BenQ Materials Corp

Corporate Sustainability Report 2023

BenQ Materials Corp

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Message from the President

Chairman & CEO

In recent years, the world has been undergoing rapid changes. Wars, pandemics, and inflation have impacted corporate operations and the overall economy, causing significant turbulence and challenges. Furthermore, according to recent analyses and reports, the effects of climate change on our living environment have become more severe. The pressure on companies to address these compounded issues is more urgent than ever.

Environmental Sustainability Achievements

Faced with numerous operational challenges, we have strived to adapt and adjust while maintaining our commitment to sustainable business practices. In 2023, BenQ Materials' renewable energy usage reached 22%, surpassing our original target. Moreover, we have moved our RE100 target from 2050 to 2040, while maintaining our goal of achieving net-zero carbon emissions by 2050.

In recent years, we have set progressively advanced targets for environmental sustainability issues to drive the continuous advancement of our company's sustainable transformation. This year, we obtained carbon credits through the "RTO Waste Heat Recovery Equipment Offset Project," the first non-power-based carbon offset project approved by the Environmental Protection Administration. Our efforts in reducing carbon emissions have been highly recognized. Additionally, we received leadership-level recognition in the CDP (Carbon Disclosure Project) questionnaire for scope 1 and 2 emissions, emission reduction measures, and low-carbon products. BenQ Materials will continue to deepen its environmental sustainability efforts, gradually achieving net-zero emissions.

Digital Transformation and AI Integration

Reducing carbon emissions in manufacturing is equally important. Recent breakthroughs in artificial intelligence applications have enabled us to enhance the application of AI technology within the company. We have established a Digital Transformation Committee to promote AI and digital transformation tools among all employees. By using these tools for simulation and prediction, we aim to improve production efficiency and further help us achieve energy-saving and carbon reduction goals.

Collaborating with the Value Chain

I believe that our carbon reduction strategy must start with product development. BenQ Materials prioritizes the development of sustainable products and materials as a key principle for future green products. All product development departments must start new product development with this understanding. Only then can we truly expand sustainable product design to sustainable and low-carbon production and use, achieving our desired goals from the source.

BenQ Materials is a company specializing in material technology. We aim to ensure that our customers' products achieve sustainability goals by using our materials. This year, we have also collaborated with supplier partners to set an annual carbon reduction target of 5%, hoping to extend the impact of sustainable products upstream and throughout the entire value chain.

Commitment to Employees and Human Rights

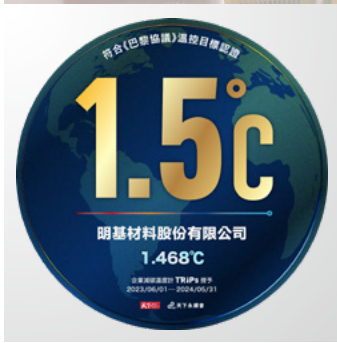
BenQ Materials values its employees and strives to provide equal treatment and care to every employee, regardless of their background or life stage, under the principles of Diversity, Equity, and Inclusion (DEI). In line with international human rights commitments, we have established the company's "Human Rights Policy" and conducted our first internal due diligence survey in 2023 to ensure that all employees working at BenQ Materials are protected and enjoy basic rights. We will extend these human rights due diligence surveys to the value chain in the future, aiming to ensure that all employees of our value chain partners are treated equally.

BenQ Materials continues to work on various measures and improvements to reduce carbon emissions, aiming to collaborate with customers and suppliers towards shared goals. At the same time, we aspire to promote greater social integration, using BenQ Materials' resources to assist disadvantaged groups and environmentally friendly communities. By aligning with the SDGs, we aim to advance our society towards sustainability and inclusivity.

Honors and Recognition in 2023

Sustainability Report Awards

Name of Award	Award Presentation Unit
Carbon Disclosure Project Level B	Carbon Disclosure Project Organization
Sustainability Report Chinese Version - Platinum Award	Taiwan Institute for Sustainable Energy
Sustainability Report English Version - Silver Award	Taiwan Institute for Sustainable Energy
Asia-Pacific and Taiwan Sustainable Action Award SDG2 Zero Hunger - Silver Award	Taiwan Institute for Sustainable Energy
National Enterprise Environmental Award - Silver Award	Taiwan Executive Yuan Ministry of Environment
Enterprise Carbon Reduction Thermometer - Excellence Level	CommonWealth Magazine x Tunghai University
Ministry of Environment Certification "RTO Waste Heat Recovery Equipment Offset Project"	Taiwan Executive Yuan Ministry of Environment
Asia Corporate Social Responsibility Award - Human Capital Investment Award	Enterprise Asia
Suzhou Industrial Park Most Socially Responsible Enterprise	Suzhou Industrial Park Human Resources and Social Security Bureau
TTQS Talent Development Quality Management System Evaluation - Silver Medal	Taiwan Ministry of Labor Workforce Development Agency
Healthy Workplace Certification	Taiwan Ministry of Health and Welfare National Health Promotion Administration
Taiwan I Sports Corporate Certification	Taiwan Ministry of Education Sports Administration
Taiwan Intellectual Property Management System (TIPS) A-level Certification Passed	Taiwan Ministry of Economic Affairs Industrial Development Bureau
Corporate Governance Evaluation "Small and Medium-sized Enterprises Group Ranking Top 6%~20%"	Taiwan Stock Exchange



Innovative Products

Name of Award	Award Presentation Unit
National Industrial Innovation Award - New Generation Silicone Hydrogel Material	Taiwan Ministry of Economic Affairs
Taiwan Excellence Award Gold Award - Xpore Waterproof and Breathable Ocean Waste Recycled Yarn Functional Fabric	Taiwan Ministry of Economic Affairs International Trade Bureau
Etouch Green Interior Design Award Diamond Award - 2023 Touch Taiwan	Taiwan Display Union Association
Innolux "Energy-saving Partner Leadership Award"	Innolux Corporation
Huike Outstanding Supplier	Huike Corporation
Gold Panel Awards 2023 Optical Decoration Film	Taiwan Display Union Association
ISPO Textrends Fall/Winter 25/26 Top Ten-OD1011	ISPO Munich International Sporting Goods Exhibition
ISPO Textrends Fall/Winter 25/26 Selection-OD773	ISPO Munich International

Annual Investment and Output

Financial Capital

Description	Investment in 2023	Output in 2023	Result for 2023	Corresponding Chapter/Section
Achieve most optimal financial performance through proper business management capability.	· Total assets invested: NTD 20.557 billion	· Revenue: NTD 17.12 billion · Income tax expense: NTD 127 million	· EPS:NTD 1.29	· 3-2 Business Performance

Manufacturing Capital

Description	Investment in 2023	Output in 2023	Result for 2023	Corresponding Chapter/Section
Seek optimization of process efficiency, in order to achieve most optimal manufacturing efficiency and yield rate.	· Display Materials: - Process Switching Time Reduction Project - Coating Line Glue Machine Speed Enhancement - Introduction of Robotic Processes · Advanced Battery Materials: - Addition of Ergonomic Arm Equipment - Speed Enhancement Engineering Changes - Introduction of Automated Operations - Extension of Roll Length Operations · Medical and Nursing Products: - Improvement of Gauze Manufacturing Process - Introduction of Automated Folding Machine for Acne Patches - Recycling of Contact Lens Steel Plates - Improvement of Packaging Film Manufacturing Process · Waterproof and Breathable Fabrics: - Introduction of Fabric Processing Machines - Introduction of Automated Packaging Machines - Introduction of Conveyor Belts to Replace Manual Labor	· Display Materials: - Increased production capacity by 3% - Increased production capacity by 3% - Reduced 675 hours per quarter · Advanced Battery Materials: - Increased operating rate by 5% - Increased speed by 14%; increased production capacity by 12% - Increased efficiency by 40% - Increased roll length by 87.5% · Medical and Nursing Products: - Improved yield by 0.6% - Achieved 100% recycling rate - Reduced electricity consumption by 15% · Waterproof and Breathable Fabrics: - Increased production capacity by 50% - Increased packaging production capacity by 50% - Increased daily production capacity by 1.5 hours	· Improve product yield · Increase operating rate · Increase recycling rate · Reduce process electricity consumption · Reduce production working hours	· 4-2 Product Innovation and Sustainable Design

Human Resource Capital

Description	Investment in 2023	Output in 2023	Result for 2023	Corresponding Chapter/Section
Select appropriate talent, commit to employee growth and development, and provide competitive remuneration and welfare.	· Employ 2,851 people (including temporary staff) · Non-employee workers: 1,018 (including catering, security, cleaning, contractors, etc.) · Invested NTD 6.18 million in training expenses · Implemented 4 major safety improvement measures	· 238 in-person courses, with a total of 50,431 training hours, and an average of 17.69 training hours per employee. · Environmental health and safety courses had 25,405 participants, totaling 21,660.5 hours.	· Average training hours for indirect employees: 43 hours · Comprehensive Injury Frequency Index (FSI): 0.04	· 7-2 Manpower Overview · 7-3 Talent Cultivation · 7-6 Workplace Safety

Natural Capital

Description	Investment in 2023	Output in 2023	Result for 2023	Corresponding Chapter/Section
Through various energy resource use improvement projects, commit to the reduction of steel materials, energies and water, and achieve reduction of waste output.	• Natural gas consumption: 6.1463 million cubic meters • Electricity consumption: 63.3785 million kWh • Gasoline consumption for vehicles: 13,400 liters • Diesel consumption: 1,800 liters • Water withdrawal: 342.45 million liters • Established ISO 46001 system at the Taoyuan plant	• Greenhouse gas emissions (Scope 1 and Scope 2): 41,744 tons CO_2e • Greenhouse gas emissions (Scope 3): 31,090.88 tons CO_2e • Implemented 23 energy-saving initiatives, reducing carbon emissions by 732.75 tons CO_2e • Implemented 5 gas-saving initiatives, reducing carbon emissions by 178.4 tons CO_2e • Solar power generation: 2.79 million kWh • Implemented 8 water-saving initiatives, saving 12.87 million liters of water • Obtained carbon offset projects approved by the Environmental Protection Administration • Waste generated: 12,609.83 tons	• Greenhouse gas emission intensity (Scope 1 and Scope 2): 2.44 (tons CO_2e/million NTD), a 36.25% reduction compared to 2020. • Energy consumption intensity: 27.46 (GJ/million NTD), a reduction compared to 2022. • Total water withdrawal intensity: 2.00 (ML/billion NTD revenue), a 31.97% reduction compared to 2020. • Waste direct disposal intensity: 0.16 (tons/million NTD revenue).	• 5-2 Climate Change Management • 5-3 Energy Management • 5-4 Water Management • 5-6 Circular Economy

Intellectual Capital

Description	Investment in 2023	Output in 2023	Result for 2023	Corresponding Chapter/Section
Improve high-strength material application, continue to obtain mechanical design patents and product certifications, in order to enhance the product competitive advantages.	• Invested NTD 939 million in research and development expenses • Implemented the Taiwan Intellectual Property Management System (TIPS) • Implemented ISO 27001	• 78 patent applications in 2023 • 33 patents granted in 2023 • Passed the TIPS Taiwan Intellectual Property Management System A-level re-certification • Passed ISO 27001 certification in 2023	• As of the end of 2023, a total of 1,200 patent applications have been submitted globally, with 800 patents granted. • Zero major information security incidents.	• 3-6 Information Security • 4-1 Core Technology and Intellectual Property Management

Social Capital

Description	Investment in 2023	Output in 2023	Result for 2023	Corresponding Chapter/Section
Promote local industry upgrade, achieve industry common growth, and contribute and return business outcome of BenQ Materials to surrounding communities.	• Key suppliers must sign a Corporate Social Responsibility (CSR) commitment for project control. • Conflict metals disclosure initiative: conducting investigations with suppliers on the use of conflict minerals. • Made three charitable donations. • Invested in the "Vision Hope Project," providing free eyeglasses to children from low-income families. • Promoted the Taiwan Agriculture and Food Program, now in its 8th year. • Promoted the Science Camp Program, now in its 10th year.	• Required first-tier suppliers to sign a Corporate Social Responsibility (CSR) commitment, with a 95% signing rate in 2023. • 17 polarizer suppliers, 14 optical materials customers, and 5 battery materials customers signed conflict-free minerals guarantee certificates. • Donated 5,300 medical drapes, 11,750 pieces of sports equipment, and scar removal patches. • Provided eyeglasses to a total of 2,307 individuals. • The Taiwan Agriculture and Food Program's annual procurement amount reached NTD 410,000. • The Science Camp Program achieved a 71% annual social impact.	• All procured materials are free from conflict minerals. • We hope that healthy eyes will create a colorful life, helping underprivileged children have a brighter vision. • Assisting farmers in solving product overstock issues to achieve social co-prosperity. • Helping to solve education and resource insufficiency problems in remote areas.	• 6-3 Supply Chain Management • CH8 Social Participation

Report Introduction

Relevant information for the establishment of the 2023 Corporate Sustainability Report (referred to as "this Report") of BenQ Materials Corporation (referred to as "BenQ Materials") is as follows:

Disclosure basis

This report follows the Global Reporting Initiative (GRI) Sustainability Reporting Standards (GRI Standards) issued by the Global Sustainability Standards Board (GSSB). It also discloses information based on the Sustainability Accounting Standards Board (SASB) for the Technology and Communications sector, specifically the Hardware industry, and the Health Care sector, specifically Medical Equipment & Supplies. Additionally, the report draws on the spirit of the International Integrated Reporting Framework formulated by the International Integrated Reporting Council (IIRC).

Reporting period

This report was first issued in July 2021 for the year 2020.

Reporting period for this report January 1, 2023, to December 31, 2023.

Release date of this Chinese version: August 2024; release date of this English version: August 2024.

Release date of the previous Chinese version: June 2023 release date of the previous English version: July 2023.

Future publication frequency: once a year.

Disclosure scope

The disclosure scope includes BenQ Materials Corporation and its subsidiaries: United Medical Devices Co., Ltd., BenQ Materials Ltd., Dexin Medical Technology (Suzhou) Co., Ltd., BenQ Materials Medical Technology (Suzhou) Co., Ltd., Suzhou United Medical Co., Ltd., BenQ Materials (Wuhu) Co., Ltd., Jinjet Biotech Co., Ltd., Shuochen Biomedical Co., Ltd., and Wayken Industries Co., Ltd. It covers their performance in economic, social, and environmental aspects. The key operational sites of BenQ Materials and the aforementioned subsidiaries include the Taoyuan and Longke plants in Taiwan, the Yunke plant, and the Suzhou and Wuhu plants in mainland China. Subsequent reports will not provide separate explanations. For details, see section 9-5 on data disclosure scope.

Disclosure explanation

The sustainability information and performance disclosed by this Report are also synchronously disclosed in the BenQ Materials' ESG official website. Furthermore, for the product information and the financial data of the business performance disclosure, the disclosure is based on the financial report information certified by the CPA after the auditing of KPMG Taiwan. Other relevant data in this Report is obtained via self-statistical analysis of the BenQ Materials Disclosure Team, and the conventional value description approach

is adopted along with the standard rounding method in principle.

Preparation process

This report is compiled by a disclosure team consisting of designated personnel from various departments. After the disclosure team prepares the report, it is consolidated by the secretaries of the ESG Committee. The report is then reviewed by the members of the ESG Committee and finally approved by the Chairman.

External review

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

Contact information

For any questions on this Report or any recommendations to BenQ

Materials, please contact us via the following method.

Contact Person: Chia-Sheng Kao, Human Resource Department

Company Address: No. 29, Jianguo E. Rd., Guishan Dist., Taoyuan City 333

Telephone: 03-3748800#2948

E-mail: ESG@benqmaterials.com

1 BenQ Materials Introduction

Company Profile

Founded in July 1998, BenQ Materials initially focused on the research, development, and manufacturing of high-quality, high-capacity optical discs to store users' knowledge and joy. Adhering to the philosophy of "Innovation Everywhere," the company has continuously developed materials science products. With a strong foundation in materials science, BenQ Materials is committed to independent research and development, specializing in two major materials technologies: optical multilayer film design and polymer synthesis.

The company also excels in four major manufacturing technologies: roll-to-roll processing, precision engraving, precision coating, and injection molding. By leveraging core technologies in these areas, BenQ Materials has expanded into four main application categories: display materials, advanced battery materials, medical and nursing products, and waterproof breathable fabrics. This approach provides customers with high-quality and comprehensive solutions.

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

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 East Road, Guishan District, Taoyuan City
	Longke Plant: No. 288, Longyuan 1st Road, Longtan District, Taoyuan City
	Yunke Plant: No. 29, Kezhong 7th Road, Douliu City, Yunlin County
	Suzhou Plant: No. 13, Chunhui Road, Suzhou Industrial Park, Suzhou, Jiangsu Province, China
	Wuhu Plant: No. 106, Huajin South Road, High-Tech Development Zone, Yijiang District, Wuhu City, Anhui Province, China
	GeneJet Biotech Corp: No. 56, Lane 77, Xingai Road, Neihu District, Taipei City
	Cenefom Corp. Biomedical: No. 50-5, Keji Road, Zhunan Township, Miaoli County
	Web-Pro Corp. (Yongan Main Plant): No. 4, Yonggong 3rd Road, Yong'an District, Kaohsiung City
Service Market	Taiwan, China, Malaysia, Singapore, U.S.A., and Japan, etc.
Product Line	Functional films, advanced battery materials, medical products, functional textiles
Capital	NTD 3.207 billion (as of 12/31/2023)
Number of Employees	2,851 employees (as of 12/31/2023)
Revenue Scale	NTD 17.128 billion (2023)

Business Philosophy

Vision

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

Mission

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

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

Business Objectives

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

Participation in External Organizations

Position of Director and Supervisor

Member of the Flexible Hybrid Electronics Committee, Taiwan Section, SEMI International Semiconductor Industry Association

Director of the Society for Information Display (SID) Taiwan Chapter

Vice Chairman/Supervisor of the Taiwan Medical and Biotech Industry Association

Director and Supervisor of the Taiwan Battery Association (TBA)

Director of the Taiwan Display Materials and Components Industry Association (TDMDA)

Director of the Taiwan Display Union Association (TDUA)

Director/Advisor of the Taipei Eyewear Business Association

Director of the Tainan

Member Enrollment

Taiwan Science Park Industrial Association

Taiwan Electric Power Enterprises Association (TEPA)

Taiwan Electrical and Electronic Manufacturers' Association

Yunlin Technology Industrial Park Manufacturers' Association

Interior Design Association of the Republic of China

Taiwan Adhesive Tape Industrial Association

Advanced Filtration Technology Industry-University Alliance

Sterile Barrier Association (SBA)

Deutsches Flachdisplay-Forume.V.(DFF)

Taiwan Battery Association (TBA)

MIH Open Electric Vehicle Alliance

Lithium-Ion Battery Industry-University Alliance

Advanced Battery Materials Industry Alliance

Taiwan Optometry Association

Taipei Eyewear Business Association

Tainan Optometry and Eyewear Industry Association

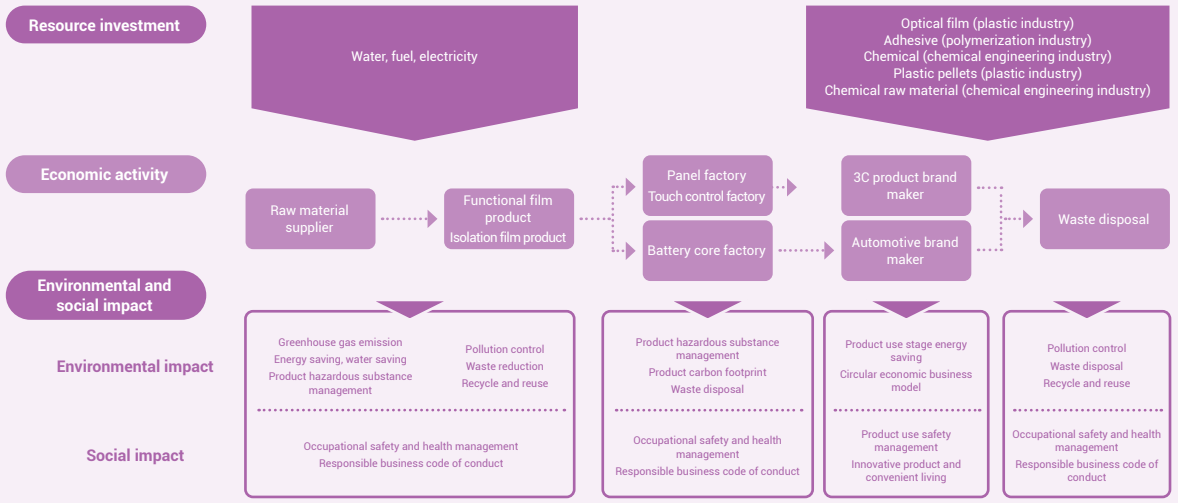
Taiwan Silk Printing and Finishing Industry Association

Taiwan Technical Textile Association

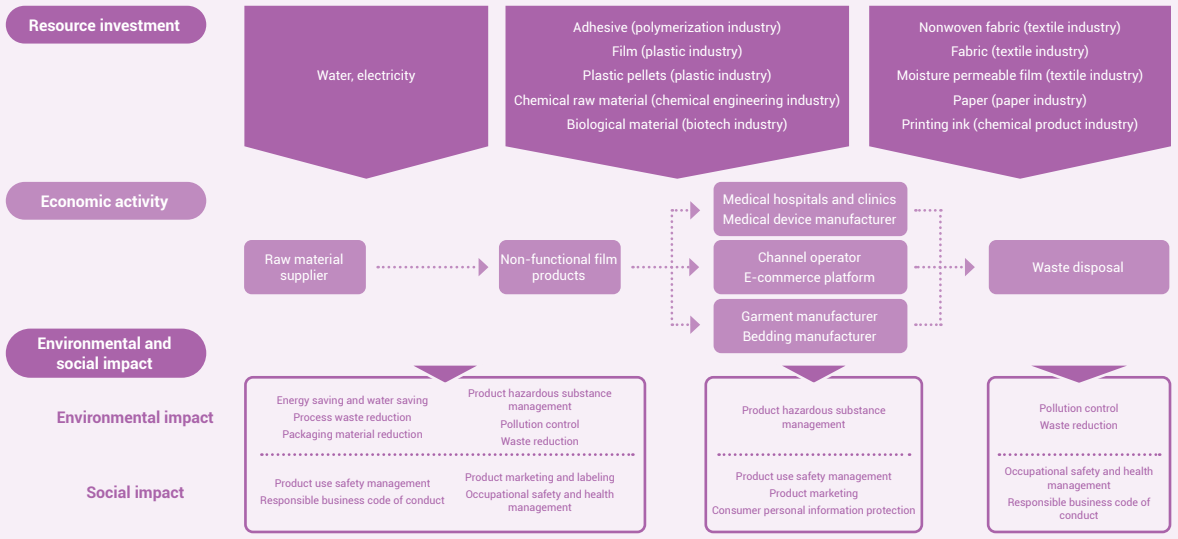
Taiwan Flexographic Printing Association (TFTA)

Value Chain

Display Materials and Advanced Battery Materials Value Chain



Medical and Care Products, and Waterproof Breathable Fabrics Value Chain



Profile of Product Sector

Display Materials

Display materials developed by BenQ Materials effectively reduce reflections and glare from complex ambient light sources, enhancing screen visibility, improving user focus, and protecting the eyes. These display materials feature high weather resistance and high contrast (Smoke OCA) technology, allowing for a seamless black design with screen bezels. They can provide various display applications with high contrast and high-definition performance, catering to diverse needs, from work and wearable displays to medical display technologies.

To learn more about the display material products, please scan the QRCODE

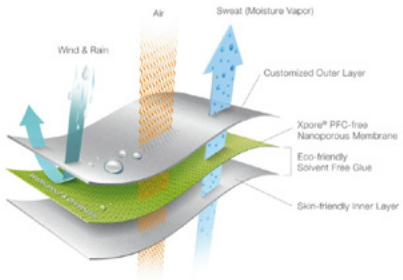
Advanced Battery Material

BenQ Materials' battery separators serve as a critical safety barrier between the anode and cathode of lithium-ion batteries, meeting the high-performance demands of automotive and energy storage lithium batteries. In 2023, the company introduced a new generation of ceramic-structured separators designed for these applications. These separators are used in high-tech mobility solutions, including electric vertical take-off and landing aircraft (eVTOL), unmanned aerial vehicles (UAV), and hybrid electric vehicles (HEV). The new separators were unveiled at the global international exhibition AABCE, where they received significant attention and facilitated technical exchanges within the industry.

To learn more about the isolation film products, please scan the QRCODE

Waterproof and breathable textiles

BenQ Materials' fabric brand Xpore, named after the spirit of exploration (Explore) and nano pores (Nano Pores), has redefined "nano-porous films" through years of research and development. This innovation opens up endless possibilities for functional textiles while maintaining a commitment to environmental sustainability.



At the core of Xpore® technology is a unique ultra-thin film that is non-toxic and free of PFCs and solvents. Each square inch of this film contains 10 billion nano pores. These pores are 20,000 times smaller than a water droplet, making the film completely windproof and waterproof while still allowing sweat to pass through. The truly breathable nano pores keep users dry and comfortable, enhancing endurance. Xpore technology is applied to various fabrics, offering unparalleled performance for outdoor activities, urban living, and home healthcare.

