, in order to participate in the climate change mitigation and adjustment.

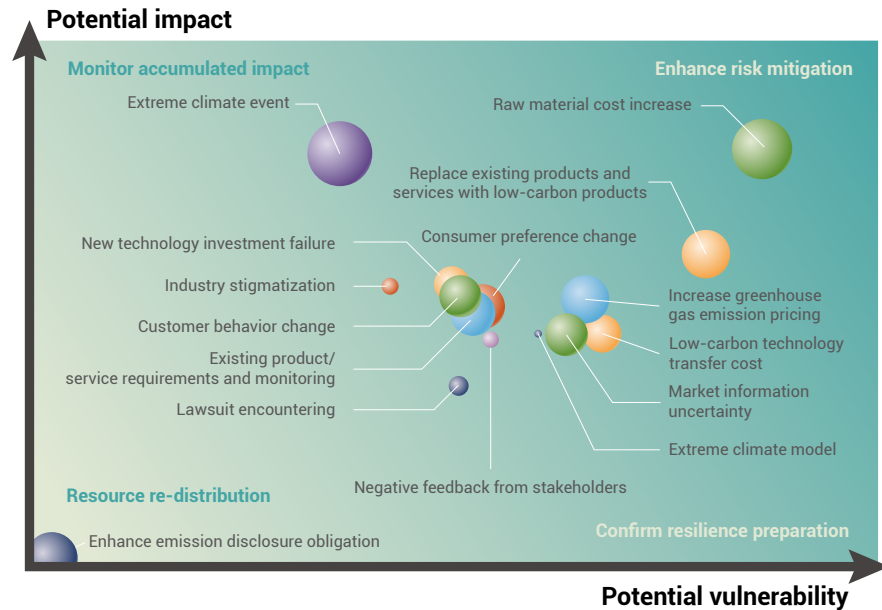
In 2020, based on the scenario of carbon emission for Business as Usual (BAU), with respect to the result of the climate change risk investigation, the senior supervisors of the company has classified that the main risks include raw material cost increase, technology risk (low-carbon products replacing currently existing products and services, low-carbon technology transformation cost), and the greenhouse gas emission pricing risk in terms of the policy aspect. In addition, for the uncertainty of market information and extreme climate issue, the company also needs to enhance the resilience and reparation and to reduce impact.

In 2021, the company has utilized the three aspects of sustainable impact on product research and development, sustainable supply chain management and continuity operation management as the direction for the planning of climate change responsive strategies. The EG Sustainability Committee plans to activate the TCFD risk and opportunity inspection plan, including key personnel training, and workshop discussion of all departments of each business group. In addition, the overall risks and opportunities of BenQ Materials associated with climate change have been inspected completely. Accordingly, risk preventive action plan and indicator for each unit have been generated, and they are also updated according to the addition or adjustment of each business group. The company plans to implement comprehensive inspection and plan establishment in order to mitigate and adjust possible risks for the sustainable operation of the Company with respect to the climate change, and information of the current year will be disclosed in the annual sustainability report.





### Risk Assessment



Note:

Potential vulnerability: The preparation level or adaptability of BenQ Materials for such risk item (X axis: when the value is greater, it means the preparation level is lower, and the adaptability is lower)

Potential impact level: The impact level on the operation of BenQ Materials when such risk item (Y axis: when the value is greater, it means its impact level on the operation is higher)

Probability of occurrence: The probability of occurrence of such risk item in 10 years (size of bubble: when the size is greater, it means its occurrence probability is higher)

### Greenhouse Gas Management

#### Greenhouse Gas Inspection

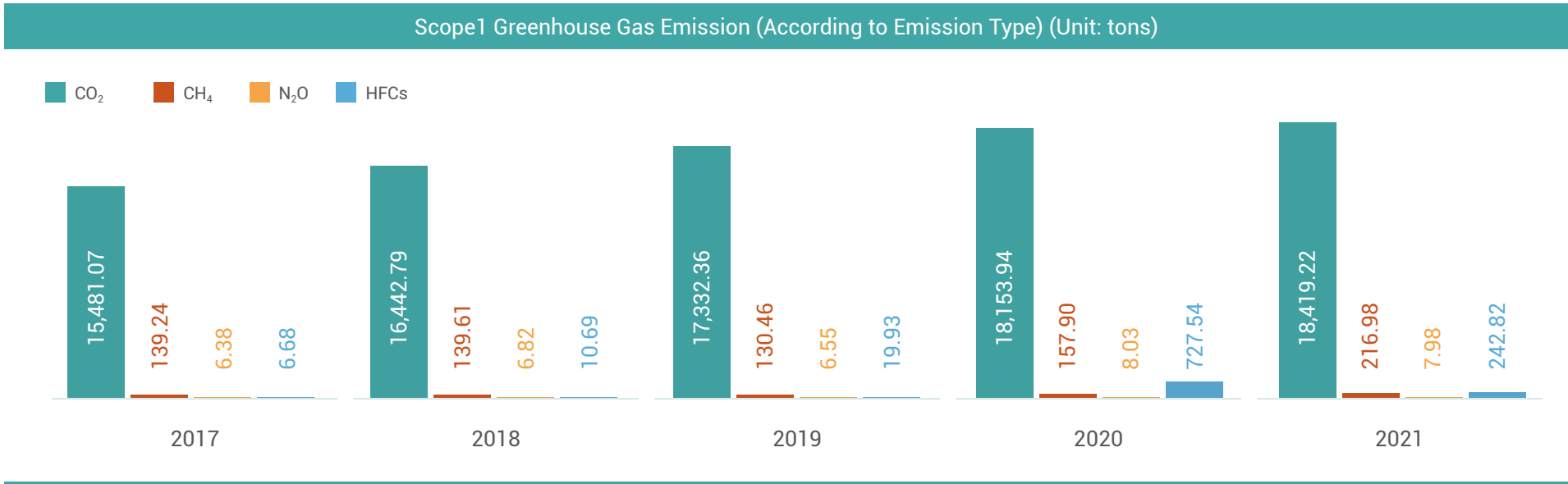
As the global warming issue becomes more severe year after year, BenQ Materials has participated in the organization greenhouse gas emission (ISO 14064-1) and greenhouse gas protocol (GHG Protocol) since 2008, and has established the greenhouse gas emission list for all manufacturing sites worldwide. In addition, greenhouse gas inspection and third-party verification are performed annually. The greenhouse gas emission inspection results of all manufacturing sites worldwide in 2018 qualified the ISO 14064-1:2018 third-party verification. For the energy consumption, including fuel (natural gas, gasoline and diesel), facility power consumption in the organization of BenQ Materials, the facility power is the main energy consumption, and the inspection result of this year according to the new version of greenhouse gas emission was used for the setting of the base year of greenhouse gas emission.

The global greenhouse gas emission of BenQ Materials mainly comes from two primary sources. The first main source refers to the carbon dioxide generated from the power generation process of externally purchased electricity necessary for the operation, and the second main source refers to the greenhouse gas emitted due to the gas and gasoline used during the internal operating activities. The emission associated with the externally purchased electricity accounts for 58.76% of the overall emission of BenQ Materials. In addition, for the emission inspection of Scope 3, according to the emission materiality evaluation performed according to ISO14064-1 standard, the evaluation result uses the fuel and energy related activities not belonging to Scope 1 or Scope 2, upstream transportation and delivery (Yunlin Tech Plant only), and wastes generated during operation, are used as the inspection items of the current stage.

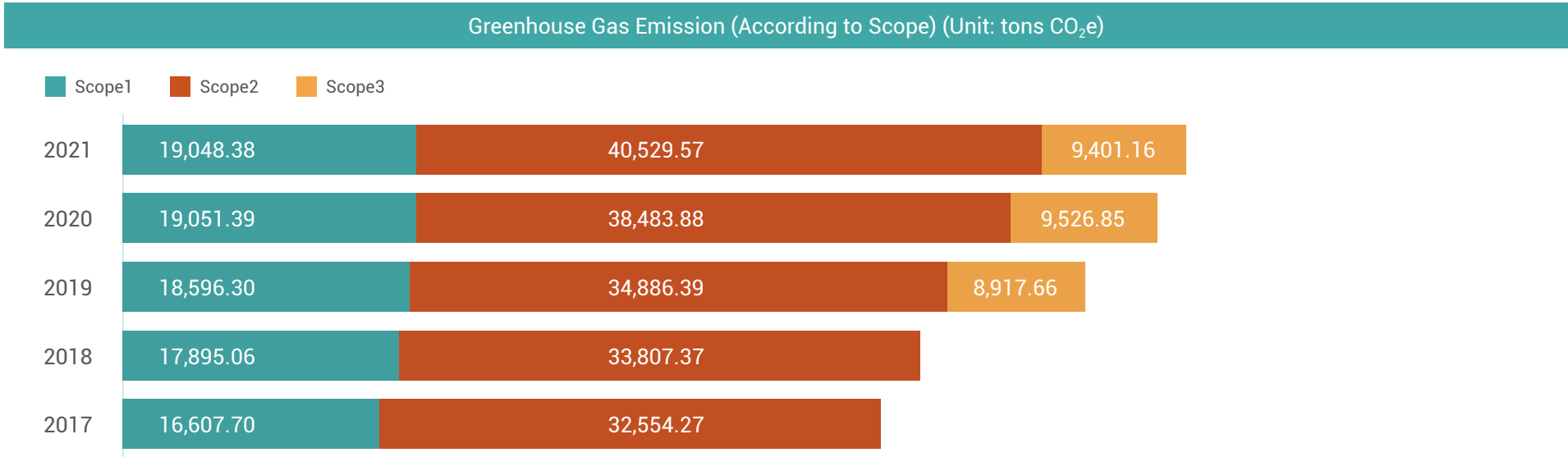
2021 greenhouse gas emission (Scope 1, Scope 2, Scope 3) was 68,979.12 tons CO<sub>2</sub>e, an increase of 1,916.99 tons CO<sub>2</sub>e from 2020 (increase of 2.86%), and the greenhouse gas emission intensity decreased by 6.08%, which is mainly due to the revenue growth of 9.51%. When the greenhouse gas intensity (Scope 1+Scope 2) is analyzed, it has been reduced annually since 2017. The unit intensity in 2021 was 3.61 (tons CO<sub>2</sub> e/ NT\$ million), a decrease of 5.76% from 2020, and a decrease of 22.17% from 2017. 2021 inspection result qualified the third-party verification, and the scope included all business locations (all plants in Taiwan, Suzhou Plant and Wuhu Plant).

BenQ Materials continues to reduce the greenhouse gas emission of products, performs assessment on the lifecycle of products, and implements carbon footprint system to inspect the greenhouse gas related to products and services. The company has established appropriate measures to reduce carbon emission, in order to achieve greater effect in response to climate change. In 2021, the company has selected the Textile and Polarizer Business Groups for the implementation of new product carbon footprint inspection guidance, and the inspection is expected to be completed at the end of 2022.



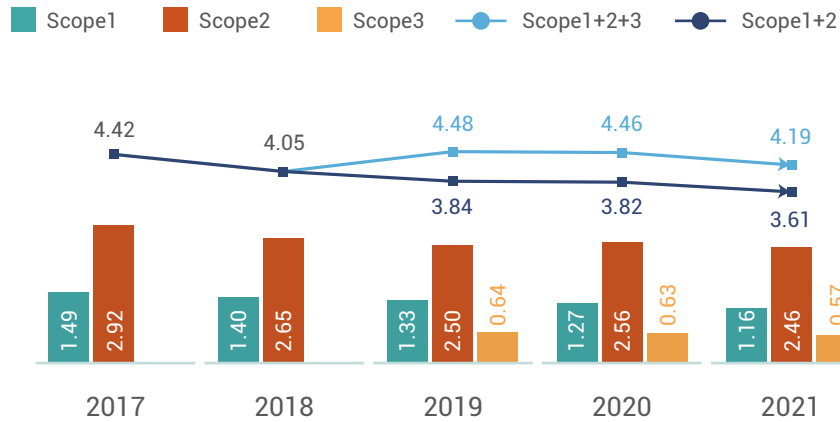


Note: BenQ Materials has no greenhouse gas emission of PFCs and SF6.





### Historical Greenhouse Gas Emission Intensity (Unit: tons CO<sub>2</sub>e/NT\$ million – Revenue)



Note 1: The business locations of the inspection include: BenQ Materials headquarters, Taoyuan Plant, Longtan Tech Plant, Yunlin Tech Plant, Suzhou Plant, Wuhu Plant, and SIGMA Medical Supplies, and for Scope 3, it covers the headquarters and plants in Taiwan only (inspection started since 2019).

Note 2: The greenhouse gas inspection uses the ISO 14064-1:2018 version and external verification institution is entrusted to perform the third-party verification. Before 2019, only the headquarters and Longtan Tech Plant qualified the inspection, and the other business locations used the self-inspection result.

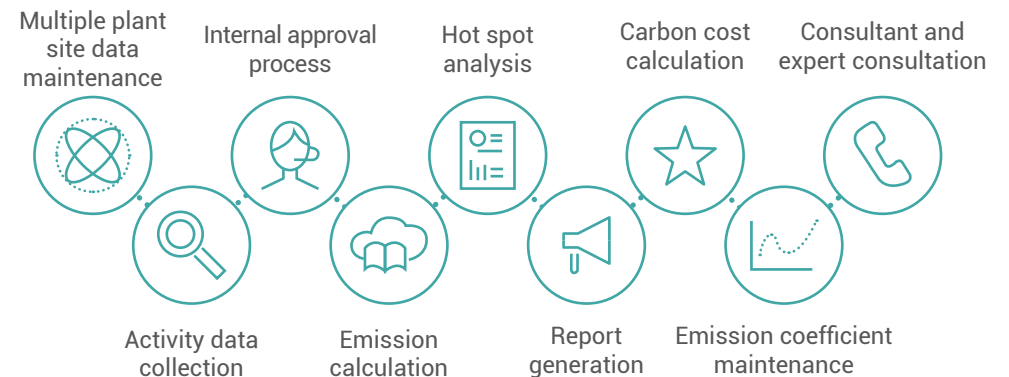
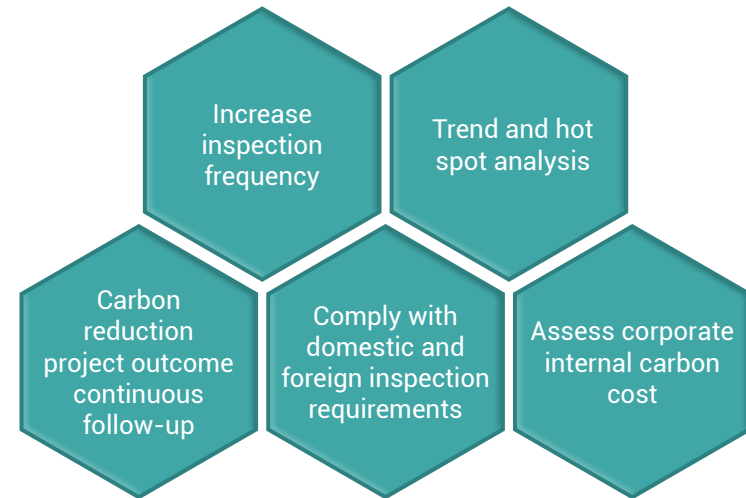
Note 3: The power emission coefficient for business locations in Taiwan uses the power emission coefficient of 0.502 tons CO<sub>2</sub>e/thousand kWh announced by the Bureau of Energy in 2020.

Note 4: The 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 tons CO<sub>2</sub>e/MWh.

Note 5: For 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.

#### Establishment of Carbon Management Platform

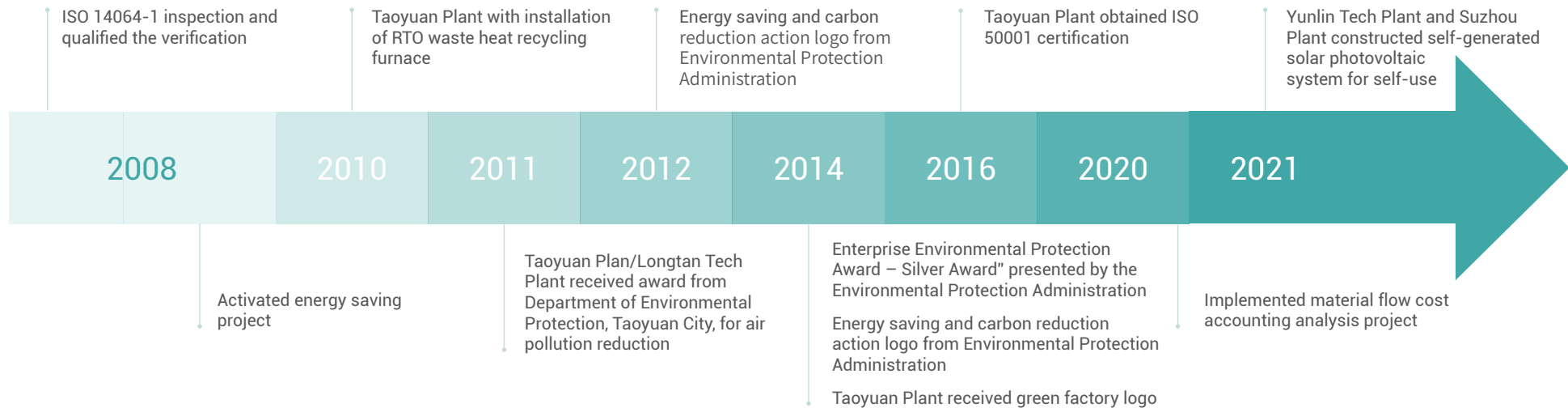
As the carbon reduction issue receives greater attention nowadays, BenQ Materials has planned the establishment of carbon management platform in 2021. The carbon management platform is able to calculate and monitor the carbon emission in real time, in order to analyze the carbon emission hot spots, and to further understand the carbon emission source and to implement emission reduction improvement. In addition, it is able to maintain the data integrity, to precisely perform and manage the carbon reduction goal of each stage and to implement progress tracking, in order to achieve the goals of low-carbon transformation and zero carbon emission.





# Environmental Management

## Environmental Development Progress

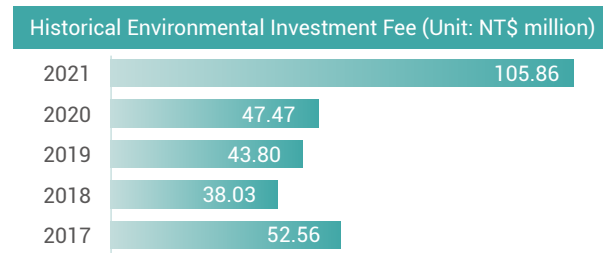


## Management System

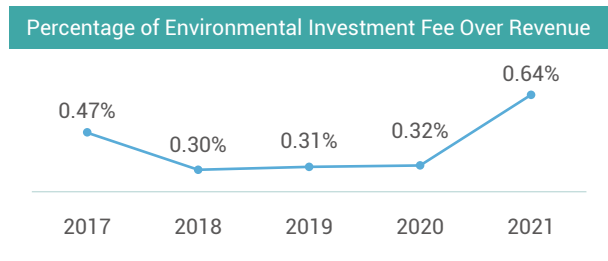
Management System	Certification Scope	Coverage
ISO 14001	Taoyuan Plant, Longtan Tech Plant, Yunlin Tech Plant, Suzhou Plant, Wuhu Plant	100%
ISO 50001	Taoyuan Plant, Yunlin Tech Plant (to be implemented in 2023)	20%
ISO 14064-1	Taoyuan Plant, Longtan Tech Plant, Yunlin Tech Plant, Suzhou Plant, Wuhu Plant	100%

Note: Each management system is within the valid period

## Environmental Investment



Note: It includes the pollution control fee and equipment investment, waste disposal fee





## Green Building

The Polymer Factory of Yunlin Tech Plant of BenQ Materials has obtained the green building golden grade of certification issued by the Ministry of the Interior (MOI) in 2016, and the certification has reached the 5-year maturity, and renewal of the certification has been applied in 2021. The new production line of Manufacturing Factory I of Yunlin Tech Plant plans to applied for the green building or LEED certification (at least of golden grade) with the MOI, and it is expected to obtain the certificate in 2024.



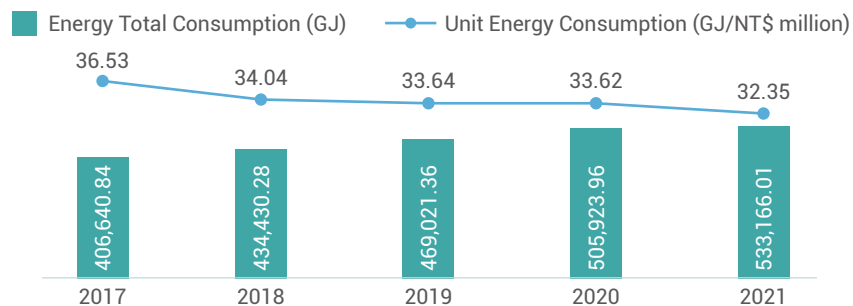
### Green Manufacturing Policy

- Increase energy consumption efficiency
- Integrate internal and external resources of the company, develop reclaimed water technology, continue to implement process energy saving and reclaimed water utilization.
- Integrate incoming, shipping and transportation for optimization

## Energy Management

BenQ Materials energy management scope covers: BenQ Materials headquarters, and manufacturing locations of Taoyuan Plant, Longtan Tech Plant, Yunlin Tech Plant, Suzhou Plant and Wuhu Plant. The energy used in mainly referred to natural gas and externally purchased non-renewable electricity from the power company, and the second largest consumption was diesel in 2021. In 2021, the total energy consumption included 7.0153 million cubic meters of natural gas, 72.9682 million kWh of electricity and 34.7 thousand liters of diesel, converted into heat unit of 533,166.01 GJ (109 J), an increase of 27,242.05 GJ (increase of 5%) from 2020.

### Historical Energy Total Consumption and Intensity



- Low-carbon production technology

For the calculation of energy total consumption with the revenue as the denominator, the 2021 energy consumption intensity (energy consumption/NT\$ million of revenue) was 32.35 (GJ/NT\$ million), a decrease of 1.27 (decrease of 3.78%) from 2020. In addition to the continuous annual energy saving project planning and execution in the last four years along with the increase of energy efficiency, the company has started to use renewable energy since 2021. Accordingly, the energy consumption intensity indicates significant decrease. Through the implementation of nine energy saving measures in 2021, in comparison to the original equipment before the improvement, an amount of 17,301.65 GJ of energy can be saved under the normal use for the whole year.

2021 Energy Saving Measure	Energy Saving Amount (kWh)	Carbon Reduction (tons CO <sub>2</sub> e)
Taoyuan Plant established the chiller system energy control indicator, performed system running data collection and analysis, and adjusted chilled water consumption	110,112	55.28
Cleanroom FFU fan motor changed from AC to DC	60,685	30.46
Replaced lighting fixtures in all plant sites with LED lights	34,036	17.09
Longtan Tech Plant reduced pressure difference of pipelines of pure water pipes/air conditioning hot water pipes/chilled water pipes, etc., in order to reduce pump running frequency	150,450	75.53
Longtan Tech Plant installed new MAU and used low-energy consumption wet film board for humidification	390,920	196.24
Yunlin Tech Plant air compression system with replacement of energy consumption equipment	33,155	16.64
Self-installed solar energy generation facility (Yunlin Tech Plant/Suzhou Plant)	1,379,200	692.36
<b>Total Energy Saved Amount</b>	<b>2,158,558</b>	<b>1,083.60</b>

Note: Reduction scope refers to Scope 2.





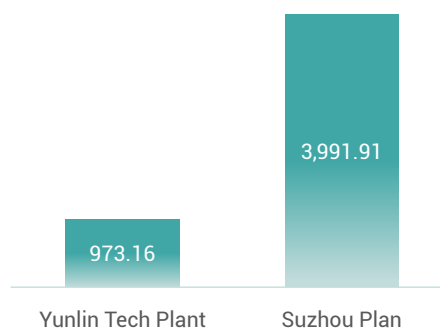
2021 Natural Gas Saving Measures	Natural Gas Saved Amount (cubic meters)	Carbon Reduction (tons CO <sub>2</sub> e)
Taoyuan Plant RTO waste heat recycling improvement project	222,482	418.04
Wuhu Plant furnace low-nitrogen modification	30,326	56.98
<b>Total Natural Gas Saved Amount (cubic meters)</b>	<b>252,808</b>	<b>475.02</b>

Note: Reduction scope refers to Scope 1.

Note 2: All measures have been converted into the energy saving amount under normal use throughout the year.

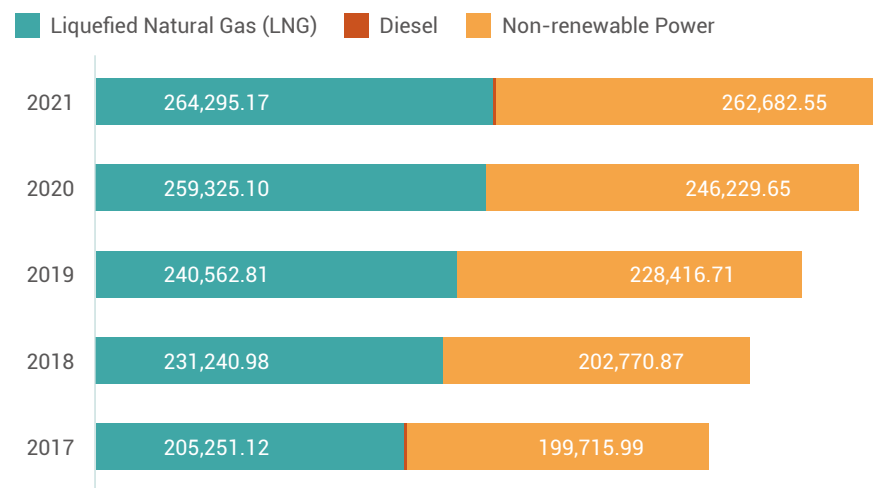
Furthermore, all plants of BenQ Materials have started to construct the solar power generation facility, in order to supply power to each facility for self-use via the self-generation method, such that the external electricity purchase ratio is reduced. In 2021, the total power generation of Yunlin Tech Plant and Suzhou Plant was 1,379,200 kWh. For 2022, solar power generation facilities will continue to be constructed at Wuhu Plant, Yunlin Tech Plant and Taoyuan Plant, and the whole-year power generation is expected to reach 957,167 kWh.

#### 2021 Renewable Energy Consumption Unit: gigajoule (GJ)



	Power Generation Capacity (MW)	Power Generation in 2021 (kWh)
Yunlin Tech Plant	0.29	270,324
Suzhou Plant	1.4	1,108,876

#### Historical Energy Consumption (Non-renewable Energy) Unit gigajoule (GJ)



Note: Calorific value conversion coefficient

1.Import of natural gas: 1 degree (cubic meter)=9,000 kcal×4.186J/kcal×109=0.0377 GJ

2.Diesel: 1 liter =8,400 kcal×4.186J/kcal×109=0.0352 GJ

In 2022, the company continues to implement energy saving improvement plan, and it is expected to install a DC motor of ultra-high efficiency for the FFU fan at the cleanroom, to replace all lighting fixtures of all plant sites with LED lights, to install magnetic levitation air compressor system of ultra-high efficiency, to upgrade the cooling tower with blades of ultra-high efficiency/install frequency converter, to upgrade the floating blower of ultra-high efficiency for the wastewater treatment system, to self-install solar power generation facility, RTO+waste heat recycling furnace with increased performance, furnace with additional condensation reclaimed water for secondary flash heat recycling. Accordingly, the company expects to continue to reduce the unit energy consumption.



### Water Resource Management

According to the World Economic Forum (WEF), the 2022 Global Risks Report 2022 indicates that among the top ten most serious global risks in the next decade, the eighth risk item is the natural resource crises, which includes the water resource crisis. Water resource is currently one of the critical resources worldwide, and the risk and importance of water resource acquisition and use are closely related to operating activities and supply from relevant supply chains of BenQ Materials. BenQ Materials fully understands the limitation of global water resource, and is committed to achieve most optimal water consumption efficiency.

The water resource management scope of BenQ Materials covers: BenQ Materials headquarters, and manufacturing sites of Taoyuan Plant, Longtan Tech Plant, Yunlin Tech Plant, Suzhou Plant and Wuhu Plant. The main water usage of the plant sites of BenQ Materials can be classified into process water, fire control water and living water. The water intake source and supply unit are explained according to the locations thereof. According to the current location of each plant site, the water resource intake ratio and local water resource availability are evaluated. All of the locations are determined to be areas not under water resource pressure. However, based on the consideration of the climate change, BenQ Materials still continues to improve the process water recycling capability and promotes relevant water saving measures, along with the responsive plan of water storage and supply.

Business Location	Water Source	Usage			Supply Unit
		Process	Fire control	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.

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

Presently, all plants in Taiwan have installed wastewater recycling and treatment facilities, and 100% of the wastewater discharged is also transferred to the industrial zone sewage treatment plant where each plant site is located, in order to perform wastewater subsequent treatment. Each industrial zone sewage treatment plant has established its sewage treatment plant incoming limit standard, and discharge is performed according to the standard. The living wastewater of Suzhou Plant is discharged into the sewage pipe network, and the process wastewater of Wuhu Plant refers to the coating fabric roller cleaning wastewater, such that after sedimentation and filtering, it is treated via the septic tank together with the living sewage, followed by discharging into the sewage pipe network. The discharged wastewater of each plant is required to accept irregular sampling and water quality testing. If it exceeds the current value, improvement is required to be implemented. In 2021, all plants were not found to have any abnormal condition of exceeding the water quality standard.

#### Plant Water Consumption Process





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

The total water intake amount in 2021 was 451.70 Megaliters (ML), an increase of 9.18 ML (increase of 2.07%) from 2020, and it was mainly due to the revenue growth (increase of 9.51%). The total water discharge amount (waste discharge) in 2021 was 374.82 ML, drained into each industrial zone sewage treatment plant, an increase of 15.46 ML from 2020. The water consumption amount was 76.88 ML, and it was mainly for the cooling water tower evaporation amount. Through the measurement of the water resource use condition based on the revenue, the water intake intensity (water intake amount/ revenue of NT\$100 million) in 2021 was 2.74 (ML/revenue of NT\$100 million), a decrease of 6.79% from 2020. The water discharge intensity (discharge amount/revenue of NT\$100 million) in 2021 was 2.27 (ML/revenue of NT\$100 million), a decrease of 4.76% from 2020 as well. Both the water intake and discharge indicated the new lowest point in the last four years, demonstrating the positive outcome of wastewater recycling promoted by BenQ Materials.

Due to the mixed living wastewater at Wuhu Plant, and the living wastewater is mainly used by Wuhu Plant, accordingly, wastewater recycling is not appropriate for the plant site. In 2021, the discharge rate (discharge amount/total water intake amount) of each plant site in Taiwan was 83.98%. If the water recycling amount of process recycling, cleaning tower recycling, process water treatment and recycling, ROR circulation and recycling, wastewater treatment recycling and air conditioning water recycling, etc., is calculated, the recycling rate is 82.11%. If the recycled water from the cooling water is further calculated, the recycling rate can reach 87.33%.

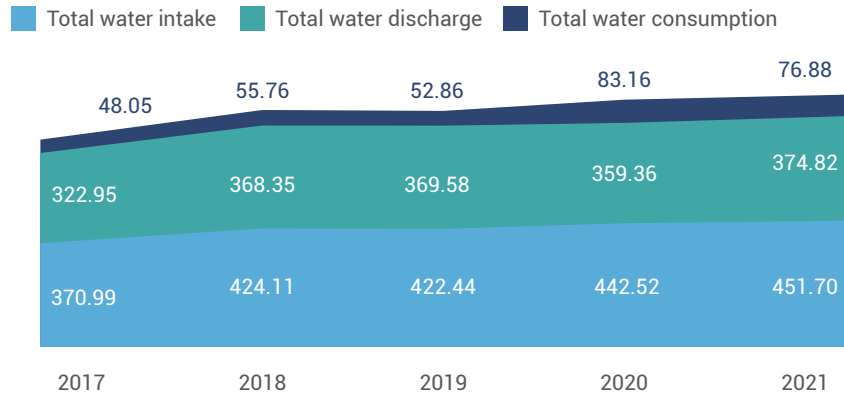
Statistics of Historical Water Intake Amount		Unit: Megaliters (ML)				
Water Intake Source	Type	2017	2018	2019	2020	2021
Groundwater	Freshwater	0.20	0.43	0.26	0.16	9.17
Water from third party	Freshwater	370.79	423.68	422.18	442.36	442.52

Statistics of Historical Water Discharge Amount		Unit: Megaliters (ML)				
Water Intake Source	Type	2017	2018	2019	2020	2021
Discharge amount according to destination	Water from third party	322.95	368.35	369.58	359.36	374.82
Discharge amount according to water quality	Freshwater	322.95	368.35	369.58	359.36	374.82
Classification according to water quality treatment level Water discharge	Primary treatment	81.02	101.84	73.96	68.39	81.05
	Secondary treatment	158.83	169.84	188.16	204.66	203.75
	Tertiary treatment	83.10	96.67	107.47	86.32	90.02

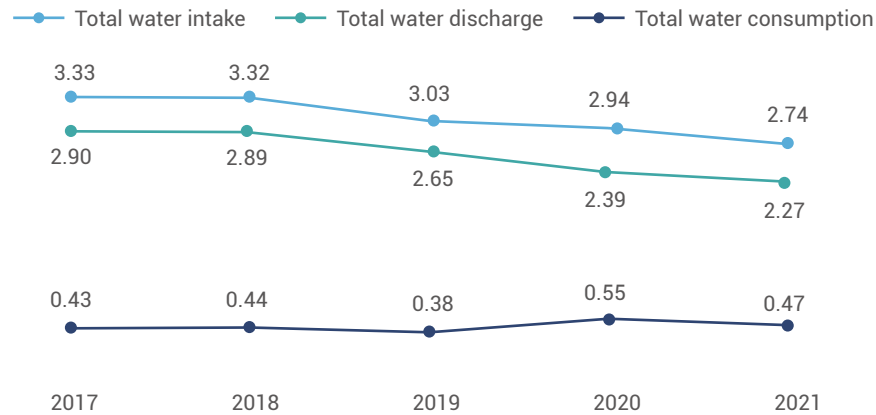
Note: Suzhou Plant in China is the only plant of BenQ Materials that is under the region of high risk of water resource pressure (accounting for 11% of total water intake amount).



Historical Water Resource Utilization Overview Unit: megaliters



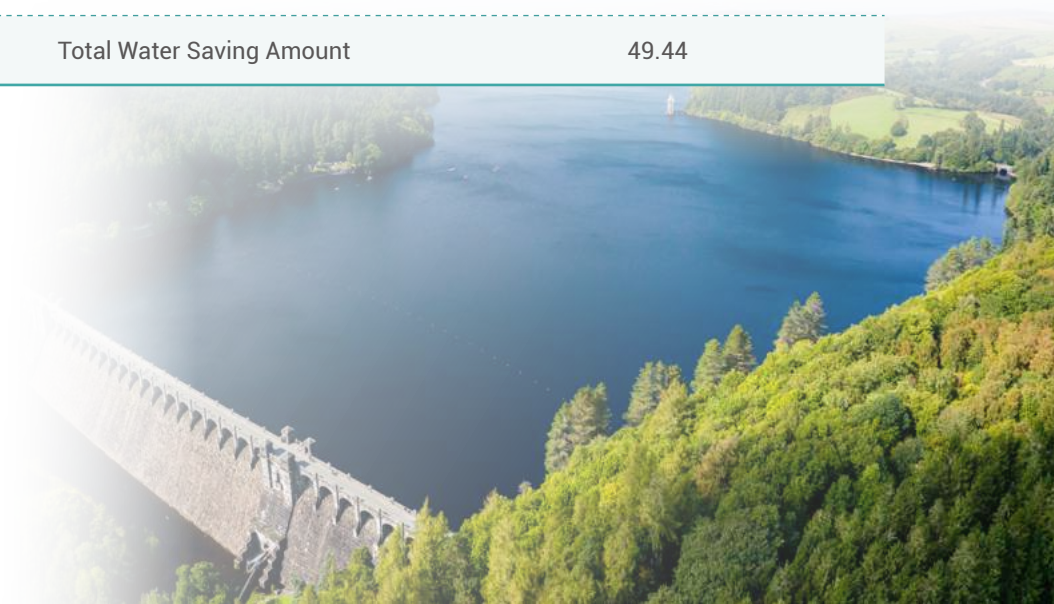
Historical Water Resource Utilization Intensity Unit: megaliters/NT\$ 100 million



Note: The 2021 water resource utilization scope disclosure further included the SIGMA Medical Supplies, Haihu Plant, Taoyuan Plant (dormitory), Suzhou Sigma Medical, and Suzhou Daxon Medical.

In 2021, 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 49.44 ML of whole-year water consumption. In addition, the company will continue to reduce the water resource consumed during the manufacturing process. In comparison to the water saving amount (14.29ML) in 2020, the water saving amount has increased by 245%.

2021 Water Saving Solution	Conversion into Whole-year Water Saving Amount (ML)
Taoyuan Plant potassium iodide (KI) condensate improvement	2.11
Taoyuan Plant hydrogen cooling water improvement	0.77
Taoyuan Plant/Longtan Tech Plant etching production line (e-line) with water and KOH recycling rate improvement	46.56
<b>Total Water Saving Amount</b>	<b>49.44</b>





# Issue: Air Pollution Management



### Goal and Subject Matter


- "Zero" penalty case due to violation of the law
- Understand environmental protection laws at all time, and reduce the risk of violation of regulations



### Management Directive Assessment Result

- Qualified ISO 14001 environmental management system certification
- Implemented regulatory identification system (regulatory cloud) in 2021
- No air pollution penalty cases in 3 years

Management Directive Item	Content Description
Policy/Strategy	<ul style="list-style-type: none"> <li>▪ BenQ Materials establishes environmental safety, health and energy policy, and continues to promote environmentally sustainable development policy</li> </ul>
Commitment	<ul style="list-style-type: none"> <li>▪ BenQ Materials complies with the emission standard specified in the environmental protection regulations to implement management, and has installed air pollution control equipment of the regenerative thermal oxidizer (RTO), cleaning tower, bag collector, in order to reduce the emission of air pollutants of volatile organic compounds, nitrogen oxides, sulfur oxides, suspended particulates to the minimum, and the company is committed to achieve the goal of "zero pollution."</li> </ul>
Responsibility	<ul style="list-style-type: none"> <li>▪ Facility Environmental Safety Division</li> </ul>
Complaint Mechanism	<ul style="list-style-type: none"> <li>▪ Company's official website is established with the "Contact Us"</li> <li>▪ Complaint mailbox (internal communication mailbox, President's mailbox)</li> </ul>

Management Directive Item	Content Description
Specific Actions	<ul style="list-style-type: none"> <li>▪ Install air pollution control dedicated personnel, maintain various control measure operations, and periodically arrange an environmental inspection institution approved by the Environmental Protection Administration (EPA) to perform emission testing.</li> <li>▪ Periodically identify air pollution law related regulation content, and maintain the latest information</li> </ul>
Mechanism for Assessing Management Directives	<ul style="list-style-type: none"> <li>▪ ISO 14001 Environmental management system management review meeting for periodic tracking of goal achievement status</li> <li>▪ Periodically inspect latest regulatory information via the regulatory identification system</li> </ul>
Corresponding GRI	<ul style="list-style-type: none"> <li>▪ 305 Emission 2016</li> </ul>
Corresponding SDGs	 <p>12.5 Significantly reduce waste generation through prevention, reduction of emission, recycling and reuse.</p>





## Emission Management

BenQ Materials complies with the environmental protection regulations rigorously and has installed the air pollution control equipment of regenerative thermal oxidizer (RTO), cleaning tower and bag collector, etc., that are dedicated to the treatment of process waste gas, in order to reduce the air pollutant emission to the minimum and to reduce environmental burden. Each pollution control equipment is operated and maintained by dedicated personnel. The running status of the equipment is also jointly monitored by the central control system or inspection personnel, in order to ensure that the air pollution control equipment operates normally, thereby preventing occurrence of any air pollution event. In addition, through the ISO 14001 environmental management system, environmental performance is managed and continued to be improved, in order to further reduce the risk of environmental pollution. In recent years, there have been no air pollution penalty cases in recent years.

2021 Emission status (unit: tons)	Nitrogen oxide emission	Sulfide emission	Volatile organic gas emission
Taoyuan Plant	8.608	10.307	12.433
Longtan Tech Plant	3.470	2.944	7.938
Yunlin Tech Plant	0.032	0.017	41.839

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





# Issue: Waste and Regeneration Cycle



### Goal and Subject Matter

- Reduce unit waste output by 10% in 2025 (2018 as the base year)
- Increase waste recycling and reuse rate to 80% in 2025



### Management Directive Assessment Result

- Unit waste output (tons/revenue of NT\$ million) reduced by 2.79% in 2021 (2018 as the base year)
- Waste recycling and reuse rate of 75.51% in 2021

Management Directive Item	Content Description
Policy/Strategy	<ul style="list-style-type: none"> <li>▪ Comply with ISO 14001 environmental management system standard</li> <li>▪ Environmental safety/health and energy policy environmentally <a href="http://www.benqmaterials.com/zh-tw/csr/detail.php?SID=9">http://www.benqmaterials.com/zh-tw/csr/detail.php?SID=9</a></li> </ul>
Commitment	<ul style="list-style-type: none"> <li>▪ Promote process technology improvement, implement source management measures, and reduce raw material use and output of wastes</li> <li>▪ Introduce and develop eco-friendly technologies, in order to enhance pollution prevention</li> </ul>
Responsibility	<ul style="list-style-type: none"> <li>▪ Facility Environmental Safety Division, Taoyuan Plant, Longtan Tech Plant, Yunlin Tech Plant, Suzhou Plant, Wuhu Plant</li> </ul>
Complaint Mechanism	<ul style="list-style-type: none"> <li>▪ Company's official website is established with the "Contact Us"</li> <li>▪ Complaint mailbox (internal communication mailbox, President's mailbox)</li> </ul>

Management Directive Item	Content Description
Specific Actions	<ul style="list-style-type: none"> <li>▪ Installed waste own plant treatment equipment in 2021</li> <li>▪ Installed waste barrel treatment equipment in 2021</li> <li>▪ Implemented post-distillation EAC reuse in 2021</li> </ul>
Mechanism for Assessing Management Directives	<ul style="list-style-type: none"> <li>▪ ISO 14001 Environmental management system management review meeting for periodic tracking of goal achievement status</li> <li>▪ Waste reduction, water saving goal are listed as the management indicator periodically tracked by the ESG Committee</li> </ul>
Corresponding GRI	<ul style="list-style-type: none"> <li>▪ 306 Waste 2020</li> </ul>
Corresponding SDGs	<div style="display: flex; align-items: flex-start;"> <div style="margin-right: 10px;">  <p>3.9 Significantly reduce hazardous chemicals and death and number of patients due to air, water and soil contamination.</p> </div> <div style="margin-right: 10px;">  <p>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.</p> </div> <div>  <p>12.5 Significantly reduce waste generation through prevention, reduction of emission, recycling and reuse.</p> </div> </div>



# Circular Economy

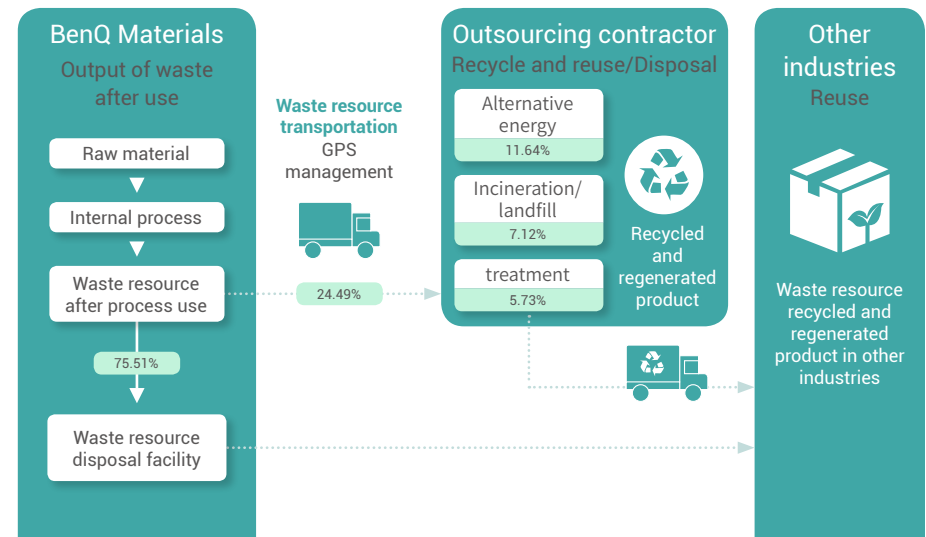
## Waste Management

Wastes generated during the operation process of an enterprise shall be properly handled and disposed. If the disposal is inappropriate, it can cause serious environmental pollution issue, and the local residents can be affected indirectly. BenQ Materials is committed to reduce the environmental impact of products in their lifecycles from the stages of raw material, manufacturing, storage, transportation, use to scrap, and to implement responsible production, in order to achieve production with zero waste management through material 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





The type of wastes in the plant sites of BenQ Materials can be classified into general industrial waste, potassium iodide, film wastes (waste films account for the majority of the waste), waste liquid and waste adhesive, recyclable waste liquid, solid wastes, resource recycled materials.

For each type of waste, reuse method is sought continuously for development into products or for recycling and reuse. Presently, the company mainly implements the reuse of distilled ethyl acetate (EAC) in the plant site, in order to reduce the raw material use ratio and output of wastes. In addition, for waste white film (without iodine), the company seeks cooperating contractors to transform waste white films

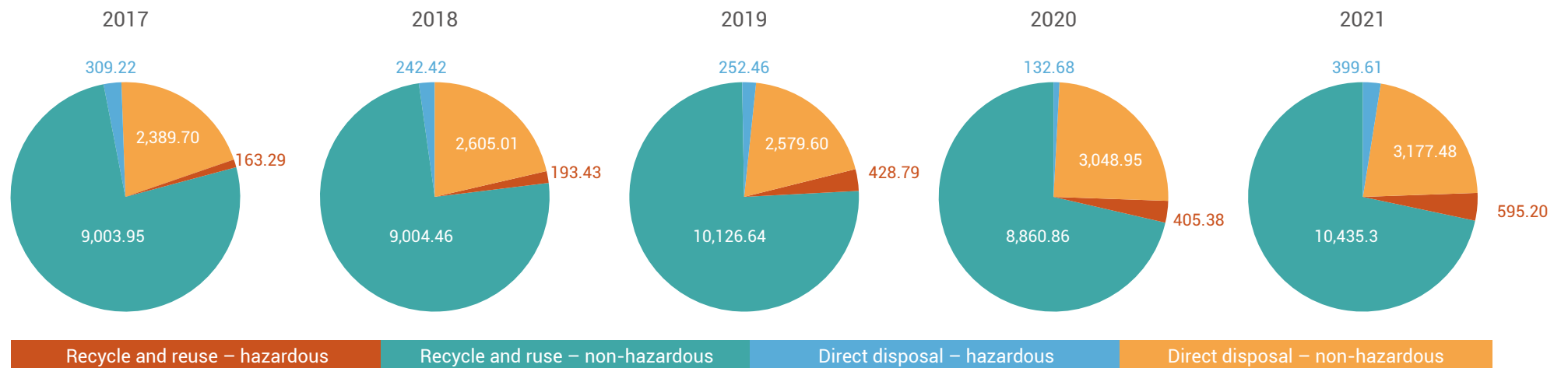
into raw material, and the waste film can be manufactured into raw material for textile industry, such that waste films can be used as RDF auxiliary fuel and other treatment methods. The company continues to perform inspection on the goal established for the waste recycling on a monthly basis, in order to confirm that the action plans are executed properly.

To increase the resource recycled waste ratio, BenQ Materials has established the waste management procedure and the recycling goal. In addition, the action plan and goal are reviewed during the corporate sustainable development meeting quarterly, thereby achieving the effect of long-term monitoring.