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

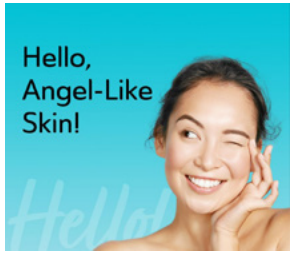
Xpore®

Healthcare Products

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

Skincare Products

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



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

DermaAngel

Vision Care

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

To learn more about the vision care products, please scan the QRCODE

Miacare

GemMonster

Professional Healthcare

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

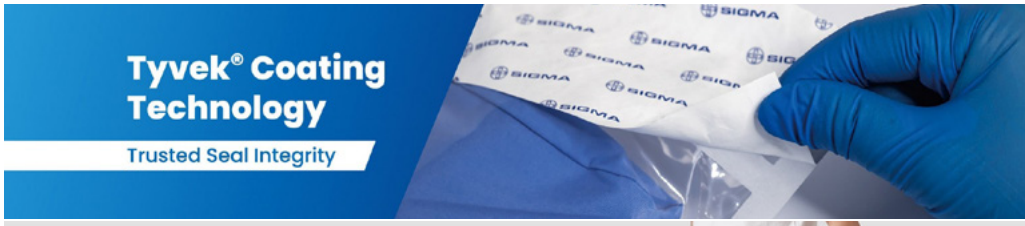
SIGMA, our healthcare product brand, primarily provides healthcare sterilization packaging products and solutions, aiming to protect patients against infection during medical treatment. Anscare focuses on providing wound management products at every stage, with product ranges covering hemostasis, wound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

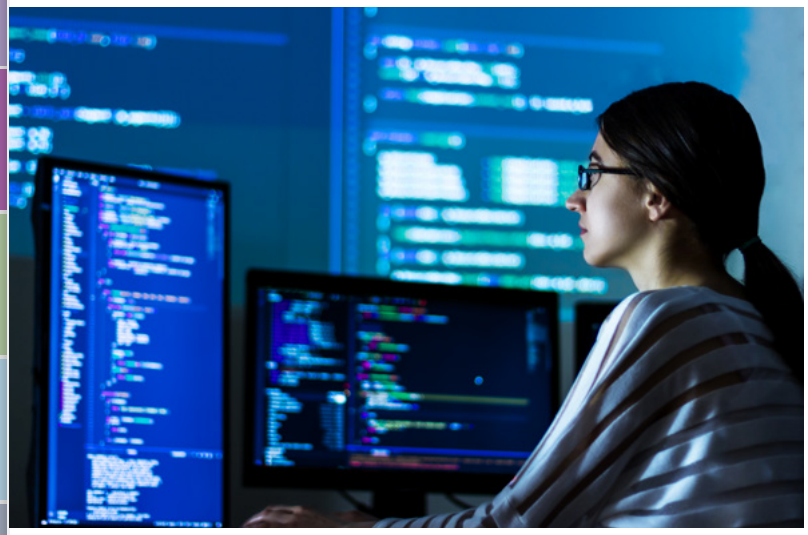
To learn more about the wound management products, please scan the QRCODE

Anscare

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

SIGMA Medical Sterilization Packaging





Business Development

BenQ Materials focuses on the research and development of advanced optical functional film materials. Currently, the application development in the functional film industry includes Thin-Film Transistor Liquid Crystal Displays (TFT-LCD), Organic Light Emitting Diodes (OLED), and Micro-LEDs. With the advent of new generation production capacities and the application of foldable products, the average size of displays is rapidly increasing, leading to a significant rise in demand for functional film materials. At the same time, as some manufacturers exit and new capacity investments converge, the industry's supply and demand are gradually stabilizing.

In the medical industry, including medical equipment, eyewear, and medical chemical products, the demand for medical services and care is gradually rising with the aging population. The scope of services continues to expand, and a diverse service system is being developed. In recent years, there has been interdisciplinary cooperation between technology and medicine. Coupled with the impact of the pandemic, the healthcare-related industries have experienced significant growth over the past two years.

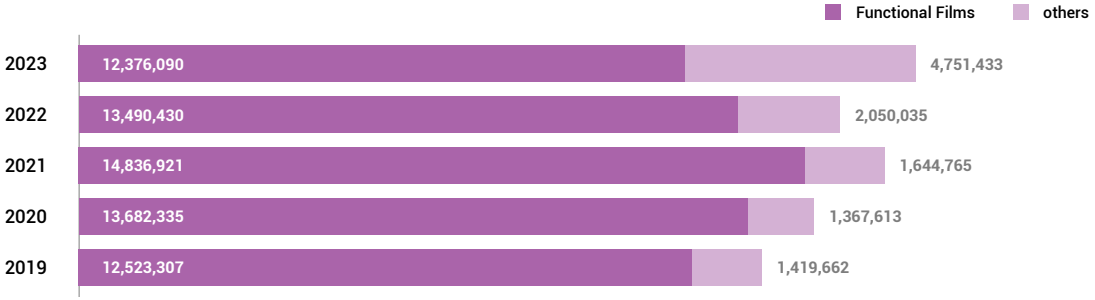
For a complete operational overview and future short-, medium-, and long-term development strategies,

please refer to the 2023 BenQ Materials Annual Report (P.36).

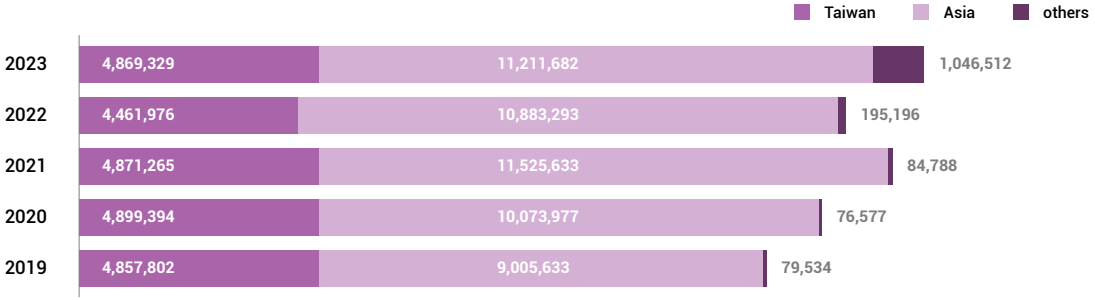
Revenue Overview

In recent years, BenQ Materials' strategic transformation has gradually shown results. Moving forward, the company plans to continue increasing the revenue proportion of medical products to reduce the impact of cyclical fluctuations in the display panel market on its operations.

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



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



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

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

2 Sustainability Governance

Sustainable Governance and Operations

Sustainable Strategy Implementation Framework

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

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

Task Organization	Main Goals	Corresponding SDGs	Members
Supply Chain Team	• Emphasizing Labor Rights • Collaborating on Energy Saving and Carbon Reduction • Increasing the Proportion of Green Procurement		Director of Procurement
Product Lifecycle and Innovation Team	• Developing Green Products and New Energy Technologies		Vice President of Research and Development
Environmental Policy and Management Team	• ncreasing the Proportion of Green Factories • Climate Change Response and Management • Reduction and Circular Economy		Vice President of Manufacturing
Social Participation Team	Internal • Creating a Diverse, Equitable, and Inclusive Environment • Employee Development and Talent Cultivation External • Supporting Local Agriculture • Caring for the Underprivileged and Young Students • Environmental Sustainability Actions		Senior Director of Human Resources
Corporate Governance Team	• Information Security • Transparent and Responsible Governance • Legal Compliance and Ethical Business Practices		Deputy Director of Finance

How the ESG Committee works

Planning Annual Work Items for the Sustainability Committee ▶ Confirmation of Work Plan by the Chairman (CEO) ▶ To execute and hold monthly/quarterly meetings ▶ Report the execution status and achievements to the Board of Directors

Sustainable Governance Report to the Board

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

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

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

Sustainability Goal

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

Six Main Missions

Sustainability

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

Responsible Product

SDGs	Strategic Aspect	Projects	Short-term Goals			Medium Term Goals		Long Term Goals
			Target 2023	2023 Achievement / Current Status	Target 2024	Target 2025	Target 2027	Target 2030
9 12	Green Product	Carbon emissions reduction for major existing products (a total of 11 items)	○	2 items > 20%, 4 items > 10%, 5 items < 10%	-	↓ 30%	-	↓ 55%
		Development of Sustainable New Products	○	Completed Product Development Procedure Manual	100% Compliance with Sustainability Definition	100% Compliance with Sustainability Definition	100% Compliance with Sustainability Definition	100% Compliance with Sustainability Definition
13	New Energy Technology Development	Hydrogen Energy and Solid-State Battery Technology Development	○	-	-	-	-	-

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

Environmental Sustainability

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

Partnerships

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

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

Friendly Workplace

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

Social Care

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

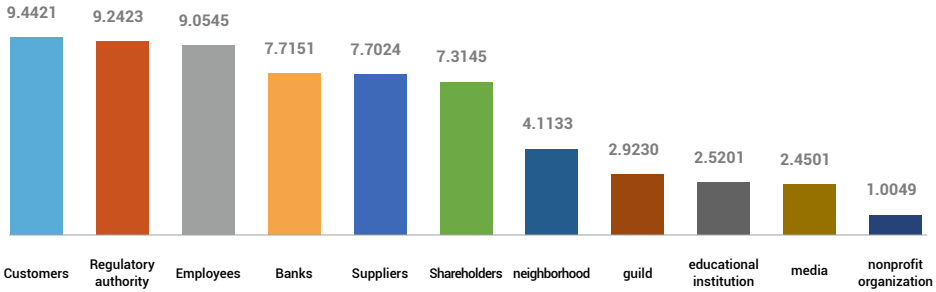
Note: "☺ is target met; "☹ not met; "○ " is new strategic target for 2023; "-" is target under development.

Stakeholder Engagement

identify Important Stakeholders

BenQ Materials continues to interact with stakeholders in order to establish communication and response mechanism for sustainability issues. Through the five aspects of "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.

Consolidated stakeholder identification results



Results of the 5 component assessment of significant stakeholders

Significant Stakeholder Engagement

Stakeholder significance

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

Stakeholder Response and Outcome of Stakeholder Engagement

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

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

Material Disclosure Issue Analysis

Collect Sustainability Issues

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

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

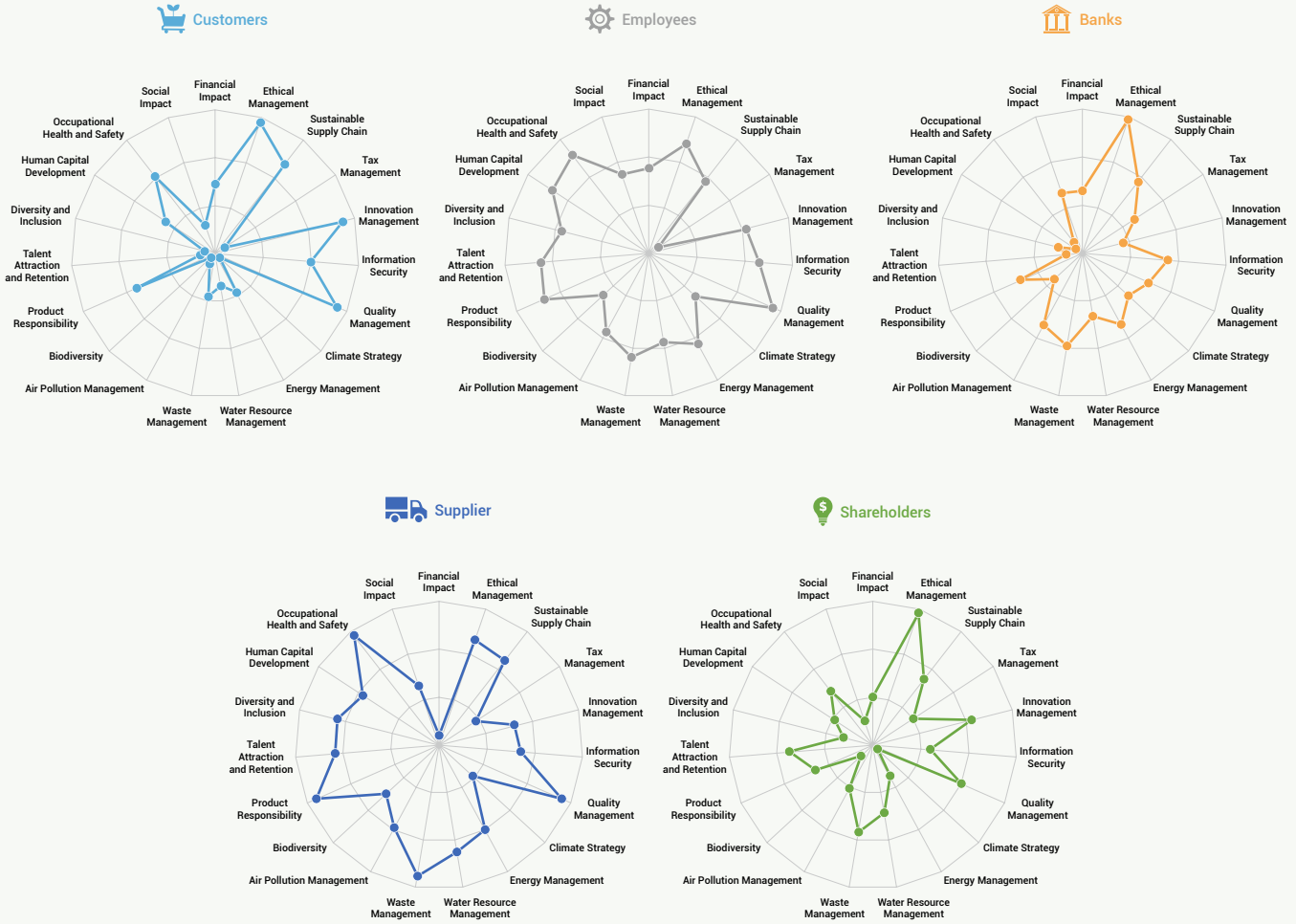
Identifying actual and potential impacts

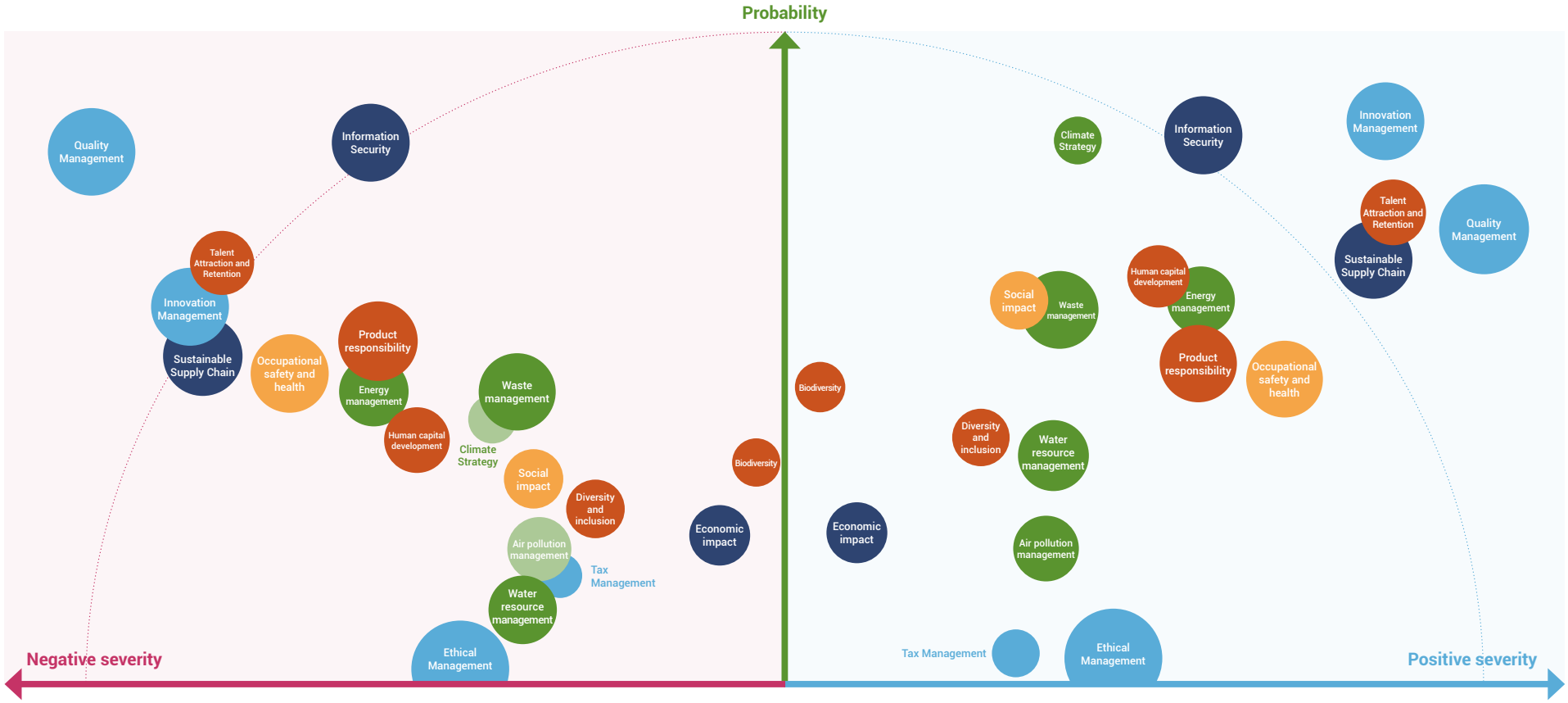
In 2023, BenQ Materials continued to use the results identified in 2022 to determine the actual/potential and positive/negative impacts of various issues on economic, environmental, and social aspects during its operations.

Survey of Stakeholder Concerns

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

Stakeholder Concerns Survey Results





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

Sustainable Issue Impact Analysis

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

Decision on Major Sustainability Disclosure

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

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

Explanation of Major Sustainability Disclosures

Major issues impacting the border

Major Sustainability Issues	Major Sustainability Issues What it means for BenQ materials	Impact range					Corresponding GRI themes/SASB indicators	Main Corresponding
		within the organization		outside the organization				
		BenQ Materials	Subsidiaries	Customers	Supplier	Consumers		
Sustainable Supply Chain	BenQ Materials' product diversity and upstream and downstream suppliers are important partners of BenQ Materials. The ESG performance of suppliers has a significant link to BenQ Materials' sustainability commitment and has a significant impact on BenQ Materials' brand and customer requirements.	✊	✊	✊	✊		▪ GRI 204: Procurement Practices 2016 ▪ GRI 308: Supplier Environmental Assessment 2016 ▪ TC-HW-430a.1 ▪ TC-HW-430a.2 ▪ HC-MS-430a.1 ▪ HC-MS-430a.2 ▪ HC-MS-430a.3	6-3 Supply Chain Management
Innovation Management	In order to respond to market needs and changes in a timely manner, and in response to the ever-changing functions of various end-use consumer products, the continuous refinement of technology and innovation in the development of "friendly materials" is a key element that can create higher economic value for BenQ Materials.	✊	✊	✊		✊	▪ Customised topics: structural optimisation, efficiency	4-2 Sustainable Product Design and Innovation
Information Security	BenQ Materials continues to pay attention to information security and customer privacy protection, and to strengthen the deployment of information security software and hardware, and to implement the information security management system (ISO 27001) in order to implement information security control.	✊	✊	✊	⚡	✊	▪ Customised theme: Information Security Incident ▪ TC-HW-230a.1	3-6 Information Security
Quality Management	Effective product management contributes to enhancing customer satisfaction and loyalty, thereby improving the company's profitability and core competitiveness.	✊	✊	✊		⚡	▪ GRI416: Customer Health and Safety 2016 ▪ HC-MS-250a.1 ▪ HC-MS-250a.2 ▪ HC-MS-250a.3 ▪ HC-MS-250a.4	6-2 Quality Management
Climate Strategy	Major multinational companies have also announced their carbon neutrality timelines, as the pressure from policies and customer demands increases. Reducing greenhouse gas emissions to mitigate climate change and strengthening adaptive capacity to enhance business resilience are crucial issues that BenQ Materials cannot ignore in its future operations.	✊	✊	⚡	✊		▪ GRI 305 Emissions 2016	5-2 Climate Change Management
Talent Attraction and Retention	A diverse, inclusive, and friendly work environment, along with comprehensive welfare measures, contributes to the innovation and growth of a company and serves as the foundation for creating a positive workplace. Implementing competitive human resources management practices, respecting workers' rights, enhancing employees' skills and competencies, improving safety and health in the workplace, promoting effective communication and collaboration, and fostering work-life balance enable employees to actively engage in their work and utilize their full potential, thereby reducing the intangible costs associated with high employee turnover.	✊	✊				▪ GRI401: Labour Relations 2016 ▪ GRI405: Employee Diversity and Equal Opportunities 2016 ▪ TC-HW-330a.1	7-2 Manpower Overview 7-4 Employee Care 7-5 Health Management
Occupational Health and Safety	"Employees" are key to sustainable business, and BenQ Materials values occupational safety and health management. We adhere to the ISO 45001 Occupational Health and Safety Management System standards, providing a legally compliant and healthy work environment. We strengthen the safety awareness of our factory employees and contractors, aiming to prevent occupational accidents from occurring.	✊	✊	⚡	✊		▪ GRI 403 Occupational Health and Safety 2018	7-6 Workplace Safety

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

Sustainability Issue Management Approach

Name of Material Topic	Sustainable Supply Chain
Impact	**Positive impact:** Through robust sustainable supply chain management, we reduce the potential supply chain risk, enhance the supply efficiency of suppliers, improve corporate reputation and product quality, and reduce operating costs. **Negative impact:** Our operations rely on collaboration with the upstream and downstream of the supply chain. Significant sustainability incidents of suppliers, e.g. industrial safety accidents, violation of ethical corporate management, environmental protection incidents, or human rights incidents, may prevent suppliers from ship products smoothly, causing negative reputational impact, such as production cessation or disruption, to us.
Scope of Impact	■ Customers ■ BenQ Materials ■ Suppliers
Aspect of Impact	■ Environmental ■ Economic ■ People ■ Human Rights
Time Range of Impact	☐ Actually occurred impact ☐ Potential impact within the next year ■ Potential impact within the next 2-3 years ☐ Potential impact after the next 3 years
Policy	Following BenQ Materials' Supplier Corporate Social Responsibility Code of Conduct, key suppliers' ESG sustainability performance is audited with reference to RBA standards.
Commitment	Key supplier ESG audits help suppliers improve their ESG governance and establish mutually beneficial partnerships.
Goals and Targets	▪ Phase 1 (2022 to 2023): Plan to audit 16 key tier-1 suppliers ▪ Completed audits for 12 key suppliers in 2022; completed audits for 4 key suppliers in 2023 ▪ In 2024, aim to complete ESG audits for 30% of high-risk key tier-1 suppliers ▪ In 2024, recognize suppliers with outstanding energy-saving and carbon reduction performance at the supplier conference ▪ By 2026, complete 100% ESG audits for high-risk key tier-1 suppliers ▪ Promote green procurement (new)
Responsibility	▪ Director, Supply Chain Administration Division ▪ Director, Quality Management Division
Adopted Action Plans	▪ Due diligence of and guidance for local suppliers ▪ Build a two-way supplier information platform ▪ ESG Audit
Mechanism of Performance Measurement	Holding ESG monthly and quarterly meetings to verify the performance of the supply chain team.
Results of Performance Measurement	▪ Completed audits for 4 suppliers in 2023, meeting the target with a 100% completion rate. ▪ Green procurement amount in 2023: NTD 8.27 million.
Stakeholder Engagement	▪ Conduct supplier risk assessments based on transaction status, CSR self-assessment scores, and sustainability reports. Perform ESG audits for high-risk key tier-1 suppliers; provide improvement suggestions through audit activities. ▪ Set an annual carbon reduction target of 5% at the 2023 supplier conference; outstanding suppliers will be recognized in 2024.

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

Name of Material Topic	Information Security
Impact	**Positive impact:** By establishing an effective information security management system (ISMS) in accordance with the framework of the ISO 27001 standards, we are able to take information security risk at a specific level to enhance the credibility of business counterparts and the customer trust and to enhance business resilience. **Negative impact:** A cyberattack may affect or disrupt business continuity and leak trade secrets and personal data.
Scope of Impact	■ Customers ■ BenQ Materials ■ Shareholders ■ Employees
Aspect of Impact	☐ Environmental ■ Economic ■ People ■ Human Rights
Time Range of Impact	■ Actually occurred impact ☐ Potential impact within the next year ☐ Potential impact within the next 2-3 years ☐ Potential impact after the next 3 years
Policy	Establish the "Information Security Operating Guidelines" and "Information Security Manual" in accordance with the ISO 27001 information security international standard to reduce information security risk at the operation level.
Commitment	Comprehensively protect the confidentiality, integrity and availability of our information assets and protect the security of data and privacy of all employees.
Goals and Targets	"Zero" major information security event
Responsibility	Director, Information Security Management Committee and Information Technology Division
Adopted Action Plans	▪ Implement the ISO 27001 information security management system ▪ Implement information security management (protection, drill) projects ▪ Transfer consequential damages liability to long term cyber insurance. ▪ Enhance information security awareness in employees through information security education and training ▪ Scan and patch vulnerabilities and drill ERP system recovery quarterly ▪ Diagnose information security and scan malware periodically
Mechanism of Performance Measurement	**External:** Pass third-party verification of ISO 27001 and maintain certificate validity. **Internal:** The Information Security Management Committee holds management meetings periodically to ensure ISMS is effectively and systematically implemented.
Results of Performance Measurement	"Zero" significant information security incident was reported in 2023.
Stakeholder Engagement	Information Security Month event and general training.

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

Name of Material Topic	Innovation Management (including digital transformation)	Innovation Management (product)	Innovation Management (employee engagement)
Impact	**Positive impact:** We promote corporate digital transformation and encourage employees to use emerging technologies, such as IoT, AI, and RPA, to replace highly repeated and insignificant jobs, and optimize occupational safety and health for employees to engage in high-valued jobs and enhance organizational operating efficiency. **Negative impact:** Employees easily feel uncomfortable adapting to the use and management of innovative tools, bringing a sense of insecurity during the adaptation period.	**Positive impact:** As customers have increasing demand for our low-emission and high-performance products in response to the climate change trend, we have unfolded short-, medium-, and long-term plans for low-emission products to ensure fulfillment of their demands. **Negative impact:** If we fail in low-emission product development, apart from the loss on development costs, we may also be replaced by competitors and lose market competitiveness, and stakeholders may lose faith in us.	**Positive impact:** We have been making continual improvement for years and encouraging employees to join continual quality improvement so as to gain substantiated from improvement with the problems found in the routine work and improvement proposals made by employees. **Negative impact:** Many quality-related problems cannot be fixed immediately in the absence of improvement proposals by employees. This will result in the direct financial loss and the loss of faith of customers.
Scope of Impact	■ Customers ■ BenQ Materials ■ Employees		
Aspect of Impact	☐ Environmental ■ Economic ■ People ☐ Human Rights		
Time Range of Impact	■ Actually occurred impact ☐ Potential impact within the next year ☐ Potential impact within the next 2-3 years ☐ otential impact after the next 3 years	☐ Actually occurred impact ■ Potential impact within the next year ☐ Potential impact within the next 2-3 years ☐ Potential impact after the next 3 years	■ Actually occurred impact ☐ Potential impact within the next year ☐ Potential impact within the next 2-3 years ☐ Potential impact after the next 3 years
Policy	To enhance the internal application of digital transformation, we are committed to introducing new system software and technology, improving operating procedures, and enhancing digital infrastructure to keep talents up with the times and create greater value.	Align with customers' new display products and comply with the US Energy STAR Computers Version 8.0 (ES 8.0) ecolabel.	Quality Proposal Improvement Incentive Program The Quality Department is dedicated to implementing Continual Improvement activities (CIP).
Commitment	Implement digital transformation, promote total participation, and keep employees up with the times.	Complete energy-compliant products before customers' delivery deadline.	Complete continuous improvement activities before the deadline set by supervisors or the process.
Goals and Targets	Save operating cost by NT$100 million accumulatively during 2022-2024.	Developed a high-transmittance polarizer in 2023, which is expected to increase panel transmittance by more than 2%.	Annual benefits from CIP: NT$200 million
Responsibility	President, Digital Transformation Project Office	CTO, Product Development Office	VP, Manufacturing Improvement Center
Adopted Action Plans	▪ Introduce new systems: AutoML, AI, Oracle BI, IoT, and ML. ▪ Introduce external education resources from Taiwan AI Academy and Artificial Intelligence Foundation (AIT), organize education and training courses, and develop internal instructors.	▪ Complete the optical and weather resistance assessment of new products by June 2023. ▪ Complete production stability assessment of the mass production line of new products by September 2023. ▪ New product yield rate >95%	▪ Establishment of the "Continual Improvement Activity Promotion Committee" ▪ Employee Incentive Mechanisms: Monthly employee proposal improvement activities. Creation of a case management and experience sharing platform. Annual company-wide "Improvement Case Presentation Conference" organized by the Quality Department. Implementation of quality education and training programs. Excellent teams awarded are eligible to participate in the "Taiwan Continual Improvement Activity.
Mechanism of Performance Measurement	Periodic review results at the digital transformation quarterly meeting.	New products pass customer validation by December 2023.	Hold quality review meetings periodically. Link improvement activities with financial performance in the future to present their interrelationship.
Results of Performance Measurement	▪ Saved NTD 41.37 million in 2023. ▪ Cumulative savings from 2022 to 2023 reached NTD 78.82 million.	The new product development was completed in December 2023 and has started customer sample verification, with mass production planned for 2024.	**Continuous Improvement Activities:** ▪ In October 2023, a total of 28 CIP (Continuous Improvement Projects) were completed. ▪ In October 2023, the implementation of 28 strategies over three months resulted in tangible benefits of NTD 150 million, with an estimated annual benefit of NTD 195 million. **Proposal Improvement Activities:** ▪ A total of 64 proposals from 2022 to 2023. ▪ A total of 20 proposals were completed from 2022 to 2023, with the implementation of strategies yielding tangible benefits of NTD 21.65 million over one year.
Stakeholder Engagement	Periodic education and training courses and new system use instruction.	**Suppliers:** Continuously review the manufacturing process of new products with suppliers to meet the process requirements. **Customers:** Verify QC errors with customers based on the product validation results to adjust equipment parameters and to enhance the accuracy of product specifications.	Capture the quality opinions and feedback of employees through quality education and training and improvement project routine meetings.

Name of Material Topic	Quality Management
Impact	**Positive impact:** Reduce anomalies in the production process through a well-established quality management system (QMS) and the monitoring of professional quality management personnel to improve product quality and to enhance customer satisfaction. **Negative impact:** Quality problems may directly reduce customer demand and lead to order transfer, market presence and reputation damage, affecting business operations.
Scope of Impact	■ Customers ■ BenQ Materials
Aspect of Impact	☐ Environmental ■ Economic ■ People ☐ Human Rights
Time Range of Impact	■ Actually occurred impact ☐ Potential impact within the next year ☐ Potential impact within the next 2-3 years ☐ Potential impact after the next 3 years
Policy	Certification of technical capacity and quality system by internationally accredited alliances or organizations to ensure the effectiveness of testing results.
Commitment	Comprehensively promote a quality culture and preventive management across the company, assist customers in realizing product innovation, and ensure shipping quality consistency.
Goals and Targets	▪ Display materials: Customer satisfaction >80%. ▪ Battery materials: “Zero” significant customer grievance. ▪ Healthcare and nursing： Medical packaging: Perform TAF external audit every February to ensure that our measurement and monitoring capacity meets the requirements. Wound Care: Confirm that all products sold to the EU are 100% REACH-compliant before 2025, including finished products and the supply chain. Skin Care: Medical device products meet the QMS standards and legal regulations. Vision Care: Annual average quality grievance ≦ 500 DPPM.
Responsibility	Managers and directors of all BU quality management departments and BU top quality management
Adopted Action Plans	▪ Continuously implement quality management education and training. ▪ Apply for certification of product-related specifications. ▪ Survey customer satisfaction and audit supplier quality each year.
Mechanism of Performance Measurement	▪ Periodic ISO QMS management review meetings. ▪ Audit and certification of international standards and product specifications. ▪ Periodic customer satisfaction survey ▪ Audit of customers' suppliers.
Results of Performance Measurement	▪ Display materials: 2023 customer satisfaction 87.7%. (target accomplished) ▪ Advanced Battery Materials: No new customer complaints in 2023; received S-grade evaluation in Tier 1 customer supplier assessment. ▪ Healthcare and nursing: Medical Packaging: Passed the TAF annual evaluation in 2023 with no measurement capability non-conformities. Wound Care: Completed REACH toxicity testing for over 90% of products in 2023. Skin Care: Taoyuan and Yunlin plants passed QMS recertification audits in 2023. Vision Care: Quality complaint rate in 2023: daily disposable lenses at 309 DPPM / monthly disposable lenses at 401 DPPM.
Stakeholder Engagement	**Internal:** Conduct weekly Quality Review Meetings (QRM), convening relevant personnel from pre- and post-process stages to review and improve upon customer complaints and in-house quality issues, and continuously track the effectiveness of corrective actions. **External:** Suppliers: Hold an annual Quality Technical Meeting, which includes the introduction of new materials, improvement of raw material abnormalities, and setting carbon footprint targets with major suppliers. Customers: Conduct monthly meetings with customers to explain the quality status, including improvements on customer complaints, raw material defect rates, various quality smart manufacturing projects, and updates on carbon footprint progress.

Name of Material Topic	Climate Strategy
Impact	**Positive impact:** Climate change affects physical business operations, such as the increase in natural disaster rate and impact severity, carbon emission tax levied by the competent authorities, and increasing demand for climate change risk management performance from investors. Hence, we actively set carbon reduction targets and implement reduction activities. Reducing emissions helps reduce operating costs and earn trust from stakeholders. **Negative impact:** Increased natural disaster frequency and damage severity increase operating costs. Failure to meet stakeholder demands will lead to termination of cooperation or loan interest rate rise, increasing the operating cost.
Scope of Impact	■ Customers ■ BenQ Materials ■ Shareholders
Aspect of Impact	■ Environmental ■ Economic ■ People ■ Human Rights
Time Range of Impact	■ Actually occurred impact ☐ Potential impact within the next year ☐ Potential impact within the next 2-3 years ☐ Potential impact after the next 3 years
Policy	▪ Identify and capture climate-related risks and opportunities and their impacts on organizational operations, strategies, and financial planning in accordance with the FCS’ s regulations for disclosures of climate change responses and with reference to the climate-related financial disclosure framework recommended by TCFD. ▪ Draw up and progressively implement climate change response strategies towards low-carbon, green, and corporate sustainable development in terms of low-carbon production transformation, renewables use, low-emission and green product R&D, and together with sustainable partners.
Commitment	Establish carbon reduction strategies, continuously reduce GHG emissions, and mitigate climate change for net-zero 2050.
Goals and Targets	**Short term:** ▪ Reduce Scopes 1 and 2 GHG emissions by 9%. (Base year: 2020) ▪ Implement renewables over 15% in 2023. **Medium term:** ▪ Reduce Scopes 1 and 2 GHG emissions by 30%. (Base year: 2020) **Long term:** ▪ Achieve 100% renewable energy (RE) by 2040 ▪ Net-Zero 2050
Responsibility	▪ CEO, ESG Committee ▪ CEO, Risk Management Committee
Adopted Action Plans	▪ Continue to assess climate-related risks and opportunities and implement management measures in accordance with the TCFD recommendations. ▪ Continue to include all business locations in GHG inventory and pass external verification. ▪ Continue to expand the coverage of the ISO 50001 energy management system (EnMS). ▪ Build solar photovoltaic systems in plants for self-generation and self-consumption. ▪ Continue to capture new technology for energy conservation and carbon reduction to enhance energy efficiency.
Mechanism of Performance Measurement	▪ Hold the Environmental Policy and Management team meeting monthly to review the KPI achievement in energy conservation and carbon reduction. ▪ Hold the ESG Committee meeting quarterly to review various mitigation and adaptation measures and results of solution implementation.
Results of Performance Measurement	▪ In 2023, greenhouse gas emissions (Scope 1 and Scope 2) decreased by 27.45% compared to 2020. ▪ In 2023, the proportion of renewable energy usage was 22.2%.
Stakeholder Engagement	▪ Continue to promote total participation in energy conservation and carbon reduction activities. ▪ Draw up enterprise transformation plans by senior management and the strategic planning team. ▪ Develop carbon reduction methods in collaboration with academic units and industry associations.

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

Name of Material Topic	Talent Attraction and Retention
Impact	**Positive impact:** Employees are our important assets. Our efforts in talents attraction, education, and development are indispensable to our operational strategy and sustainable development. Hence, we attract and then educate and develop outstanding talents to make preparation for long-lasting development. **Negative impact:** The absence of a well-established talent retention system will lead to a brain drain, inability of attract external talents, and organization skill insufficiency that will further affect corporate innovation, growth, and operational performance.
Scope of Impact	■ BenQ Materials ■ Employees
Aspect of Impact	☐ Environmental ■ Economic ■ People ■ Human Rights
Time Range of Impact	■ Actually occurred impact ☐ Potential impact within the next year ☐ Potential impact within the next 2-3 years ☐ Potential impact after the next 3 years
Policy	Attract global excellent talents, cultivate employee development to enhance organization skills, and retain key excellent talents.
Commitment	Introduce competitive salaries and benefits, develop a learning environment based on a systematic training structure, assist employees with career development and growth, and achieve organization strategic goals and personal career development together with the company.
Goals and Targets	▪ Average training hours per employee: 23 hours ▪ Retention rate target for outstanding employees: 90% ▪ Average monthly turnover rate for indirect personnel: less than 1.5% ▪ Average satisfaction score for annual courses: 4.6 out of 5 ▪ Retention rate one year after maternity leave: 75% ▪ Retention rate of diverse professional overseas talent: 80% (new target)
Responsibility	▪ Senior Director, HRD
Adopted Action Plans	▪ Periodically conduct various employee satisfaction surveys for the reference of the relevant systems. ▪ Periodically compare salaries and benefits in the market to enhance the competitiveness of salaries and benefits. ▪ Operate the employer brand and establish the industry-academia relationship to increase the company's attraction to freshmen. ▪ Organize multifaceted classroom and e-learning courses to improve the competencies and career development of employees.
Mechanism of Performance Measurement	Periodically review the retention rate and recruitment rate of excellent employees and performance in course administration, and follow up improvements at the HRD executive meetings and monthly department meetings.
Results of Performance Measurement	▪ In 2023, the average training hours per employee were 43 hours. ▪ In 2023, the retention rate target for outstanding employees was achieved at 99%. ▪ In 2023, the average monthly turnover rate for indirect personnel was 0.7%. ▪ In 2023, the average satisfaction score for annual courses was 4.88 out of 5. ▪ In 2023, the retention rate one year after maternity leave was 80%. ▪ In 2023, the retention rate of diverse professional overseas talent was 100%.
Stakeholder Engagement	Periodically conduct employee satisfaction surveys and ask for employee satisfaction feedback from all activities for the reference of the relevant systems.

Name of Material Topic	Occupational safety and health
Impact	**Positive impact:** We have established sound occupational safety and health standards to lower the impact of accidents on employee productivity. We also run disaster response drills regularly for employees to feel safe at work and to enhance work efficiency. **Negative impact:** Failure to unfailingly practice the relevant occupational safety and health regulations will lead to machinery and supply equipment damage and increase the risk of employee safety and occupational accidents, causing business disruption and property loss.
Scope of Impact	■ BenQ Materials ■ Employees ■ Suppliers
Aspect of Impact	☐ Environmental ■ Economic ■ People ■ Human Rights
Time Range of Impact	■ Actually occurred impact ☐ Potential impact within the next year ☐ Potential impact within the next 2-3 years ☐ Potential impact after the next 3 years
Policy	▪ Comply with the relevant human rights standards, including the International Labor Standards, Global Sullivan Principles, United Nations Guiding Principles on Business and Human Rights, and Responsible Business Alliance. ▪ Comply with ISO 45001 occupational safety and health management system standard ▪ BenQ Materials environmental safety, health and energy policy
Commitment	Implement the preventive management and audit system and ensure workplace environment and operation safety.
Goals and Targets	▪ “Zero” disabling injury ▪ “Zero” work-related ill health ▪ “Zero” contractor work-related injury
Responsibility	Director, Facility ESH Division
Adopted Action Plans	▪ Conducted safety protection mechanism checks for abnormality elimination, with 152 areas identified for follow-up improvement tracking. ▪ Completed an electrostatic discharge (ESD) prevention zone improvement project, addressing a total of 44 hazard factors. ▪ Completed a project to improve noise levels in one work environment. ▪ Promoted professional safety education and training, with a total of 605 participants.
Mechanism of Performance Measurement	▪ ISO 45001 OH&S management systems management review meeting/annual verification and follow-up. ▪ Achievements and performance of the ESG Committee Safety Action Plan.
Results of Performance Measurement	▪ In 2023, the Comprehensive Injury Frequency Index (FSI) was 0.04, not meeting the target of zero disabling injuries. (For improvement plans, please refer to section 7-6 Workplace Safety) ▪ In 2023, there were zero cases of occupational diseases, achieving the target of zero occupational disease occurrences. ▪ In 2023, no occupational injuries occurred during contractor operations within the plant.
Stakeholder Engagement	**Employees:** education and training, publicity at the monthly meeting, e-newsletters, Occupational Safety (bulletin), interactive experiential activities. **Contractors:** Hazard education and training, entry Take 5 hazard notification.

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

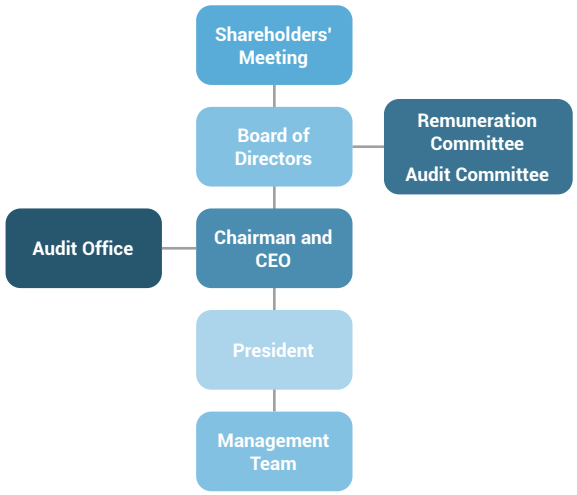
3 Responsible Governance

Corporate Governance

Board of Directors

BenQ Materials establishes its corporate governance structure and practices according to the Company Law of the Republic of China, the Securities and Exchange Act, and other relevant laws. Under the Board of Directors, the corporate governance organization currently includes the Audit Committee and the Remuneration Committee, both of which are composed of all independent directors, and all directors (including independent directors) are elected by shareholder votes.

The Board of Directors of BenQ Materials is the highest governing body responsible for guiding company strategy, supervising management, overseeing various governance operations and arrangements, and being accountable to the company and shareholders' meeting. According to Article 26-3, Paragraph 8 of the Securities and Exchange Act, BenQ Materials has established the "Board of Directors Meeting Rules," and related matters are handled in accordance with these rules. The Board meets at least four times a year. In 2023, the Board of Directors of BenQ Materials held four meetings. Please refer to the Corporate Governance Report in the BenQ Materials Annual Report P.3 for details.



Name	Title	Gender	Seniority of Independent Director			Professional Knowledge or Skill				Age			Employee Identity Note 2	Sustainability roles
			Less than 3 years	3-9 years	More than 9 years	Corporate Management	Academic Sector	Industry Knowledge	Legal, Financial, Accounting Background	50-60 years old	61-65 years old	66-70 years old		
Chieh-Chih Chen	Chairman	Male				●		●			●		●	Serve as the Chair of the ESG Committee, responsible for overseeing and coordinating committee decisions and actions.
Kun-Yao Li	Director	Male				●		●				●		
Chi-Hung Chen	Director	Male				●		●			●			
Jia-Ray Liu	Director	Male				●		●		●			●	Serve as the Vice Chair of the ESG Committee, ensuring effective implementation of committee decisions and actions.
Wen -de Li	Director	Male				●		●			●			
Fu-Hai Yeh	Independent Director	Male			●	●		●				●		
Yu-Yang Lu	Independent Director	Male		●			●		●			●		
Gong Wang	Independent Director	Male	●			●	●		●			●		
Jun-lin, Liu	Independent Director	Male	●				●			●				

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

Composition and Method of Election

The Articles of Incorporation of BenQ Materials specify that the election of directors (including independent directors) adopts the candidate nomination system and is handled in accordance with the Company Law and the Securities and Exchange Act. Additionally, Article 20 of the Corporate Governance Code stipulates that the composition of the Board of Directors should consider diversity, and the number of directors concurrently serving as company managers should not exceed one-third of the board seats. The 2023 Board members include a total of 9 directors (including 4 independent directors), with one new independent director who is currently the Vice President of the Taipei Branch of China Medical University Hospital, possessing experience in medical services and other work experience, while the remaining directors all have more than 5 years of business, legal, financial, accounting, or other necessary business experience required by the company.

The Chairman of BenQ Materials is the chairman of the highest governing body and concurrently serves as the CEO. The main reason for holding both positions is to enhance operational efficiency and decision-making execution, thereby strengthening the independence of the Board. The company has actively trained suitable candidates internally. Additionally, the Chairman closely communicates with each director about the company's operations and planning to implement corporate governance.

Diversity Status

To implement the diversity policy, BenQ Materials plans to increase one female director by 2025 to continuously enhance the functions of the Board and strengthen its supervisory functions.

Key Issue Communication

The highest governing body of BenQ Materials holds regular meetings to discuss key issues, inviting accountants, internal auditors, legal and financial departments, and risk control units to report to and consult with independent directors on the latest financial statement audits, internal audit results, litigation cases, financial and business overview, etc. This allows independent directors to assist investors in ensuring the credibility of corporate governance and information transparency, thereby protecting shareholder rights.

Board members and senior management maintain close communication. In addition to regular meetings, the company's management also regularly reports the implementation of important sustainability development actions to the Board, collecting relevant opinions from the Board. The key annual work priorities and operational conditions are disclosed in the 2023 BenQ Materials Annual Report under "Board of Directors Operations" and "Audit Committee Operations."

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

Conflict of Interest Avoidance

When discussing and voting on proposals, if a director has a personal interest that may harm the interests of the company, the director shall abstain from discussing and voting on the proposal according to Article 206, Paragraph 2 of the Company Law, which refers to Article 178 of the same law on conflict of interest avoidance. If necessary, the Chairman will instruct another director to act as the meeting chair. Additionally, the annual report will disclose information about the directors with conflicts of interest, the proposal contents, and the reasons for conflict of interest avoidance. Information on cross-shareholding with stakeholders, controlling shareholders, related party transactions, etc., is disclosed in the annual report to avoid or mitigate potential conflicts of interest. In 2023, there were three instances of conflict of interest avoidance, where directors, committee members, and managers did not participate in the discussion and voting on the proposals. Details are provided in the annual report's corporate governance section.

ESG Training for the Board of Directors

Eevey year, the Board and management team members undergo continuous training on economic, environmental, and social issues to enhance the knowledge of the highest governance unit. In 2023, ESG courses covered sustainable supply chain management, low-carbon management, integrity management, information security, corporate governance, and other sustainability issues. Details can be found in the 2023 BenQ Materials Annual Report (P.26).

Audit Committee

The Audit Committee of BenQ Materials was established on November 16, 2007, after being approved by the shareholders' extraordinary meeting. The Audit Committee should be composed of all independent directors, with no fewer than three members to comply with regulatory requirements. The most recent term began after the re-election in June 2022.

The Audit Committee holds regular meetings quarterly, with at least four meetings per year. In 2023, the committee held four meetings. Attendance details of each member and other relevant information about the Audit Committee can be found in the disclosures of the BenQ Materials Annual Report or on the BenQ Materials website.

Remuneration Committee

The Remuneration Committee of BenQ Materials was established on October 25, 2011. As of December 31, 2023, four independent directors have been appointed to the committee.

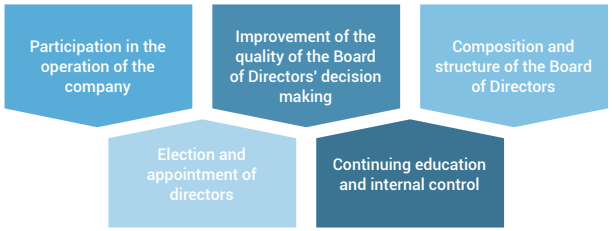
The Remuneration Committee meets at least twice a year and can convene additional meetings as needed. In 2023, the committee held two meetings. The committee exercises due care and loyalty in performing its duties and submits its recommendations to the Board for discussion.

The Remuneration Committee assists the Board in evaluating the link between the remuneration levels of directors and managers and the company's operational performance, determining the bonus allocation ratio, and making recommendations on managers' remuneration and the company's compensation policies. The committee constructs company-level compensation strategies based on industry competitive environment, company operational performance, and benchmark market trends. Information on the remuneration of directors and senior management is appropriately disclosed in the company's annual report, ensuring that all stakeholders fully understand the relationship between senior management compensation and company performance.

Board of Directors Performance Evaluation

On May 6, 2019, the Board approved the "Board Performance Evaluation Method," stipulating that the Board should conduct an annual self-evaluation of the Board and its members. Additionally, an external evaluation is conducted every three years. BenQ Materials completed the Board self-evaluation at the end of 2023, and the evaluation results were presented to the Board in February 2024. The average self-evaluation score for directors was 98.9 points, with an average attendance rate of 100% for Board meetings in 2023, indicating good overall operation. For details, please refer to the BenQ Materials Annual Report P13、P14。

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



Internal Audit

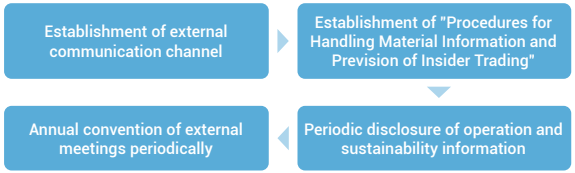
BenQ Materials has an internal audit office that assists the Board and managers in examining and reviewing the deficiencies in the internal control system and evaluating operational effectiveness and efficiency, providing timely improvement recommendations to ensure the continuous effective implementation of the internal control system. The annual audit plan is submitted to the Board for approval, and audit results are documented in audit reports approved by the Chairman and sent monthly to independent directors for review. The internal audit supervisor regularly reports audit activities to the Audit Committee and the Board.

The appointment and removal of internal audit personnel are approved by the internal audit supervisor and the Chairman. Performance evaluations are conducted twice a year according to the "Performance Evaluation Management Method," reviewed by the audit supervisor and approved by the Chairman. The appointment and removal of the internal audit supervisor are handled in accordance with the "Audit Committee Organizational Rules" and "Board Meeting Rules" and must be reported to and approved by the Audit Committee and the Board. Compensation and remuneration are proposed by the Human Resources Department and approved by the Chairman.

Shareholders' Rights

BenQ Materials has established comprehensive external communication channels through the "Investor Relations" and "ESG" sections to ensure shareholders and investors can obtain and understand the company's operational information in real time. To protect shareholder equality and maintain fairness in securities market transactions, the company has established "Major Information Handling and Insider Trading Prevention Procedures" to ensure the handling and disclosure of major information and to prevent the improper disclosure of information. All employees are informed of the relevant agreements and rules. The company prohibits insiders from trading securities using non-public information.

In response to the stock exchange's encouragement for listed companies to increase communication frequency with investors and enhance operational transparency, BenQ Materials held and participated in a total of four institutional investor conferences in 2023.



Governance Executive Compensation Strategy

The foundation of BenQ Materials' compensation strategy is to incentivize the management team to create long-term shareholder value, attract, retain, and cultivate outstanding talent. The overall remuneration and benefits of senior management are designed according to the compensation policies established by the Remuneration Committee and are regularly discussed and approved by the committee.

The salaries of senior management are determined based on annual market survey reports and the company's overall operational performance, personal performance, and contributions. To implement the company's sustainable-related plans, the effectiveness of sustainability project execution is included in the annual performance goals within the responsibilities of each manager, with a minimum weight of 5%. The overall performance scores are comprehensively evaluated by the Remuneration Committee, and the final remuneration is reviewed and approved by the Board.