### Waste Generation Amount Statistics (Tons)

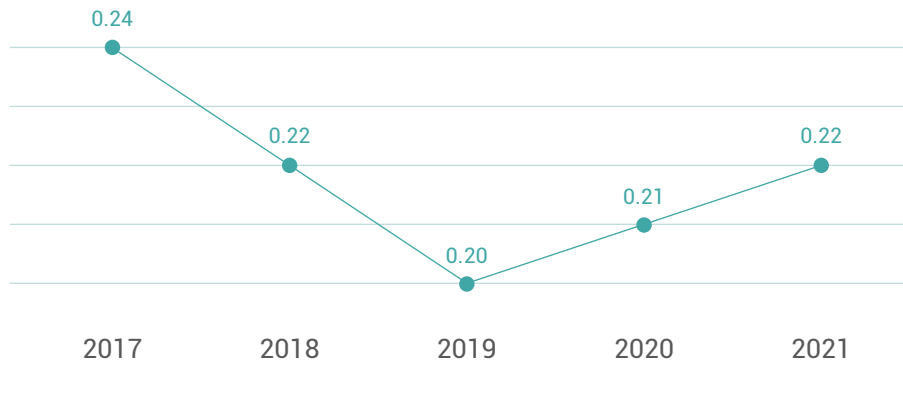


### Waste Generation Amount Statistics – According to waste type (Unit: tons)

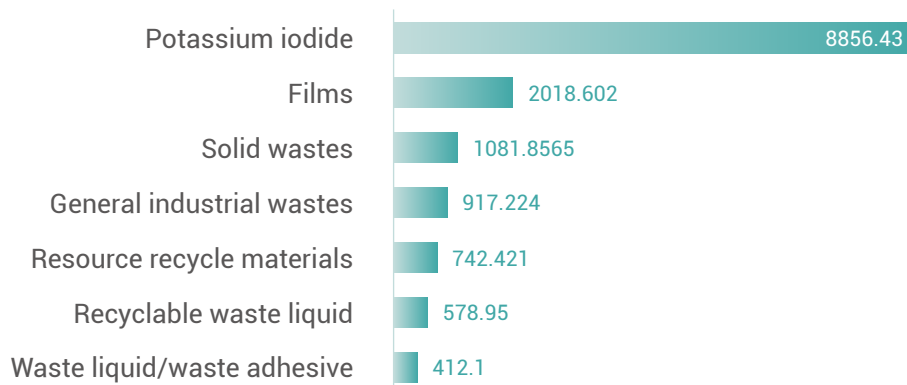




### Waste Generation Intensity (Tons/Revenue – NT\$ million)

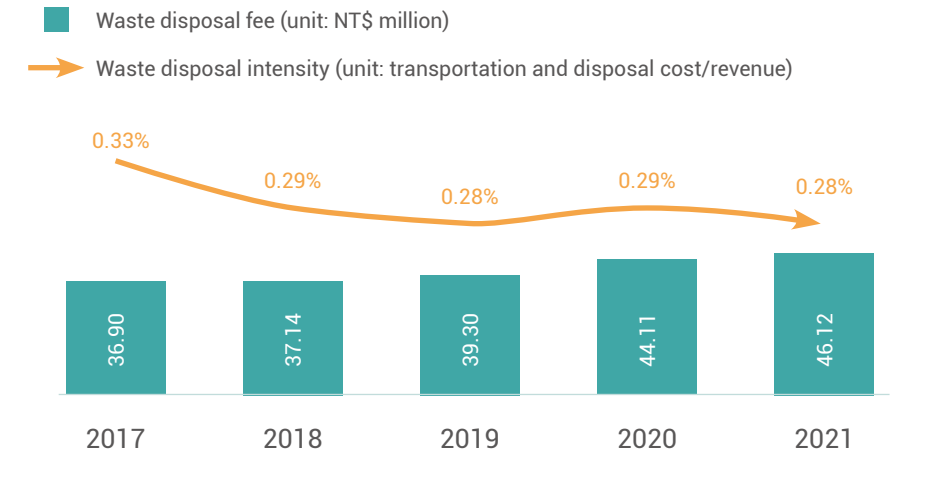


### 2021 Waste Disposal Overview



The management of the waste output in 2021 can be classified into seven main categories, for total of 14,607.58 tons, among which 11,030.50 tons of wastes can be recycled and reused (accounting for 75.51%). The recyclable and reuse volume of the wastes has accumulated to reach 49,217.29 tons globally from 2017. Waste disposal and handling fee in 2021 was approximately NT\$46.12 million, accounting for 0.28% of the revenue. 2021 waste direct disposal (excluding recycling) intensity (direct disposal waste weight/revenue of NT\$ million) was (0.28%).

### Historical Waste Disposal Fee and Intensity







## 2021 Waste Resource Management: Oil, Ink and Waste Liquid Reduction

### Management Method:

- 1 **Solid-liquid separation**  
Oil and ink waste liquid and soil separation is performed in the plant

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- 2 **Chemical addition and dehydration**  
Add chemical into the oil and ink waste solution to form solid floc, and then perform sludge dehydration operation

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- 3 **Condensation distillation**  
For the waste liquid after dehydration, perform concentration distillation (concentration ratio of 16–17 times). After treatment, the high concentration part is drained back to the waste oil and ink for re-mixing and treatment, and the low concentration part is drained via general wastewater pipe. Such method is able to effectively reduce the oil and ink waste liquid.

### Reduction Performance:

**Oil and ink reduction:** The oil and ink volume can be reduced from 15–20 tons to 2–3 tons per month.

**Reduction of alkali waste:** For the alkali waste, enhanced filtering method can be adopted. Each lot of alkali liquid is filtered and recycled, followed by readjustment of the concentration for repetitive use at the production line. The original average monthly waste volume of approximately 0.93 tons is reduced to 0.0005 tons per month.

## 2021 Waste Resource Management: Raw Material Barrel Residual Adhesive Reduction

### Management Method:

- 1 **Stationary placement**  
After the raw material is extracted, the raw material barrel is titled for stationary placement

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- 2 **Multiple extraction**  
Increase the number of times of raw material extraction, and perform second time of extraction from the raw material barrel placed stationarity

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- 3 **Weighting and compliance**  
After extraction, weighing is performed and it shall comply with the requirement  
Each barrel is set to 0.5 kg, and the adhesive residual in the barrel is reduced

### Reduction Performance:

**Residual adhesive amount reduction:** The residual amount of 2.45–3.3 kg per barrel is reduced to 0.5 kg per barrel.

**Raw material barrel and residual adhesive disposal amount reduction:** With the change of operation method, (1) Waste adhesive residual disposal amount is reduced from the original 895 kg per month to 156 kg per month; (2) Raw material barrel disposal amount is reduced from the original 7.675 kg per month to 6.945 kg per month.



## Recycle and Reuse

Disposal Category	Hazard Type	Disposal Method	2017	2018	2019	2020	2021
Recycle and reuse	Hazardous	Regeneration and reuse	-	-	-	-	21.07
		Other recycling operation	163.29	193.43	428.79	405.38	574.13
	Non-hazardous	Regeneration and reuse	8,927.70	8,869.50	9,926.19	8,676.61	-
		Other recycling operation	76.25	134.96	200.45	184.25	10,435.30

Waste recycle and reuse are inspected. In 2021, the waste recycle and reuse amount was 11,030.50 tons, which was higher than the amount in 2020, and this was mainly due to the increase of the concentration of potassium iodide (KI) by 2.07% in 2021 from 2020, and the optimized distillation machine in 2021 was implemented such that the PSA adhesive distillation efficiency was increased, thereby increasing the recycle amount.

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. In 2021, the company has implemented two projects, and performed reduction, recycle and reuse of oil, ink and raw material barrel adhesive residual. After the implementation in 2021, the outcome is compared with the disposal total amount in 2020, and the raw material barrel disposal indicates an average reduction of 10.51%, and waste oil and ink indicates an average reduction of 74.90%.

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.

## 2022 Recycle and Reuse Planning

## Waste polarizer for self-plant treatment

It is expected to install self-plant polarizer treatment equipment, in order to allow the waste reduction to reach above 85%, and the waste generated can be further reused.

## Distilled EAC recycle and reuse

For the distilled EAC generated with the use of PSA adhesive distillation equipment, the EAC generated is recycled for reuse in the process.

## Raw material filling bag replacement

When the raw material is filled into the 50-gallon barrel, double-layer plastic bag is used first. It is assessed to change and remove the bag filling use method, in order to reduce the waste output amount.



## Waste Disposal

Hazard Category	Disposal Method	2017	2018	2019	2020	2021
Hazardous	Incineration (including energy recycle)	-	242.42	252.46	132.68	-
	Incineration (excluding energy recycle)	309.22	-	-	-	258.16
	Other disposal operation	-	-	-	-	141.45
Non-hazardous	Incineration (including energy recycle)	-	-	-	376.00	51.36
	Incineration (excluding energy recycle)	-	-	-	-	730.75
	Other disposal operation	2,389.70	2,605.06	2,579.60	2,672.95	2,395.37

In 2021, the total weight of the waste transported to the entrusted waste handing supplier for disposal was 3,577.09 tons, an increase of 0.12% from 2020. Under the condition of revenue growth of 9.51%, the waste disposal amount was clearly reduced. The type of disposal mainly refers to physical treatment and recycle and reuse for the waste treatment. The hazardous wastes accounted for 11.17% of all of the wastes of direct disposal in 2021, an increase of 7% from 2020, and this was mainly due to the addition of Manufacturing Factory III in Yunlin Tech Plant, and the release paper generated was approximately 390 tons annually, such that the waste amount in 2021 increased from 2020.

## MFCA Project Description and Outcome

To achieve the goal of "Production with Zero Waste," the company implemented the ISO 14051 material flow cost analysis project in 2020, and the project scope referred to the "Polarizer Anterior Process," and the final result of this project also qualified the third-party inspection of SGS. In 2021, BenQ Materials expanded the project scope to include the "Polarizer Posterior Factory" and "Acne Dressing Aesthetic Medicine Factory." Based on the investment (material, energy), output (product and waste) and cost relationship of relevant process, the company is able to understand the material flow and costs during the production process, in order to properly manage the negative product output volume during the production process, including the waste liquid, and to further study the feasible methods for repetitive use or reduction of wastes and energies.

"Polarizer Posterior Process" is divided into three main quantification centers (QC). For QC1 negative product, cutting tool amount accounts for the highest percentage. For QC2 negative product, diamond cutter has the highest percentage. The usage amounts of both cutters are related to the number of times of scheduled change, number of times of production and number of times of abnormalities, such that the reduction of number of times of abnormalities or extension of useful lifetime is considered as the improvement direction. For QC3, personnel accounts the highest amount, and it is expected to adopt the method of visual inspection and station cleaning as the main accelerated process simplification.

"Acne Dressing Aesthetic Medicine Factory" is divided into two main quantification centers (QC). For QC1 negative product, Kaydol oil and PU film amounts account the highest percentage, and it is expected to perform relevant reduction plan. For QC2 packaging process, the negative product material cost structure, the color box has the highest percentage, and it is expected to perform usage amount control according to the marketing version. A new product meeting will determine the marketing demand, and the version change will be reduced, in order to effectively reduce the internal scrap amount.

In 2022, the company will continue to expand the project scope, such as Yunlin Packaging Consumable Factory, Suzhou Plant and Wuhu Plant, in order to reduce the negative product cost, thereby achieving the goal of waste reduction.



# 6 Partnership with Common Growth

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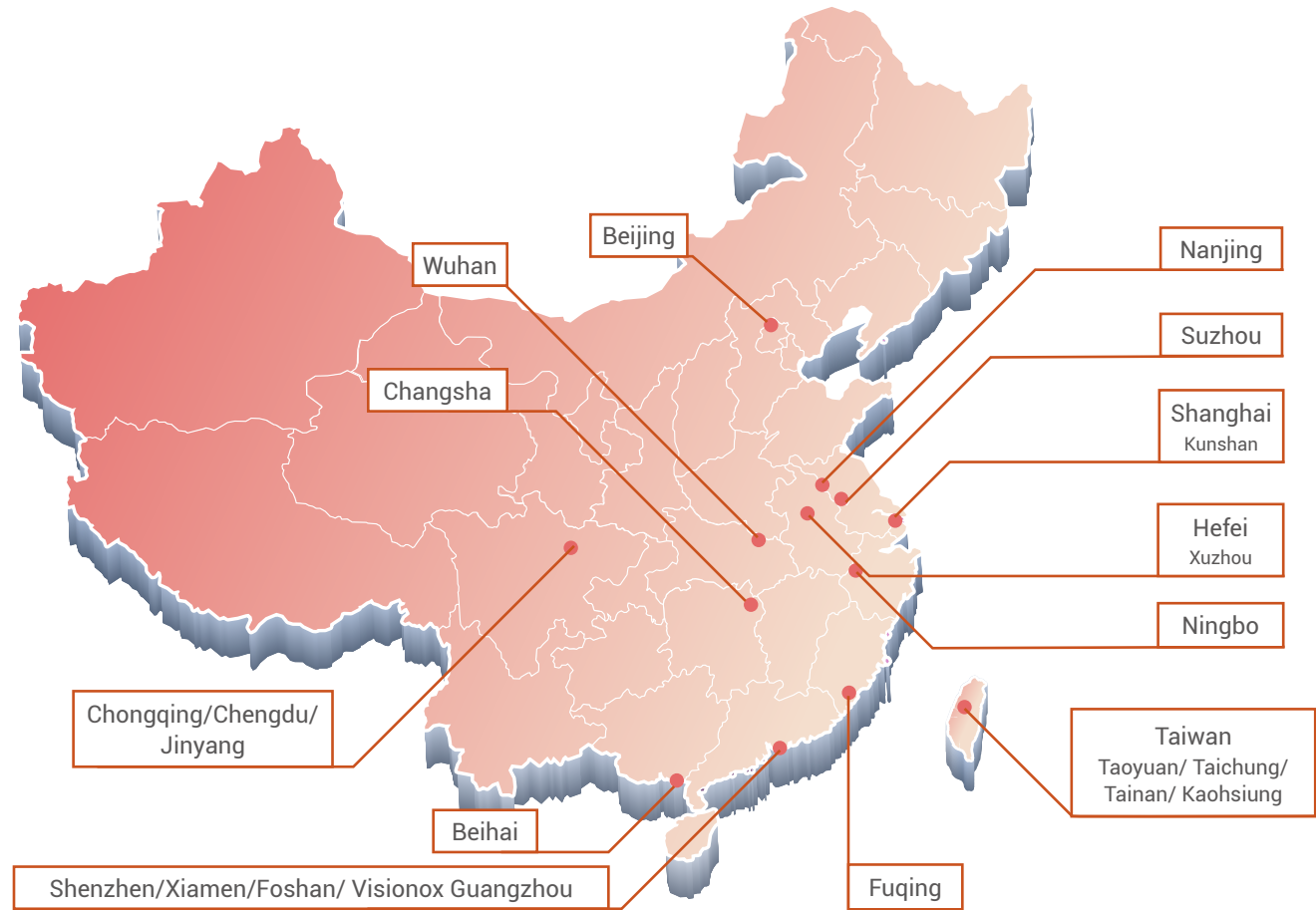


# Customer Service

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

To enhance services to customers, for enterprise customers of functional film, BenQ Materials has set up service offices adjacent to the locations of customers, such that in case where customers have problems during product use or product testing and verification process, the company is able to provide consultation and technical service swiftly, thereby effectively solving and preventing re-occurrence of such problems. In addition, customers can also contact customer service personnel directly, and product return or exchange, repair and delivery are arranged promptly, in order to shorten the processing time, allowing customers to obtain great service quality.







### Customer complaint handling process (functional textiles)

BenQ Materials establishes corresponding customer complaint handling process according to the severity and priority of events. After engineering service personnel (ES) receive customer complaint information, determination is made to confirm the root cause according to the standard operation procedure, in order to perform improvement and determine the execution outcome process, thereby solving customer's issue in a timely manner.

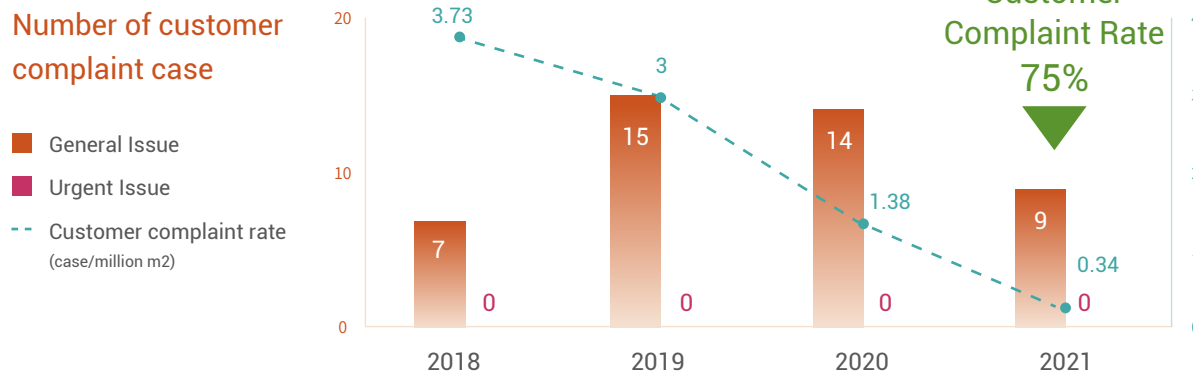
In 2021, there were a total of 45 customer complaint cases for functional film. With the optimization of management mechanism, including new protective film evaluation, process monitoring indicator establishment, the total number of customer complaint cases was reduced by 21 cases from 2020.

In 2021, the customer complaint rate for isolation film reduced by 75%, demonstrating the improvement of effectiveness, reduction of re-occurrence rate, and improvement of abnormality awareness of personnel. In comparison to the past, development verification issues and transportation issues have been reduced. In the future, it is still necessary to continue to improve the product performance (such as stability), posterior management (foolproof, abnormality warning, blocking mechanism) and outsourcing management (operation mechanism integrity) issues, etc.

#### 2021 Reasons of Customer Complained Deficiencies



#### Number of customer complaint case



### Customer complaint handling process (polarizer, isolation film, skin care)

After ES receives customer complaint, it then arranges meeting time with customer to perform determination

ES shall collect customer complaint information according to 2D report content, and shall provide the customer complaint report and file the case in the functional film customer complaint management system (CCMS).

Integration/Production Technology Department provides the internal relevant production information, determines whether there is any abnormality, and convenes meetings with relevant units to discuss and confirm the accountability of abnormality. The risk list is submitted within 2 days after the determination (including the date of determination). When customer makes special requests, it shall be provided according to the time demanded by the customer.

Responsible unit provides 4D report with 4 days after the determination (including the date of determination)

ES replies 4D report to the customer within 5 days after the determination (including the date of determination)

Responsible unit shall provide the 8D report within the strategy proposal deadline

ES replies the 8D report content to customer according to the customer's request

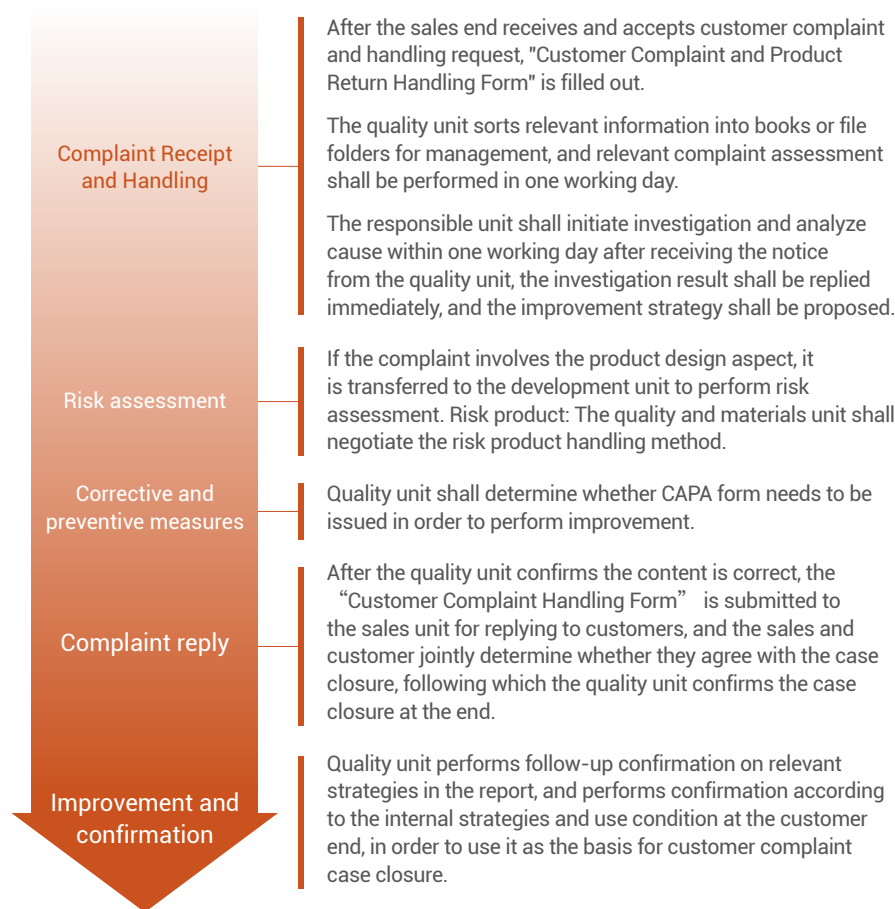
Perform follow-up confirmation on relevant strategies in the report

ES performs effect confirmation according to the internal strategies and use condition at the customer end, in order to use it as the basis for customer complaint case closure.

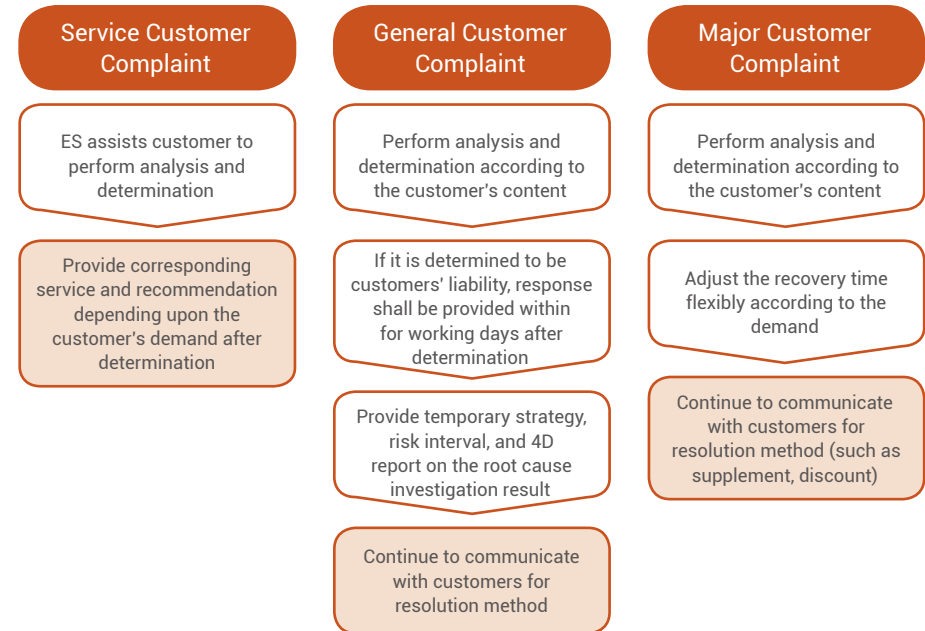


### Customer complaint handling process (sterile packaging material)

For the sterile packaging material customer complaint handling process, control and tracking are implemented according to the customer complaint handling procedure, and response is provided within the time limit. The response time is different according to the issue severity and priority. For safety defect, the response time is limited to one working day. For main functionality defect, the response time is limited to three working days. For secondary appearance defect, the response time is limited to five working days.



### Customer Complaint Handling Process (Functional Textiles)



Note: The major customer complaint definition includes customer complaint cases at the end user or causing production line suspension at the customer end.

Regarding the product end users, for the series of products of DermaAngel, Miacare, skin care products of BenQ Materials, the company has set up various types of methods of customer service e-mail and the consumer service direct line 0809-092-599, FB/IG social group message and brand e-commerce QR Code scanning, etc., in order to allow consumers to submit product inquiries and to provide diverse customer service and compliant channels, thereby handling various problems faced by consumers, and facilitating the company to respond and to handle subsequent issues promptly. For quality related issues, the Customer Service department adopts the e-mail and telephone method to inform the Quality Control Department. The Quality Control Department then determines quality related issues, and provides solution. Finally, the Customer Service Department provides response to consumers uniformly. If product return or exchange is necessary, the Customer Service Department accompanies the shipping unit to mail the product demanded by the consumer to the consumer.





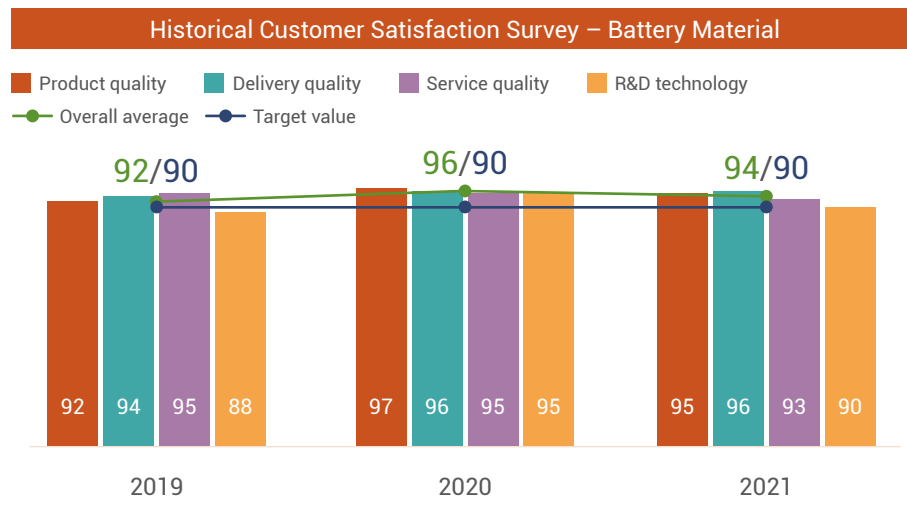
### Customer Satisfaction

#### Functional Film

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 2021, 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 isolation film series of products, customer satisfaction survey is conducted quarterly based on the four main aspects of product quality, delivery date quality, service quality, and R&D technology. The satisfaction has improved and reached the target for the four aspects in both 2020 and 2021.