Note: For environmental and green product indicators, please refer to 2-1 Sustainability Development Goals.

Regulatory Compliance

Compliance Status

BenQ Materials has established legal and regulatory departments and set up a contract review system, requiring that all external documents from each department be reviewed by legal personnel to ensure compliance with relevant domestic laws and international standards for labeling and marketing. Relevant regulations are regularly tracked by responsible units based on government announcements. If there are updates or new regulations, the responsible units will manage and issue company-wide announcements.

In 2023, there were a total of 10 government penalty incidents, with fines totaling NT$359,879. The detailed situations are as follows:

EU Medical Device Regulations

The EU Medical Device Regulations (MDR) (EU) 2017/745 aim to regulate medical devices entering the European Economic Area. It came into effect on May 25, 2017, replacing the EU Medical Device Directive 93/42/EEC (Medical Device Directive MDD), elevating the directive to regulation level with a transition period of three years. Products certified under 93/42/EEC (MDD) have a certain grace period after the MDR comes into effect, provided there are no significant changes in design or intended use, with the final expiration date of this grace period being May 26, 2024.

Due to the impact of the COVID-19 pandemic, the Official Journal of the European Union published Regulation 2020/561, postponing the MDR's implementation date from May 26, 2020, to May 26, 2021. On March 20, 2023, the MDR amendment Regulation (EU) 2023/607 was published and came into effect immediately, extending the MDR transition period from May 26, 2024, to December 31, 2027 (for Class III and Class IIb implantable devices) or December 31, 2028 (for Class IIa, Class IIb, Class Is, and Class Im devices) for medical devices meeting specific conditions outlined in the regulation.

BenQ Materials has currently implemented the quality system requirements of the new law and plans to complete the MDR certification approval for products within the above transition periods.

Incident	Improvement/Prevention
Construction of a new auxiliary mechanical room (outdoor battery formation room) at Yunlin Plant 2 began without timely construction commencement declaration.	he plant administration stated that communication with relevant units is ongoing and that construction can only commence after the building permit application is completed. Starting construction prematurely will result in fines.
Yunlin Manufacturing Plant 1 began demolition work prematurely, violating building regulations.	The plant renovation project requires 10 months of planning and application time (design, review, building permit, major pipeline installations, and construction commencement application) after finalizing the layout to avoid further penalties.
Yunlin Manufacturing Plant 1 began preliminary construction to change the design, adding Eneos machine and mixed crystal machine space setup plans.	The process should apply for a building permit after completing the planning, or conduct interior renovation changes after obtaining the use permit to avoid further penalties.
The Taoyuan City Government Labor Inspection Office conducted document checks and spot-checked the IDL/DL working hours and salary calculations at the back-end plant from 2022 to 2023. They found one instance each of direct personnel working overtime and indirect personnel working overtime without overtime pay.	For direct personnel working overtime: • The Human Resources Department compiles and issues overtime statistics monthly. • The system provides real-time overtime lists to supervisors for immediate management. • Factory supervisors adjust work and supplement manpower. For indirect personnel not reporting overtime: • Reiterate overtime application principles and processes. • The Human Resources Department regularly provides abnormal attendance lists to supervisors to confirm if overtime needs to be reported and cares about the working conditions of employees with long working hours.
A batch of medical packaging feeding bags imported from China had false origin labels.	The feeding bags were imported from China in July last year. Due to supplier operational issues, this batch has been returned and destroyed, and the product sale has been terminated, preventing further incidents.
When applying to change the factory registration responsible person at the Tainan Yongke Plant in 107, the change of the medical device business responsible person was not applied for simultaneously.	In the future, if any medical device company joins, a comprehensive review will be conducted, and changes will be made simultaneously.
The Vision Care Reservation Network was reported for violating the Communication Transaction Law; without the first purchase, customers should first confirm the specifications at a physical store and sign a paper contract before making online reservations.	1.Discuss with the cooperating platform Cyberbiz vendor: Establish a consumer first paper sales contract at convenience stores. 2.Develop other legal sales channels for medical devices. 3.Temporarily close the Kiloli reservation network until the above measures are completed.
One foreign income withholding process in 2022 was not reported within the stipulated deadline; further investigation revealed five domestic income tax withholding errors in 2022.	Adjust ERP settings and custom reports, triggered by the system to remind and lock withholding amounts to avoid future occurrences.

Note: A single fine amounting to over 1 million is considered a major violation; the above incidents are settled annually based on the actual payment time in 2023.

Business Performance

In 2023, BenQ Materials' annual consolidated revenue was NT$17.13 billion, an increase of 10.2% compared to 2022; the 2023 consolidated operating profit was NT$592 million, a decrease of 15.1% compared to 2022; and the 2023 consolidated net profit after tax was NT$504 million (earnings per share after tax was NT$1.29). For other detailed operational results, please refer to the financial overview section of the annual report P.44.

In 2023, BenQ Materials continued to actively comply with the sustainability-linked loan regulations of syndicated banks (including related ESG loan conditions such as environmental protection, social responsibility, and corporate governance). BenQ Materials achieved relevant ESG indicators and received corresponding interest rate concessions from the syndicated banks, jointly fulfilling corporate social responsibility with the banks and creating sustainable corporate value.

Financial subsidies from the government: In 2023, the company received equipment and industry innovation-related subsidies, significantly higher than in previous years.

Historical Revenue and Profit

Unit: NT$ million	2019	2020	2021	2022	2023
Operating income	13,943	15,050	16,482	15,540	17,128
Operating cost	11,801	12,776	13,425	12,462	13,925
Gross profit	2,142	2,274	3,057	3,078	3,183
Operating expense	1,788	1,726	2,079	2,382	2,591
Marketing expense	880	870	1,050	1,174	1,311
Management expense	222	216	270	321	341
Research and development expense	686	640	759	887	939
Other	0	0	0	0	0
Operating profit	354	547	977	697	592
Non-operating incone (expense)	-19	-38	231	1,058	39
Net income before tax	334	510	1,208	1,755	631
Income tax expense	78	114	238	470	127
Net profit	257	396	970	1,285	504
Other comprehensive profit or loss after tax - net	-39	-49	-21	34	-26
Total comprehensive profit or loss	218	347	949	1,319	478
Earnings per share	0.80	1.23	3.03	4.04	1.29

Disclosure of Government Subsidies Information

Unit: NT$ million	2019	2020	2021	2022	2023
Tax Exemptions and Credits	-	-	-	-	-
Investment Subsidies and R&D Grants	37	12	18	20	68
Policy Incentives	-	-	-	-	-
Other Government Financial Subsidies	-	-	-	-	-
R&D Expenditure as a Percentage of Revenue	4.92%	4.25%	4.61%	5.71%	5.48%

Tax Governance

In response to international trends in tax governance, BenQ Materials adheres to the principle of integrity in business operations, complies with tax laws, and pursues sustainable development. The company has established tax governance principles, executed by the responsible units and reported to the management to ensure the effective operation of the tax management mechanism, thereby protecting the interests of the company and investors. The 2023 income tax expense was NT$56 million, accounting for 0.3% of annual revenue.

Tax Governance Principle

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

Tax Risk Management

BenQ Materials operates and expands its business overseas while complying with the tax laws of various countries. To effectively manage tax risks, tax risk management has been incorporated into BenQ Materials' risk management plan. The risk management organization regularly reports to the Audit Committee on the company's risk environment, key points of risk management, risk assessment, and mitigation measures. For more details on risk management, please refer to 3-5 Risk Management.

Tax Management

BenQ Materials' Board of Directors is the highest decision-making and supervisory body for tax governance. Together with relevant senior management, the Board formulates tax governance strategies and conducts regular monthly reviews to ensure responsiveness to emerging risks. The Finance Department is the responsible unit for tax management, with the Chief Financial Officer serving as the highest supervisor of tax management. Daily tax management is executed by the accounting supervisor, with assistance from qualified and experienced tax professionals. Additionally, BenQ Materials enhances its expertise through professional services provided by external tax consulting firms.

Tax Payment Status

Income Tax Related Information	2021 year	2022 year	2023 year
Profit Before Tax	1,198,417	1,481,351	470,695
Income Tax Expense	226,862	185,681	56,343
Effective Tax Rate on the Books	18.9%	12.5%	12%
Payment of Income Tax	123,510	102,005	27,767
Effective Cash Tax Rate	10.3%	6.9%	5.9%

Note 1: Tax situations are primarily disclosed in Taiwan.

Note 2: Book effective tax rate = current year income tax expense ÷ current year profit before tax; Cash effective tax rate = current year paid income tax ÷ current year profit before tax.

Ethical Management

Code of Conduct

In 2015, BenQ Materials established the "Integrity Management Code of Conduct for BenQ Materials Co., Ltd.," which was approved by the Board of Directors. The company also created the "Corporate Integrity Manual," and all Board members and employees are required to sign the "Integrity Declaration." The company's spirit is based on integrity as a core value, with responsibilities for rule-making, education and promotion, complaint mechanisms, and integrity risk audits assigned to relevant departments, which report their implementation status to the Board annually.

To enhance smooth communication with suppliers, BenQ Materials has established communication and complaint channels, along with several systems to strengthen communication efficiency and information transparency. The procurement order specifies the principles of integrity and cleanliness in cooperation, requiring suppliers to sign an integrity commitment. In case of violations, the contract may be terminated, or the supplier may no longer cooperate with the company permanently.

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

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

Integrity Education Promotion and Training

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

Course Name	Number of Hours Z(Hrs)	Course Description	2021 Number of Trainees	2022 Number of Trainees	2023 Number of Trainees
New employee integrity training	0.5	Required course for all new employees	361	478	385
Online course on code of conduct	0.25	All employees are required to complete the online course	1,756	1,695	1,624
Insider trading prevention course	2	Course is opened periodically for supervisors and employees of relevant works	76	101	123
Training on trade secret regulations	2	Course and educational promotion is provided to supervisors and employees of relevant works through electronic newsletters of the Company periodically	Cancelled due to the impact of the pandemic, replaced with internal announcements and promotions.	82	124

Complaint Mechanism

The Human Resources Department of BenQ Materials has established whistleblower and whistleblower protection regulations, assigning dedicated personnel to handle different issues. If the reported incident involves general employees, it should be reported to the department supervisor. If it involves directors or senior executives, it should be reported to the Audit Committee. In 2023

Internal Complaint Channel (Human resource)

Risk Management

In 2010, BenQ Materials established the Risk Management Committee (RMC), focusing on the risk management system and risk transfer planning in corporate governance. The committee sets out the risk management vision and policies, analyzes internal and external strategic risks, financial risks, operational risks, and hazard risks, and conducts risk identification and evaluation, improvement plans, and regular management reviews to effectively manage risks exceeding the risk tolerance. The aim is to build BenQ Materials into a resilient company capable of withstanding risks.

In 2020, the Board of Directors approved the "Risk Management Policy and Procedures." On August 8, 2022, the Taiwan Stock Exchange Corporation issued the "Practical Guidelines for Risk Management of Listed and OTC Companies" (Letter No. 1110015360), and the first Board meeting in 2023 completed the revisions and approval.

Risk Management Policy

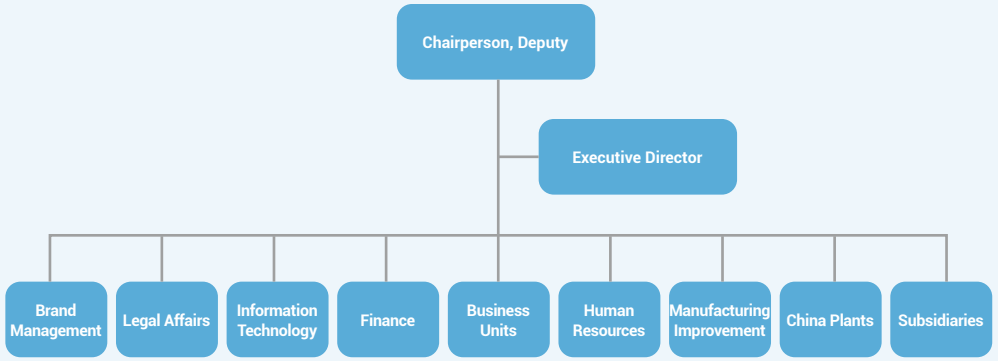
- To ensure the company's sustainable operation, a Risk Management Committee should be established. It should regularly identify, evaluate, manage, report, and monitor risks that may negatively impact the company's operational goals.
- Risks should be identified and controlled before an incident occurs, losses should be minimized when an incident happens, and the provision of products and services should be quickly restored afterward. For major risk scenarios identified by the Risk Management Committee, an operational continuity plan and emergency response manual should be formulated and regularly updated.
- For risks that do not exceed the risk tolerance, the cost of risk management may be considered, and different management tools may be used to address them. However, if there are negative impacts on employee safety, violations of laws and regulations, or negative impacts on the company's reputation, this is not applicable.

Organizational Structure and Operation of the Risk Management Committee

BenQ Materials' Risk Management Committee is chaired by the Chairman and CEO, with the General Manager as the Vice Chairman, the CFO as the Chief Secretary (Risk Management Unit), and primary supervisors of each operational unit as committee members. The committee regularly reports to the Board and the Audit Committee annually. The Board, the Audit Committee, the Risk Management Committee, the Risk Management Unit, and the operational units each have specific risk responsibilities. For more details on risk management operations, please refer to the BenQ Materials website.

Risk Governance Committee Structure

Risk Management Committee



Business Continuity Planning (BCP)

For scenarios identified as significant risks by the Risk Management Committee, each department must jointly develop a Business Continuity Plan (BCP) to manage unexpected incidents. This involves regular identification, risk control assessments, and preventive improvements or measures. Additionally, the plan includes strategies for loss mitigation during incidents and the rapid recovery of product or service provision after an incident.

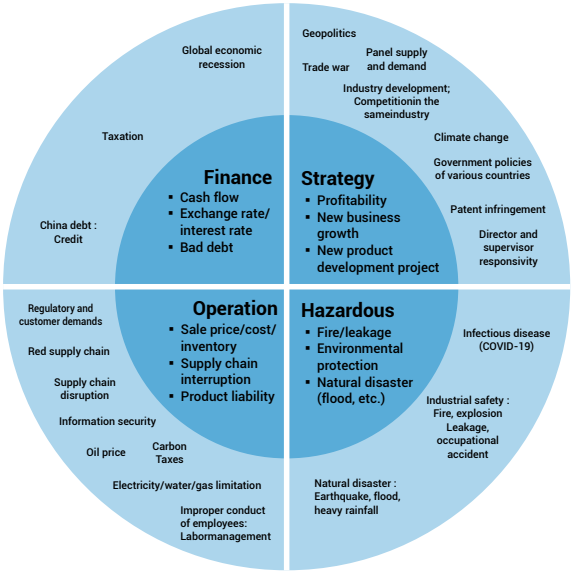
BenQ Materials has established BCPs for fire, earthquakes, floods, strikes, infectious diseases (such as influenza and major new infectious diseases like COVID-19), and information security interruptions. To ensure the effectiveness of the BCPs, the plans are reviewed and updated annually.

Risk Management Operation

All negative events that affect the achievement of company operational goals are classified into four major risk categories: strategic, operational, financial, and hazard risks (including considerations of emerging risks, categorized and summarized based on the nature of the issues). These risks are managed using a risk radar chart generated through risk identification, risk analysis, and risk assessment. Each operational unit formulates risk response strategies based on the annual company-level risk improvement goals, internal risk identification and assessment results, and other events that could potentially impact operations.

Management review meetings are held regularly every six months to report, discuss, supervise, and review the effectiveness of risk management. The overall operation is supervised by the Audit Committee and the Board of Directors, with annual reports presented to the Audit Committee and the Board of Directors. In 2023, two risk management review meetings were held, covering a total of 31 risk improvement plans, nearly half of which are medium to long-term improvement plans that will continue into 2024.

In response to climate change risks, following the Task Force on Climate-related Financial Disclosures (TCFD) framework, risk and opportunity identification and assessment have been conducted, along with planning responses to significant risks. A total of 25 adaptation action plans have been implemented in the short, medium, and long term. (For details, see section 5-2 Climate Change Management).On November 2, 2023, a report was presented to the Audit Committee and the Board of Directors.



Risk Management Education and Training

To enhance risk awareness and culture, the Risk Management Unit regularly conducts promotions or reminders. In 2023, a total of 17 articles were shared, and the Chairperson and Vice Chairperson periodically issued risk reminders to integrate risk management into operational activities and business decisions.

Information Security

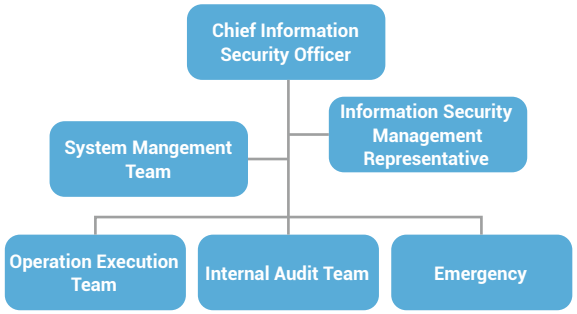
Information Security Policy

BenQ Materials establishes a secure and reliable computerized operating environment, ensuring the safety of computer data, systems, equipment, and networks, and maintaining normal operations. According to the Cyber Security Management Act, Personal Data Protection Act, Copyright Act, Electronic Signatures Act, and international information security standards (ISO 27001), BenQ Materials has established "Information Security Policies and Procedures." These policies are followed to formulate "Information Security Operational Guidelines," continually focusing on information security issues, planning response measures, and strengthening the procurement of information security protection hardware and software, including new antivirus software updates, global security network joint protection, information security health checks, internal operating system upgrades, and vulnerability patches. To embed the importance of information security policies into the company's culture, regular information security education and training and security drills are held.

Information Security Management Organization

In 2021, BenQ Materials established the "Information Security Management Committee" and appointed a Chief Information Security Officer (CISO) and an Information Security Representative (dedicated Information Security Manager) to strengthen the information security management mechanism. To respond to information security trends and the policy requirements of the Financial Supervisory Commission, the company has assigned one dedicated Information Security Personnel, and in January 2022, established the "Infrastructure and Information Security Department." In 2023, the company separately appointed a Chief Information Security Officer and a dedicated Information Security Manager.

Information Security Management Committee Organizational Chart



Information Security Management System

To properly protect information assets, BenQ Materials implements risk assessment procedures, formulates and enforces relevant regulations to determine the risk level of information assets. Based on the results of risk assessments and internal meetings, the company decides on risk handling measures to effectively reduce, transfer, eliminate, or even accept the risk. In 2021, BenQ Materials completed the ISO 27001 implementation project and achieved ISO 27001 certification in 2022. Relevant documents are registered in the company's Document Management System (DMS). To maintain the validity of the certification, a re-audit by an external organization (BSI) is planned for February 2024.

The scope of ISO 27001 certification already covers major production plants in Taiwan and mainland China, as well as the ERP, FEOL MES (Front End of Line Manufacturing Execution System), and FlowER (BPM) systems. In addition to the aforementioned data centers and systems, the company plans to further extend the principles of ISO 27001 to the smart factory and advanced equipment development department's machine vision division in 2024.

Information Security Management System Construction Goal

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

Information Security Risk Assessment

BenQ Materials defines the risk values for Taiwan and mainland China in 2022 based on the information security risk assessment and management procedures and arranges improvement plans for high-risk items. In 2023, the company will re-evaluate the information security systems in Taiwan and mainland China, completing the assessment in the third quarter of 2023. Two high-risk issues were identified and incorporated into risk management operations, with improvement plans expected to be initiated in 2024.

Information Security Management Measures

Hardware Protection

- Equipment Inspection: Maintenance contracts are signed with vendors for important systems and equipment, and regular inspections of equipment status are conducted.
- Establish Data Backup Mechanism: A backup system has been set up, performing daily backup operations for servers and databases. In addition, a high availability (HA) mechanism has been established for important equipment.

Network Security Protection and Monitoring

BenQ Materials has established "Website Information Security Management Inspection Standards." Since 2021, vulnerability scanning and patching operations have been carried out on important system hosts and websites. In 2023, the scanning scope was expanded to include more network equipment and system hosts and increased scanning frequency to enhance overall system security strength.

- Security Protection: Quarterly vulnerability scanning and patching improvement operations are conducted on systems and network equipment. Systems must be updated before going online to avoid outdated versions before regular scans.
- Monitoring Mechanism: In 2023, information security health checks were conducted on equipment, hosts, and networks, covering malicious program scanning, incident analysis and response, and firewall policy review. Improvement plans were proposed and tracked based on recommendations.

Information Security Incident Response Plan

- Regular annual disaster drills: In 2023, ERP system disaster drills were conducted to enhance disaster response capabilities and reduce losses during incidents.

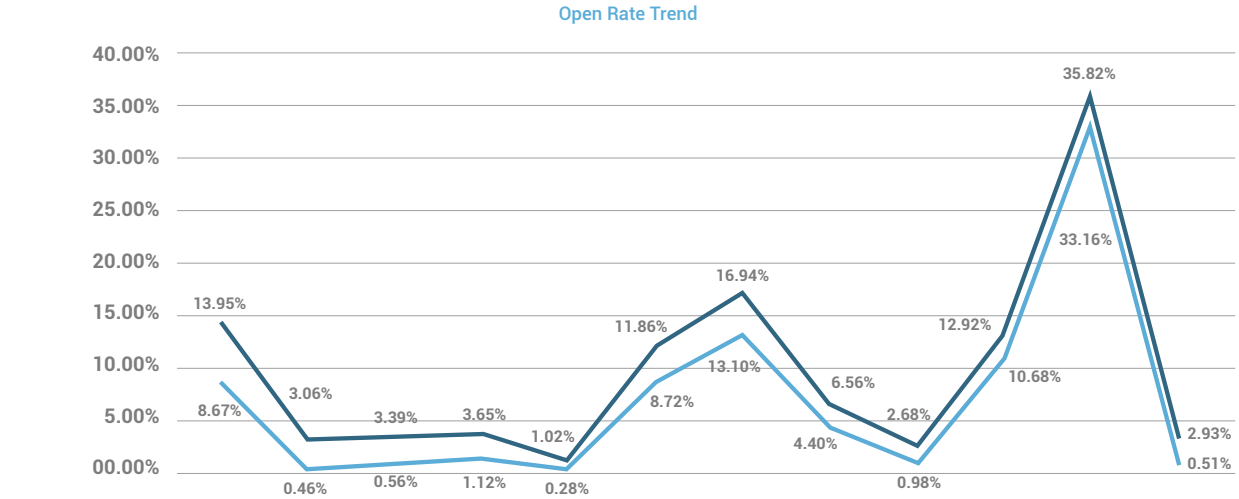
Information Security Education and Training

- Internal Training: October is BenQ Materials' Information Security Month. In 2023, online information security courses were conducted for all employees, information security lectures were held for middle and senior managers, posters were displayed, and email announcements were made to strengthen the information security awareness of all employees. In 2023, the company's online information security education and training had an 88% pass rate, with a 60% pass rate among senior managers. To improve the pass rate among senior managers, information security lectures are planned to be included as a mandatory course for senior managers in 2024, with active promotion of related courses to increase the pass rate.
- External Training: To strengthen the information security risk awareness of middle and senior managers, in 2023, external information security consultants conducted information security awareness promotion sessions to ensure that information security concepts are integrated into daily operations. Information security personnel completed certification courses (IEC 62443-2-1, ISO 27017 & 27018, ISO 27001).

Social Engineering Drills

Since April 2021, monthly email social engineering drills have been conducted to educate employees on information security knowledge related to email handling, aiming to reduce the risk of employees mistakenly clicking on malicious emails and strengthening email security awareness.

In 2023, the social engineering drills enhanced the realism of the emails. Subsidiaries were included in the drills, and the realism of the emails was adjusted. Continuous promotion and personnel training led to a significant decrease in the error rate in Q1 2024.



	Nov.	Dec.	Jan.	Feb.	Mar.	Jul.	Oct.	Jan.	Apr.	Aug.	Nov.	Jan.
Email Open Rate	13.95%	3.06%	3.39%	3.65%	1.02%	11.86%	16.94%	6.56%	2.68%	12.92%	35.82%	2.93%
Link Click Rate	8.67%	0.46%	0.56%	1.12%	0.28%	8.72%	13.10%	4.40%	0.98%	10.68%	33.16%	0.51%

Supplier Information Security Management

In 2023, information security risk assessments were conducted on the top 10 suppliers for each product business, totaling 71 suppliers. This provided external risk reference for the company and also offered information security guidelines to related suppliers to enhance overall information security maturity and reduce potential corresponding risks.

Supplier Information Security Evaluation

Each business unit ranks suppliers based on procurement amounts, with the top 10 undergoing self-assessment. A total of 71 suppliers were required to return assessments. The supplier information security self-evaluation guidelines provide weighted scores based on various item evaluation results, classifying the suppliers' information security management status as follows:

- A+ (Excellent): Suppliers have a complete and effectively operating information security management system, weighted score ≥ 90%.
- A (Good): Suppliers have a complete information security management system, weighted score ≥ 80%.
- B (Average): Suppliers have initially established an information security management system, weighted score ≥ 60%.
- C (Needs Improvement): Suppliers have not implemented any information security management system, weighted score < 60%.

The overall information security evaluation score is 73, with an average score of B (Average), showing improvement over the previous year. Information security guidelines are provided for C (Needs Improvement) suppliers for reference.

Information Security Insurance Arrangements

Since December 2020, BenQ Materials has been insuring corporate information security risk management insurance to cover related costs incurred during information security incidents (such as business interruption, incident response, and recovery costs). The insurance coverage includes majority-owned subsidiaries to reduce losses during incidents. The company continued to insure information security insurance in 2023.