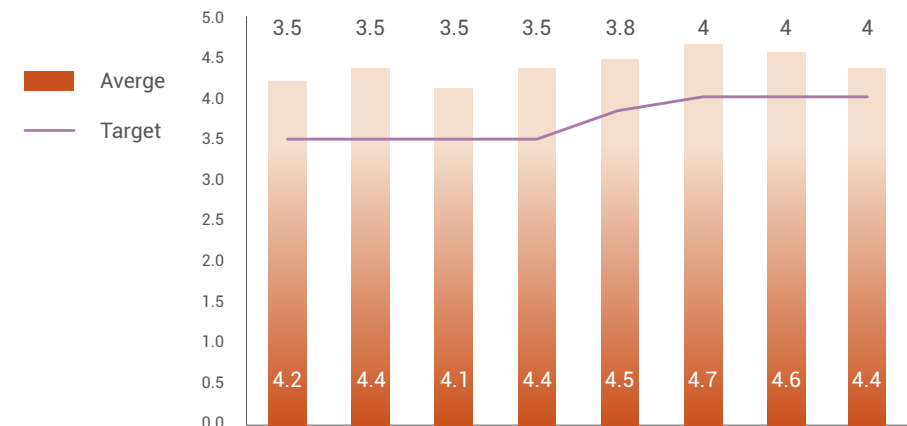


Note: Since 2019, comprehensive customer satisfaction survey has been implemented.

#### Medical Products

For Anscare products, customer satisfaction survey is conducted annually on distributors (external channels, chain pharmacies, hospitals) according to the five main aspects of product quality, transportation, sales service, after-sale service, and product training. In addition, customer feedback is obtained continuously as the basis for improvement direction. Since 2014 to 2021, the average customer satisfaction has reached the level of Very Satisfied (4–5 points).

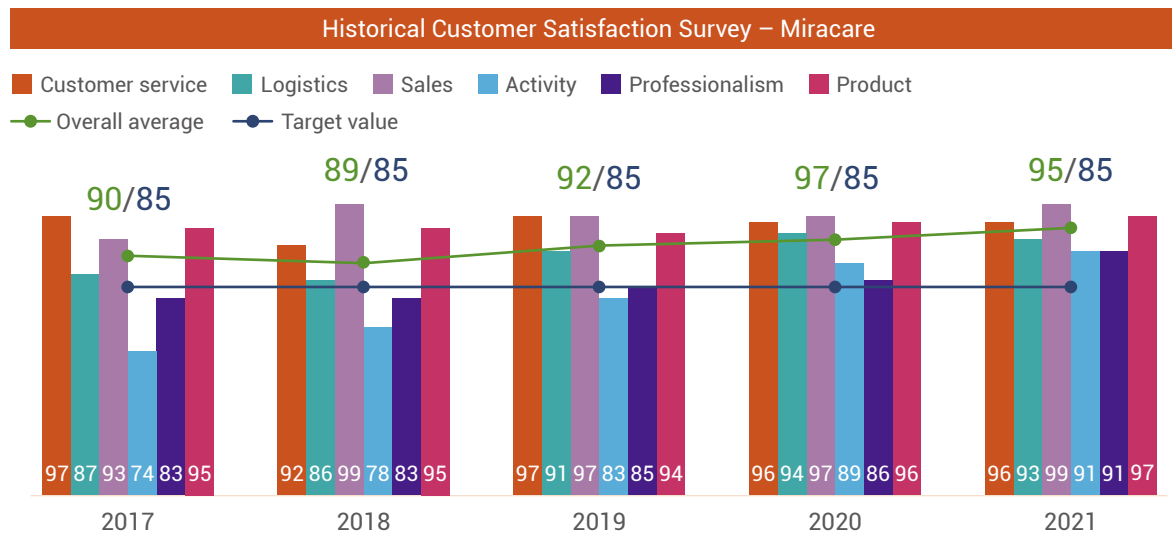
Trend Chart of Customer Satisfaction



2 Sterile packaging material products: BenQ Materials organizes video conference and conducts customer satisfaction survey to understand the customers' complaints and comments on the products and services of the company, in order to use such information as the basis for customer service improvement. In 2021, due to the COVID-19 impact, the global supply chain was significantly affected, and all aspects of operation from raw material import to production completion and shipping were severely affected by the international shipping delay. Since the delivery time of all stations and points of the supply chain were extended by two times longer or more, the customer satisfaction survey mostly indicated improvements related to delivery date. BenQ Materials also continued to communicate with customers through the Sales Department, extended the finished product estimation time, planned the raw material feeding arrangement, and optimized the internal production schedule, in order to achieve overall improvement of the delivery time. In 2021, the domestic customer satisfaction survey recovery rate was 73.3%, and the satisfaction score was 91.73 points.



③ For contact lens products, satisfaction survey is conducted on the channel operators (including chain store operators and independent stores) annually, and the survey items include six main aspects of customer service, logistics, sales, activity, professionalism, and products. The total average score in 2021 reached 95 points, which was far higher than the target of 85 points. As the satisfaction in all aspects continue to increase, the result demonstrates that the brand management has received recognition from most of the distribution channel operators.



④ Regarding skin care products, for DermaAngel series of products, the company conducts customer satisfaction survey annually on the agents and distributors having direct business relationship with the company, in order to understand customer satisfaction for the product quality, delivery, after-sale service, and education and training. The overall customer satisfaction in 2021 was 98%. Since 2022, for the DermaAngel series of products, the company expands the satisfaction survey subject, and through the QR code scanning method, consumers are provided with questionnaires to perform the satisfaction survey, including the satisfaction survey on various aspects of product quality, packaging design, and purchase channel, etc., in order to use such information as the basis for future continuous optimization and improvement of DermaAngel brand.

The overall customer satisfaction in 2021 was **98%**

- Waterproof and breathable textiles

For functional textiles, customer satisfaction survey is conducted annually.

In 2021, the average satisfaction was

**80** points.

If it is lower than the target total score (70 points), the company will contact customers to understand the reason and to perform review and improvement.

### Consumer Privacy Protection

Regarding the consumer personal information protection, such as contact lens and medical product series (acne dressing), BenQ Materials and backend system service provider have jointly collaborated to ensure the consumer personal information security. Information security inspection and scanning is performed periodically during the contract period of both parties. In case of any information security vulnerability, corresponding update measure is adopted immediately, in order to ensure that comprehensive information security environment is achieved. In addition, BenQ Materials also collaborates with consultants of science and technology law firms, in order to provide recommendation and future improvement solution with respect to the personal information privacy protection for clinical test personnel before market launch of contact lenses and consumers enrolled as members, thereby ensuring the personal information security of consumers.



# Product Safety and Marketing Label

## Medical Device Product

### Standards and Certifications

For all medical device products sold by BenQ Materials, before the export to other countries for market sale, it is necessary to comply with the national regulations and to obtain certifications at the countries where the products are to be sold in these regions. Presently, the certifications obtained by the company include Taiwan TFDA, EU CE, U.S. FDA, and China CFDA, as well as product certificates from numerous countries listed in the following table. During the clinical trial of products, it is also necessary to qualify EN ISO 14971:2012 Medical Device Risk Management Standard and ISO 14155:2011 Medical Device Clinical Evaluation Guideline. Furthermore, the risk management of product development and the design, progress, recording and reporting processes of clinical trials shall also comply with the standards and regulations, thereby ensuring that the clinical trials are implemented via scientific method and reliable result can be obtained. For sterile packaging material series of products, before shipping of the products, it is necessary to further quality ISO 10993:2018 Medical Device Biocompatibility Test.

Country	Product Applicable Regulation
Malaysia	<ul style="list-style-type: none"> <li>▪ Laws of Malaysia Act 737 Medical Device Act 2012</li> </ul>
Thailand	<ul style="list-style-type: none"> <li>▪ Medical Device Act, B.E. 2551 (2008)</li> </ul>
Indonesia	<ul style="list-style-type: none"> <li>▪ Law on Health (Law No. 36/2009)</li> <li>▪ Permenkes No. 62 Year 2017</li> </ul>
Vietnam	<ul style="list-style-type: none"> <li>▪ No. 36/2016/ND-CP "DECREE on Medical Equipment Management."</li> <li>▪ DECREE on Amendments to the Government's Decree 36/2016/ND-CP dated May 15, 2016 on Medical Equipment Management.</li> <li>▪ No. 42/2016/TT-BYT "CIRCULAR on Recognition of Medical Device Classification Results."</li> <li>▪ No. 39/2016/TT-BYT "CIRCULAR on Classification of Medical Device."</li> </ul>
Philippine	<ul style="list-style-type: none"> <li>▪ Republic Act No. 9711. «AN ACT STRENGTHENING AND RATIONALIZING THE REGULATORY CAPACITY OF THE BUREAU OF FOOD AND DRUGS (BFAD) BY ESTABLISHING ADEQUATE TESTING LABORATORIES AND FIELD OFFICES, UPGRADING ITS EQUIPMENT, AUGMENTING ITS HUMAN RESOURCE COMPLEMENT, GIVING AUTHORITY TO RETAIN ITS INCOME, RENAMING IT THE FOOD AND DRUG ADMINISTRATION (FDA), AMENDING CERTAIN SECTIONS OF REPUBLIC ACT NO. 3720, AS AMENDED, AND APPROPRIATING FUNDS THEREOF.»</li> <li>▪ Republic Act No. 3720. «AN ACT TO ENSURE THE SAFETY AND PURITY OF FOODS, DRUGS, AND COSMETICS BEING MADE AVAILABLE TO THE PUBLIC BY CREATING THE FOOD AND DRUG ADMINISTRATION WHICH SHALL ADMINISTER AND ENFORCE THE LAWS PERTAINING THERETO.»</li> </ul>
Spain	<ul style="list-style-type: none"> <li>▪ MDR</li> </ul>





For functional textile products, BenQ Materials cooperates with the customers' request to perform relevant product tests, and the products have qualified the product standards and regulations in the U.S., Europe and Japan.

Inspection Item	U.S. Standard	European Standard	Japan Standard
Hydrostatic pressure	AATCC 127	ISO 811	JIS L1092B
Moisture permeability	ASTM E96	-	JIS 1099
Peel strength	ASTM 2724	ISO 2411	-
Shrinkage	AATCC 135	ISO 3759	-
RET	ASTM F1868	ISO 11092	JIS L1099
Tear resistance	ASTM D1424	ISO 13937	JIS L1096
Snagging	ASTM D3939	-	JIS L1058 D2

For skin care products, "DermaAngel" Ultra-Light UV Emulsion is an ocean-friendly and hazard-free product. Its UV formula contains no substances restricted by Palau and Hawaii, and it contains no chemical substances of oxybenzone, octinoxate, parabens, octocrylene (OCT), 4-methylbenzylidene camphor (4-MBC), p-aminobenzoic acid (PABA), Triclosan, etc.

## dermaAngel 護妍天使

### 輕透瓷效防曬乳

臉部專用 / 妝前打底也適合

**全天防禦 長效呵護**

保養調理 × 美肌修飾 × 溫和友善

專為臉部肌膚設計的水感清爽質地，輕輕推開迅速貼合於肌膚  
防曬同時兼具修飾功能，打造透明光感美肌



**最強防曬係數**  
高係數防曬同時溫和呵護，  
全面抵禦紫外線傷害。



**美肌透鏡效果**  
天然礦物來源瓷效粉體，可針  
對皮膚造成的暗沉黃帶來勻  
亮透明感，展現自然好氣色。



**源自天然植萃添加**  
植物來源皮膚調理因子Acnet  
減少異常出油問題，讓肌膚  
清爽自在深呼吸。



**肌膚、海洋友善\***  
不添加對珊瑚礁生態有害成分，  
不使用香精、酒精、人工色素  
肌膚海洋無負擔。

\*泡配方不含苯甲、羧基類成分：二苯甲酮(Oxybenzone)、桂皮酸鹽(Octinoxate)、Parabens防腐劑、  
氧雙苄基丙酮辛酯(OCT)、甲基亞苄基樟腦(4-MBC)、對氨基安替比林(PABA)、三氯沙(Triclosan)。

✓ 不需專用卸妝品，一般清潔即可輕鬆卸除

✓ 偏油性、易生粉刺膚質特別適用

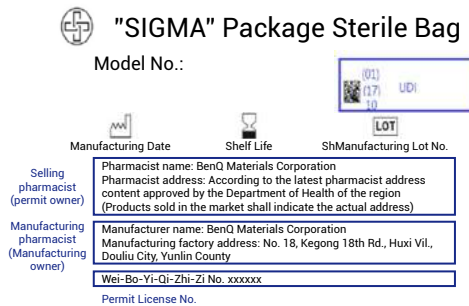
品名：護妍天使輕透瓷效防曬乳 用途：防曬。

用法：於日常保養後或妝前使用，使用前請充分搖勻，取適量均勻塗抹於肌膚，為維持良好防曬效果，流汗或拭汗後請補擦。



### Medical Product Manufacturing and Sales Permits

BenQ Materials needs to apply for the medical device manufacturer, and once the registration is approval, permit license is obtained in order to perform the manufacturing of relevant medical device products. The company has established various specifications for products and has obtained the safety regulations and manufacturer license for the manufacturing of the products. In addition, for the sale of products, it is also necessary to obtain the pharmacist selling license and product registration shall be completed in order to proceed with the sale of products. In addition, contact lens is classified as medical device, and it is necessary to sell the product via channels equipped with pharmacist selling license in order to sell products to the end consumers.



### Labeling Description and Marketing Regulations

Medical device related products are required to comply with the medical device advertisement and marketing related regulations in each country. For example, in Taiwan, before medical device advertisement and marketing are performed, for all texts, images or statements, etc., used in the advertisement, it is necessary to apply for broadcasting approval with the competent authority, and the advertisement method has restrictions, and it is prohibited to perform advertisement under the name of others, publications/documents, interview or other improper methods.

#### Labeling Management

By using the sterile packaging material series of product as example, the manufacturing process of such product is required to qualify the sterile barrier system standard (ISO 11607-2019 sterile medical device packaging material and sterile barrier system, European medical standard EN 868-3:2017 sterile medical device packaging material and system) or China GB/T 19633 final sterile medical device packaging standard, in order to ensure that the packaging materials manufactured completely comply with the sterile barrier standard. Labeling regulations include: (A) Transportation package

shall be indicated with clear, visible and permanent label of product catalogue number, quantity, manufacturer or supplier name/trademark, production date complying with ISO 8601 date specification format, lot number, standard weight (in grams) per square meter, rolling material width (cm) and length (m), recommended storage condition, etc.; (B) Inner package or internal of rolling material label shall be indicated with clear, visible and permanent label of quantity, manufacturer or supplier name/trademark, lot number, standard weight (in grams) per square meter.

In addition, skin care product belongs to the product specified under the Medical Devices Act, and it is necessary to provide necessary labeling according to the regulations for medical device label, instruction sheet or package, including the product name, permit license number of registration number, efficacy/usage or indication, manufacturing



date/valid period or shelf life, model number/specification or main ingredients, warning/caution/use limitation or expected or foreseeable side effects, permit license owner or register name or address, manufacturer name and address, lot number and serial number, etc., and other required information specified by the central competent authority.

For the labeling of all medical device products, in addition to compliance with relevant medical device product regulations of the countries of product sales, products also comply with the standard of EN 1041:2008 medical device manufacturer information provision, and regulations according to ISO 15223-1:2016 medical device – labels for medical devices and information symbols, and disclosure information of each product is performed according to the label and symbol preparation specified in the standard. In 2021, there were two cases violating the medical device advertisement regulations, and the violations were due to the improper final inspection of the content such that the actual advertisement content was partially inconsistent with the approved information. Please refer to 3-4 Ethical Management for further details.



### Marketing Management

Contact lens, for example, is a product under the scope of Medical Devices Act. For the advertisement method, regardless of whether it is print advertisement or media advertisement, it is necessary to comply with the medical device advertisement review regulations of the MOHW. When the FDA, MOHA issues letter to inform relevant medical device advertisement regulations and review principles, the company also announces such information to inform relevant departments in order to implement accordingly. For the trial use articles of brand products published by internet celebrity cooperating with the brand end, the publication content is reviewed by the Regulatory Department first, in order to ensure its compliance with the advertisement regulations.

### Quality Management System

Functional film/battery material product adopts the systematic management process to improve the quality level. The quality management system complies with ISO 9001 and makes reference to the requirements of hazardous substance process management of electronic component quality evaluation system IECQ QC 080000 of International Electrotechnical Commission, in order to establish relevant management procedures and processes for implementation at all business locations, thereby ensuring that products comply with the new quality system and environmental requirements, and managing the quality status effectively.

Functional film/battery material production lines have implemented the ISO 9001 quality management system since 2010, and all plants have qualified the ISO 9001:2015 quality management system certification. In addition, to satisfy the requirements of automotive products, all plants, excluding Yunlin Tech Plant, have qualified the IATF 16949:2016 automotive quality management system certification, in order to satisfy customer demands. Functional textile product line has qualified the ISO 9001:2015 quality management system certification in 2018. Products are also audited by customers periodically. In 2021, a total of 12 customers (polarizer) arrived at the plant site to perform audit procedure, and the audit result indicated 100% qualification.

The manufacturing of all medical device products complies with the quality policy of "under regulatory requirements, providing products with design and production complying expected performance and safety, in order to satisfy customer demand and expectation." Accordingly, products are manufactured in factories complying with the ISO 13485:2016 medical device quality management system. The aesthetic medicine series of products of acne dressing, etc., the manufacturing factories in Taiwan qualify the Good Manufacturing Practice (GMP) for medicine and the production environment specified in 21CFR Part 820 certification of the U.S. FDA quality system regulation. The infectious control and environmental monitoring shall also comply with the standard

of ISO 14644-1:2015 cleanroom and relevant control environment standards and USP (US Pharmacopeia) environmental microbial biomass control requirements. The aesthetic medicine series of products of acne dressing are manufactured at Wuhu Plant qualifying the international ISO 22716:2007 good manufacturing practice for cosmetics certification. SIGMA Medical Supplies has successfully completed the certifications and permits of EU MDR and U.S. FDA in 2021.

For functional textile products, as the environmental protection awareness increases in recent years, BenQ Materials has actively obtained textile industry related environment, health and green certifications. In 2021, the company has obtained the Bluesign certification, GRS (Global Recycled Standard) certification, allowing customers to have greater confidence in the company's products. Presently, BenQ Materials is in the process of obtaining the OEKO-TEX® certification, in order to test whether textiles and garments have hazardous substance residue that may affect human health. The quality management system is also used along with the process certification as the advantage for the brand to select suppliers, thereby increasing brand customers' confidence in the sustainable development of Xpore, implementing the brand philosophy of Xpore and providing secured purchase for general consumers.

In addition, to achieve the effectiveness of products, the product verification laboratory operation complies with the requirements of ISO/IEC 17025:2017. BenQ Materials is expected to obtain ISO/IEC 17025:2017 of TAF certification for the functional textiles in 2023, in order to provide experiment report and data with credibility to customers, and to enhance customers' confidence in the company's products and to link to the international market. Yunlin Manufacturing Plant III is the only medical packaging material manufacturing factory equipped with the TAF certification in Taiwan.

Management System	Certification Scope
ISO 9001:2015 (Quality management system)	Taoyuan Plant, Suzhou Plant, Yunlin Tech Plant, Wuhu Plant
IATF 16949:2016 (Automotive quality management system)	Taoyuan Plant, Wuhu Plant
ISO 22716:2007 (Good Manufacturing Practice for Cosmetics)	Wuhu Plant
21CFR Part 820 (U.S. quality system regulations)	Taoyuan Plant
ISO 13485:2016/ EN ISO 13485:2016 (Medical Device Quality Management System Regulations)	Taoyuan Plant
Halal certification	Taoyuan Plant
GMP certification	Taoyuan Plant
Bluesign certification	Yunlin Plant
GRS certification	Yunlin Plant



# Issue: Sustainable Supply Chain



### Goal and Subject Matter



- Complete the audit of 80% of target suppliers in 2022
- Complete the audit of 100% of target suppliers in 2023



### Management Directive Assessment Result

- Completed audit of 20% target suppliers in 2021

Management Directive Item	Content Description
Policy/Strategy	<ul style="list-style-type: none"> <li>▪ Comply with the BenQ Materials Supplier Corporate Social Responsibility Code of Conduct Operation Guidelines, and audit key suppliers via RBA process</li> </ul>
Commitment	<ul style="list-style-type: none"> <li>▪ Target supplier RBA audit, assist suppliers for improvement, and establish partnership with mutual benefits</li> </ul>
Responsibility	<ul style="list-style-type: none"> <li>▪ Procurement Division, Environmental Safety Division, Human Resource Division</li> </ul>
Complaint Mechanism	<ul style="list-style-type: none"> <li>▪ Company's official website is established with the "Contact Us"</li> <li>▪ Integrity/Complaint mailbox</li> </ul>

Management Directive Item	Content Description
Specific Actions	<ul style="list-style-type: none"> <li>▪ Signing of corporate social responsibility code of conduct undertaking</li> <li>▪ Supplier/contractor ESG audit self-evaluation form</li> </ul>
Mechanism for Assessing Management Directives	<ul style="list-style-type: none"> <li>▪ Quarterly meeting to determine the supply chain team execution status</li> </ul>
Corresponding GRI	<ul style="list-style-type: none"> <li>▪ 308 Supplier Environmental Assessment 2016</li> </ul>
Corresponding SDGs	 <p>8.2 Adopt diverse operation, technology improvement and innovation to achieve economic production capability of higher level</p>
	 <p>9.4 Adopt actions according one's competence, upgrade infrastructure, improve industry, in order to increase resource use efficiency, and adopt greater cleaning and eco-friendly technologies and processes.</p>
	<p>9.5 Enhance science research, improve technical skills, encourage innovation and increase R&amp;D personnel and R&amp;D expenditures.</p>





# Supply Chain 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.

During the purchase of new material, the company establishes the quality agreement and pre-notice mechanism with the suppliers. For specification not specified by the supplier or any quality concern, it is necessary to obtain the consent of BenQ Materials before shipping. Suppliers are requested to actively inform any abnormality in order to achieve two-way communication. In addition, after the raw materials purchased enter the plant site, if it is inspected and exceeds the specification, it shall be determined as a raw material issue, and the supplier is requested to proceed to the plant site for determination immediately. Once it is determined to be supplier's liability, the supplier abnormality notice is issued immediately to request for improvement.

#### Sustainability Policy Document and Regulation

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

#### New Supplier Searching and Evaluation

- Supplier search and basic review
- Establish quality agreement and pre-notice 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)

#### Existing Supplier Audit and Guidance

- 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 requests suppliers to sign the corporate Social Responsibility Undertaking Xplore. The definition and content of the undertaking have been updated in 2022, and the re-signing of the undertaking has been completed at the end of April.

- 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 2021 the company assisted five customers of polarizer products, four 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

New supplier evaluation is mainly to evaluate the items of the financial status, supply and delivery stability, quality system, R&D capability of suppliers. When the evaluation result of a supplier is qualified, subsequent prototyping and small quantity of production testing are then performed.



### 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.

#### 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 follow-up)
- Supplier exempted from inspection (excluding consumable and non-material suppliers)
- Change of important 4M (manpower, machine, material, manufacturing method) of supplier

The audit evaluation level is classified into three classes of A, B and C. Class A refers to the qualified suppliers; however, for relatively poor evaluation items, suppliers are still requested to submit improvement schedule and report, and the incoming inspectors periodically perform tracking of the improvement outcome. Class B refers to conditionally qualified suppliers, and incoming inspectors shall convene meeting to discuss the supply model and corresponding measures, and suppliers are requested to perform improvement and submit report continuously. Class C refers to disqualified suppliers. In 2021, only one isolation film supplier was rated as Class C supplier, and the cooperation relationship has been terminated.