Information Security Planning

On the institutional side, the company follows the ISO 27001 international information security standards to formulate corporate information security policies. In April 2022, it obtained ISO 27001 certification. In 2024, the company plans to implement the new ISO 27001:2022 version and achieve certification in 2025. Additionally, various quantitative information security indicators are established to continuously strengthen and improve the information security management mechanism, enhancing response measures and emergency response capabilities for information security incidents.

On the technical side, the company plans to implement Multi-Factor Authentication (MFA), Security Operation Center (SOC), Endpoint Detection and Response (EDR), and Managed Detection and Response (MDR) in 2024 to establish secure multi-factor authentication for enhanced login security. The company also aims to strengthen pre-incident and in-incident handling capabilities through real-time event detection and response mechanisms.

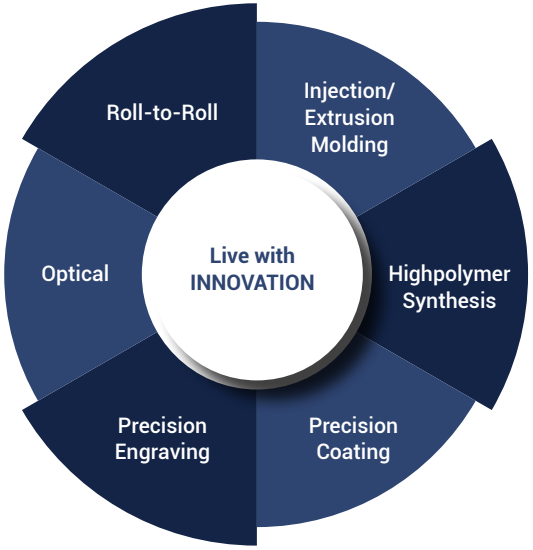
On the personnel information security awareness side, the company regularly conducts company-wide information security education and training and email social engineering drills to continuously enhance the information security awareness of all employees. These measures ensure that information security concepts are integrated into daily operations and gradually extend to suppliers. Through information security assessments and supplier education and training, the company helps suppliers improve their information security capabilities, establishing a protective network for the entire supply chain.

4 Responsible Product

Core Technology and Intellectual Property Management

Six Main Core Technologies

BenQ Materials has developed from optical design and material R&D to process optimization. Through years of development and experience accumulation, the company currently possesses two major material technologies: optical multilayer film design and polymer synthesis, as well as four major process technologies: roll-to-roll processing, precision engraving, precision coating, injection molding, and extrusion.



Product Manufacturing Process

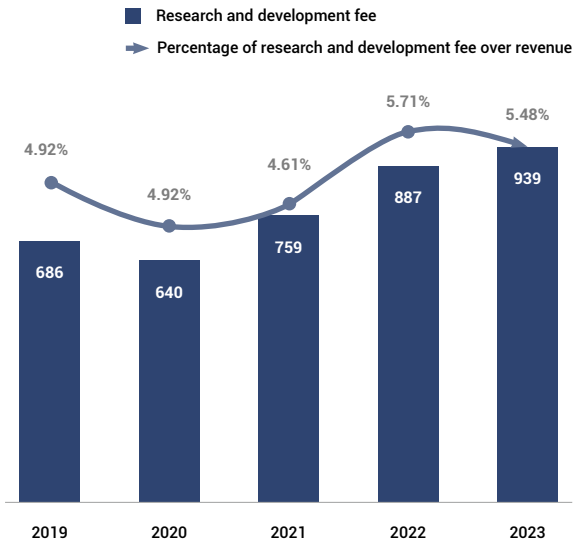
BenQ Materials products are divided into display materials, battery materials, medical and care products, and fabric series. After being produced in the five major operating sites, display materials and battery materials are shipped to B to B customers, while medical and care products and functional fabrics are shipped to B to B customers, distributors, medical institutions, or e-commerce platforms depending on the nature of the product. The corresponding operating sites and production processes of each product line can be found on the BenQ Materials ESG website.

ntellectual property Management

Intellectual property is a key capability for sustainable profitability. To protect research and development results and technological competitiveness, BenQ Materials actively encourages innovation and independent R&D. The intellectual property strategy focuses on core technologies, combining the company's technological and product development layout as the primary goal. The company continuously promotes patent deployment, providing timely patent protection and effective management for high-potential technologies and innovations produced during production and operations.

In 2023, BenQ Materials passed the Taiwan Intellectual Property Management System (TIPS) A-level certification re-inspection, systematically protecting R&D achievements and maintaining professional technical competitiveness.

Historical Research and Development Investment Amount and Percentage



Intellectual Property Management Goals

1. Develop intellectual property management plans linked to operational goals and continuously promote the TIPS intellectual property management system, regularly reporting the implementation status of intellectual property management plans to the Board of Directors and disclosing them on the official website.
2. Implement intellectual property management, integrating various intellectual property management regulations, and clearly establishing the relevance of various intellectual property-related operating procedure documents.
3. Strengthen the R&D document management system, fully digitizing R&D records.
4. Establish a patent information monitoring system.
5. Regularly conduct internal audits and hold management review meetings, as well as organize education and training courses for working groups.
6. To enhance employees' intellectual property awareness, organize educational training courses, including:
   - Intellectual property courses for new employees.
   - Advanced intellectual property courses for R&D personnel.
   - Advanced training courses for intellectual property specialists.

Intellectual Property Management Achievements

Since 2000, BenQ Materials has filed over 1,200 global patent applications and obtained over 800 patents as of December 2023, with coverage in major markets and countries including Taiwan, the United States, the European Union, Japan, mainland China, and India. The execution results of BenQ Materials' intellectual property management were reported to the fourth Board meeting on November 2, 2023.

Patent Outcome	2019	2020	2021	2022	2023
Number of Applications	46	63	44	39	78
Number of Certificates Granted	30	30	37	38	33

Collaborative Innovation with Academia and Industry

To continuously enhance innovation and R&D capabilities and product competitiveness, BenQ Materials has actively engaged in cooperation and exchanges with domestic academic research institutions in recent years. Collaboration partners include the Industrial Technology Research Institute, National Tsing Hua University, National Cheng Kung University, National Taiwan University of Science and Technology, Chang Gung University, National Yunlin University of Science and Technology, Far East University, and other academic institutions with abundant research capabilities. Collaborative projects cover areas such as smart medical care, solid-state battery material R&D, new material development, and biomedical technologies. In 2023, 12 industry-academia cooperation projects were implemented, with an R&D investment of over NT$14 million. The project outcomes include 3 Taiwan invention patents (1 granted: TWI759106), 2 Chinese patents, and 2 US patents. For more details on intellectual property management, please visit the BenQ Materials website.

Sustainable Design and Innovation of Products

In 2023, BenQ Materials incorporated the requirement that new product development must be 100% compliant with sustainability definitions into the product development procedure. Using a life cycle perspective, from design, manufacturing, logistics, to end use, maintenance, and disposal stages, and integrating the concept of a circular economy, the main principles for product design and innovation include "structure optimization," "environmentally friendly raw materials," "recyclable materials," "low impact components," "reduction of product packaging," and "product safety." The goal is to reduce the overall environmental impact of products and create sustainable value.

Display Materials

Aspect	Design Principle	Current Status
Design	Structure optimization	In terms of structure, the goal is to achieve the same functional specifications by reducing the material thickness. The actual product thickness will be determined based on customer requirements. **Polarizer :** ▪ The total thickness of each layer of the finished product is reduced by 30%, which can reduce material usage. ▪ The thickness of OLED products is reduced from 130um to 98um, effectively reducing the total thickness by 25%. **PDLC Smart Optical Film :** ▪ The adhesive layer thickness is the thinnest in the industry, only 8-10 um (industry average is 15-20 um). ▪ The conductive layer thickness is the thinnest in the industry, only 125 um (industry average is 188 um). **Optical Films :** ▪ A single-layer structure is planned to be introduced in 2024, which can reduce the overall thickness by at least 80um.
Design	Better Materials	**Polarizers :** ▪ Solvent-free Pressure-sensitive Adhesive: Significant design adjustments have been made to the formulation and process from the source, expected to reduce overall carbon emissions by 18%. ▪ Pressure-sensitive Adhesive Compliant with PFAS-free Requirements: New product development is underway, expected to be completed by the end of 2025. **PDLC Smart Optical Film :** ▪ The currently used transparent conductive film has the best appearance quality and optical coefficients in the industry. The 97/95 series is the highest transparency product in the industry, and its haze when electrically transparent is also the lowest in the industry.
Design	Recyclable Materials	**Polarizer :** ▪ Recycle process chemicals and packaging materials for reuse, reducing the total amount of waste. (For details, refer to section 5-6 Circular Economy) **Optical Adhesives :** ▪ Plan to conduct raw material PET (Polyethylene Terephthalate) recycling tests in 2024.
Design	Low-impact elements	**Optical Film :** ▪ Utilizing solvent-free pressure-sensitive adhesives can reduce oven time during the process and lower the emission of volatile organic compounds into the atmosphere. ▪ Plan to simplify the production process in 2024, reducing the scrapping of release films. **Optical Adhesive :** ▪ Adopting a solvent-free process, which eliminates the need for ovens during manufacturing, thereby reducing electricity usage and carbon emissions. The absence of added acids enhances user safety and reduces the release of harmful substances into the environment during the process. ▪ Initiated the evaluation of the feasibility of self-manufacturing chemical raw materials used in pressure-sensitive adhesives.
Design	Product safety	**Polarizer :** ▪ All raw materials used comply with the EU RoHS regulations. **Optical Adhesive :** ▪ The Yunke plant has passed ISO 9001, ISO 14001, and automotive certification IATF 16949. **PDLC Smart Optical Film :** ▪ Compliant with REACH/RoHS regulations and GP standards.
Manufacture	High-Performance Manufacture	▪ Process Switching Time Reduction Project: Increased production capacity by 3% compared to 2022. ▪ Coating Line Glue Machine Speed Increase: Increased machine speed from 35 meters to 38 meters, resulting in a 3% increase in monthly production capacity. (Taoyuan Plant) ▪ Introduction of Robotic Process Automation (RPA): Reduced working hours by 675 hours per quarter compared to 2022.
Logistics	Green Packaging	**Polarizer :** ▪ Low-carbon packaging reduced CO_2e emissions by approximately 172 tons. ▪ The average recycling rate for low-carbon recycling cycles is 93%, achieving the set target. (For detailed information, please refer to section 4-3 Green Logistics)
Logistics	High-Performance Delivery	▪ Low-carbon transportation cumulatively reduced CO_2e emissions by 3,205 tons. (For detailed information, please refer to section 4-3 Green Logistics)

Aspect	Design Principle	Current Status
Use Maintenance and Repair Scrap	High-Performance Products	**Polarizer:** ▪ Continuously enhancing the transmittance of polarizers by 2% through low-reflection surface treatments, which reduces the number of backlight LEDs required for the same product brightness, thereby lowering energy consumption. ▪ By adjusting iodine concentration, stretching ratio, and optimizing the alignment of iodine complexes, the amount of non-aligned iodine compounds is reduced, improving transmittance by 2% while maintaining polarization capability. **Optical Adhesive:** ▪ Increased panel transmittance reduces light loss, roughly estimated to improve by about 20%, resulting in energy savings. **PDLC Smart Optical Film:** ▪ The product has obtained the Green Building Material Label (the first in the industry in Taiwan): it features high heat insulation efficiency with UV blockage rate >99% and IR blockage rate >87%. In applications such as floor-to-ceiling windows and curtain walls, it can reduce the harm of outdoor UV light to humans and furniture and minimize heat entering indoors. Verified by Cheng Kung University Laboratory, it can effectively reduce power consumption by 19% compared to regular glass, equivalent to reducing 96.38 kg of CO_2e, making it a green building material. ▪ Compared to insulation films, it is transparent when powered: saving 10~13% energy; and in a shaded state when unpowered: saving 13~18% energy.
	Product Life	**Polarizer:** ▪ Developing high-durability polarizers to enhance specifications (resistance to high temperatures from 500 hours to 1,000 hours). By adjusting process chemicals and parameters, the long-wavelength optical changes after durability (RA) are minimized. This project is being continuously adjusted to meet customer specifications and product requirements, with development expected to be completed by the end of 2024. **PDLC Smart Film:** ▪ Passed self-verification tests for 2,500 to 3,000 hours of durability (RA) reliability testing, and confirmed by Cheng Kung University testing laboratory for QUV 1,500 hours, all exceeding industry demands and standards. Consequently, a 5-year warranty, the longest in the industry, is offered, with an estimated lifespan of over 10 years (the industry standard is only one year).
Social Contribution	Environmental Impact	**Polarizer:** ▪ High-transmittance polarizers can reduce energy consumption by 2%. By increasing the transmittance of polarizers and conducting practical tests with customer panels, high-transmittance polarizers, compared to current mass-produced products, can increase panel transmittance by more than 2% in actual tests. **PDLC Smart Film:** ▪ These films have indoor insulation functions that can reduce indoor electricity consumption and decrease carbon emissions.
	Social Impact	**Polarizer:** ▪ The reflectance of low-reflection polarizers has been reduced from 5% to below 2%, thereby minimizing the impact of ambient light on the human eye. This effectively reduces eye fatigue during prolonged use of displays. **Optical Adhesives:** ▪ Enhances panel light output efficiency with almost no emission of harmful substances during the process, thereby minimizing the display's potential harm to the body. **PDLC Smart Film:** ▪ These films have the function of blocking indoor infrared and ultraviolet rays, reducing the harm of outdoor UV light to humans and furniture.

Advanced Battery Materials

Aspect	Design Principle	Current Status
Design	Structure optimization	▪ 2023 product thickness: 12 um; 2024 target: 10 um ▪ 2023 coating thickness: 1.5 um; 2024 target: 1 um
	Low-impact elements	▪ Uses polyolefin materials, which are relatively environmentally friendly. ▪ The production of separator films is environmentally friendly, using a solvent-free process (dry process). ▪ The next generation of high-power separator films (Armarator) aims for ceramic coating, water-based processes, and environmentally friendly development.
	Product safety	▪ Independent Quality Control Mechanism: Strictly adhere to customer requirements and ISO, IQC, IPQC, FQC, OQC, IATF 16949 certification standards to ensure products are in optimal condition, providing customers with confidence in integrating them into battery and cell manufacturing processes. ▪ Battery Test Line Self-Verification: Establish a cell verification model to compare and verify with competitors' products and different models during the separator film development stage. This ensures comprehensive understanding of the separator film's performance in batteries and simulates its performance at the customer's end, thereby accelerating development success rates.
Manufacture	High-Performance Manufacture	▪ Added ergonomic arm equipment to enhance loading/unloading efficiency, increasing operating rate by 5%. ▪ Speed Enhancement Engineering Changes: Speed increased by 14%, production capacity increased by 12%. ▪ Adopted automated operations to improve material supply and inspection, resulting in a 40% increase in operational efficiency compared to 2022. ▪ Increased roll length by 87.5%, yield improved by 0.1%, and slitting operating rate increased by 16%.
Logistics	Green Packaging	▪ Reduced packaging materials consumption, increased container utilization rate, and lowered transportation costs. Continued to reduce waste by recycling and reusing cores, resulting in a 59.2-ton reduction in waste; recycled 53,267 cores with a reuse rate of approximately 98%. ▪ Introduced new support core and pallet recycling, expected to reduce packaging material expenses by 22%. ▪ In 2024, plan to increase the shipping length of products, expected to reduce packaging material consumption by 12%, increase container transport volume by 58%, and lower overall transportation costs.
Use Maintenance and Repair Scrap	Product Life	▪ Low internal resistance process can enhance battery cycle life; special pore size control technology can improve battery degradation after cycling. ▪ Developed a new generation of high-power separator film (Armarator) with increased durability: melting point above 300° C and high-temperature brittle fracture at 250° C, surpassing industry standards.
Social Contribution	Environmental	▪ Through improvements in process efficiency and yield, waste reduction, and related enhancements, the carbon emissions of separator films have decreased by 46% compared to the baseline year 2020. ▪ Obtained ISO 14067:2018 certification.
	Social	▪ Driven by the boom in the electric vehicle industry, the lithium battery production index is increasing, which will eventually lead to the generation of related waste. BenQ Materials is continually advancing towards extending material lifespan and recycling materials, which will help reduce the demand for raw materials needed for lithium battery production and minimize waste generation.

Healthcare and Nursing Products

Aspect	Design Principle	Current Status
Design	Structure optimization	**Skin Care:** ▪ The number of acne patches produced per unit length increased from 333 patches per meter to 500 patches per meter, with mass production expected in 2024. ▪ Mass production of shaped patches, which compared to acne patches, can improve film material utilization by approximately 20% and release paper utilization by 10.6%. **Vision Care:** ▪ The process uses low-polypropylene caps, reducing polypropylene usage by **60%**. **Medical packaging:** ▪ In 2023, membrane material formulations were adjusted and improved; in 2024, efforts to reduce membrane materials will continue. **Wound Care:** ▪ The new hemostatic device product, by switching the contact layer material, achieves a direct and process material carbon reduction benefit of up to 50%.
	Better Materials	**Medical packaging:** ▪ Self-manufactured membranes combined with solvent-free lamination technology reduce the impact of the process on human health and the environment. Lamination: More than 40% of bag-making medical membranes have been introduced; Printing: Expected to be introduced in 2024; Estimated to reduce carbon emissions during the process by 9.12%. **Skin Care:** ▪ Skincare products are formulated to be "alcohol-free," "fragrance-free," and "colorant-free." ▪ Sunscreen products use ocean-friendly formulations, avoiding ingredients banned in Palau. **Vision Care:** ▪ The next generation of green lens materials has completed mass production development and is expected to obtain certification in Taiwan by 2024.
	Recyclable Materials	**Skin Care:** ▪ PET release paper is now made from recycled materials, reducing carbon emissions by 47.8% compared to the original product. Stability verification has been completed, and it is expected to be introduced into products in Q4 2024. **Vision Care:** ▪ 100% recycled polypropylene is used at the production end; consumer-end cup recycling in China. In Taiwan, the concept is being promoted through health education, with plans to advocate through activities in 2024.
	Low-impact elements	**Skin Care:** ▪ Utilizes solvent-free raw materials and processes, effectively reducing the harm and impact of organic solvents on human health and the environment. **Vision Care:** ▪ The globally unique "EautraSil®Plus Hydrophilic Silicone Technology®" avoids solvent residues by not requiring solvent use, thereby reducing the risk of solvent-related harm to the human body, making it non-irritating and non-allergenic to the eyes. **Wound Care:** ▪ When planning advanced antibacterial versions of existing products, even though the raw materials previously used are still within the allowable limits on the REACH list of substances of concern, alternative substances will be sought to achieve antibacterial effects and enhance product properties from an environmental sustainability perspective.
Design	Product safety	**Medical packaging:** ▪ Passed the certification of the EU Medical Device Regulation (MDR) and also completed the FDA recertification in the United States. **Skin Care:** ▪ Acne patch products have all passed biological cytotoxicity tests, sensitivity tests, and aging safety tests. Skincare products have also passed high-standard stability, skin-friendliness, and functionality tests. **Vision Care:** ▪ All contact lens products comply with Green Product (GP) regulations. **Wound Care:** ▪ All products comply with ISO 13485 (Medical Devices Quality Management) and ISO 10993 (Medical Devices Biocompatibility).
Manufacture	High-Performance Manufacture	**Wound Care:** ▪ Manufacturing Improvement: Gauze yield increased by 0.6%, per capita revenue contribution increased by 50%. ▪ Introduction of Gauze Alcohol Recovery Machine: Scheduled for mass production in 2024, expected to reduce alcohol usage by 15 tons. **Skin Care:** ▪ Introduction of Automatic Feedback System: Estimated to reduce misaligned acne patches by 3,700 patches, with efficiency simultaneously improving by nearly 2%. ▪ Collaboration with Automatic Recognition System: Improved image recognition capabilities, reducing manual inspection workload, with manual inspection share decreasing by 28.1%. ▪ Introduction of Automated Folding Machine: Reduced manual folding operations, improving production efficiency by 80%. ▪ Introduction of Automated Packaging Machine: Reduced manual packaging operations, improving production efficiency by 50%. **Vision Care:** ▪ 100% Surface Automatic Optical Inspection: Introduced in Q3 2022 with an operating rate of 51%; in 2023, the operating rate increased to 78%. ▪ 100% recovery of contact lens printing plates (achieved 100% recycling from Q2 to Q4 2023). ▪ 100% recycling of PP materials used in pre-process molds, for reuse by downstream manufacturers. ▪ Increased lifespan of process alcohol, reducing usage by 1.4 tons compared to 2021. ▪ Reduced load on high-energy-consuming equipment: Reduced CO_2e emissions by 135 tons compared to 2021, a 22% reduction in carbon emissions. ▪ No production scheduling on holidays, reduced load on equipment (nitrogen machines, sterilizers, clean rooms), reducing electricity consumption. **Medical packaging:** ▪ Optimization of machine speed and automation introduction: Automation introduction was unsuccessful due to the inability of product structure to maintain the current operation mode stably; in 2024, plans to continue machine speed optimization, expected to increase production capacity by 10%, and average operating rate by 7%. ▪ Long paper rolls have been introduced, reducing the number of joints by about 25%. ▪ Through improvements in membrane manufacturing processes, waste rate reduced by 10%; electricity consumption reduced by 15%.

Aspect	Design Principle	Current Status
Logistics	Green Packaging	**Wound Care:** ▪ 100% FSC-certified product packaging: Achieved 43% in 2022 and 52% in 2023. The remaining portion is due to inventory and EU certification factors for hemostatic products that prevent immediate implementation. Medical product transportation packaging requires transportation tests, and certification changes currently hinder initiation. **Skin Care:** ▪ Product packaging has achieved 100% FSC certification. ▪ Introduced recycled paper cards to replace aluminum foil packaging (implementation rate 4%), reducing aluminum foil usage and lowering carbon emissions (62% reduction in material carbon emissions, 16% reduction in production costs). ▪ QR codes replaced product instruction manuals, reducing carbon emissions by 43% compared to the previous year; sales point stickers were replaced by direct printing on packaging, reducing carbon emissions by 70% compared to the previous year. ▪ Introduced the removal of inner box packaging for Taiwanese e-commerce, reducing inner box usage by 8%. **Vision Care:** ▪ Introduced FSC-certified packaging for 4 items, accounting for 20% of annual new products; in 2024, all self-produced new products will use FSC-certified packaging, covering 39% of the current total product range. **Medical packaging:** ▪ Reduced the use of outer box strapping, decreasing annual waste by over 400 kilograms. ▪ Introduced recycled paper for shipping cartons, with a 60% implementation rate. ▪ No customer logos printed on outer cartons for domestic orders. ▪ Adjusted the shipping method for large rolls of film by removing the carton and using kraft paper bags for shipping.
	High-Performance Delivery	**Wound Care:** ▪ Conducted centralized sterilization treatment by third-party units, reducing the number of transport trips within the production and sales plan period, effectively centralizing control of sterilization time and trips. Compared to 2022, integrated sterilization reduced transportation by 4,800 kilometers and fuel consumption by 600 liters. ▪ In 2024, plan to maximize packaging box configuration and shipping quantities for foreign customers based on product size to reduce shipping costs. **Skin Care:** ▪ Domestic channels switched to pallet shipping, which can increase the number of boxes shipped by approximately 310% compared to single-box shipping. ▪ For container shipments to Indonesia, implemented pallet stacking, reducing the original 3 large containers to 2 large containers, saving NT$15,000 in costs. **Medical packaging:** ▪ Adopted a domestic multi-point delivery model in a single trip, reducing shipping costs by 25%.
Use Maintenance and Repair Scrap	High-Performance Products	**Wound Care:** ▪ Quick Ning gauze product has an average liquid absorption rate of more than 14 times its weight, demonstrating excellent exudate absorption capacity. In clinical trials for bleeding management, the bleeding management score is twice that of regular gauze. **Skin Care:** ▪ Angel Care acne patches absorb 3 to 5 times better than the market-leading brand. ▪ The material surface uses a special matte process treatment to reduce the reflectivity of the acne patch, increasing its concealment.
Use Maintenance and Repair Scrap	High-Performance Products	**Vision Care:** ▪ The product has an oxygen permeability of Dk/t 193, which is 6 times that of traditional hydrogel, the highest in the market, allowing eyes to breathe smoothly. ▪ The full-color technology' s three-layer coating technique locks the color material in the middle layer, ensuring it does not fade. ▪ The solvent-free formula significantly enhances the hydrophilicity of the lens, providing a highly smooth and watery feel to the eyes. ▪ The non-indentation optical design effectively replaces tear fluid and metabolizes eye secretions, preventing lipid and protein deposits. ▪ Enhanced moisturizing function of the material increases wearing time and comfort: 1. Lens moisture evaporation rate decreased by 10%; moisturizing time increased by 71%. 2. Clinical dryness satisfaction increased by 8%; overall satisfaction increased by 9%. ▪ Adjusted product shape through optical design to improve product comfort. ▪ Optical design correction based on the physiological structure of the eye, using a multi-arc design for the lens to fit closely to the eye, controlling lens displacement, and improving wearing comfort while reducing the sensation of foreign objects. Clinical overall satisfaction with wearing increased by 9%.
	Product Life	**Wound Care:** ▪ Through special process technology, ChitoClot Gauze has a storage period of up to 5 years, higher than the 3-year life of ordinary gauze.
	Circular Economy	**Vision Care:** ▪ In response to the waste of disposable cups generated by contact lens use, since March 2022, Miacare has launched the Green Movement initiative in China, and as of December 2023, over 130,000 cups have been recycled. **Medical packaging:** ▪ Actively trialing the introduction of self-made membranes using reusable cores, with expected benefits in 2024. ▪ The reuse rate of wastewater from the printing process is maintained at 90%.
Social Contribution	Environmental Impact	**Skin Care:** ▪ Acne patches are manufactured using a solvent-free process, while also striving to reduce packaging material usage and adopt environmentally friendly packaging materials. Without compromising the quality of raw materials and warehouse operations, individual product packaging is improved to expand the types of packaging material reductions. ▪ Working on "lightweight" packaging, evaluating materials and specifications with suppliers, and refining packaging methods not only reduce the weight and volume of products but also reduce carbon emissions generated during transportation, contributing to environmental protection. **Vision Care:** ▪ Conducting recycling of cup materials to not only reuse but also reduce the environmental impact of waste. ▪ Emphasizing the importance of eye care from a young age, Miacare has collaborated with the Taiwan Fund for Children and Families and Kobayashi Optical since 2014 on the "Optical Hope Project," providing free glasses to economically disadvantaged children in need of vision correction. For details, refer to section 8-2 Public Welfare Care.
	Social Impact	▪ **Wound Care**: Reducing the medical burden, providing health care services at home, and helping elderly or disabled individuals improve their quality of life. ▪ **Medical packaging**:Sterile barrier systems protect healthcare workers and patients from hospital-acquired infections resulting from medical procedures.