Supplier Type	Number of Audited Suppliers	2021 Audit Result	Audit Ratio
Polarizer suppliers	49 suppliers	49 Class A suppliers	100%
Optical film suppliers	10 suppliers	10 Class A suppliers	100%
Optical adhesive suppliers	13 suppliers	13 Class A suppliers	100%
Isolation film suppliers	10 suppliers	7 Class A suppliers	100%
		2 Class B suppliers	
		1 Class C supplier	
Contact lens supplier	24 suppliers	22 Class A suppliers 2 Class B suppliers	100%
Aesthetic medicine product suppliers	45 suppliers	45 Class A suppliers	100%
Functional textile suppliers	2 suppliers	2 Class A suppliers	100%

The purchasing strategy is adjusted according to the evaluation result. Orders are placed to suppliers of excellent evaluation rating or purchase amount is increased. For suppliers with disqualified evaluation result, they are requested to improve within a time limit, and after the improvement is complete, relevant departments convene meeting to discuss whether material purchase is to be continued. In case of special reasons, a guidance plan is implemented, and the supplier is requested to improve the evaluation score within half a year. If a supplier fails to improve after long period of review or stationed guidance, the supplier's qualification is canceled.

For the first time of audit of a new supplier or periodic audit of a qualified supplier, if it is a foreign or well-known polarizer raw material supplier with monopoly or oligopoly, audit is performed via the written document method. If there is a need to perform field audit, consent of the supervisor shall be obtained or meeting discussion shall be made in advance before executing the audit procedure.

▪ RBA Audit

In 2021, 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 RBA audit. The audit method adopts the supplier self-evaluation score and ESG/CSR report information as the evaluation standard. In 2021, RBA audit was conducted on four existing suppliers, and all of the audit results were qualified. In 2022, according to the transaction status in 2021, the company re-selects key suppliers as the audit subject, and the audit operation will be implemented in the second quarter of the year.



▪ Supplier Information Security Management

In 2022, all business groups have re-performed the information security investigation, and the investigation subject referred to the top 20 suppliers of the largest purchase amount. The investigation result has been completed in April, and such information will be used as the basis for subsequent management. In addition, for system service suppliers that may be in cooperation with BenQ Materials in the future, the qualification of ISO 27001 certification will be used as one of the key criteria in determining whether a supplier can be selected for business cooperation, thereby comprehensively implementing the information security requirements and management of the organization.



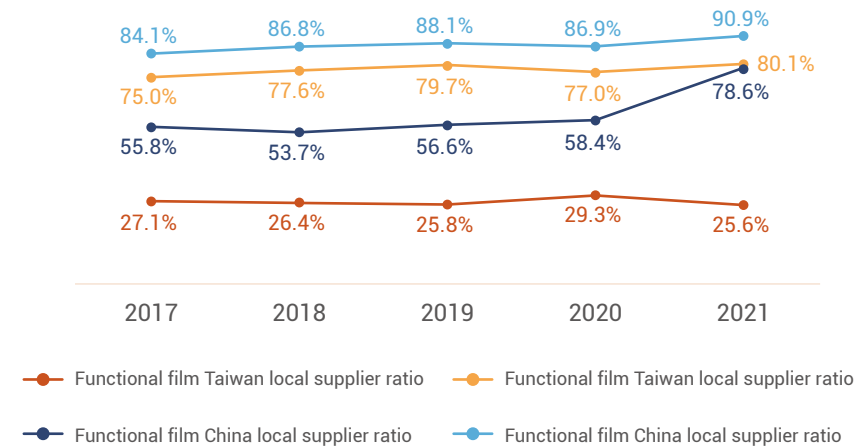
## Local Purchase

For the materials of functional film related products (polarizer/optical film/smart window film/isolation film), since most of the materials of the plants in Taiwan are manufactured by foreign suppliers, and the product specifications provided by some of the local suppliers cannot satisfy the requirements of BenQ Materials, the number of suppliers and purchase amount of local purchase are relatively low. However, according to the analysis of the purchase amount in the last five years, the local purchase amount ratio indicates an increasing trend. BenQ Materials looks forward to continuing to cooperate with the local suppliers in the future, in order to reduce the transportation carbon mileage and to promote local economic growth. For non-functional film materials, the local purchase amount in Taiwan is also low. However, in 2021, the company has increased the ratio of local purchase suppliers, and the local suppliers of functional films in China has indicated growth in the last three years. Accordingly, in 2021, the ratio was 78.6%, and the local purchase amount ratio was 87.8%.

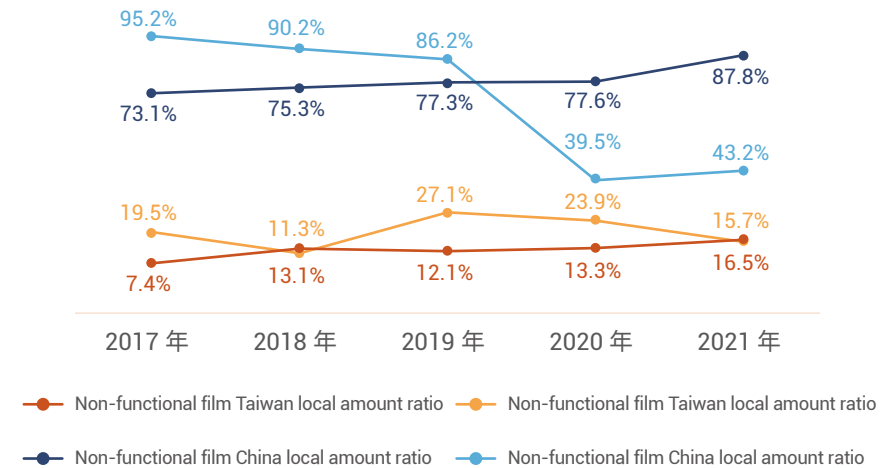
	2017	2018	2019	2020	2021
Ratio of local suppliers in Taiwan	53.2%	51.1%	70.2%	64.2%	64.0%
Ratio of local suppliers in China	69.2%	69.6%	72.5%	73.3%	85.0%
Ratio of local purchase amount in Taiwan	7.5%	13.1%	13.0%	14.0%	16.4%
Ratio of local purchase amount in China	87.6%	84.4%	82.6%	51.5%	65.3%

According to the analysis of the overall local purchase amount ratio in Taiwan, in 2021, the ratio was only 16.4%, an increase of 2.4% from 2020; however, in comparison to the ratio in 2017, it has indicated an exponential growth.

### Historical Purchase Local Supplier Ratio



### Historical Purchase Local Amount Ratio



Note: The local purchase ratio in Taiwan is calculated based on the data of the plants in Taiwan purchasing materials from the local suppliers in Taiwan. For the local purchase ratio in China, it is calculated based on the data of the business locations in China purchasing materials from the local suppliers in China.





# 7 Employee Friendly Workplace

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# Issue: Talent Attraction and Retention



### Goal and Subject Matter




- Target of retention rate of outstanding employees reaches 90%
- Average turnover rate of indirect personnel less than 1.5%
- Average number of recruitment days of indirect personnel less than 55 days
- Postpartum retention rate reaches 75%



### Management Directive Assessment Result

- Target of retention rate of outstanding employees reached 97% in 2021
- Average turnover rate of indirect personnel of 1.2% in 2021
- Average number of recruitment days of indirect personnel of 50 days in 2021
- Postpartum job resumption retention rate in 2021 was 100%

Management Directive Item	Content Description
Policy/Strategy	<ul style="list-style-type: none"> <li>▪ Attract global outstanding talents, and retain key outstanding talents</li> </ul>
Commitment	<ul style="list-style-type: none"> <li>▪ Provide complete career development to employees, and provide competitive salary and welfare</li> </ul>
Responsibility	<ul style="list-style-type: none"> <li>▪ Human Resource Division</li> </ul>
Complaint Mechanism	<ul style="list-style-type: none"> <li>▪ Recruitment mailbox has been set up</li> <li>▪ Human resource service window telephone and mailbox</li> <li>▪ Resignation procedure questionnaire and resignation interview</li> </ul>
Corresponding GRI	<ul style="list-style-type: none"> <li>▪ 202 Market Image 2016</li> <li>▪ 401 Labor-Management Relationship 2016</li> <li>▪ 405 Employee Diversity and Equal Opportunity 2016</li> </ul>

Management Directive Item	Content Description
Specific Actions	<ul style="list-style-type: none"> <li>▪ Periodically perform market salary and welfare survey, in order to use it as the basis for increasing the competitiveness of salary and welfare</li> <li>▪ Manage corporate image and brand, establish industry-academia relationship, and increase the company's attraction to freshmen</li> <li>▪ Organize diverse physical and online courses, and improve employees' competency and career development</li> <li>▪ Perform various employee service satisfaction survey</li> </ul>
Mechanism for Assessing Management Directives	<ul style="list-style-type: none"> <li>▪ Monthly inspect outstanding employee retention rate, recruitment performance, and track improvement status</li> </ul>
Corresponding SDGs	<ul style="list-style-type: none"> <li>            5.1 Eliminate all forms of discrimination on women and girls         </li> <li>            5.5 Ensure that women have equal opportunities for effectively participating in economic decision making and entering the decision-making management level         </li> <li>            8.5 Provide sufficient employment and suitable works with production capability without gender difference, and implement same remuneration for same job         </li> </ul>





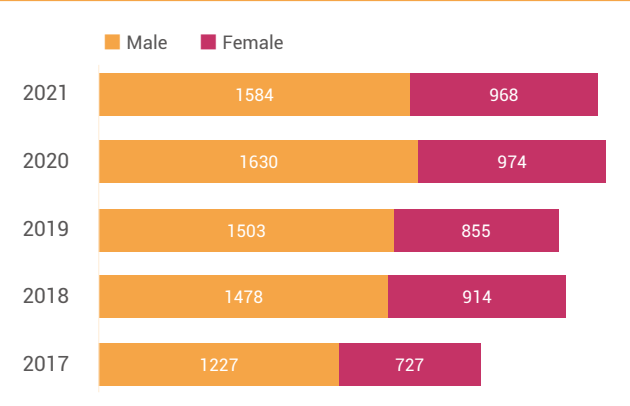
# Manpower Overview



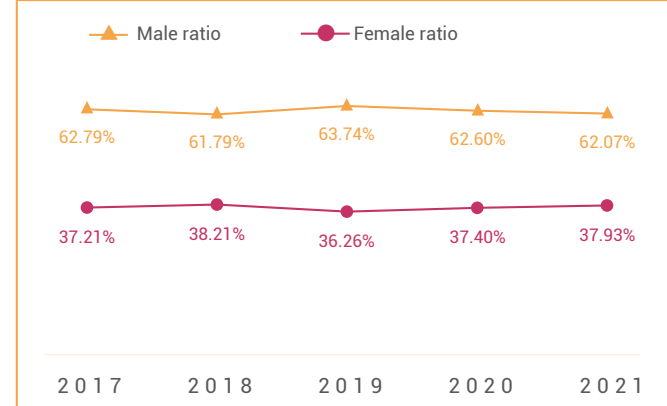
## Recruitment Policy

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.

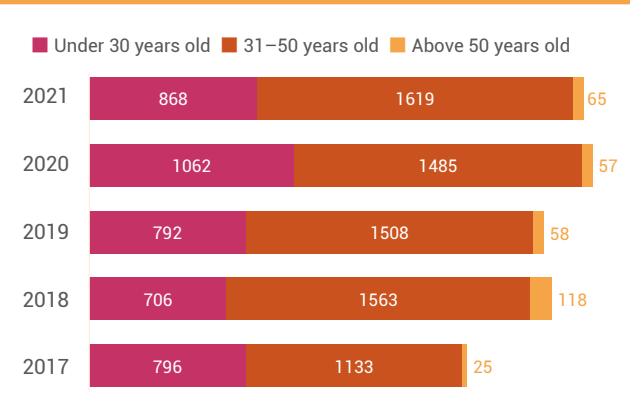
### Historical Total Number of Employees (According to gender)



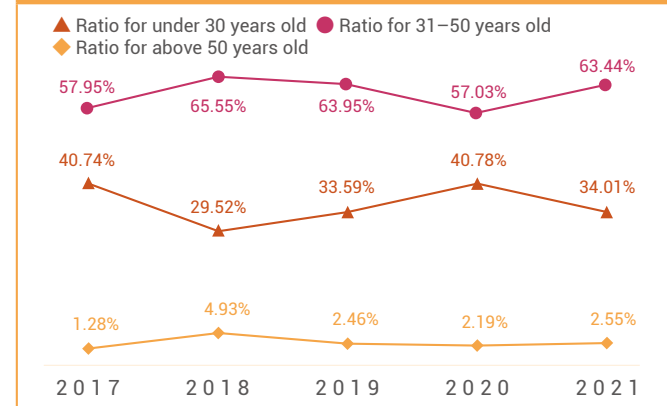
### Historical Employee Gender Ratio



### Historical Total Number of Employees (According to age)



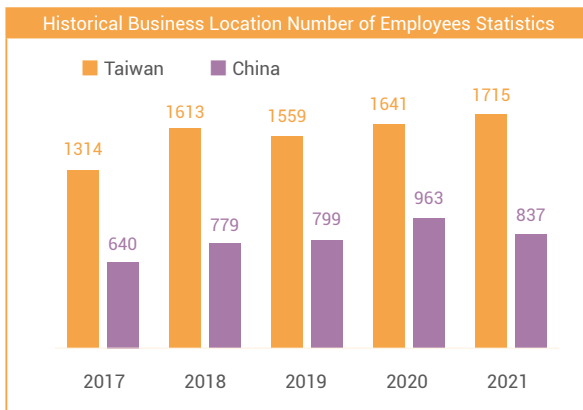
### Historical Employee Age Ratio





### Employee Statistics

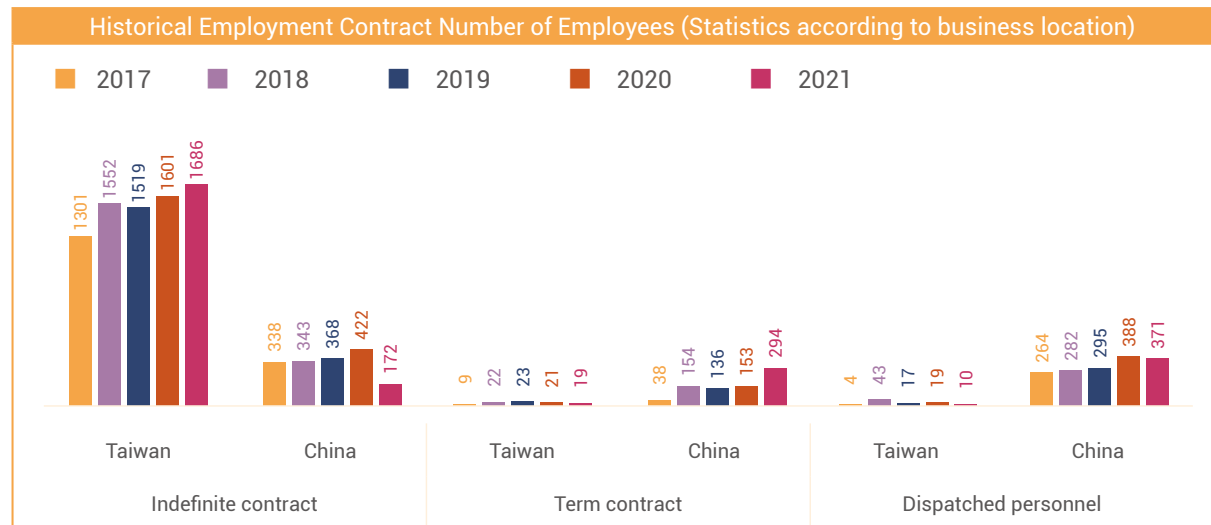
Up to the end of 2021, the global total number of employees of BenQ Materials was 2,552 people (including dispatched manpower of 381 people). Each business location had no major change in the number of employees in 2021. The number of employees in the business locations in Taiwan was 1,715 people, and the number of employees in Suzhou, China and Wuhu Plant in China was 837 people. According to the employment type, employees can be classified into full-time employees of 72.81%, contracted employees of 12.26%, and dispatched personnel assigned by external dispatch companies to provide service at BenQ Materials is 14.93%, mainly responsible for the production line related works, such as visual inspection and cleaning works, etc. The dispatched personnel are mainly for Suzhou Plant, and it is mainly due to the consideration of the timeliness of the local recruitment and recruitment type, such that manpower dispatch company has been entrusted to perform recruitment and to engage in student internship cooperation program with local schools. Accordingly, its ratios of dispatched personnel and contract personnel are higher than other business locations. According to



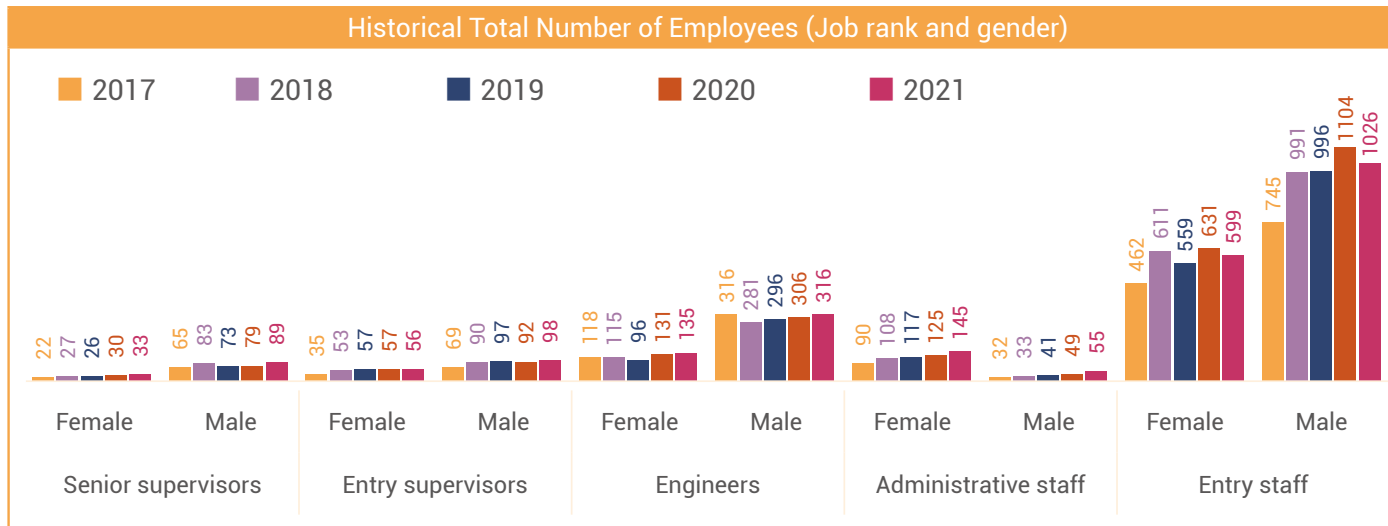
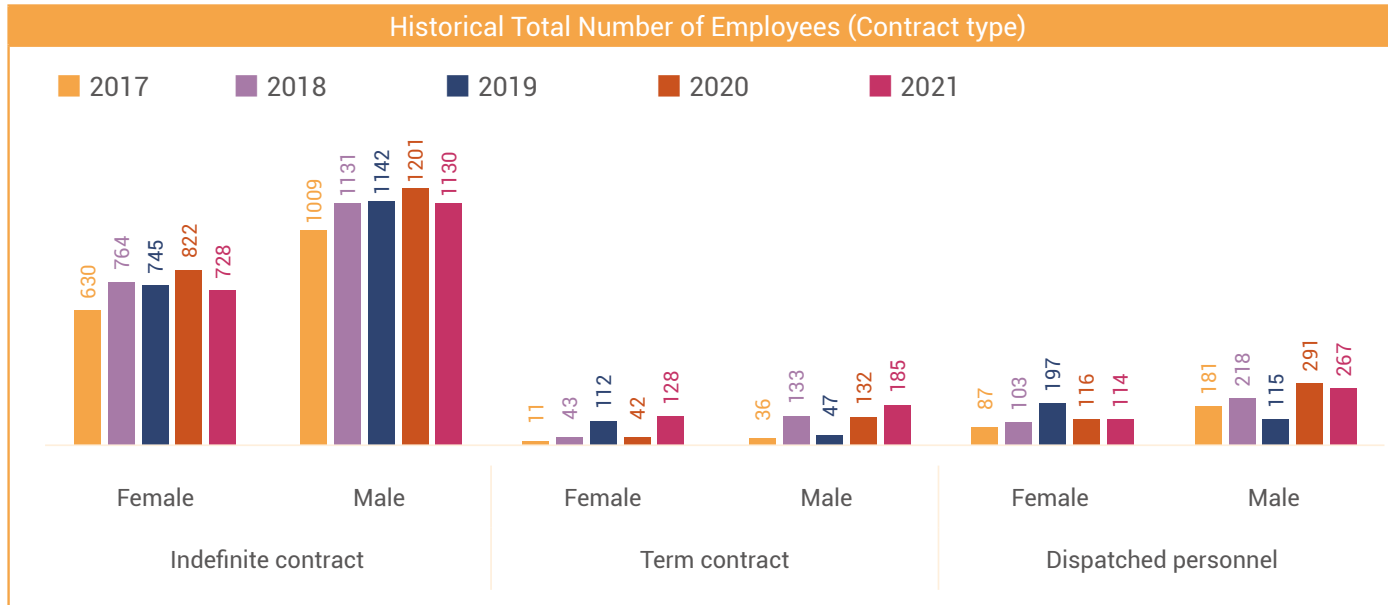
statistics based on the contract type, the number part-time staff in the business locations in Taiwan is only 21 people (accounting for 1.38%), including 20 people in Taoyuan Plant and 1 person in Yunlin Tech Plant, and in terms of the classification in gender, there are 14 female part-time staff and 7 male part-time staff.

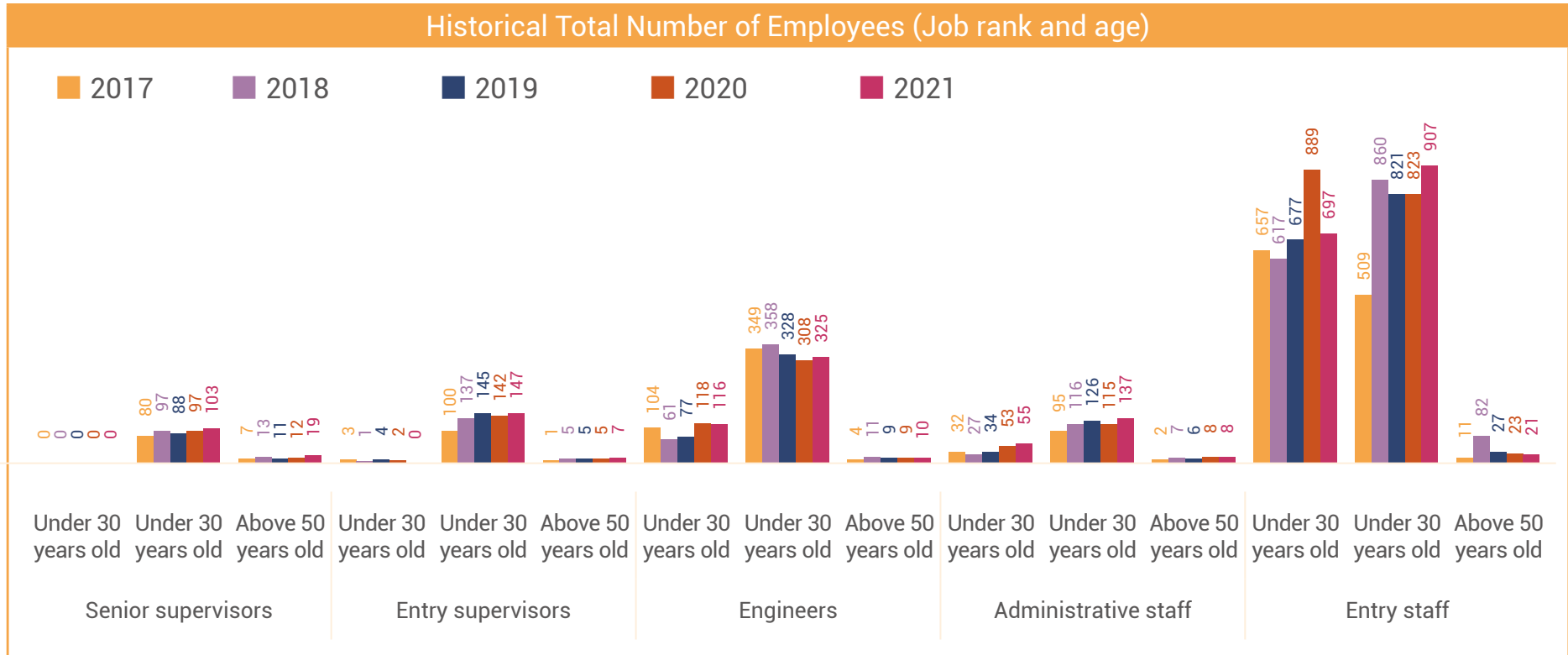
In 2021, the number of female employees accounted for 37.93%, and the number of male employees was maintained at 61–63% in recent years. According to the age classification, the statistics shows that the average age of employees is 35.3 years old. In 2021, the age group of 31–50 years old is the main age group for the employees (63.44%). According to the job ranking and job function analysis based on the gender ratio, the ratio of female administrative staff (72.50%) is higher than male staff. Female entry supervisor ratio (36.68%) is relatively equivalent to the gender ratio of the entire company. The numbers of female middle and senior supervisors (accounting for 27.05%) and female engineers (accounting for 29.93%) are slightly lower than the gender ratio of the entire company; however, the difference is small. In 2021, 100% of the middle and senior supervisors employed in Taiwan are domestic citizens. The ratio of ratio of middle and senior supervisors of Chinese citizens in Suzhou Plant and Wuhu Plant is 50%.