Waterproof and breathable textiles

Aspect	Design Principle	Current Status
Design	Structure optimization	▪ Optimization of film microstructure design and composite adhesive application to enhance product strength and reliability. ▪ Mon-material (single material) development focuses on combining polyester fiber fabrics with polyester breathable membranes to develop composite materials for waterproof and breathable fabrics that facilitate recycling processes. Polyester composite fabric is expected to be mass-produced and introduced in Q3 2024.
	Recyclable Materials	▪ To reduce the use of petrochemical raw materials and support the removal and purification of marine waste, the company has introduced pioneering domestic technology for recycling nylon marine waste yarn. This technology is combined with BenQ Materials' eco-friendly micro-porous breathable membrane, producing functional fabrics in a plant planned to use fully renewable energy, providing products with a stronger environmental concept. In 2023, the waterproof and breathable functional fabric made from recycled marine waste yarn won the highest honor, the Gold Award, at the 32nd Taiwan Excellence Awards. ▪ Developed recycled polyester fabric from discarded polarizer release films. Based on the goals of the circular economy and sustainable development, this project exemplifies the cross-industry collaboration of recycling electronic waste into textile applications, setting a precedent for converting electronic factory waste into textile uses.
	Low-impact elements	▪ Solvent-free film production technology: Ensures that the process does not produce volatile organic compounds (VOCs).
	Product safety	▪ Materials certified by Intertex are free of perfluorooctane sulfonate (PFOS) and perfluorooctanoic acid (PFOA), aligning with the future trends of sustainable applications in various countries. ▪ Micro-nano level pore design, which passes the wet bacterial penetration test (TTRIENISO 22610), meets the functional needs for bacterial blockage in the post-pandemic era.
Manufacture	High-Performance Manufacture	▪ Online fabric handling machine, increasing fabric joining production capacity by 50%. ▪ Introduction of automatic packaging machines, increasing packaging production capacity by 50%. ▪ Introduction of conveyor belts to replace manual handling, reducing daily round-trip handling by 120 trips, with a benefit of approximately 1.5 hours.
Logistics	Green Packaging	▪ Reduced the core paper thickness of some product shipments from 3 inches to 2 inches, increasing the fabric winding length and improving container volume utilization, thereby reducing the number of transportation trips.
	High-Performance Delivery	▪ To meet shipment deadlines, we communicated and coordinated with customers to consolidate shipments. We requested customers to retain or return shipments, allowing the pallet recycling system to remain operational. In 2023, the recycling usage rate was approximately 60%.
Use Maintenance and Repair Scrap	High-Performance Products	▪ Through BenQ Materials' core composite technology, a longer and more reliable product lifecycle is established.
	Product Life	▪ It is a hydrophobic and breathable material, unlike common polyurethane materials that easily hydrolyze and age, providing better assurance for waterproof characteristics.
Social Contribution	Environmental Impact	▪ Xpore products are 100% fluorine-free, solvent-free, non-toxic, and safe, protecting consumer safety. ▪ All Xpore manufacturing processes strictly adhere to environmental regulations, causing no air or water pollution.

Green Logistics

Green logistics policy

Net-zero is a global concern for enterprises. In addition to continuous process optimization and improved water efficiency, BenQ Materials is implementing low-carbon circular management to reduce carbon emissions from transportation as a primary logistics policy. Through product carbon footprint inventory and verification, BenQ Materials is gradually establishing a database for product carbon emissions to support the development of low-carbon, low-energy products. The goal is to achieve low-carbon product production through circular management.

Low-carbon Transportation

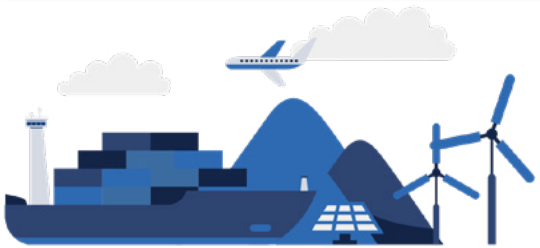
Planning for transportation optimization, implementation of combined type of transportation route, in order to reduce air freight weight, thereby achieving the goal of sustainable logistics and reduction of carbon emission.

Product packaging material reduction

Change the disposable cartons to recyclable packaging boxes for the shipping method, and increase the times of use of use of packahing 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

BenQ Materials has adopted a hybrid transportation strategy and adjusted production plans, gradually returning to regular sea transport and reducing air transport since 2023. From 2017 to 2023, the cumulative carbon reduction was 19,349 tons CO_2e. In 2024, the low-carbon transportation policy will continue to be implemented, further reducing carbon emissions through circular management.

Note: Carbon reduction formula: Number of transports × [Carbon emissions per trip before implementation - Carbon emissions per trip after implementation]

Low-carbon packaging

BenQ Materials continues to promote policies such as "recycled packaging box certification," "reducing the number of finished product shipments and air transport usage," and "recyclable packaging boxes" to encourage and guide customers to adopt these practices.

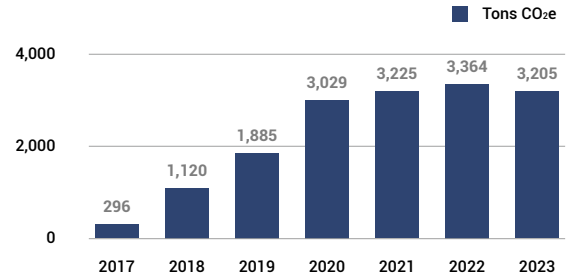
BenQ Materials' product packaging has transitioned from single-use cardboard boxes to "low-carbon packaging," reducing packaging materials through design guidelines. By using single materials and reusing them, the environmental impact is minimized. In 2023, the polarizer plant's shipment volume statistics showed that the use of recyclable packaging boxes reduced single-use packaging materials, resulting in approximately 172 tons CO_2e carbon reduction.

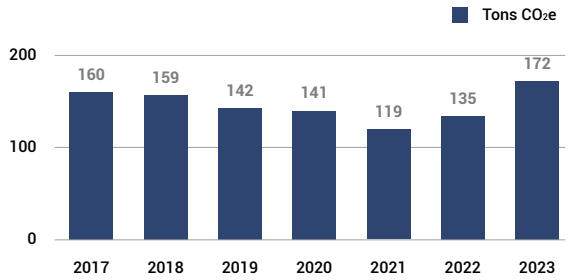
Low-carbon recycling and circularity

The display materials business uses recyclable packaging materials and pallets, along with low-carbon circular management to track packaging material recovery volume, recovery rates, and achievement rates. Through the packaging material recovery management mechanism, recovery quality is ensured, the usage cycle of packaging materials is extended, usage amounts and costs are reduced, and waste generation is minimized.

In 2023, the recovery items included a 94% recovery rate for recyclable packaging boxes, a 93% recovery rate for pallets, and a 94% recovery rate for product placement trays. The overall recovery rate increased by about 1% compared to 2022, achieving the 93% target.

BenQ Materials continues to monitor customers' recovery status and promptly return recovered items for reuse to reduce the use of single-use packaging. The recovery rate target for 2024 is 94%.

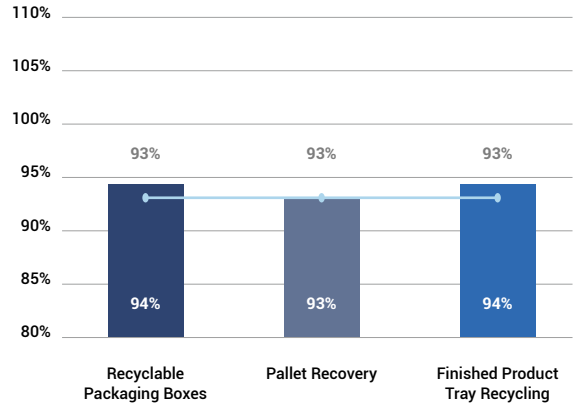




Note：1.Packaging material recycling rate: Calculation method refers to Each packaging material recycling volume per month of the polarizer plant site ÷ Each packaging material shipping volume per month.

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_2e

Polarizer Packaging Recovery Rate



Chemical Management

Hazardous Substance Management

BenQ Materials established the GP Core Team in 2010 to promote hazardous substance-free (HSF) management. Each year, based on international regulations, customer requirements, and environmental trends, they review the current status of hazardous substance management and update the "Environmental Quality Assurance Management System Operating Standards." All products must comply with the EU RoHS, EU REACH, Packaging Directive, and WEEE, as well as customer requirements. A material hazardous substance-free management system has been established to ensure that the produced functional films and battery materials comply with international regulations and customer requirements related to hazardous substances. In 2023, there were 1,614 non-use hazardous substance applications, with a compliance rate of 100%.

Number of HSF Product Applications

Product	Number of Applications	Compliance Rate
Display Materials	838	100%
Advanced Battery Material	11	100%
Waterproof and breathable textiles	2	100%
Vision Care	102	100%
Skincare Products	547	100%
Professional Healthcare	114	100%
Total	1,614	100%

Hazardous

Identify international regulations and customer demands

▼

BenQ Materials hazardous substance management guidelines

▼

Request suppliers to provide compliance documents

▼

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

Product Chemical Substance Management Achievements

1. Fully compliant with EU RoHS: BenQ Materials' products comply with EU RoHS concentration requirements for lead, cadmium, mercury, hexavalent chromium, PBB, and PBDE. Since 2016, BenQ Materials has responded to RoHS 2.0 regulations by including phthalates (DEHP, BBP, DBP, DIBP) in their testing, with results consistently showing "not detected."

2. Halogen-Free Requirements for Electronic Products: General customer requirements for halogen-free products are <900 ppm for bromine and chlorine individually, and <1500 ppm in total. BenQ Materials imposes stricter requirements, with bromine and chlorine individually <800 ppm, and their products meet these stricter requirements.

3. Disclosure of Hazardous Substance Lists in Products: EU REACH regulation lists hazardous substances and periodically announces substances of very high concern (SVHC). After EU REACH announces SVHCs, BenQ Materials conducts investigations with suppliers and honestly discloses the results to customers.

In 2023, EU REACH announced the 28th and 29th batches of SVHCs, totaling 11 substances. BenQ Materials completed investigations for 53 display materials customers, 14 specialty products customers, and 4 battery materials customers, with 2,256 customer demand surveys conducted and results honestly disclosed.

To comply with EU regulations (e.g., RoHS and REACH) or customer specifications (e.g., green products, processes, and procurement) related to hazardous substance characteristics, BenQ Materials effectively ensures compliance through process management and system perspectives based on ISO 9001. This enhances the quality assurance of hazardous substance management and increases customer confidence in BenQ Materials' hazardous substance management. On October 11, 2023, BenQ Materials obtained the QC080000 certification for BMC & BML.

22/12~23/02

- Plan
- Internal Auditor Training

23/03~05

- QC080000 Standard (Clause) Education and Training
- System Integration and Implementation

23/05~07

- Internal Audit
- Management Review

23/07~08

- Stage 1 Document Review
- Stage 2 Formal Audit

2023/10

- Certification Acquisition


IECQ Certificate of Conformity
Hazardous Substance Process Management

Supply Chain Chemical Management

Connecting raw material suppliers, process material suppliers, downstream cutting plants, and packaging material suppliers, BenQ Materials forms an effective green product industry chain with upstream suppliers. This ensures effective control from the source to meet green product standards and reduce environmental impacts during the product manufacturing process.

Supplier management process: BenQ Materials manages reporting information through the 'Supplier Portal' → internal approval → documents can be queried in the system, and supplier test reports need to be updated and uploaded annually.

Product Safety and Marketing Labels

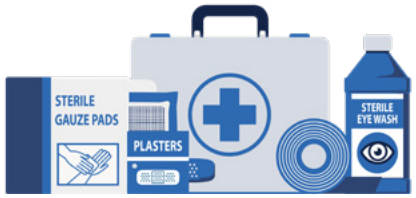
Medical Device Product Regulations and Certifications

All medical device products sold by BenQ Materials must obtain national regulations and certifications in each sales region before being exported and sold. Currently, the certifications obtained include Taiwan TFDA, EU CE, US FDA, and China CFDA. For detailed product certifications, please refer to BenQ Materials ESG website.

During clinical trials, products must also comply with EN ISO 14971:2012 medical device risk management standards and ISO 14155:2011 guidelines for clinical evaluation of medical devices. These standards ensure that risk management, design, conduct, recording, and reporting of clinical trials are in compliance to guarantee scientifically conducted and reliable results. Sterilization packaging series products must pass ISO 10993:2018 biocompatibility testing before shipment.

Medical Device Product Manufacturing and Sales Permits

BenQ Materials is a medical device manufacturer, and after obtaining approval and registration, it has received the necessary permits to manufacture related medical device products. These products must meet the safety regulations and manufacturing licenses of each country. Product sales also require obtaining a pharmaceutical sales permit and product registration before selling. Additionally, contact lenses, as medical devices, must be sold through channels with pharmaceutical permits to reach end consumers.



Medical Device Labeling and Marketing Regulations

Medical Device Packaging Labeling Regulations

1. Transport packaging should be clearly and permanently marked with the product catalog number, quantity, manufacturer or supplier name/trademark, production date in ISO 8601 format, batch number, standard weight per square meter (in grams), roll width (in cm) and length (in meters), and recommended storage conditions.
2. Inner packaging or roll labels should be clearly and firmly marked with the quantity, manufacturer or supplier name/trademark, batch number, and standard weight per square meter (in grams).

Medical Device Labeling Regulations

All medical device product labels must comply with relevant regulations of the sales region and conform to EN 1041:2008 standards for information provided by medical device manufacturers, as well as ISO 15223-1:2016 standards for symbols used in medical device labels and information. Product information is disclosed according to the symbols in the standards.

Skin care products regulated by the Medical Device Management Act must include necessary information on labels, instructions, or packaging, such as product name, permit or registration number, efficacy/purpose or indications, manufacturing date/expiration date or shelf life, model/specifications or main ingredients, warnings/precautions/usage restrictions or foreseeable side effects, name and address of the permit holder or registrant, manufacturer's name and address, batch number or serial number, and other items announced by the central competent authority.

Medical Device Product Marketing Regulations

Medical device-related products must comply with advertising and marketing laws in each country. For example, in Taiwan, before advertising and marketing medical devices, all text, pictures, or verbal information in the advertisement must be submitted to the competent authority for approval. The promotion methods are also subject to restrictions and must not use other people's names, books/documents, interviews, or other improper methods for promotion.

For example, contact lenses, as regulated by the Medical Device Management Act, must follow the advertising review regulations of the Ministry of Health and Welfare for both print and media advertisements. The Taiwan Food and Drug Administration will notify relevant departments about medical device advertising laws and review principles, ensuring immediate communication and implementation. Brand collaborations with influencers for product trial articles must be reviewed by the legal department to ensure compliance with advertising laws.

5 Environmental Sustainability

Environmental Management

Environmental Development Progress

2008
- ISO 14064-1 inspection and qualified the verification

2010
- Taoyuan Plant with installation of RTO waste heat recycling furnace

2011
- Taoyuan Plan/Longtan Tech Plant received award from Department of Environmental Protection, Taoyuan City, for air pollution reduction

2012
- Energy saving and carbon reduction action logo from Environmental Protection Administration

2014
- Enterprise Environmental Protection Award-Silver Award" presented by the Environmental Protection Administration
- Energy saving and carbon reduction action logo from Environmental Protection Administration
- Taoyuan Plant received green factory logo

2016
- Taoyuan Plant obtained ISO 50001 certification

2020
- Implemented material flow cost accounting analysis project

2021
- Yunlin Tech Plant and Suzhou Plant constructed self-generated solar photovoltaic system for self-use

2022
- Implementation of ISO 14067 Verification for Two Products
- Installation of Self-Consumption Solar Photovoltaic System at Taoyuan Factory

2023
- Taoyuan Plant Obtained ISO 46001 Certification
- Longke and Suzhou Plants Obtained ISO 50001 Certification
- Yunke Polymer Plant Established a Self-Generated Solar Photovoltaic System

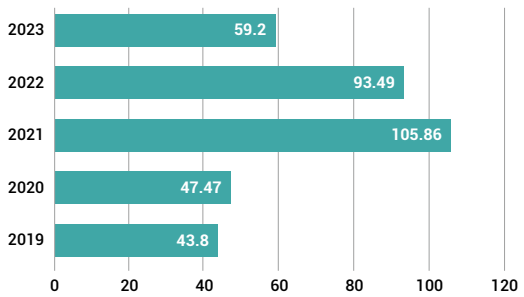
Environmental Management Objectives

BenQ Materials has established a comprehensive environmental management mechanism, which includes management methods for energy and greenhouse gas management, water resource management, and waste management. The company actively manages the use of energy and resources in all aspects and has set environmental management goals. Additionally, BenQ Materials continuously monitors international environmental issues and trends, conducts internal audits and external third-party verifications annually to ensure the effective operation of its management systems. The company has obtained certifications at key operational sites, including ISO 46001 (Taoyuan Plant) in 2023, ISO 50001 (Longke Plant, Suzhou Plant), and ISO 14067 (polarizer products, textile products, battery products). For details, please refer to Appendix 9-8: Overview of the Management Systems Implemented.

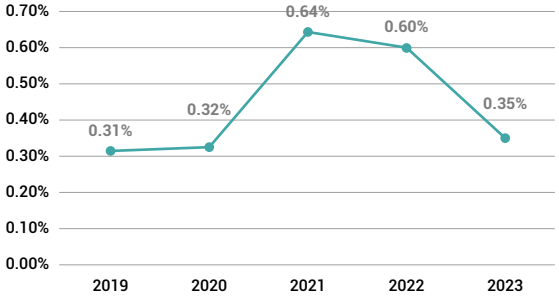
Item	Objectives
Climate Change Management	Reduce greenhouse gas emissions (Scope 1 and 2) compared to the baseline year (2020)
	Increase the share of renewable energy in the overall energy mix
Energy Management	Decrease energy intensity (non-renewable energy) compared to the baseline year (2020)
	Promote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

Environmental Investment Costs

Environmental Investments Over the Years (unit: NT$ millions)



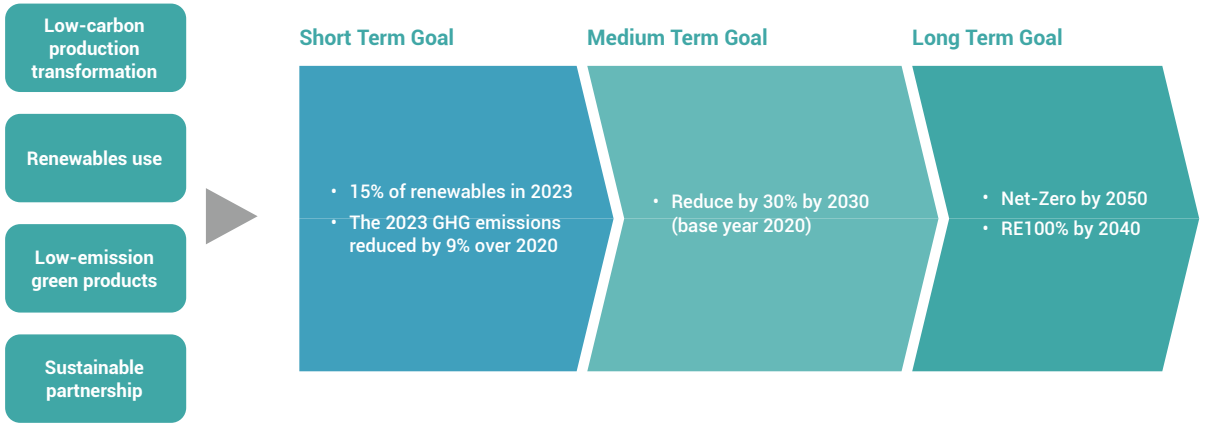
Environmental Investment to Revenue Ratio (%)



Note: Environmental investment costs include waste disposal fees, pollution control costs, and capital expenditures for equipment. In 2023, major expenses included the replacement of RTO regenerative materials, chemical dosing for the wastewater system, and maintenance of water treatment facilities, totaling 59.2 million NTD. The environmental investment to revenue ratio for the year was 0.35%.

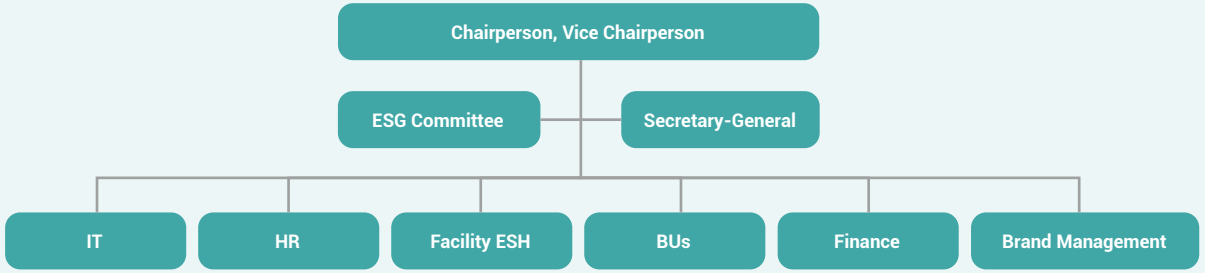
Climate Change Management

In 2021, BenQ Materials' ESG Sustainability Committee set a target of achieving net-zero emissions by 2050. Combining greenhouse gas inventory information and its own development trends, the company has formulated short-, medium-, and long-term carbon reduction targets and strategies. To mitigate and adapt to climate change, the company continuously promotes the ISO 14001 environmental management system, ISO 50001 energy management system, and various energy and resource conservation activities. In recent years, the company has also invested in new AI technology applications and new equipment to enhance production efficiency and transition to low-carbon production. This includes the installation of solar power generation systems within the plant to use renewable energy, active development of low-carbon green products, and collaboration with sustainable supply chain partners, all aimed at comprehensive development towards a low-carbon, green, and sustainable enterprise.



Climate Change Management Working Team

BenQ Materials has established the "Climate Change Management Task Force," with the CEO and General Manager serving as Chairman and Vice Chairman, respectively. The first-level supervisors from each unit serve as committee members, and the CFO/Risk Management Unit serves as the Secretary General. This task force is responsible for promoting activities related to climate change management.

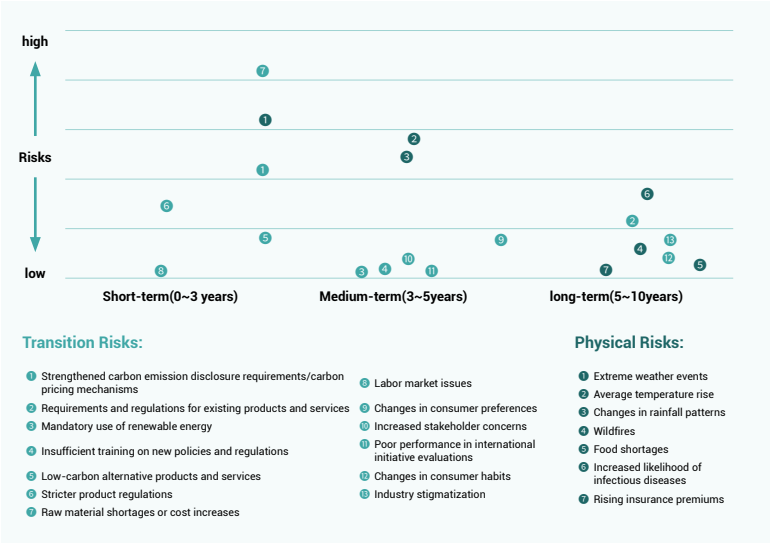


Strategy and action plan for climate change management

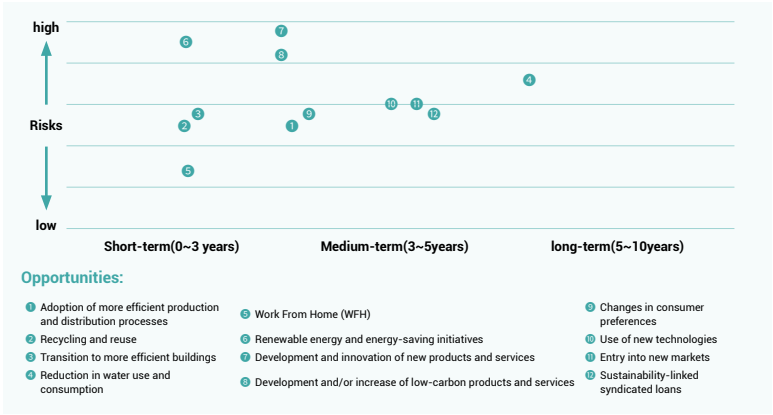
BenQ Materials follows the Task Force on Climate-related Financial Disclosures (TCFD) framework to manage and identify the risks and opportunities associated with climate change. The company has identified five major risks and opportunities and, after comprehensive consideration of potential financial impacts, the urgency of risk plans, derived benefits, economic efficiency, and technical feasibility, it formulates and implements climate change adaptation action plans. The company holds internal management review meetings annually and integrates these activities with existing risk management systems. Each year, reports are submitted to the Audit Committee and the Board of Directors to review and guide the company's climate change strategy, targets, and action plans.