BenQ Materials cares the job opportunities for physical and mental disabled. In 2021, the company employed 16 physical and mental disabled employees, complying with the number of disabled employees specified in the laws.



Note: The employees of Taiwan statistically analyzed include employees of headquarters, Longtan Tech Plant, Yunlin Tech Plant, SIGMA Medical Supplies. The employees statistically analyzed include employees of Suzhou Plant and Wuhu Plant.





Note: Middle and senior supervisor: refers to the rank of manager and above; entry level supervisor: refers to supervisor of deputy level; engineer: refers to engineer and researcher job rank; administrative staff: specialist job rank and administrator; entry staff: personnel not under the aforementioned job ranks in the factory.



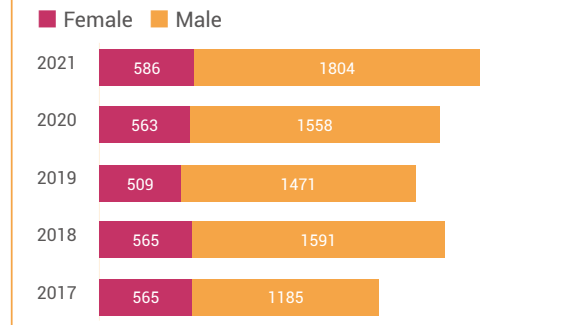
## Staff Turnover

In 2021, the full-time employees included regular and irregular contract employees. The annual turnover rate (total number of resigned staff in the current year/total number of on-job staff at the end of current year) of plants in Taiwan (headquarters and Taoyuan Plant, Longtan Tech Plant, Yunlin Tech Plant, SIGMA Medical Supplies) was 33.35%. According to the annual turnover rate analyzed in terms of the gender, the annual turnover rate of male staff was 31.90%, and the annual turnover rate of female staff was 35.62%, which was relatively equivalent to the ratio of on-job staff. According to the analysis in terms of age group, the annual turnover rate of staff under the age of 30 years old was 49.78%, 27.58% for age between 31–50 years, and 21.67% for age above 51 years. The turnover rate of each age group is also relatively equivalent to the age group of on-job employees. The employment rate (total number of new employees in the current year/total number of on-job employees at the end of the current year) of plants in Taiwan was 37.73%. The annual employment rate of male staff was 37.74%, and 37.70% for female staff. According to the gender ratio of on-job employees, the employment rate of male staff is slightly higher than female staff. According to the analysis in terms of age group, the employment rate of staff under the age of 30 years old was 59.74%, 30.76% for age between 31–50 years old, and 6.67% for age above 51 years old. With the trend of annual growth of the business scale of the company, the employment rate of staff under the age of 30 years old is higher. In addition, the employment rates of business locations in Taiwan are higher than the turnover rates.

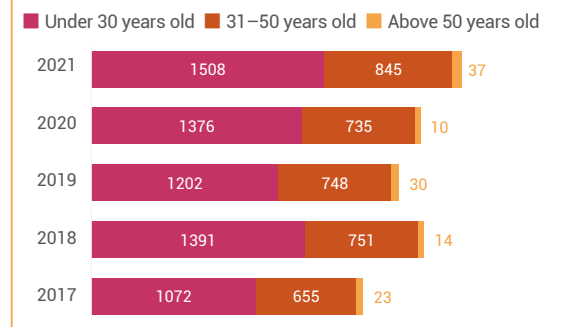
For Wuhu Plant, the annual turnover rate in 2021 was 37.40%, which is similar to the average value of plants in Taiwan. However, the annual turnover rate of male staff was 19.59%, higher than the 4.20% of female staff. In terms of the analysis based on age group, the annual turnover rate of staff under the age of 30 years old was 13.46%, and 22.54% for staff between age of 31–50 years old. The turnover rate of employees under the age of 30–50 years old is relatively higher. For Wuhu Plant, the annual employment rate in 2021 was 20.72%, and the annual employment rate for male staff was 32.99%, and 34.62% for female staff. The annual employment rate for female staff is relatively higher. In terms of the analysis based on the age group, the annual employment rate of staff under the age of 30 years old was 30.77%, and 33.80% for staff of age between 31–50 years old. The employment rates of the two age groups are slightly lower than the ratio of on-job employees.

For Suzhou Plant, due to the insufficient manpower in the local labor market, and as the talent competition increases, the plant adopts the recruitment strategy of cooperation with manpower agency company. As manpower is recruited mainly through dispatch and periodic contract system, the number of short-term contract employees is greater, such that the turnover rate is relatively higher than other business locations. Accordingly, the turnover rate in 2021 reached 37.40%. Nevertheless, as the business continues to expand, the employment rate (251.40%) in 2021 was still higher than the annual turnover rate. The employment rate of male staff (329.25%) was higher than the annual turnover rate (313.83%), and the annual employment rate of female staff (125.64%) was less than the annual turnover rate (130.77%). In terms of the analysis based on the age group, the annual turnover rate of staff under the age of 30 years old was 3460.5%, 138.59% for staff of age between 31–50 years old, and 480.00% for staff of age above 51 years old. The annual employment rate of staff under the age of 30 years old was 359.04%, 140.85% for staff of age between 31–50 years old, and 480.00% for staff of age above 51 years old.

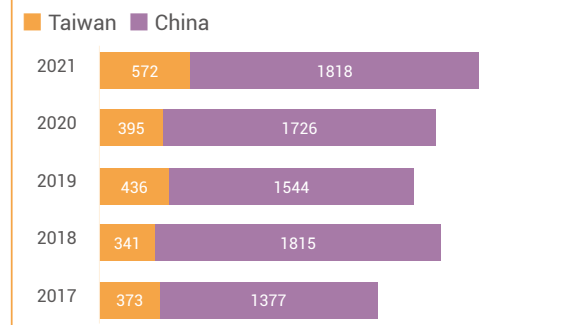
Historical Number of Resigned Employees (According to gender)



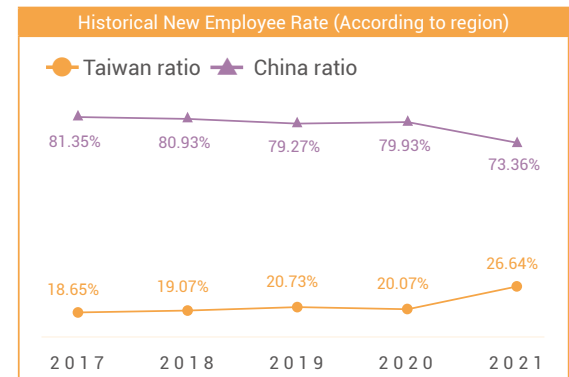
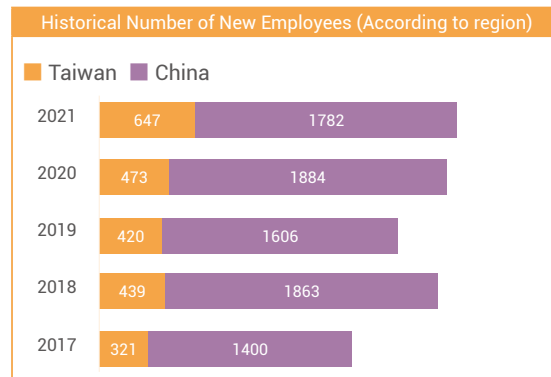
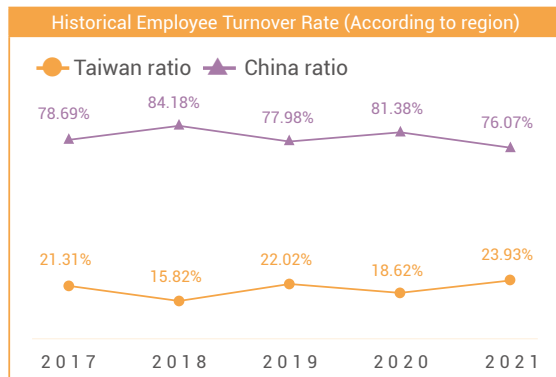
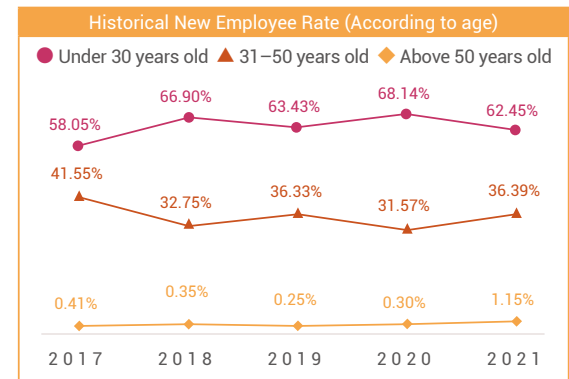
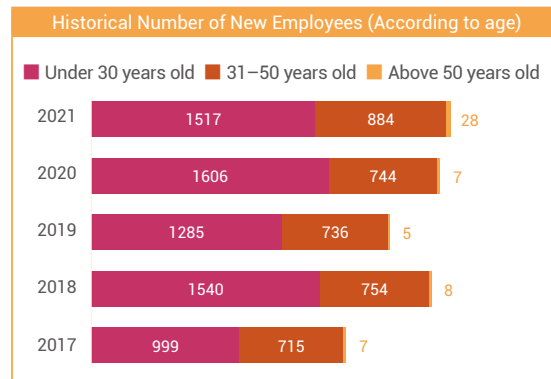
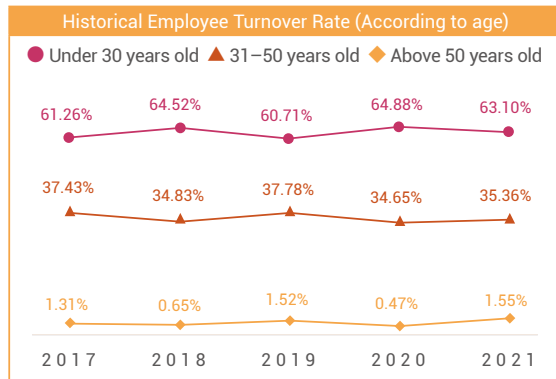
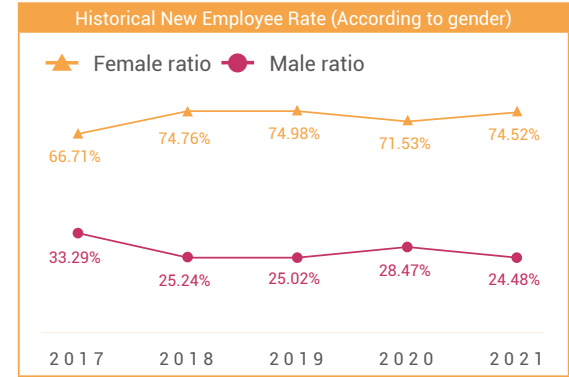
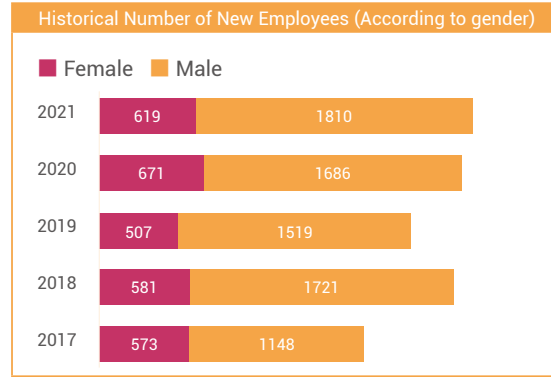
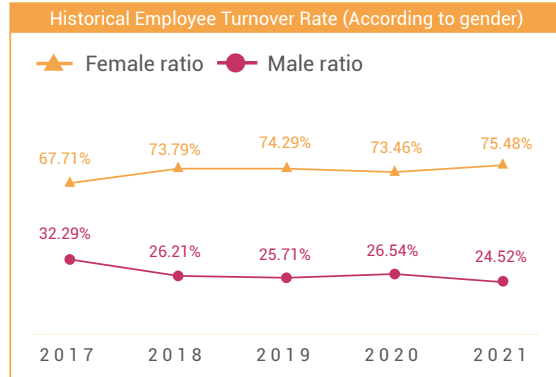
Historical Number of Resigned Employees (According to age)



Historical Number of Resigned Employees (According to region)









## Transfer Mechanism

BenQ Materials encourages employees to apply for job transfer, in order to develop diverse abilities of employees, and to promote the internal retention of outstanding talents. The company encourages to focus on the internal recruitment for supervisor vacancies in priority, and transparent transfer job vacancy platform is constructed to establish comprehensive transfer application and matching mechanism. Through systematic rotation technique, 87 employees completed the job transfer in 2021.

## New Employee Care

BenQ Materials cares the feeling and feedback of new employees. In addition to requesting supervisors and human resource department to provide care actively, in 2021, the company has established the "BenQ Materials Q&A" Line public account, in order to summarize policy information and common questions and answers related to leave and attendance, salary/meal allowance, administrative service, applicable performance evaluation, orientation and employee welfare, etc., in order to assist new employees to inquire information readily. Through Line question and answer function, questions raised by new employees can be answered promptly. For new employees of the supervisor rank, the company has established the mentor system and new supervisor care plan, such that with the guidance of senior supervisors, new supervisors are able to adopt to the corporate culture swiftly, and assistance can be provided according to their needs, thereby providing guidance in their career.

## Working Hour Reminder System

BenQ Materials care the working hours and workload related rights and interests of employees. When there is a need to work overtime due to job duty needs, employees are required to apply for approval of the direct supervisor to confirm the necessity of the overtime work in order to apply for the overtime. Presently, the number of working hours shall not exceed 10 hours per day, and the number of overtime working hours per month shall not exceed 46 hours. To ensure that the overtime working hours of employees do not exceed the limit, employees responsible for managing the leave and attendance provide the overtime work report to each department, in order to allow supervisor of each department to review the overtime work status of employees in the current month.

## School Campus Development

Through integration of own resources of multiple brands of the group, BenQ Materials continues to strengthen the relationship with schools, in order to utilize industrial sources to help students to develop their future abilities and to achieve most optimal employer experience, thereby increasing the interactive relationship with outstanding international talents:

- 1 Collaboration projects with Department of Optometry :  
In 2021, BenQ Materials and the Department of Optometry of Asia University and the Department of Optometry of Mackay Junior College of Medicine, Nursing and Management have signed the Memorandum of Understanding (MOU), such that through the company's brand "Miacare," with the course lectures of professional teachers, future vision examination and fitting personnel are able to have greater understanding of the silicone hydrogel characteristics of contact lenses via both theoretical learning and hands-on practice, in order to develop professions necessary for their future career and obtain understanding on the product characteristics, thereby assisting consumers to select appropriate contact lenses, achieving the goal of protecting vision safety and health.
- 2 Campus lecture :  
To share the concept of "Seeking Innovation and Create Value Jointly," senior supervisors of BenQ Materials periodically proceed to various major school campuses to provide lecture on industrial knowledge, and the knowledge of industrial operation of material science and personal extensive working experience are shared with all students, thereby breaking through the existing knowledge limitation through exchange and interaction with students. In 2021, due to the COVID-19 pandemic, the company assessed to cooperate with the Department of Chemical Engineering of National Taiwan University of Science and Technology to provide campus lecture only, and online video conference direct broadcasting classroom was also opened at the same time, in order to allow more passionate students to participate in the lecture easily via remote methods.



- ③ Potential talent scholarship program (originally known as research scholarship): To cultivate professional talents in the field of material science, BenQ Materials has established the potential talent scholarship to encourage students to participate in the researches of relevant fields, in order to improve one's own profession and to promote industrial development in the future, thereby contributing an effort to the society in Taiwan. The scholarship program is classified into the science category and business management category, allowing students of different fields to have the opportunity to participate in the scholarship program. For medium- and low-income households, single-parent families, individuals with parent suffering from severe illness such that the working ability is limited, applicants satisfying any one of the criteria are eligible for additional weighted evaluation scores. In 2021, the company presented the scholarships to a total of five students from National Taiwan University, National Cheng Kung University and National Taipei University of Business, and a total of NT\$700 thousand was issued (from 2017 to the present year, a total of 87 students have received the scholarship, with an accumulated amount of NT\$3.38 million)
- ④ Cooperative program: Factory talent cultivation and training project program In recent years, due to the impact of decreasing birth rate, the social participation team of ESG Sustainability Committee has engaged in discussion and establishment of factory talent cultivation and training project programs numerous times. With the geological location advantage, the headquarters in Taoyuan will engage in cooperative program related cooperation with National Taipei University of Technology, Ming Chi University of Technology, Chien Hsin University of Science and Technology and Vanung University. In addition, Yunlin Plant will cooperate with National Hu-wei University of Science and Technology and Wufeng University in an industrial-academic cooperative program. During the first quarter of 2022, the company has contacted with these schools for relevant matters, and it is expected that factory talent cultivation and training project program will be implemented consecutively starting from September 2022.







##### 5 Campus ambassador:

To enhance the employer brand at the campus, in 2021, the company launched the program of selection of BenQ Materials Campus Ambassador, and a total of nine students from National Yang Ming Chiao Tung University and National Cheng Kung University were selected. During the period of the role of campus ambassador, scholarship, project achievement award, online learning welfare system are provided, allowing students to experience the workplace environment and atmosphere early during their school learning period, thereby gaining competitive advantages through the strengthen of individual competency with the company's resources.

##### 6 Summer internship program:

After a period of five years, the Q Seed Elite Summer Internship Program was launched again with brand new image in 2021, focusing on two main aspects of project type of internship and dedicated instructor system, in order to serve as a starting point for the career development of interns. Through professional education and training as well as the mid-term and final outcome publications, interns are able to experience different internship life. (a total of 10 students from National Central University, National Sun Yat-sen University, National Taiwan University of Science and Technology, and National Yunlin University of Science and Technology enrolled in the program)

##### 7 School visit:

- Field visit: The company invited the Department of Chemical and Materials Engineering of Chang Gung University to visit the company, and a total of 55 students and professors participated in the event. The company introduced BenQ Materials to students, and during the process, the supervisor of each business unit guided the students to visit the polarizer laboratory and aesthetic medicine factory in the field, allowing students to understand the operation and integration between academic studies and actual practice in the field.
- Online visit: The Department of Materials Science and Engineering of National Taiwan University of Science and Technology was originally invited to participate in the field visit; however, due to the pandemic, it was changed to an online event. Alumni of National Taiwan University of Science and Technology was invited to share the career experience and knowledge with students, and also encouraged students to apply their expertise in material science to appropriate field, thereby achieving effective application of knowledge and expertise in the right area, and finding one's own future career development path.





# Issue: Talent Development



## Goal and Subject Matter

- The number of overseas professional on-job talents reaches 9 employees
- Female management level ratio higher than 25%



## Management Directive Assessment Result

- The number of diverse professional on-job talents in 2021 was 7 employees
- Female management level ratio in 2021 was 27%
- Strategic course and project execution rate in 2021 reached 95%
- Course satisfaction in 2021 was 4.6 points

Management Directive Item	Content Description
Policy/Strategy	<ul style="list-style-type: none"> <li>▪ Promote workplace diversity, and establish the culture of inclusion and dignity</li> <li>▪ Comply with talent development quality management system (TTQS), establish diverse learning environment, and improve professional skills of employees</li> </ul>
Commitment	<ul style="list-style-type: none"> <li>▪ Value diverse uniqueness and demands, and construct fair and reasonable management mechanism</li> <li>▪ Establish learning environment based on systematic training structure, assist employees to develop and grow in their career, and jointly achieve organization strategic goal and personal career planning with the company</li> </ul>
Responsibility	<ul style="list-style-type: none"> <li>▪ Human Resource Division and supervisor of each department</li> </ul>
Complaint Mechanism	<ul style="list-style-type: none"> <li>▪ Labor-management meeting</li> <li>▪ Internal learning platform</li> <li>▪ Human resource service window telephone and mailbox</li> <li>▪ President's mailbox</li> <li>▪ Post-education and training course questionnaire survey</li> <li>▪ Employee satisfaction survey</li> </ul>
Corresponding GRI	<ul style="list-style-type: none"> <li>▪ 404 Training and Education 2016</li> </ul>

Management Directive Item	Content Description
Specific Actions	<ul style="list-style-type: none"> <li>▪ Continue to establish friendly working environment for overseas diverse talents</li> <li>▪ Ensure management mechanism is non-discriminative due to gender and age difference</li> <li>▪ Promote welfare measures for female employees that are pregnant or giving birth</li> <li>▪ Update online learning management system, and establish intuitive and convenient learning environment</li> <li>▪ Establish online courses to provide diverse learning resources</li> <li>▪ Change physical course to video conference method, in order to ensure that learning rights are not affected</li> <li>▪ Convene Human Resource Division supervisor meeting and management review meeting regularly to review the goals and achievement status periodically</li> </ul>
Mechanism for Assessing Management Directives	<ul style="list-style-type: none"> <li>4.3 Ensure that all male and female employees equally receive quality technical, occupational and advanced education suitable to their jobs</li> <li>4.4 Significantly increase and manage relevant skills necessary for employment, suitable jobs and startup</li> <li>4.7 Ensure all personnel participating in the learning are able to acquire knowledge and skills necessary for sustainable development</li> </ul>
Corresponding SDGs	<ul style="list-style-type: none"> <li>13.3 Enhance the education and promotion on climate change mitigation, adjustment, reduction of impact and early warning, etc.</li> </ul>







# Talent Cultivation

## Training Structure

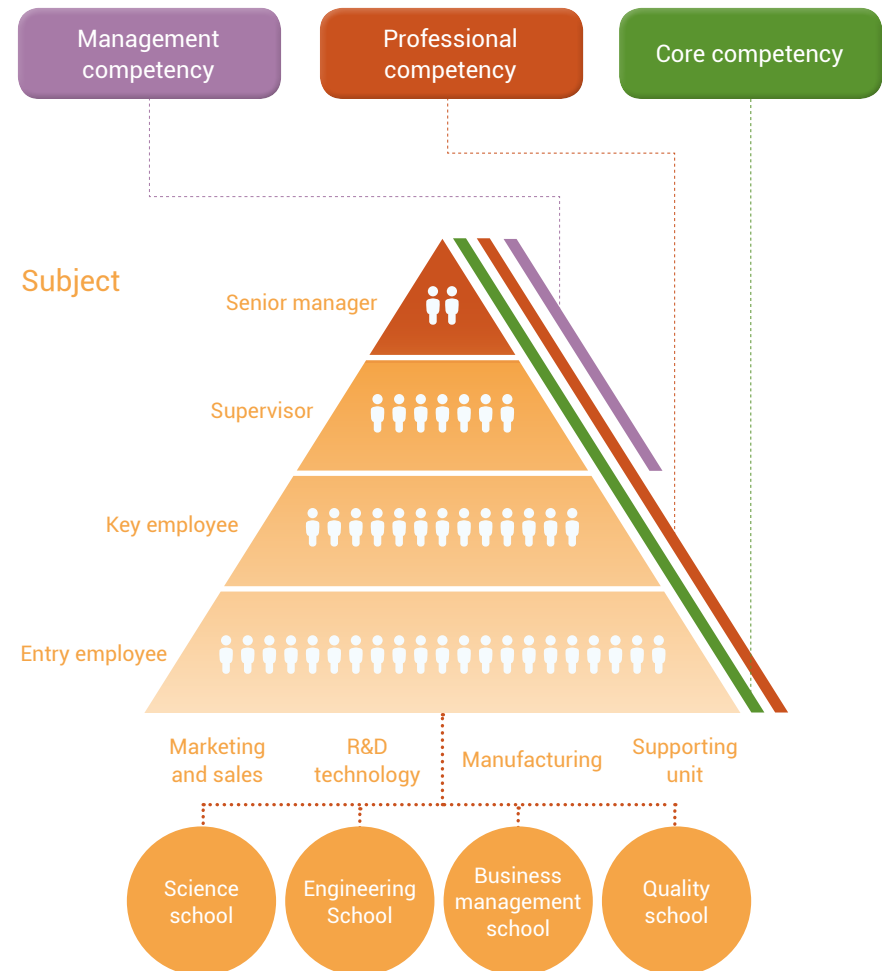
While facing a highly competitive environment, the company is committed to allow employees to continuously improve one's own competency and to uphold the learning passionate, thereby constructing a comprehensive and quality education and training system. The company also establishes the talent development 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.

For new employees, BenQ Materials provides comprehensive training, including the orientation for new employees reporting to work on the first day, relevant CSR courses (workplace unlawful infringement, integrity education, legal concept, quality concept and seven main techniques of QC, etc.), and the 2-day Win Camp New Employee Energetic Camp jointly designed and organized with the Group's enterprises of BenQ Corporation, Qisda Corporation and Darfon Electronics, in order to allow employees to become familiar with the corporate culture and to develop general knowledge and skills necessary for the work. In addition, the company also cooperates with the Commonwealth Common Leader Campus to provide diverse and rich online management resources, in order to allow employees to enjoy learning during their off-work time, in order to continue to promote personal growth.

## Training Outcome

BenQ Materials opened 251 physical courses in 2021, and the total training fees invested was NT\$ 8,667,002. The total number of training hours was 21,318 hours, and the employee average training hours was 4.31 hours. The training outcome in 2021 was relatively equivalent to the outcome in 2021. For the employee average training hours classified according to the job rank and job function, the number of training hours was 22.04 hours for middle and senior supervisors, 25.46 hours for entry supervisors, 20.11 hours for engineers, 15.83 hours for administrative staff, and 1.25 hours for entry staff respectively. For the employee average training hours classified according to the gender, the number of training hours was 5.75 hours for female staff, and 3.65 hours for male staff.

## Develop competency

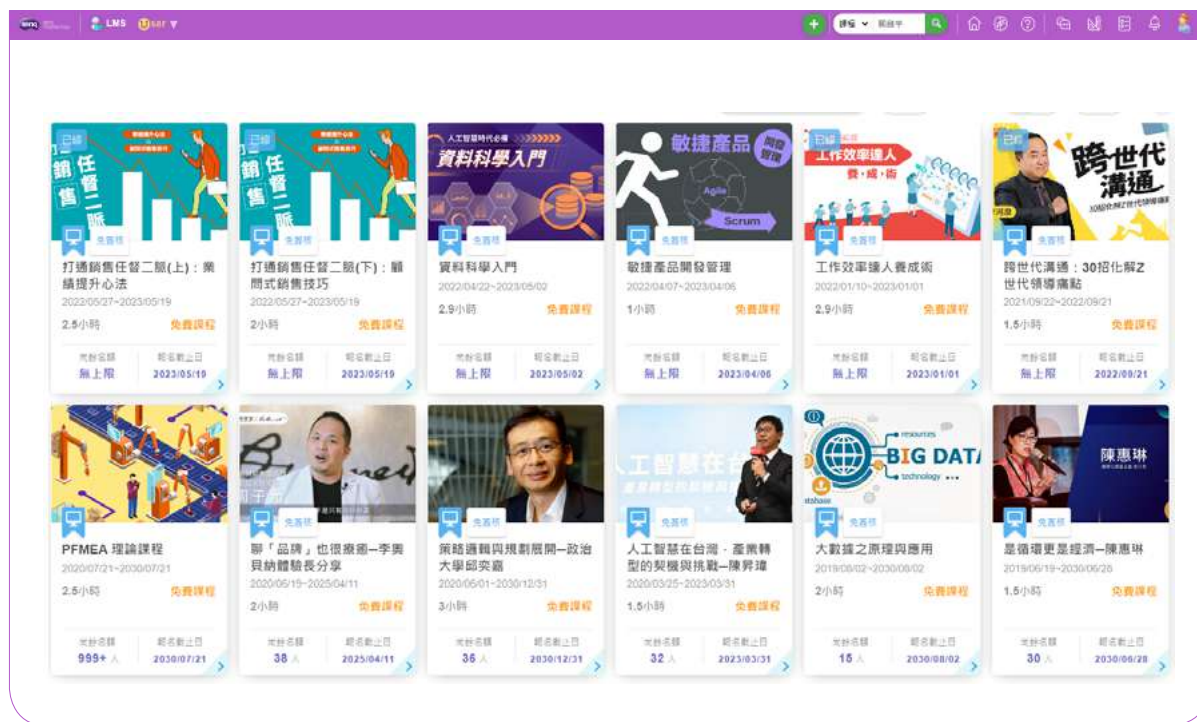




### Digital Learning

In 2021, based on the consideration of the pandemic impact, the company launched the digital learning. In addition to online course recording and filming workshop, the company also assisted internal instructors to transform physical courses into online courses systematically, and courses were redesigned according to the online learning habit. With the increase of the number of online courses and improvement of online course teaching material quality, the company ensures that employees are able to continue learning at any time and any place. In 2021, the company opened 30 online courses, and effective reading was 2,654 people-time, and the number of effective reading hours was 1,380 hours

In 2021, the LMS education and training system has been completely updated and upgraded, in order to increase the learning willingness of employees by providing more intuitive operation interface, along with the introduction of the remote learning and mobile device learning module function, such that employees work from home, on business trip or planning to continue education at home are able to perform learning at any time and any place through convenient learning environment.





#### Advanced Talent Cultivation

Key talent cultivation is essential to sustainable operation of a company. Accordingly, the Talent Development Committee periodically discusses organization talent issues periodically, such that through comprehensive Business Management Program (BMP) in conjunction with physical courses, case seminars, experience sharing sessions, advanced instructors, job transfer and mission assignment methods, etc., future business unit supervisor can be cultivated, in order to achieve the promotion of diverse development of long-term strategy of the company. In addition, it is able to provide learning opportunities of great breadth and depth to talents of high potential. In 2022, the company plans to implement the successor review plan, and external professional instructors will be invited to establish online courses, in order to train all supervisors on how to perform career interview with employees, thereby assisting all employees to manage their future career development and learning direction, allowing outstanding talents to be actively utilized in the organization.

#### 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 2021 is as shown in the following table.

#### Quality Course

BenQ Materials implement quality course via course design and the CIP (Continuous Improvement Program) project planning and execution, and the course includes QC Story quality improvement technique, QC 7 tools, SPC statistical analysis process control, DOE experiment design, etc., in order to assist employees to apply knowledge and skills learned from the class lecture to actual operation process. For the CIP project, project team is formed by personnel from different departments, in order to perform continuous improvement plan on specific issues, and QC Story tools are used to perform analysis and to stipulate solutions. For the period from 2009 to 2021, a total of 182 teams were completed with case closure, and 24 teams with case closure in 2021, achieving the financial benefit of NT\$127 million.

Course Name	Course Type	Annual Number of Courses (Lectures)	Course Hour (hours)	Total Training Hours (hours)	Training Completion Rate of Required Trainees
Information security general knowledge education and training	Online	1	0.5	97.3	83.3% <sup>Note 1</sup>
Information security awareness promotion seminar	Physical/video conference	1	1.5	54	100%
Workplace unlawful infringement education and training	Online	1	0.5	806.5	100%
Labor law basics	Physical	1	3	75	83.0% <sup>Note 2</sup>
Talent recruitment interview skills	Physical	2	7.5	222	100%
New employee/supervisor guidance	Physical/video conference	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.



# Employee Care



## Received the Honor of Asia's Best Enterprise Employer

BenQ Materials continues to establish friendly and attractive workplace with best effort. In 2021, the company has received the honor of "Asia's Best Enterprise Employer Award" presented by HR Asia. The company has not only received outstanding overall evaluation survey result superior to the industry, but high scores have also been given to evaluation items related to employee respect and recognition, employee workplace achievement, and employee participation level, demonstrating employees' high recognition of the organization.



## Human Rights Policy

BenQ Materials reviews various international labor standard certifications, the Global Sullivan Principles, UN Guiding Principles on Business and Human Rights (UNGPs), (Code of Conduct – Responsible Business Alliance, (RBA)), etc., in order to promote work protection with respect to working age, working hours, wage and welfare, humanity treatment, non-discrimination, assembly, and the company has established management mechanism for promotion and execution, in order to ensure that employees receive proper care. In addition to compliance with various labor laws and convention regulations, the company has never been involved in any disputes related to employment of child labor, forcing employees to perform improper labor, etc.

## 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.









For employees at all business locations in Taiwan, BenQ Materials periodically appropriates reserve fund to the statutory assigned pension account according to the system regulations of the Labor Standards Act and Labor Pension Act, and based on the pension actuarial report issued by actuary according to the old system regulations. For the new system, amount is transferred into personal pension account monthly. As for the business locations in China, the company follows the local labor law in China to apply for retirement insurance for employees, such that employees are able to enjoy secured benefit after retirement.

BenQ Materials has established the BenQ Materials Corporation Employee Welfare Committee according to the laws in Taiwan. The Committee members are elected via recommendation or election method according to the employee ratio of each department. Routine meeting is convened quarterly in order to reach resolutions on the welfare system established by the Welfare Committee and to plan various employee activities.

In addition to the three-holiday gift money, the Welfare Committee also provides festival benefits, birthday benefit point exchange via enterprise welfare platform option. In addition, the company also provide relevant subsidies, including, childbirth, marriage, funeral subsidies and emergency aids, etc. For the sports and entertainment activities, various activities, including club activities, contract stores, sports season and diverse contests, are arranged, in order to satisfy different needs of employees. In addition, the "BenQ Home Delivery" App has also been newly launched in order to allow employees to conveniently inquire relevant welfare and subsidies. To continue to provide quality and diverse welfares to employees and to strengthen the normal financial operation of the Welfare Committee, starting from 2021, the company's welfare fund has been increased from 0.05% to 0.08% of the revenue of the Company, demonstrating the commitment of BenQ Materials in the improvement of employee welfare.

Item	Number of Applicants in 2021	Total Payment Amount
 Childbirth subsidy	30	\$108,000
 Funeral condolence	28	\$42,000
 Marriage subsidy	30	\$64,000
 Hospitalization subsidy	30	\$14,000

To reduce the COVID-19 infection risk, in 2021, the company implemented the foreign migrant worker separate warehouse and separate work shift control measures, in order to comprehensively improve the living quality of foreign migrant workers and the security of personnel accessing the working environment. The company has invested nearly NT\$10 million to lease and to modify a large dormitory at the area adjacent to the company, in order to reduce the movement risk of employees, such that they can work securely without any worries.

### Work From Home Epidemic Subsidy

Since the period of May 2021 when Taiwan entered the Level 3 epidemic control, in addition to the epidemic control supplies of alcohol, medical masks, protective masks, protective goggles, to reduce the infection risk of employees working from home during their dining outside, the company also cooperated with well-known food delivery platforms and welfare platforms, and also offered meal coupons to employees. A total of four sessions of coupons were issued, and the accumulated amount was NT\$1,921,200, thereby allowing employees to work securely at home.



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BenQ  
Materials Corp

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## 安心防疫

## 同仁專屬外送優惠碼來啦！

6/23(三) 最後一波

Food Panda \$300即享券





## Remuneration Management

BenQ Materials adopts diverse and competitive overall remuneration design to attract outstanding talents to join the working team. The salary criteria for new employees are evaluated based on the job duty applied, personal education background, knowledge, skills and working experience, and there is no salary difference due to gender, religion, race, political party, marriage status, etc. For employees at the most entry level and without working experience, the company employs such employees with salary superior to the minimum wage specified by the local labor law of the business location, and with no salary difference due to gender. For Suzhou Plant and Wuhu Plant in China, there is a greater difference in their wages due to the difference in the local basic wage according to the local regulations and living standard.

BenQ Materials periodically conducts market remuneration survey, and makes adjustments according to the market level of job position and personal performance. Annual salary is adjusted for full-time employees based on the performance evaluation. The average salary adjustment in 2021 was 5%. In addition, to attract outstanding talent to join the company, since 2020, the starting salary for new employees has

been increased by an average of 7%, in order to increase the salary competitiveness of the company. BenQ Materials treats gender equally during employment, performance evaluation, salary adjustment and job promotion. However, during the review of average salary of each job rank, there is still difference due to different groups and business locations. Such difference has been analyzed and concluded to be related to the factor of personal performance, difference in salary distribution of the same group, change due to number of employees. For engineers and administrative staff, since the education background and average seniority of male employees are higher, their salaries are found to be higher than the salaries of female employees.

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 1,547 people in 2021, and the mean salary of full-time employees of non-supervisor positions was NT\$1,055 thousand, and the employee salary median was NT\$745 thousand. The average salary and median increased by 13% and 2% from the values in 2020 respectively.

Minimum wage of each business location as the number of multiple times of basic wage specified by local laws of each location in 2021

Plants in Taiwan : 1.10

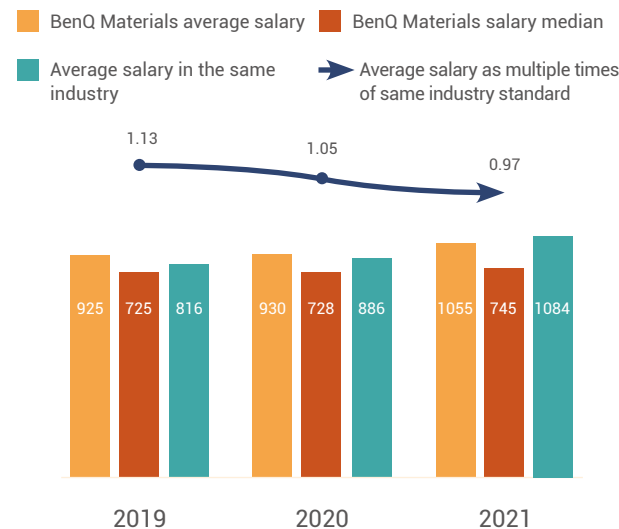
Suzhou Plant : 1.09

Wuhu Plant : 1.40

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	1.00	1	0.95	1	1.31	1	1.75
Entry supervisor	1	1.04	1	1.12	1	0.97	1	0.82
Engineers	1	0.88	1	0.86	1	0.99	1	0.77
Administrative staff	1	0.97	1	0.91	1	0.94	1	0.67
Entry staff	1	0.96	1	1.08	1	1.02	1	0.96

Note: The table above shows the average salary calculated based on the total salary/number of group people for each job rank in 2021. The calculation of "Basic salary" is calculated based on the monthly salary (excluding salary change) of on-job employees at the end of 2021. In addition, based on the consideration of new employees resigned after working for less than one full year in 2021, the ratio calculation result difference might occur due to the issuance of bonus. Accordingly, for the calculation of "Basic salary + bonus," employees on-board of the job for less than half a year are excluded.

### Full-time Employee Salary for Non-Supervisor Position





### 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.

- 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 cross-department 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.

### 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.

The performance management system of BenQ Materials adopts the fair, just and open principles, and it is implemented under a transparent operation process, in order to encourage employees to provide feedback to supervisors and to achieve appropriate communication. Presently 100% of all full-time employees (excluding official employees under probation) globally are required to accept the periodic performance evaluation and review.

To continue enhance the management competency of supervisors of BenQ Materials, in 2021, Multi-feedback Survey (MFS) was performed for supervisors at all levels globally. Accordingly, through feedback for multiple aspects of direct supervisor, peer unit and direct staff, assistance was provided to individual supervisors for personal management merits and development focus, thereby developing activities through self-learning.

### 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 diverse communication channels, including labor-management meeting, plant site direct personnel seminar, relevant complaint mailboxes (such as President's mailbox, external complaint mailbox, unlawful infringement complaint telephone and mailbox) and BenQ Home Delivery APP, etc., in the Taiwan region; and the union and welfare committee meeting in China, etc., in order to provide diverse communication or complain channels. The personal information of employees involving in a complaint or event is handled carefully and confidentially. The company actively establishes a corporate environment respecting, caring and protecting human rights, and protects the rights of labor organization and group for negotiation with the company, thereby promoting healthy and positive labor-management relationship. In addition to listening to the voices and recommendations of employees, the company also aims to allow employees to promptly and accurately receive information conveyed by the company, and to provide appropriate feedback, in order to use such information as reference for improving operation synergy.

To ensure the interests of employees and BenQ Materials, employees are requested to sign the employment contract with the company on the reporting-to-work date, and the employment contract also indicates contract termination related matters and the minimum notification time according to the local regulations of the area where the business office is located. BenQ Materials declares in its policy the commitment to protect the interest of employees and human rights, and has established and implemented various regulations and measures in each management system.

In 2021, employee satisfaction survey was conducted for all employees. Through the anonymous survey method, employees were able to provide feedback with greater freedom. The overall answering rate reached 77.5%, and the overall employee satisfaction reached 87.4%. There were eight aspects among the eleven aspects of the survey indicated results superior to the previous survey, and the satisfactions for the two main aspects of supervisor support and communication interaction reached 93%, demonstrating BenQ Materials' positive outcome in the friendly workplace and diverse communication. In the future, the company plans to conduct survey every one to two years, and the employee satisfaction survey result will be reported to the Chairman. In addition, improvement solutions proposed by relevant units are collected in order to allow employees' voices to be truly heard and respected.

the overall employee satisfaction reached

87.4%

the two main aspects of supervisor support and communication interaction reached

93%

### Maternal Health

In response to the birth policy of the government and to support the efforts of new parents for their care of children and hard work, BenQ Materials proposes solutions superior to the laws and regulations based on the current Labor Standards Act, in order to provide sufficient leave and economic support, allowing pregnant employees to perform prenatal preparation and postpartum rest securely, and to provide a monthly subsidy of NT\$5,000 to employees having children under the age of 3 years old. In addition, to protect the work rights of postnatal employees, in 2021, the company has adjusted the performance evaluation system, and the performance evaluation of postnatal employees are not required to participate in the department evaluation ranking, and the supervisor performs approval of the work performance directly based on the personal work performance of such employees.

#### Type

#### BenQ Materials Employee Program

##### Maternity leave

- 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

- 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

- For each child, allowance of NT\$5,000 is issued monthly, until the child reaches 3 years old in full.

## Parental leave without pay

BenQ Materials' plant sites in Taiwan comply with the Act of Gender Equality in Employment, and qualified employees are eligible to apply for parental leave without pay. In 2021, there were a total of five employees submitted applications, and seven employees of reinstatement after the leave. One of the two male employees reinstated after the leave maturity (reinstatement rate of 50%), and one female employee reinstated after leave maturity (reinstatement rate of 20%), the other employees deciding not to reinstate were due to personal plans. In addition, there were a total of 7 employees remained at their jobs for more than one year after reinstatement in 2020, and they are still currently at their job positions in 2021. Accordingly, the retention rate after reinstatement for one full year is 100%.



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

Note: The parental leave without pay system is the employees' right according to the Act of Gender Equality in Employment of Taiwan ROC; therefore, the application status of employees in Taiwan is disclosed only. The number of employees qualifying the parental leave without pay is calculated based on the number of employees applying for pregnancy leave/leave for pregnancy checkups in the last three years.

## Family Day

BenQ Materials cares the living and work balance of employees. In addition to employees, the company also extends the care to family members of employees, and has organized family day event via diverse models. BenQ Materials originally planned to organize the family day event at the Taipei Children's Amusement Park in September 2021; however, due to the pandemic's unstable condition, the event was temporarily canceled. The company has used the budget for the family day to prepare epidemic gifts, and issued brand stylish 4D masks for employees to show their style during the epidemic control period.



## Excellence Award Presentation

To encourage annual outstanding employees and teams, BenQ Materials periodically organizes the year-end Excellence Award Presentation Ceremony, and announcements are also published on the internal electronic newsletter and bulletin board, for recognition of such outstanding employees and their effort. Up to the year of 2021, the company has organized a total of 12 ceremonies annually, and a total of 234 employees have received the Excellence Award.



## Online Year-end Party

BenQ Materials is committed to share glory and outcome with all employees. However, due to the pandemic during the period of 2021 to 2022, BenQ Materials decided to change the year-end party from online pre-recording method of last year to online live broadcast. The company also encouraged employees to join and participate in the lottery game. The year-end dinner was also changed to department dinner, in order to allow department employees to bond with each other and to enjoy the online live year-end party via mobile phones remotely.







# Health Management

## Health Examination

BenQ Materials organizes health examination superior to the regulatory requirements, and the health examination organized annually is classified into three main categories of "Employee health examination," "Special health examination" and "Out-of-pocket health examination." After the examination of the "Labor health examination" and "Special health examination," analysis is performed according to the sorted data, and high risk group is screened according to the criteria, in order to perform health tracking and health consultation. As the company continues to grow and the number of employees continues to increase, to effectively manage the employee health data, the company expects to implement the health software system in 2022, and the backend setting allows professional nursing personnel to systematically manage long-term health examination data of employees, in order to effectively monitor any changes of relevant indicators of high risk group. The frontend design allows employees to use smartphones or mobile wearable devices to inquire personal health examination information and to apply for health promotion activities, such as relevant body structure and blood pressure measurement data, and employees may also upload records.



## Friendly Workplace

To provide diverse employee experience, BenQ Materials has established various plans superior to the laws. In addition to healthy employee cafeteria offering diverse dishes, the company provides meal allowance, and employees are able to enjoy meal with small amount of payment. Furthermore, the company also provides annual health examination for employees, cooperates with contract hospitals and organizes health and stress relief seminars, and stationed physical therapist and visually impaired massage therapist services are also provided. The company issues health information electronic newsletters periodically, such that employees are able to obtain new health knowledge at all time, and to care for their personal body health and maintain their body in the best condition.

Furthermore, based on the consideration that employees may have personal needs to handle living errands during work hours, the company organizes convenient living services of insurance sales inquiry station and discount telecommunication phone number applications at the internal of the company periodically, in order to assist employees to work securely without worries.







## 🌸 Healthy Sports

To encourage employees to exercise and maintain vitality, BenQ Materials has set up nine sports clubs, and also organizes various ball games annually (such as kickball, baseball, bowling). Through various events, the company expects to attract more employees to participate in diverse sports and exercise.

Furthermore, BenQ Materials Taoyuan Headquarters has also established the sports vitality gym and diverse open outdoor court, providing facilities of spinning bikes, treadmills, table tennis, pool, volleyball gym, etc. According to the employee needs, the company also purchase numerous fitness equipment. In 2021, the company invested NT\$300 thousand to upgrade the vitality gym fitness center facilities, in order to provide great exercise space for employees and to create great living experience.

To continuously encourage employees to perform exercise, in 2021, the company organized the All-Star Sports Season event, and the traditional self-organized team model was adjusted to innovative division team model. According to the internal department characteristics of the company, three main division teams were classified for a series of contests. In addition, the senior supervisor of each division team acted as the division team leader and participated in the contests in person for leading the division team members to compete for victory while demonstrating the cohesion of the division team.



## 🌸 Health Promotion

In 1997, The World Health Organization (WHO) defined the "Workplace Health Promotion" as providing a workspace environment capable of supporting health promotion activities. Consequently, the promotion of employee health and improvement of self-control of health ability is a comprehensive plan. Accordingly, BenQ Materials adopts different methods to implement health promotion annually. In 2020, the company originally organized the annual health activity, including aromatherapy (cooperating with a well-known aromatherapy institution), health scalp, health diet (smoldering jar course, salad jar making, etc.), exercise seminar, pressure test, etc.; however, due to the impact of COVID-19 pandemic, the activities were suspended.

Since 2007, the company has established the relaxation room, and "Visually impaired massage therapist" and "Qualified physical therapist" are entrusted to provide services to employees. Accordingly, for any shoulder and neck pain, muscle tension and/or musculoskeletal injuries, employees may use their working time effectively, allowing employees to obtain relaxation channel and musculoskeletal recovery resource conveniently.

To allow employees to continue to enhance physical strength and to improve immunity during the Level 3 alert of the pandemic period, in 2021, the company implemented the BMC NTC Challenge, allowing employees to choose sports intensity suitable to one's own strength without limitation of time and space, and the exercise period was 30 days. As employees complete different program numbers, they are able to obtain different amounts of awards, and all participants are eligible to participate in the lottery game for winning relevant sports accessories and gifts.