TCFD Operation and Management Framework

Aspect	BenQ Materials Strategy and Action Plan
Governance	1. The Board of Directors regularly reviews climate change-related risks and opportunities: • Starting from 2022, an annual report on the operation of climate change-related issues is presented to the Board of Directors and the Audit Committee. The report for 2023 was completed on November 2. • The organization chart of the Climate Change Management Task Force is shown above. Each year, the task force identifies and evaluates climate change risks and opportunities, comprehensively considering potential financial impacts and other influences. It formulates climate change adaptation plans, with management review meetings chaired by the Chairman/Vice Chairman to ensure timely provision of resources and alignment of climate change adaptation actions with the company's strategic direction.
Strategy	1. According to the climate change risk and opportunity assessment methodology, the internal definitions are as follows: • Time scales for potential impacts: short-term is defined as 0-3 years, medium-term as 3-5 years, and long-term as 5-10 years. • Risk impact considerations include the effects on assets and finances, product and service impacts, personnel impacts, and reputational impacts. 2. Through identification and assessment, five major risks and opportunities were focused on: • Risks: Raw material shortages or cost increases (short-term), extreme weather events (short-term), average temperature rise (medium-term), changes in rainfall patterns (medium-term), strengthened carbon emission disclosure requirements/carbon pricing mechanisms (short-term).



- Opportunities: Development and innovation of new products and services (short-term), related to renewable energy and energy saving (short-term), development and/or increase of low-carbon products and services (short-term), reduction in water use and consumption (long-term), use of new technologies (medium-term), and entry into new markets (medium-term).

Strategy	 3. Scenario setting directions include: • Transition scenarios: changes in regulations/policies/product demand/green inflation transition scenarios. • Physical scenarios: referencing SSP5-8.5 (extreme high emissions scenario) from the IPCC Sixth Assessment Report (AR6); due to insufficient external literature, the IPCC Fifth Assessment Report (AR5) RCP8.5 scenario is used for mainland China facilities.
Risk Management	1. Using the TCFD framework to establish a climate change identification process: • Deploy the TCFD framework to identify and assess risks, including transition risks (current regulations, emerging regulations, legal, policy regulations, technology, market, reputation) and physical risks (immediate and long-term). • Prioritize and analyze the results of the identification and assessment, and report to the Climate Change Management Task Force during the annual management review meeting to ensure the effectiveness of operations. 2. Integration of climate-related issues into corporate risk management processes: • Include high-risk issues in high-level meetings for management; annually review changes in transition risks and physical risks, and make rolling adjustments to adaptation action plans. (Refer to section 3-5 Risk Management in this report)
Metrics and Targets	1. Climate Change Performance Management Targets: • Renewable Energy Proportion: Set a target to increase the proportion of renewable energy to 100% by 2040. • Greenhouse Gas Emissions: Reduce greenhouse gas emissions by 30% by 2030 compared to the baseline year of 2020. • Achieve net-zero emissions by 2050 and meet key climate goals related to product design. 2. Conduct an annual greenhouse gas inventory through ISO 14064-1:2018 to assess company risks and formulate feasible mitigation strategies: • Perform the inventory according to ISO 14064-1:2018 and obtain third-party verification statements. • Reduce greenhouse gas emissions by 30% by 2030 compared to the baseline year of 2020. • Achieve net-zero emissions by 2050 and meet key climate goals related to product design. • Detailed climate change adaptation action plans are provided in the table below.

Management Approach for Physical and Transition Risks

Category	Aspect	Management Policy / Plan Content
Physical	Extreme weather events.	• Enhance the resilience of the in-house power system. • Enhance the resilience of the in-house water system. • Consider extreme weather events at the design phase of new plant construction.
Transition	Policy and legal: including carbon pricing and compulsory renewables use.	• Build solar PV installations. • Promote energy conservation and carbon reduction activities and enhance energy efficiency. • Participate in the domestic green power market to introduce green energy.
	Market: Increased cost or shortage of materials.	• Alternative materials deployment and initiation. • Energy conservation and carbon reduction guidance for suppliers.
	Technology: Unsuccessful investments/R&D of low-emission substitution products.	• Design and development of low-emission products. • Waste reduction in production and recycling for reuse. • Reduction of packaging materials.
	Changes in Consumer Habits	• Product adjustments to expand other application areas.
Chance	Develop or increase low-carbon products and services.	• Introduction of low-carbon materials. • Green production. • Reduction of raw materials. • Equipment optimization.
	Research and innovate the development of new products and services.	• Application of innovative technologies to develop substitute materials.
	Use more efficient production and distribution processes.	• Process optimization.
	Recycling and reuse.	• Packaging recycling. • Reuse of reworked consumables. • Recycling and remanufacturing.

Greenhouse Gas Management

GHG inventory

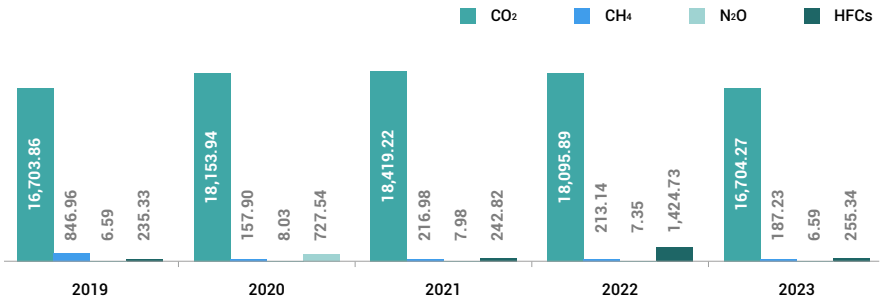
BenQ Materials, following the ISO 14064-1:2018 greenhouse gas inventory standards and the Greenhouse Gas Protocol published by the World Resources Institute (WRI), has established a greenhouse gas inventory mechanism. Since 2008, the company has gradually developed a comprehensive greenhouse gas emissions inventory for each manufacturing site, conducting annual greenhouse gas inventories. Starting in 2023, subsidiaries such as Shuochen and Jingjie have also introduced and implemented self-inventory operations.

BenQ Materials' greenhouse gas emissions originate from two major sources: primarily, the purchased electricity required for operations, which generates carbon dioxide during the power generation process, and secondarily, greenhouse gases produced by the use of gas and gasoline in internal operations.

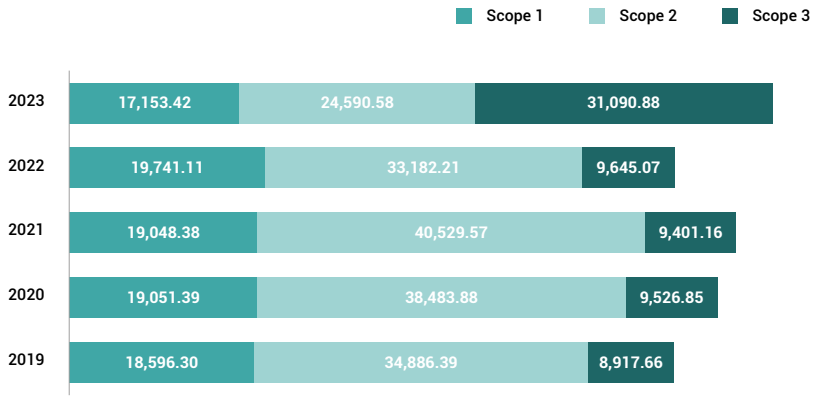
In 2023, the company re-identified Scope 3 indirect emission items, evaluating the ease of collecting activity data and referencing coefficient sources. Selected Scope 3 indirect emission inventory items include upstream transportation and distribution, business travel, employee commuting, purchased goods and services, capital goods, and operational waste. New inventory items in 2023 included employee commuting and downstream transportation and distribution. Scope 3 items are expected to be fully inventoried by 2024.

In 2023, greenhouse gas emissions (Scope 1 + Scope 2) amounted to 41,744.00 tons of CO_2e, a decrease of 21.12% compared to 2022 and a decrease of 27.45% compared to 2020. Analyzing the greenhouse gas emission intensity (Scope 1 + Scope 2), it has decreased annually since 2017. In 2023, the intensity was 2.44 (tons of CO_2e per million NTD), a decrease of 28.43% compared to 2022 and a decrease of 36.25% compared to 2020. This reduction was mainly due to the introduction of renewable energy and energy-saving carbon reduction investment projects. In 2023, Scope 3 greenhouse gas emissions were 31,090.88 tons of CO_2e, an increase of 222.35% compared to 2022 and an increase of 226.35% compared to 2020. The increase in Scope 3 emissions in 2023 was due to the additional inventory and quantification of employee commuting and downstream transportation and distribution items.

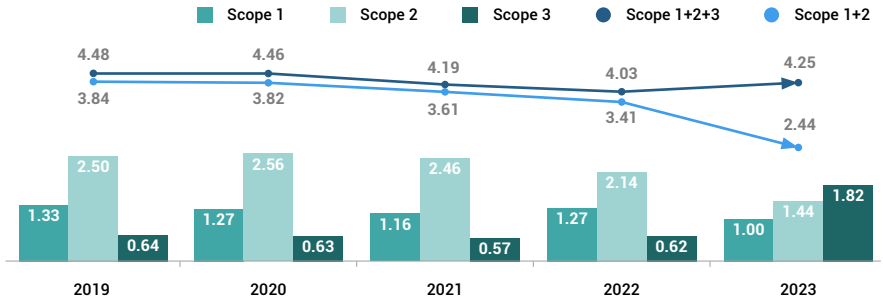
GHG Emissions (by emission by) (unit: t)



GHG Emissions (by scope) (unit: tCO_2e)



GHG Emissions Intensity Over the Years (unit: tCO_2e/NT$1 million revenue)



Note 1: Operational sites verified by third-party units include: BenQ Materials headquarters, Taoyuan Plant, Longke Plant, Yunke Plant, Suzhou Plant, Wuhu Plant, Lianhe Medical Materials, Hailu Plant, BMC (Dormitory), BMM, and DTB. Scope 3 inventories for headquarters and Taiwan plants began in 2019, while overseas plants began in 2022. Subsidiaries (Web-pro, Cenefom, and Genejet Biotech) have only completed self-inventories, and their data has not yet been included in the disclosure scope.

Note 2: The greenhouse gas inventory adopts the ISO 14064-1:2018 version. In 2023, all plants in Taiwan and China passed third-party verification by external verification bodies.

Note 3: The power emission coefficient for Taiwan sites is based on the 2022 power carbon emission coefficient of 0.495 tons CO_2e per megawatt-hour (MWh) published by the Bureau of Energy in 2023.

Note 4: The power emission coefficient for China sites is based on the national grid average emission factor for 2022 of 0.5703 tons CO_2e per megawatt-hour (MWh) published by the Ministry of Ecology and Environment of China.

Product carbon footprint verification

In 2022, BenQ Materials began conducting product carbon footprint inventories, completing the carbon footprint inventories for three products by 2023: waterproof and breathable functional fabric, display materials (polarizers), and advanced battery separator membranes. Carbon footprint inventory statements (scope: cradle to gate) were obtained for these products. In 2024, another B to C product will be selected for a full life cycle assessment. By conducting full life cycle carbon footprint inventories, the company aims to better understand the carbon emissions during the consumer use and end-of-life disposal stages. This data will serve as a reference for the design and development of low-carbon products and the formulation of appropriate carbon reduction measures.

- Completed carbon footprint inventory and the proportion of carbon emissions at each stage for each product

Product Type	Raw Material Stage	Transportation Stage	Manufacturing Stage
Waterproof and Breathable Functional Fabric	92.68%	1.87%	5.45%
Display Material (Polarizer) Products	55.49%	0.48%	44.03%
Advanced Battery Separator Membrane Products	26.92%	0.17%	72.91%

nternal Carbon Pricing and Carbon Fees

BenQ Materials has long supported national greenhouse gas reduction policies and actively participated in energy-saving and emission reduction actions. Since 2021, the company has introduced an internal carbon pricing mechanism to manage the future risks associated with carbon emissions and to raise internal awareness of carbon management. Each year, reduction targets are set and the execution of reduction efforts is reviewed through the ESG Committee's governance platform.

To accelerate the company's overall net-zero transition, promote internal carbon reduction actions, and optimize daily operational processes, BenQ Materials actively implements carbon reduction measures. In 2023, the company launched an internal carbon fee system, setting a unified rate for the carbon emissions of each business unit. Each month, carbon fees are collected based on the actual energy consumption and carbon emissions of each business unit. The collected carbon fees are pooled into a common carbon reduction fund, which is primarily used for investing in energy-saving and emission-reduction equipment within the plants, investing in renewable energy equipment, and purchasing renewable energy externally.

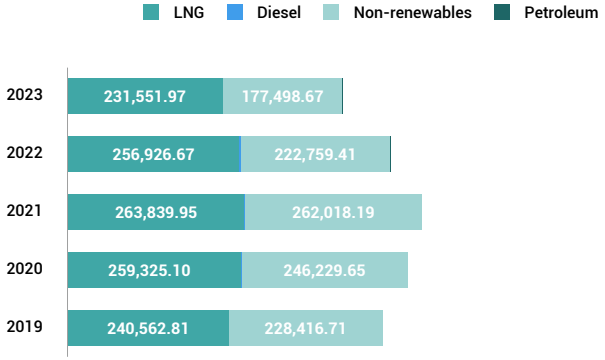
Energy Management

Energy consumption data

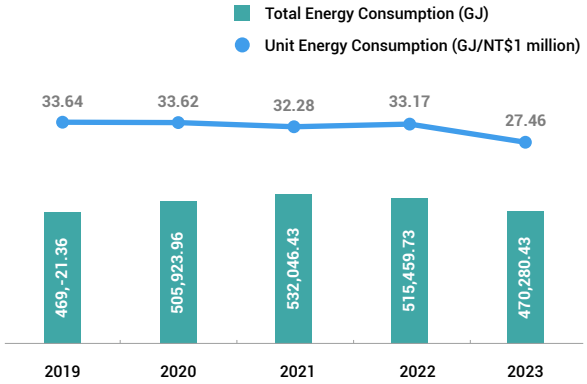
In 2023, the primary energy sources used were natural gas and non-renewable electricity purchased from external power companies, followed by diesel. The total energy consumption in 2023 was 6.1462 million cubic meters of natural gas, 63.3785 million kilowatt-hours of electricity (including both non-renewable and renewable electricity), 13,400 liters of gasoline, and 1,800 liters of diesel. Converted to energy units, this totaled 470,280.43 GJ (gigajoules), a decrease of 45,179.30 GJ (8.76%) compared to 2022.

When calculated per revenue, the total energy consumption in 2023 had an energy consumption intensity (energy consumption per million NTD revenue) of 27.46 GJ per million NTD, a reduction of 5.71 GJ per million NTD (17.22%) compared to 2022.

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



Energy Consumption Intensity Over the Years



Note 1: The scope of energy management disclosure in 2023 includes the following operational sites: BenQ Materials headquarters, Taoyuan Plant, Longke Plant, Yunke Plant, Suzhou Plant, Wuhu Plant, Sigma Medical Materials, Hailu Plant, BMC (Dormitory), BMM, and DTB.

Note 2: The energy disclosure data for 2021-2022 has been updated (excluding subsidiaries). The disclosed data does not include subsidiaries (Web-pro, Cenefom, Genejet Biotech), which are expected to complete third-party verification and be included in the disclosure scope in 2024.

Action and Performance of Reduction

To mitigate global warming and reduce the operational risks brought by climate change while enhancing green production effectiveness, we continue to take actions in energy saving, emission reduction, green manufacturing, and circular utilization. Through various means, we aim to reduce the use and consumption of energy resources.

In 2023, we implemented a total of 23 electricity-saving projects, with an annual electricity savings of 1.4136 million kilowatt-hours, reducing carbon emissions by 732.75 tons of CO_2e. Additionally, we executed 5 natural gas-saving projects, with an annual natural gas savings of 87,800 cubic meters, reducing carbon emissions by 178.40 tons of CO_2e.

In 2024, we will focus on introducing large equipment for steam boilers, waste heat recovery systems for air compressors, high-efficiency motors, replacing lighting fixtures with energy-saving LED types, and upgrading fan filter units to DC energy-saving motors. We will continue to promote energy-saving and carbon-reduction measures to reduce energy consumption.

Main Energy-Saving Measures Implemented in 2023

1	AI intelligent control operation of chillers
2	Optimization of air conditioning unit startup and shutdown in clean rooms
3	Conversion of process hot water heating from electric to steam heating
4	Replacement of FFU AC with DC, optimization of air compressor system, recovery of waste heat from air compressors
5	Reuse of waste heat from steam
6	Flameless operation of RTO (Regenerative Thermal Oxidizer)

Year	Electricity conservation effectiveness (kWh)	Emissions reduction effectiveness (tCO_2e)
2020	707,809	355.32
2021	779,358	391.24
2022	2,405,830	1,264.99
2023	1,413,562	732.75

Note:Scope 2 for all.

Year	Natural gas conservation effectiveness (m3)	Emissions reduction effectiveness (tCO_2e)
2020	341,808	646.02
2021	505,615	950.05
2022	293,972	552.37
2023	87,777	178.40

Note:Scope 1 for all.

Renewables use

In 2023, BenQ Materials followed the renewable energy strategic goals of Qisda Group, advancing the target timeline for achieving RE100 from 2050 to 2040. The company has also developed a strategic pathway to achieve RE100, which includes investing in self-built solar power generation systems for internal use and collaborating with renewable energy electricity sellers to gradually obtain a larger amount of renewable energy electricity.

In 2023, BenQ Materials' total renewable energy usage reached 14.072 million kWh, with self-built solar power generation accounting for 2.796 million kWh, externally purchased renewable energy accounting for 3.656 million kWh, and the purchase of 7.62 million kWh of I-REC renewable energy certificates issued in China for the China plants. This was declared as the voluntary reduction of carbon emissions from the externally purchased electricity used in the operation of various plants during 2023.

Looking ahead to 2024, the company plans to continue increasing investments in self-built solar power generation systems and expanding the purchase and use of renewable energy externally, gradually achieving the RE100 targets set by the Group and the ESG Committee.

Self-developed renewables

Since 2021, various plants have been constructing solar power generation equipment to supply electricity internally, thereby reducing external electricity purchases and carbon emissions. In 2023, new solar power generation equipment projects were completed and put into use at the Yunke Plant and the Taoyuan Plant. The total annual power generation for all plants reached 2.796 million kWh in 2023. In 2024, the company plans to continue expanding the solar power generation equipment at the Yunke Manufacturing Plant 1. It is estimated that the total power generation for all plants will reach 3.6 million kWh in 2024.

Year	Generation capacity (kWh)
2021	1,379,200
2022	2,530,591
2023	2,796,485

Obtaining Carbon Offset Credits from the Environmental Protection Administration

As a participant in the 2050 net-zero emissions initiative, BenQ Materials not only continuously reduces carbon emissions through energy management and process improvements but also obtained carbon offset credits in 2023 through the "RTO Waste Heat Recovery Equipment Offset Project," continuing to make positive contributions to the environment.

The "RTO Waste Heat Recovery Equipment Offset Project" involves recovering waste heat generated by the regenerative thermal oxidizer (RTO) and converting it into steam to be used by the production line. This process reduces the need for natural gas in the incinerator, and the saved carbon emissions can be applied for carbon credits from the Environmental Protection Administration. This project represents the first successful case in Taiwan of obtaining carbon credits through non-electric energy conversion. The project allows the company to obtain 1,529 tons of carbon dioxide equivalent per year from the Environmental Protection Administration, surpassing the carbon offset achieved by 30 years of reforestation by the Water Resources Agency. For more details, please refer to the BenQ Materials ESG website.

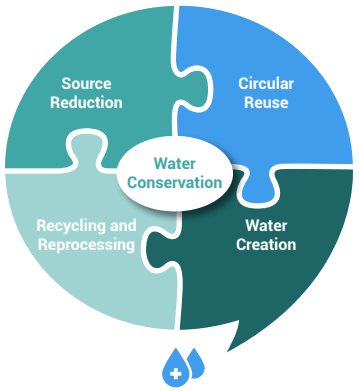
Water Resource Management

Starting from the sustainable use of water resources, BenQ Materials follows three main principles: water inventory, water-saving measures, and recycling and reuse. These principles extend to four strategic stages: wastewater reduction, wastewater recycling, development of new water sources, and zero wastewater discharge. Wastewater reduction and recycling are approached from four main water usage areas: domestic, process, air conditioning systems, and boiler water. The company aims to gradually improve water use efficiency and strategies. In 2023, the Taoyuan Plant introduced the ISO 46001 Water Efficiency Management System and passed the verification.

Starting from Sustainable Water Resource Utilization, Implementing Four Major Water Usage Directions to Enhance Water Reuse Rate

- Using water-saving facilities, such as water-saving toilets and faucet aerators
- Improving the water production rate of the pure water system
- Utilizing rinsing in the production line to replace high water-consuming membranes to reduce water usage

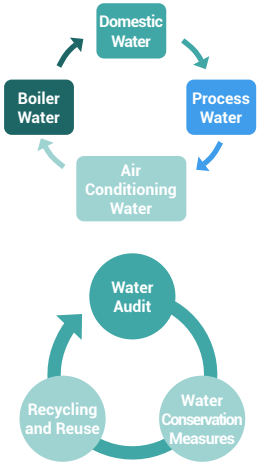
- Classifying and recycling wastewater from production processes
- Recycling and reusing pure water system wastewater
- Recycling and reusing domestic wastewater



- Recycling steam condensate
- Filtering and circulating water in production line tanks
- Circulating water usage in cooling towers

- Recycling and using air conditioning condensate
- Storing and using rainwater/reclaimed water for toilet flushing and irrigation

Water Principles and Directions



Water Consumption Overview

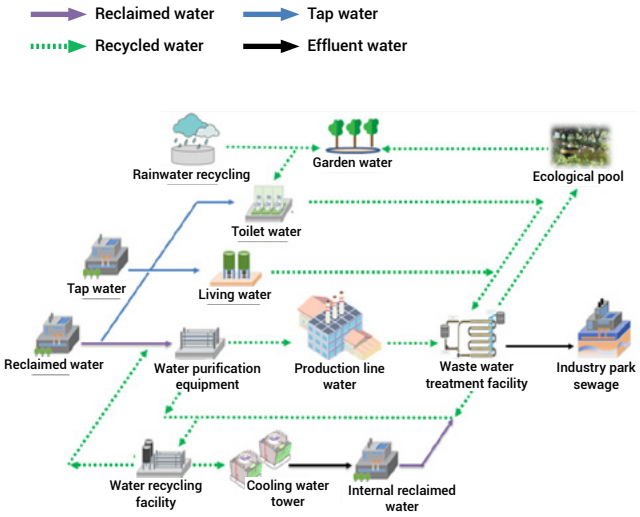
BenQ Materials' main water uses at each plant can be divided into process water, fire-fighting water, and domestic water. The water sources and supply units are specified according to their respective locations.

Currently, all Taiwan plants are equipped with wastewater recycling and treatment facilities. The discharged wastewater is 100% directed to the sewage treatment plants in the industrial zones where the plants are located for subsequent treatment. Each industrial zone's sewage treatment plant has established standards for the limits of wastewater entering the plant, and discharge must comply with these standards. At the Suzhou Plant, domestic wastewater is discharged into the municipal sewage network and is uniformly treated by the municipal sewage center. At the Wuhu Plant, process wastewater, such as that from coating roller cleaning, is treated through flocculation, sedimentation, and filtration. Along with domestic sewage, it is processed through a septic tank before being discharged into the sewage network. In 2023, no water quality abnormalities were reported at any of the plants.

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

Note: The scope of water resource disclosure for 2023 includes BenQ Materials headquarters, Taoyuan Plant, Longke Plant, Yunke Plant, Suzhou Plant, Wuhu Plant, Lianhe Medical Materials, Hailu Plant, BMC (Dormitory), BMM, and DTB.

Plant Water Consumption Process



Wastewater discharge standard and inspection items

Business Location	Wastewater Discharge Standard	Inspection Item
Taoyuan Plant	Sewage Water Quality Standard of Guishan Industrial Zone Service Center Sewage Treatment Plant	Water temperature, pH, BOD, COD, SS, boron, fluoride salts, copper, zinc, nickel
Longtan Tech Plant	Longtan Park Sewage Usage Fee Calculation Standard of Hsinchu Science Park Bureau, Ministry of Science and Technology	Water temperature, hydrogen ion concentration index (pH), biochemical oxygen demand (BOD), chemical oxygen demand (COD), SS, boron, fluoride salt, copper, zinc, nickel, anionic surfactant, ammonia nitrogen, nitrate nitrogen, cyanide, cadmium, total chromium, hexavalent chromium, total mercury, arsenic, lead, indium, gallium, molybdenum, true color
Yunlin Tech Plant	Sewage Water Quality Standard of Yunlin Technology Park	Water temperature, pH, COD, SS, ammonia nitrogen
Suzhou Plant	"Sewage Comprehensive Discharge Standard" GB8978-1996, "Sewage Water Quality Standard for Discharging Sewage into Cities and Towns" GB/T31962-2015	Animal and vegetable oils, pH, COD, SS, ammonia nitrogen, total phosphorus (TP)
Wuhu Plant	"Sewage Comprehensive Discharge Standard" GB8978-1996 Level 3 standard	Animal and vegetable oils, pH, BOD, COD, SS, ammonia nitrogen

In 2023, BenQ Materials (excluding subsidiaries) had a total water intake of 342.45 million liters (ML) across all plants, a decrease of 83.47 ML compared to 2022. The total discharge of wastewater was 269.24 ML, which was directed to the sewage treatment plants in various industrial zones, a reduction of 91.38 ML compared to 2022. The water consumption was 73.21 ML, primarily used for the evaporation of cooling tower water in the chilled water system.