**BMC NTC Challenge**

**BMC X NTC 30日挑戰**

活動時間 6/1 (二) - 6/30 (三)

20	30	40
全民防疫獎 完成20項運動計畫	模範運動獎 30項運動計畫	體能過人獎 40項運動計畫
電子票券 200元	電子票券 300元	電子票券 500元

運動是和自己的挑戰，一起成為更好的自己！  
更多好禮及好康資訊都在NTC LINE@

**BMC NTC Challenge**

**30日挑戰**  
個人獎挑戰及獎勵  
個人獎挑戰者每完成一項  
完成個人獎即可參加抽獎  
不得重複領取

**抽獎活動**  
參與者皆可參加抽獎  
完成個人獎即可參加抽獎  
不得重複領取

全民防疫獎 完成20項運動計畫 電子票券300元	模範運動獎 完成30項運動計畫 電子票券300元	體能過人獎 完成40項運動計畫 電子票券500元
小米手環	GARMIN	羅三角
Air Pods Pro		

運動是和自己的挑戰，一起成為更好的自己！  
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## Epidemic Control Management

The COVID-19 global pandemic outbreak in 2020 has changed the business model worldwide, and BenQ Materials has established the epidemic control team, in order to convene relevant epidemic control meetings and response strategies in case of emergency. The President acts as the epidemic control meeting convener to periodically monitor the pandemic development weekly, to execute company internal response measures, to monitor the implementation of various epidemic control measures. In addition, through the internal "BenQ Home Delivery APP," employees are able to report their body condition and contact history, thereby ensuring employee life safety and health, and reducing the risk and impact caused by the pandemic.

For the management of the epidemic control measures, BenQ Materials epidemic control team implements office divergence in order to reduce infection risk, and further follows the measures and management announced by the Centers for Disease Control, installs infrared body temperature sensor device, arranges body temperature measurement for employees on work shifts, installs alcohol at public

space for sterilization and signs for wearing masks, and also provides health declaration for writing and prohibits any personnel with relevant symptoms to enter the workplace. In addition, the company also continues to promote various protective measures, including social distancing, cancel group dining, and provides a personal lunch box for having a meal in one's seat, etc. Furthermore, the company also provides epidemic kit, containing alcohol, mask cover and vitamin C, to care employees and to allow employees to maintain body health.

In case where an employee is found to be a confirmed case, BenQ Materials is able to provide relevant information of the confirmed individual and contact persons to the competent authority of health. In addition, the company cooperates with the pandemic investigation and epidemic control measures, in order to implement comprehensive control on places of frequent personnel contacts, such as the workplace, employee dormitory, employee cafeteria, and also plans and establishes response measures of separate compartments and work divergence.

**BenQ** 明基材料 BenQ Materials Corp 防疫公告

求新求變  
共創價值

LEAD CHANGE  
DRIVE VALUE

Apr. 26, 2021

**防疫仍須提高警覺，落實回報機制**

近期國內某航空公司於澳洲檢驗出陽性機師，持續進行相關接觸者疫調，加上持續境外移入案例，顯示國際疫情依舊嚴峻，為降低國內社區傳播風險，避免造成醫療體系負擔，公司內部防疫措施仍維持**進出廠區須配戴口罩、體溫量測與雙手消毒**，同仁前往公共場所，也請遵守相關防疫規定。

※因應某航空公司機師感染案，目前感染源不明，如同住家人服務於該航空公司，或收到確診、隔離、檢疫通知，請主動通報維力中心#2995。

**BenQ** 明基材料 BenQ Materials Corp 防疫公告

求新求變  
共創價值

LEAD CHANGE  
DRIVE VALUE

Apr. 28, 2021

**疫調結果持續公布，請同仁提高警覺**

國籍航空機師相關接觸者疫調持續進行，今日新增本土確診案例三名，其中一例案 1112 已公布活動史，如同仁/同住家人與個案活動軌跡有重疊，請主動通報維力中心#2995

另因應檢測陽性之國籍航空機師家中子女就讀**桃園市西門國小與新北林口康橋學校**，已由縣市衛生局啟動防護機制，部分班級停課，改為線上教學，如同仁有收到停課通知，亦請主動與維力中心聯繫。



### Employee Assistance Plan (EAP)

To allow employees to maintain healthy mental state under the working model of stress resistance, the company engages in contract with external consultation and guiding company annually, referring to as the "Work and Living Coach" at BenQ Materials, in order to allow all employees in the business locations to receive 24-hour free direct line consultation service with regard to issues related to law, psychology, management and adaptation. Accordingly, the project case administrator is then able to provide professional consultation or emergency handling. Furthermore, employees can also utilize unlimited e-mails for consultation service and discussion on relevant issues. According to relevant privacy laws and regulations, the work and living coach service does not disclose any personal privacy, thereby allowing employees to use the service securely. In addition, the company periodically excerpts articles from internal electronic newsletter, such as family relationship during the pandemic, health management, living

with elderly, joy of living, workplace diversity inclusion, thereby allowing employees to try to follow the advice of consultants and to head toward healthy and efficient work and living.

In 2022, the company will also arrange external psychologist to provide seminars on relevant topics, such as stress relief and positive attitude, and the company also plans the stationed service of psychologist, allowing employees to receive one-on-one consultation service with the psychologist, thereby clarifying personal issues and finding the most appropriate handling method. Furthermore, the company also launches the "Stress Relief Lionet Line@" program, allowing employees to release the stress via text message chatting method, such that through diverse methods, employees are able to obtain necessary assistance, and achieving physical and mental health.







# Issue: Occupational Safety and Health



### Goal and Subject Matter


- Achieve the goal of "zero" occupational injury accident
- Unlawful infringement training course for all full-time employees achievement rate of 100%



### Management Directive Assessment Result

- 2021 Frequency Severity Indicator (FRI) was 0.12, not yet reaching the zero disability injury goal

Management Directive Item	Content Description
Policy/Strategy	<ul style="list-style-type: none"> <li>▪ Comply with relevant human rights standards of International Labor Standards, Global Sullivan Principles, United Nations Guiding Principles on Business and Human Rights, Responsible Business Alliance</li> <li>▪ Comply with ISO 45001 occupational safety and health management system standard</li> <li>▪ BenQ Materials environmental safety, health and energy policy</li> </ul>
Commitment	<ul style="list-style-type: none"> <li>▪ Implement preventive management and audit system, ensure working environment and operation safety</li> </ul>
Responsibility	<ul style="list-style-type: none"> <li>▪ Facility Environmental Safety Division</li> </ul>
Complaint Mechanism	<ul style="list-style-type: none"> <li>▪ Occupational Safety and Health Management Committee meeting</li> </ul>

Management Directive Item	Content Description
Specific Actions	<ul style="list-style-type: none"> <li>▪ Opened unlawful infringement training course periodically</li> <li>▪ Implemented 4 unsafe equipment improvement projects</li> <li>▪ Executed safety activity promotional education operation</li> </ul>
Mechanism for Assessing Management Directives	<ul style="list-style-type: none"> <li>▪ Convene Occupational Safety and Health Committee meeting for review quarterly, and list as ESG Sustainability Committee follow-up targets</li> </ul>
Corresponding GRI	<ul style="list-style-type: none"> <li>▪ 403 Occupational Health and Safety 2018</li> </ul>
Corresponding SDGs	 <p>3.3 Eliminate epidemic diseases causing infection through mouth foam, contact, vector mosquito, water and others</p>
	<p>3.4 Through prevention, therapy and promotion of physical and mental health to reduce the fatality rate of non-infectious disease</p>
	 <p>8.8 Protect labor rights, and create safe and secured working environment for all employees</p> <p>8.5 Provide sufficient employment and suitable works with production capability without gender difference, and implement same remuneration for same job</p> <p>8.8 Protect labor rights, and create safe and secured working environment for all employees</p>



# Workplace Safety



## Occupational Safety and Health Management System

The company has established the "Social Responsibility and Environmental Safety and Health Management Committee" according to the Occupational Safety and Health Management Act, in order to promote occupational safety and health matters. The committee member term of office is 2 years, and meeting is convened once quarterly. The chairperson of the committee is the Vice President, and there are 49 committee representatives, and 19 labor representatives (accounts for 39% of the total number of committee members), complying with the regulatory requirement specifying that labor representatives shall be more than one third of the total number of committee members. The committee communicates, participates and consults matters related to occupational safety and health regulatory requirements, and tracks annual occupational safety and health management plan, and reviews training outcome, etc. During the management system operation process, occupational safety and health education and training is implemented for the management representatives and safety and health executive officers periodically, in order to enhance the occupational safety and health management system professional competency of personnel of all departments.

Since 2005, the company has obtained the occupational safety and health system (OHSAS 18001) certification, and the current management system is established according to ISO 45001:2018 for the establishment of the occupational safety and health management system. The certification scope includes Taoyuan Plant, Longtan Tech Plant, Yunlin Tech Plant, Suzhou Plant, Wuhu Plant, the operating activity scope covers production sites and non-product sites, the equipment covers routine and non-routine operating activities, including all operating activities of external personnel entering the workplace of BenQ Materials. Up to the end of 2021, the number of workers under the certification scope was 2,419 people (accounting for 90.6% of the total number of workers), and outsourced contractor dispatched personnel of 237 people (accounting for 8.9% of total number of workers).

The certification scope total coverage rate was 99.5%. For the subsidiary of Genejet Biotech, since its number of people was less than 200 people, the ISO 45001 management system certification was not executed (14 people, accounting for 0.5% of the total number of workers). However, during the actual implementation of various safety and health management measures, Genejet Biotech operation area is still included in the management for planning, management and internal audit. Up to the end of 2021, the number of full-time employees included in the internal audit was 2,433 people (accounting for 91.1% of total number of employees), and there were 237 people for the outsourced contractor dispatched personnel (accounting for 8.9% of the total number of employees). The management system operation and internal audit coverage rates were both 100%.

BMC, BML, BMY,  
BMS, BMW

Key Operating Locations **100%**  
obtain ISO 45001 : 2018





#### ▪ Hazard Identification and Risk Assessment

Occupational safety and health hazard identification and risk assessment are executed at the end of each year periodically, in order to clarify the operation process, steps, frequency and reasons of possible hazards and opportunities of each department. After the management measures of the current system is considered, the overall safety and health risks are assessed and classified. When an operational risk assessment result reaches top 20% high scores in the overall assessment of the company, such risk is listed as unacceptable risk and acceptable high risk. In addition, it is necessary to fill out the "Unacceptable Risk and Acceptable High Risk Control Form," in order to explain the improvement and control method. In 2021, there were a total of 15 management plans listed under the tracking and management, such as machine safety protection improvement, and environmental odor improvement plans. Up to the end of 2021, all of the management plans have been improved completely.

When the working environment is subject to addition or change of product/service/process, such that the work organization, environment, equipment, labor or condition is changed, and such change may cause non-routine hazard, then it is necessary to fill out the "Environmental Safety and Health Change Management Assessment Application Form," in order to perform re-assessment on such operating activity to identify hazards and risks. In 2021, a total of 152 application forms were submitted. For unacceptable hazard and high risk and opportunity indicated in the risk assessment result, improvement plan is implemented to reduce risk. In addition, through elimination, replacement, engineering improvement measures, execution sequence is improved, in conjunction with the administrative management of personnel qualification, warning, protective equipment, monitoring and measurement, and emergency response, etc., continuous improvement is executed to reduce risk.

#### ▪ Accident Investigation and Injury Prevention

BenQ Materials complies with the ISO 45001 standard, and has established the accident investigation management regulations. The accident investigation includes the cause of the accident occurrence, hazard identification, subsequent improvement measures, continuous care and follow-up at the end, in order to use it as the basis for work resumption assessment. When an employee reports a working condition that may lead to hazard or disease, the employee is not penalized for the reporting, and the company encourages all departments to report environment, safety improvement items monthly, in order to improve the safety management of the working environment. Furthermore, the company has established the risk event safety reporting reward mechanism, and reward presentation and issuance is held during the safety monthly meeting of the company on the 10th day of each month.

BenQ Materials provides education on the labor safety emergency retreat right during the reporting to work of new employees and during the environmental safety monthly meeting. If an employee encounters any likelihood of immediate danger at the working environment, he or she may stop operation and retreat to safe location individually under the condition that the safety of other workers is not affected.



## ■ Safety Improvement

Type	Safety Improvement Item	Content
Risk Control	Improvement to risk control item damage	<ul style="list-style-type: none"> <li>From the fire prevention perspective of insurance company, fire risk item is improved. In 2021, a total of three cases of improvement to risk control item damage at each plant site were executed, including new installation of fire control equipment at each plant site (appliance anti-explosion, EAP electrostatic control, replacement of fire detector and controller, remote monitoring and fireproof coating, etc.), in order to reduce the risk of fire.</li> </ul>
	Inspect process jamming hazard	<ul style="list-style-type: none"> <li>The optical sensor and protective cover methods are adopted for the improvement. In 2021, a total of 56 cases were improved.</li> </ul>
	Installation of voice sensor	<ul style="list-style-type: none"> <li>Install voice sensor alarm at hazardous areas, in order to actively provide voice alert to inform relevant hazards and regulations.</li> <li>Establish safety warning notification function, enhance the forklift truck warning identification at the material operation area, and install reverse driving voice warning and vehicle dead corner area warning function. In 2021, a total of 30 forklift trucks were installed with the warning function.</li> </ul>
	Ergonomic Hazard Improvement	<ul style="list-style-type: none"> <li>To prevent and avoid musculoskeletal injuries, to reduce the frequency of personnel repetitive operations and material transportation techniques, the ergonomic hazard at a total of four operation areas were improved in 2021.</li> </ul>
Education and Training	Safety restriction graphic presentation	<ul style="list-style-type: none"> <li>List top 10 hazardous operations and prohibited actions in the plant, and use comic illustration method to provide promotional education via propaganda and posters</li> </ul>
	Supervisors safety management sharing	<ul style="list-style-type: none"> <li>Communication with supervisor of each department. In addition, during the environmental safety monthly meeting, each department supervisor take turns to share the department's safety management.</li> </ul>
Management System Optimization	Supervisor safety observation and inspection system	<ul style="list-style-type: none"> <li>Section and department supervisors are requested to perform safety observation and safety inspection monthly, and it is included in the safety performance evaluation.</li> </ul>
	Establish dynamic safety educational promotion mechanism	<ul style="list-style-type: none"> <li>During the work shift handover and takeover, the online personnel take turns to explain safety precautions, in order to increase the employees' awareness on operation safety and regulations.</li> </ul>



## Occupational Safety and Health Training

Worker safety awareness and accident response are important cornerstones to occupational safety. BenQ Materials emphasizes the training and safety education of supervisors and employees at all levels, in order to establish the emergency response ability and safety concept, thereby enhancing the safety awareness of employees, and preventing accidents due to unsafe actions. BenQ Materials includes the personnel safety, process safety, emergency response, professional licenses specified by the laws, safety and health management system operation in the arrangement of the annual training plan. The environmental safety and health related courses organized in 2021 reached 11,808 people-time, and total of 20,356 people-time participated in such courses.

Implement contractor management system, and protect each construction personnel entering BenQ Materials. Prior to entering the plant site to perform construction works, all construction personnel are required to quality the BenQ Materials safety training. In 2021, a total of 1,447 people-time completed the training. In addition to safety training of contracting personnel, the company has established the "Contractor Supervision Management System," and qualified supervision personnel are required for outsourcing the contract work, in order to ensure the construction quality and safety standard of contractors. In 2021, there were no contractor abnormal events.

During the end of 2021, BenQ Materials adjusted the occupational safety and health training system, and adopted the diverse teaching method to replace the traditional physical teaching model, including: use of the digital learning platform resource of the occupational safety division, introduction of external education and training resources, cultivation of foreign employees to act as professional instructors (providing lecture training content of language familiar and understandable to trainees), organization of external professional seminars, in order to strengthen employees' occupational safety awareness and continue to maintain a safe and healthy workplace.



	Taoyuan Plant	Longtan Tech Plant	Yunlin Tech Plant	Suzhou Plant	Wuhu Plant	Total
Course Hour	24	10	15	24	7	79
Number of Course Sessions	285	93	81	198	28	685
Participating People-time	8,646	252	1,027	1,576	307	11,808
Training People-hour	7,603	496	943	10,649	665	20,356
Course Type	Monthly meeting promotion, basic ESH training, hazardous general knowledge training, emergency response training, standard/system certification training					



## Disability Injury Statistics

Occurrence of disability injuries shall be recorded in the disability injury statistics table. In 2021, there were a total of 4 disability injury cases recorded, causing the loss of 124 working days. For the 4 disability injury accidents which occurred in 2021, the most severe case was the staff jamming injury at Yunlin Tech Manufacturing Factory III, and the cause of the accident was due to improper protection of the machine active protection during the cleaning of flexible board pulleys. After the review of the occupational safety personnel and relevant personnel, the machine safety protection device installation was inspected, and the improvement was confirmed to be completed in 2021, in order to prevent re-occurrence of such accident. The total number of working hours of contractors in 2021 was 134,824 hours, and there were no occupational injury cases recorded throughout the year.

All employees	2017	2018	2019	2020	2021
Whole-year working hours	4,609,752	4,497,156	4,599,996	4,960,064	5,628,496
Number of people of occupational injury and death	0	0	0	0	0
Number of near-miss injury	724	357	152	56	36
Number of working days lost	14	183	149	40	124
Number of people of occupational injury recorded	3	9	7	6	4
Number of people of severe occupational injury	0	0	0	0	0
Occupational injury and death ratio	0	0	0	0	0
Disability injury frequency (FR)	0.65	2.00	1.52	1.20	0.71
Disability injury severity (SR)	3	40	32	8	22
Frequency severity indicator (FRI)	0.04	0.28	0.22	0.10	0.12

Note: The indicator calculation method does not include traffic accident injury cases:

Occupational injury and death ratio = (Number of people of occupational injury and death × 106) ÷ Whole-year working hours

Disability injury frequency (FR) = (Number of people of occupational injury recorded × 106) ÷ Whole-year working hours;

Disability injury severity (SR) = (Number of days lost × 106) ÷ Whole-year working hours;

Frequency severity indicator (FRI) =  $\sqrt{((FR \times SR) / 1000)}$ ;

"Number of days lost" refers to the number of working days that cannot be temporarily (or permanently) performed by the injured employee, excluding the injury day and the work resumption day; however, the number of days (including weekdays, holidays or suspension workdays of the business unit) during such period and the number of days that the employee cannot perform work due to accident after work resumption shall be included. "Number of people of occupational injury recorded" refers to the statistics of the number of people-time associated with the Lionel aforementioned injured employees;

"Number of people of severe occupational injury" refers to injured employees who cannot recover from other injuries (such as amputation), or cannot recover back to the working state before the injury within six months.





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# Social Care

With the corporate vision of BenQ-AUO Group Lionel of "Realizing the Truth, Goodness and Beauty of Technology Life," BenQ Materials upholds the commitment in fulfilling social responsibility and continues to promote various sustainability actions related to environmental sustainability and social care. To realize the philosophy, BenQ Materials focuses on the three main aspects of "Green Action, Education Rooting and Public Welfare Care," and provides "1-day paid volunteer leave" in order to encourage employees to voluntarily participate in events and combines with local care plans in order to contribute effort in solving social problems and return to the society in Taiwan.



Type	Item	Starting Year	Indicator	2021 Goal	2021 Actual Outcome	2021 Achievement Rate	2022 Goal	Investment Amount
Public Welfare and Care	Vision Hope Project	2014	Assist medium- and low-income household children Accumulated number of people with glasses fitting	1,750	1,677	95.8%	2000	200,000
Educational Development	Science Factory Science Camp	2014	Accumulated number of children serviced	550	520	94.5%	4 sessions	200,000
Green Action	Green Party	2011	Accumulated tree planting quantity	8,600	8,920	103.7%	9,500	100,000
	Taiwan agricultural food plan	2016	Purchase amount of current year	1,000,000	821,350	82.1%	1,500,000	1,500,000





## Public Welfare and Care: 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 7 years, and the number of accumulated people of the glasses fitting service has reached 1,677 people-time. In 2021, the number of people serviced was 162 people-time.



## Educational Development: Science Factory Science Camp

BenQ Materials cares the development needs of children in Taiwan for a long period of time, and is dedicated to assisting disadvantaged family children to improve education. The company continues to implement the one-day science camp program of "Science Factory Science Camp," in order to contribute efforts to achieve balanced education resource via corporate's influential power.

The company adopts the principle of integrating the core technologies of the business, and volunteers equipped with professional knowledge proceed to remote elementary schools or local family support centers periodically to organize living science knowledge teaching and hands-on practice activities. Through interesting and lively course design, the company volunteers are able to assist children to learn science easily and comfortably. By developing students' interest in science via experiments, the company volunteers look forward to guide students to understand experiment principles and teamwork. Up to 2021, 15 sessions of the course have been organized, and the number of people serviced is approximately 520 people. In 2021, due to the impact of the COVID-19 pandemic, with the consideration of risk and proper preparation, 1 session of the course was organized.







### Green Action: Green Party

To respond to the World Earth Day and Arbor Day, BenQ Materials has organized the "Green Party" tree planting event for 9 consecutive years. With the enthusiastic participation of employees and their family members, interesting ecological guides and tree planting activities are organized in order to allow employees and their relatives and friends to make green commitments jointly, thereby demonstrating their determination in the implementation of environmental protection.

Up to 2021, BenQ Materials has organized Green Party to plant more than 8,920 trees in various plant sites in Taiwan. In addition, the company also cooperates with local beekeepers to set up beehives, allowing honeybees to live and to harvest honey in the plant sites, in order to establish rich and diverse ecosystems. Furthermore, for the event site, general science education and Q&A sessions are also organized, in order to demonstrate the educational and entertaining characteristics of the event. Green Party for sustainable development allows the corporate resource to be deeply rooted in Taiwan, and the company looks forward to continuing the event and to sharing with the society, thereby achieving a green great future jointly.



### Green Action: Taiwan Agricultural Food Plan

"Understand demand, and consider resource recycling and reuse" is the principle adopted by BenQ Materials. Based on the principle, the company aims to extend further to the green action aspect.

After knowing that farmers of Yuanchang Village of Yunlin County faced the problem of agricultural product sluggish sales (excessive production of cabbage), etc., BenQ Materials actively provides support to the agricultural crops and purchases the agricultural products and organic crops of sluggish sales faced by the farmers, and also sells the agricultural products at the employee cafeteria periodically. Through the employees' enthusiastic support and purchase of the products, employees are able to purchase healthy and organic agricultural products while providing assistance to overcoming the sluggish sales of products faced by the community farmers, thereby achieving the benefit of social co-prosperity.

Up to the year of 2021, the Taiwan agricultural food plan has been implemented for 6 years, and the accumulated purchase amount has reached NT\$3.17 million. The agricultural product purchase amount in 2021 was NT\$820 thousand. In the future, the company plans to expand the scope of the agricultural food plan and to cooperate with the local farmers of the areas (Taoyuan, Yunlin) where the plant sites are located by conducting actual demand surveys and evaluating the feasibility of continuous cooperation.



### 搶救小農 限時支持行動

Why?

雲林茂谷柑今年因為低溫成熟較慢，在春節連假後還沒有完全採收完畢，目前還有茂谷柑孤單掛在樹上，找不到人願意收留/購買它，造成小農損失，嚴重滯銷，叫苦連天。

How?

即日起至2/25下午3點截止，點選本圖進入頁購網填寫訂單。領取方式再通知。

不在意數量多寡，  
願意訂購已經代表  
我們想協助小農的心意！





## Green Action: Biodiversity, Bee-friendly Environment

The Yunlin Tech Plant of BenQ Materials organizes tree planting event annually such that the greening area of the plant site continues to increase. In addition, the honey source plants are also introduced into the plant site for planting, such as the fruit trees of longan, pomelo and orange, and honey source trees of melaleuca, black tallow, string willow, Taiwan pittosporum, beadtrees, pink trumpet tree, small-leaved barringtonia, golden dewdrop, and common jasmine orange, such that there are flower seasons throughout the year, allowing bees to harvest pollen and nectar. In addition, the plant care method adopted in the plant does not use pesticide and herbicide. Although such method requires greater labor management cost, it is able to create a living environment suitable for bees and other birds and insects, thereby achieving biodiversity in the plant site.

After the rice field harvest adjacent to the plant site in fall of each year, the farms are seeding with rape flowers in order to use as the green fertilizer for next cultivation activity in the following spring. During such period, BenQ Materials cooperates with the beekeepers to place bee boxes, allowing bees to harvest rape floor pollen. Since the flying distance of bees is a three-kilometer of radius, as long as the rape flower quantity is sufficient, the plant site is able to place 150 bee boxes. In addition, the plant site is also planted with vast area of cosmos farm, such that bees are able to actively live at the plant site. During the Green Party planting event organized in March 2021, honeybee ecology guide tour was also arranged. In addition to relevant poster information, beekeepers also opened bee box to introduce the difference among queen bee, field bee and drone bee. Employees were also able to see the honeybee products of beeswax, pollen, and honey water was also provided during the event, allowing employees to have further understanding about bees. In addition to honeybees, there are also various types of solitary bees and hornets living in the area, demonstrating BenQ Materials' emphasis on environmental ecology.