In 2023, the discharge rate (discharge volume/total water intake) for BenQ Materials (excluding subsidiaries) was 78.62%. If the recycled water from internal process recycling, scrubbing tower recycling, process water treatment recycling, ROR cycle recycling, wastewater treatment recycling, and air conditioning water recycling is included, the R2 (reuse rate) was 87.62%. If the recycled water from cooling towers is also included, the R1 (overall plant recycling rate) could reach 97.82%.

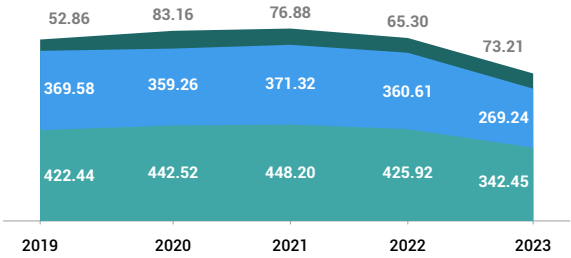
Statistics of Water Withdrawal Over the Years Unit: Megaliters (ML)

Withdrawal Source	Type	2019	2020	2021	2022	2023
Groundwater	Freshwater	0.26	0.16	9.17	0.07	0.10
Water from third party	Freshwater	422.18	442.36	439.02	425.85	342.35

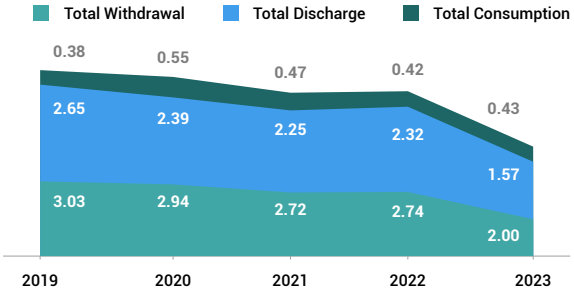
Statistics of Historical Water Discharge Amount Unit: Megaliters (ML)

Withdrawal Source	Type	2019	2020	2021	2022	2023
Discharge amount according to destination	Water from third party	369.58	359.36	371.32	360.61	269.24
Discharge amount according to water quality	Freshwater	369.58	359.36	371.32	360.61	269.24
Discharge by level of water quality treatment	Primary treatment	73.96	68.39	77.54	75.96	61.85
	Secondary treatment	188.16	204.66	203.75	207.89	136.69
	Tertiary treatment	107.47	86.32	90.02	76.76	70.70

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



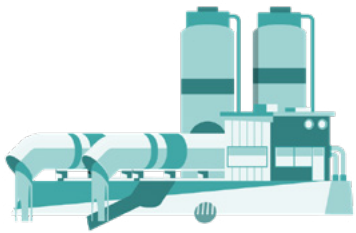
Annual water resource utilization overview
(Unit: hundred cubic meters)



Note 1: BenQ Materials uses the WRI Aqueduct water risk scenario simulation tool to analyze the geographical locations of its operational sites. In the short term, only the Suzhou Plant in China is in a high water stress risk area, accounting for approximately 16.32% of the total water intake.

Note 2: The scope of water resource disclosure for 2023 includes BenQ Materials headquarters, Taoyuan Plant, Longke Plant, Yunke Plant, Suzhou Plant, Wuhu Plant, Sigma Medical Materials, Hailu Plant, BMC (Dormitory), BMM, and DTB.

Note 3: The energy disclosure data for 2021-2022 has been updated (reason for update: exclusion of subsidiaries). The disclosed data does not include subsidiaries (Weipu, Shuocheng, and Jingjie), which are expected to complete third-party verification and be included in the disclosure scope in 2024.



Water risk management

According to the World Economic Forum's (WEF) Global Risks Report 2023, natural resource crises, including water resource crises, rank as the sixth most severe risk among the top ten global risks for the next decade. Referring to the AQUEDUCT Water Risk Atlas data from the World Resources Institute, BenQ Materials has identified water-related risks at its operational sites. The identification results show that in the short term, only the Suzhou Plant in China is in a high water stress risk area, while other plants are at a low water risk level. However, considering long-term climate change factors, the water stress and water use risk at the Yunke Plant in Taiwan are expected to rise to a moderate risk level. It is necessary to formulate response strategies to enhance water resource risk resilience.

Analysis of Significance of Water Impact

Business Location	Supplier	Supply Volume[1] (Ml/day)	Consumption Volume[2] (Ml/day)	Significance of Impact[3]
Taoyuan Plant	Danna Purification Plant	38.25	0.03	0.09%
Longtan Tech Plant	Longtan Purification Plant	13.76	0.04	0.28%
Yunlin Tech Plant	Yunlin Tech Purification Plant	1.6	0.002	0.14%
Suzhou Plant	Suzhou Qingyuan Water Resource Ltd.	45	0.008	0.02%
Wuhu Plant	Wuhu Huayen Water Resource Ltd.	87	0.002	0.002%

Note 1: Water supply data source: Official data published by the local government.

Note 2: Water consumption data source: Average water volume statistics from the plant.

Note 3: Usage impact = (Water consumption ÷ Regional water supply) × 100%

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

Water risk management approaches

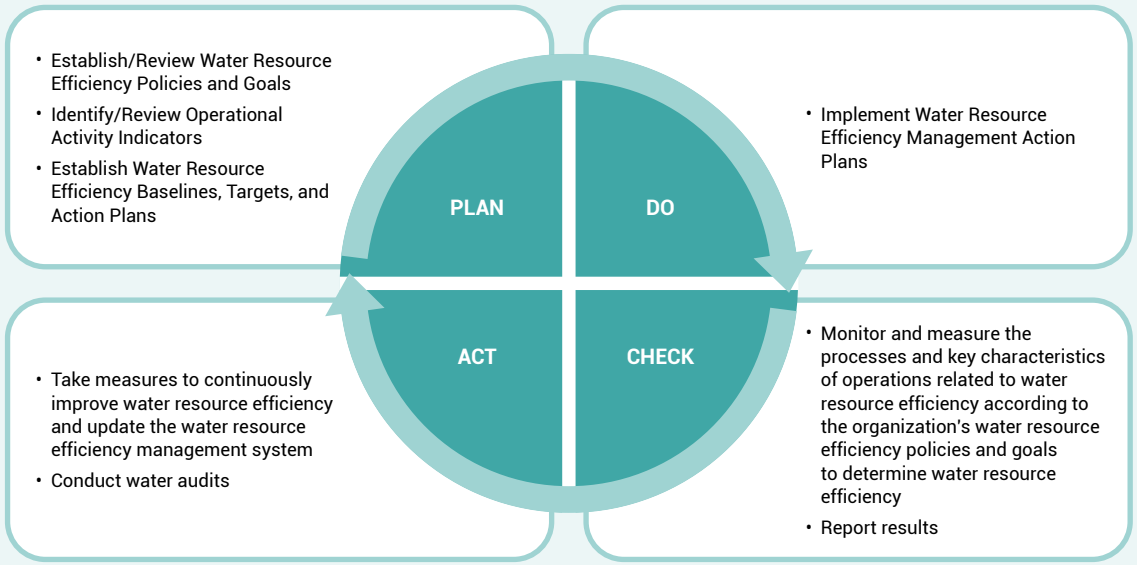
- Establish a plant-wide water conservation management program and implementation plan and set up a task force.
- Analyze, inventory, and calculate plant water consumption, establish feasible solutions, and implement water conservation plans.
- Take the water conservation awareness education courses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

Drought Response Mechanism

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

Establishment of the water efficiency management system

In 2023, the Taoyuan Plant began establishing the operational system for the ISO 46001 Water Efficiency Management System. By the end of 2023, the plant completed the verification and introduced a water use baseline. Daily audits of water use rationality were conducted to enhance the company's water resource management level and achieve environmental sustainability goals.



Water Conservation Solutions

In 2023, we continued to promote water-saving initiatives, executing a total of eight water-saving projects. The main water-saving directions included the recycling of regenerated pure water discharge, improving the efficiency of wastewater recycling systems, enhancing process wastewater recycling, and recovering condensate water. These efforts resulted in an annual water savings of approximately 12.879 million liters, continuously reducing the water resources consumed in the processes.

Year	Effectiveness (m^3)
2020	14,290
2021	49,439
2022	12,562
2023	12,879

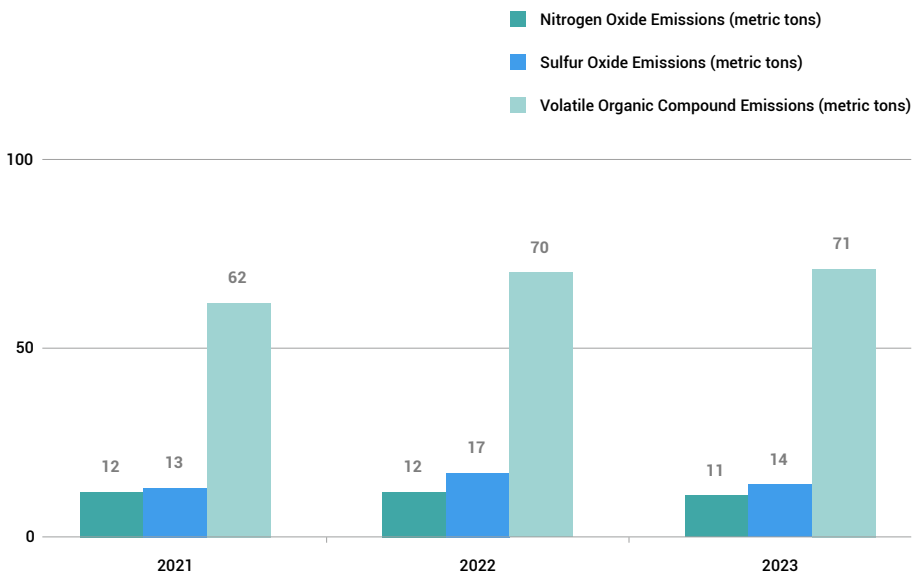
Major Water Conservation Measures in 2023

1	Added resin tower washing wastewater recycling in the pure water system
2	Improved MBR wastewater recycling equipment efficiency (parameter optimization)
3	Added E-LINE etching line wastewater recycling
4	Added RO concentrated water recycling and reuse at the Yunke Plant
5	Added process discharge water recycling and reuse at the Yunke Plant

Air Population Control

BenQ Materials strictly adheres to environmental regulations by installing air pollution control equipment such as regenerative thermal oxidizers (RTO), scrubbers, and baghouse dust collectors to specifically handle process exhaust gases. This ensures that air pollutant emissions are minimized, reducing the environmental burden. All pollution control equipment is operated and maintained by dedicated personnel, and their operational status is jointly monitored by the central control system and inspection personnel to ensure the proper functioning of air pollution control equipment and to prevent any air pollution incidents. Additionally, through the ISO 14001 Environmental Management System, BenQ Materials manages and continuously improves environmental performance to reduce the risk of environmental pollution. In recent years, there have been no air pollution penalties.

2023 Air Pollutant Emissions



Note 1: The data source is the total from the Taoyuan Plant, Longke Plant, and Yunke Plant; the Suzhou Plant, Wuhu Plant, and subsidiariesWeb-Pro, Cenefom, Genejet Biotech have no air pollution emissions.

Note 2: The average VOC treatment efficiency is maintained at over 98%, exceeding the environmental authorities' requirement of 92%.

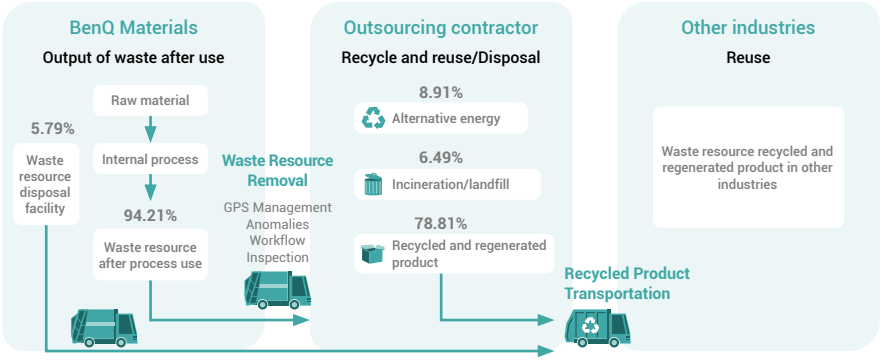
Circular Economy

Waste Management

Waste generated during business operations must be properly disposed of. Improper disposal can cause severe environmental pollution problems and indirectly affect local residents. BenQ Materials is committed to reducing the environmental impact of products throughout their life cycle—from raw materials, manufacturing, storage, transportation, and use to disposal—by fully implementing responsible production and achieving zero waste management through reduction and recycling.

BenQ Materials adopts a source management strategy, continuously assessing resource minimization (Reduce) at the production source, adjusting raw material usage parameters, and improving process technologies. By collaborating with the supply chain, the company aims to optimize and minimize raw material usage to avoid waste generation as much as possible.

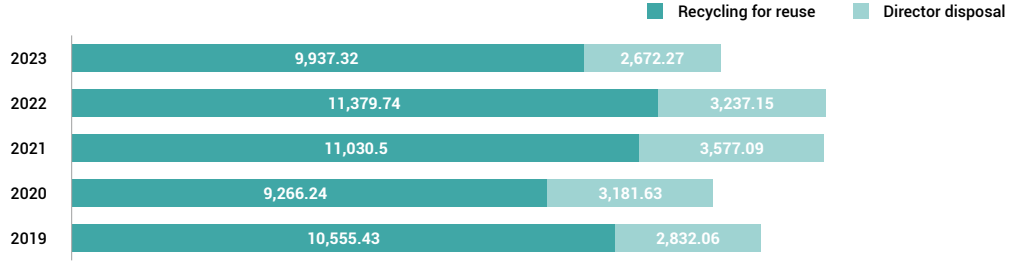
In addition to managing waste reduction of discarded resources, BenQ Materials implements the circular economy concept by recycling and classifying resources to achieve waste reduction targets. The company prioritizes "material recycling" and "energy recovery" for waste resources that cannot be reused within the plant, delivering them to qualified waste disposal companies. Incineration and landfill are considered the last resort.



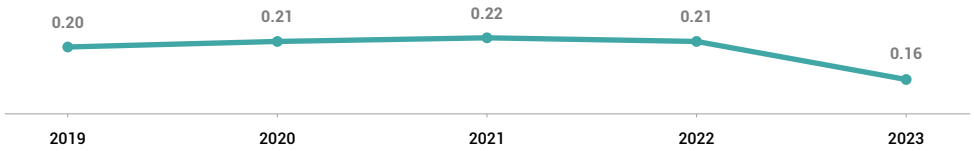
Waste Production Volume

The types of waste at BenQ Materials' various plants can be categorized into seven main types: general industrial waste, potassium iodide, membrane waste, waste liquids and adhesives, recyclable waste liquids, solid waste, and recyclable materials. In 2023, the total waste generated was 12,609.83 tons, a decrease of 2,007 tons compared to the previous year. The recycling and reuse rate in 2023 was 78.81%, an increase of 0.95% from the previous year. The waste disposal and treatment costs in 2023 were approximately 39.75 million NTD, accounting for 0.23% of revenue. The waste disposal intensity (weight of directly disposed waste/revenue in millions of NTD) in 2023 was 0.16.

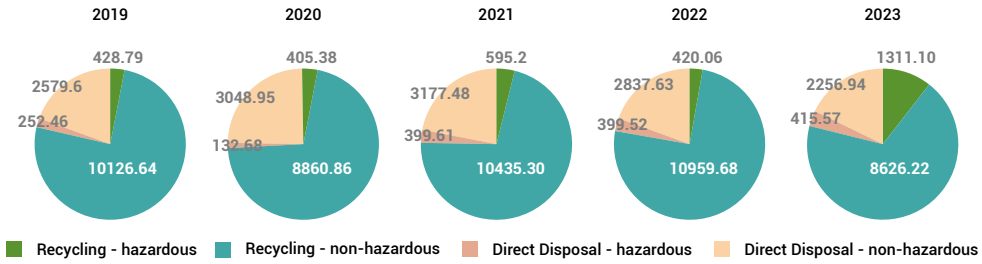
Waste Production Statistics (t)



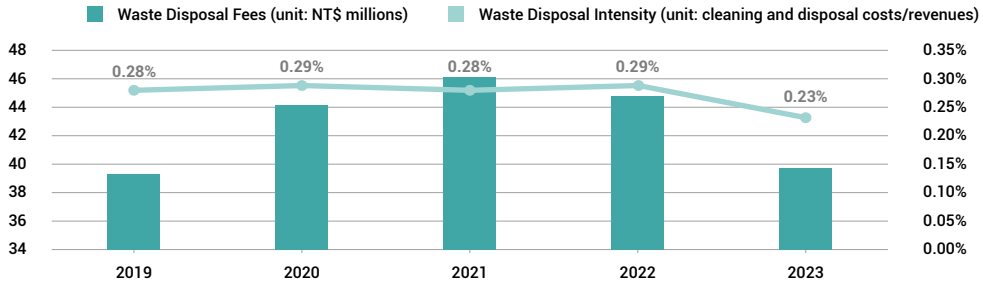
Waste Production Intensity (t/revenue NT$1 million)



Waste Production Statistics-By waste type (unit: t)



Waste Disposal Fees and Intensity Over the Years



Waste Resource Recycling and Reuse

BenQ Materials conducts monthly inspections of the goals set for waste recycling to ensure that action plans are properly implemented. To increase the proportion of recyclable waste, BenQ Materials has established waste management procedures and recycling targets, reviewing action plans and goals quarterly in the ESG Sustainability Committee to achieve long-term monitoring effects.

Various types of waste are continually examined for reuse methods, developed into products, or recycled for reuse. Currently, the main focus is on reusing distilled ethyl acetate (EAC) within the plant to reduce raw material usage and waste generation, as well as collaborating with other industries to use distilled EAC as their raw material. Additionally, BenQ Materials seeks partners to use waste white film (excluding iodine) as raw material for other industries and continues to explore alternative disposal methods for waste films besides using them as auxiliary fuel.

The highest revenue-generating product for BenQ Materials is polarizers, whose main material is the original film. Due to the current technical limitations, it is not feasible to reuse materials from recycled polarizers or other electronic products to remanufacture original films for polarizer production. Therefore, there is no related product recycling or recovery of other electronic waste, and recycling is managed internally or by outsourcing to other suppliers. In 2023, three recycling and reuse projects were completed.

Distilled EAC Internal Recycling

Management Method

1. Distill the waste material.
2. Confirm the quality of the distilled EAC.
3. Introduce the distilled EAC into the process for recycling.

Reduction Performance:

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

Waste White Film Used as Raw Material for Other Industries

Management Method

1. Collect, classify, and gather the waste film at the production line.
2. Ensure the recovered material meets customer requirements.
3. Confirm that the breakpoints and winding conditions of the recovered waste meet customer needs before shipping.

Reduction Performance:

- Reuse waste as raw materials for other industries.
- Reduce waste by 21 tons per month and lower waste disposal costs simultaneously.

100% Recycling of Potassium Iodide

Management Method

1. Modify the pipeline to collect and reuse the discharged potassium iodide solution.
2. Purify the solution using low-temperature circulation filtration.
3. Concentrate and reuse the low-concentration solution after replacement.

Reduction Performance:

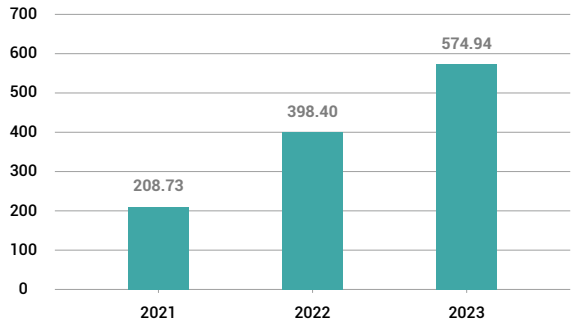
- Reduce potassium iodide usage by 3,100 kilograms annually.
- Reduce the discharge of waste solution by 1,014 tons.

Waste to resource data

In 2023, the recycling and reuse rate was 78.81%, an increase of 1.23% compared to 2022. Efforts have been made to continuously optimize the distillation machinery, improving the distillation efficiency of PSA adhesives, enhancing their characteristics and quality, and integrating them into internal recycling processes. This has led to a 100% replacement of raw materials, reducing raw material purchase volumes and creating economic value. Since 2021, a total of 574.94 tons have been recycled within the plant, and efforts are ongoing to find more recyclable vendors to use waste as raw materials in other industries or reprocess it into products for reuse within the plant. For detailed historical waste data, please refer to Appendix 9-1.

To advance towards a circular economy and achieve this through innovative production techniques, alternative materials, waste reduction, green supply chains, resource reuse, or "zero emissions" technology, it is planned to introduce SRF (Solid Recovered Fuel) manufacturing equipment in 2024. This equipment will convert plant waste into SRF, which can then be reused in the boiler processes of other industries. This not only promotes waste reuse but also reduces the use of coal in boilers. In addition to the SRF manufacturing equipment, we are exploring ways to create products from waste materials. Currently in the testing phase, this includes processing waste films into bricks, giving waste a "second life" and advancing the goals of the circular economy.

Accumulated Amount of Waste Recycled and Reused (tons)



6 Partnership

Customer Service

BenQ Materials is a global leader in display materials solutions. Our diverse product portfolio ranges from functional films and advanced battery materials to professional medical, personal aesthetic, and waterproof breathable fabrics. Due to the wide variety of product types, our clientele includes enterprises, distributors, and end consumers. We are committed to providing our customers with satisfactory products and high-quality services. At the same time, we value customer communication and maintaining good interactions to create maximum value for our customers.

Customer Service Mechanism

Display Materials

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

Advanced Battery Materials

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

Healthcare Products:

Medical packaging

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

Wound Care

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

Skin Care

Derma Angels has established various channels for customer service, including the official Derma Angels' s website, Facebook , Instagram, customer service hotline, and customer service email. Consumers can provide real-time feedback through these multiple channels. The customer service team is committed to providing accurate and professional responses within 24 hours. Furthermore, they continuously monitor and review consumer opinions, providing ongoing care and attention to customer feedback within a two-week timeframe.

Vision Care

Miacare provides multiple channels for customer service and complaint handling, including a customer service email, consumer service hotline, Facebook/Instagram community messages, and QR codes for the brand's e-commerce platform. These various methods are available to assist consumers with product inquiries and provide a diverse range of customer service channels for lodging complaints. This approach enables prompt responses and efficient handling of subsequent issues to address any consumer concerns in the shortest possible time.

Waterproof and breathable textiles

Xpore categorizes customer complaints into three major types: service, general, and major complaints. Upon receiving customer complaints, Xpore conducts analysis and assessment based on the content of the complaint. Depending on the customer's needs, appropriate services and recommendations are provided in response to the complaint.

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

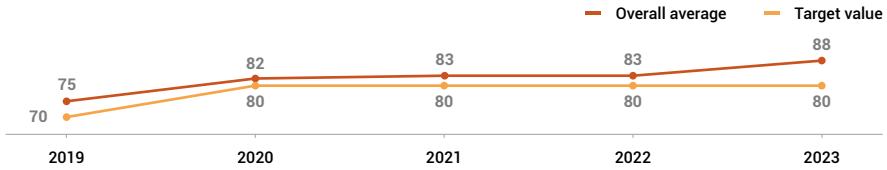
Customer Satisfaction

Display Materials

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

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

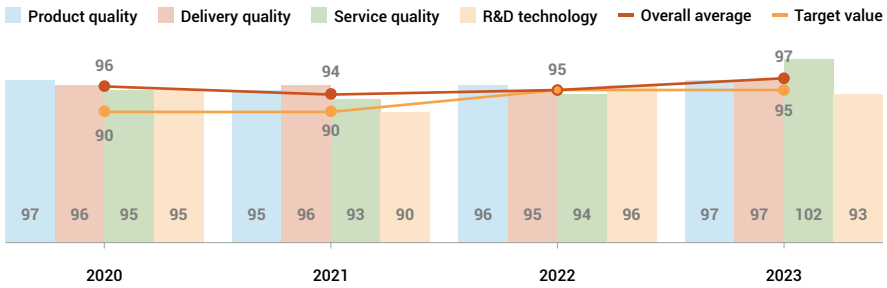
Historical Customer Satisfaction Surveys - Display Materials



Advanced Battery Material

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

Historical Customer Satisfaction Surveys - Advanced Battery Material

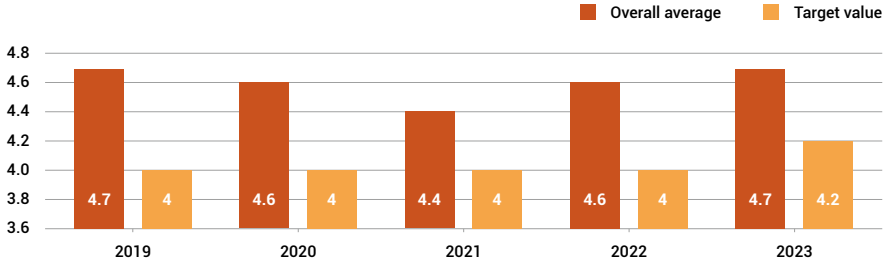


Note: A comprehensive customer satisfaction survey has been conducted since 2019.

Healthcare Products

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

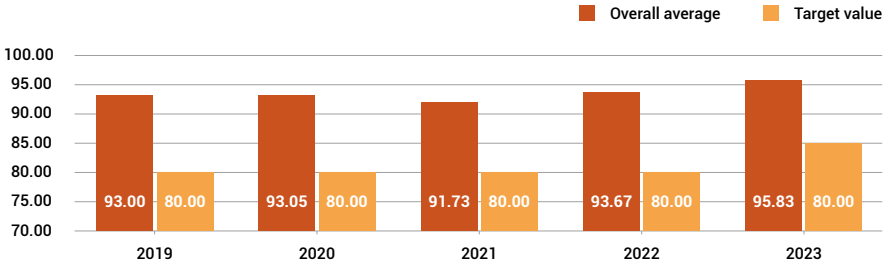
Historical Customer Satisfaction Surveys - Wound Care



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

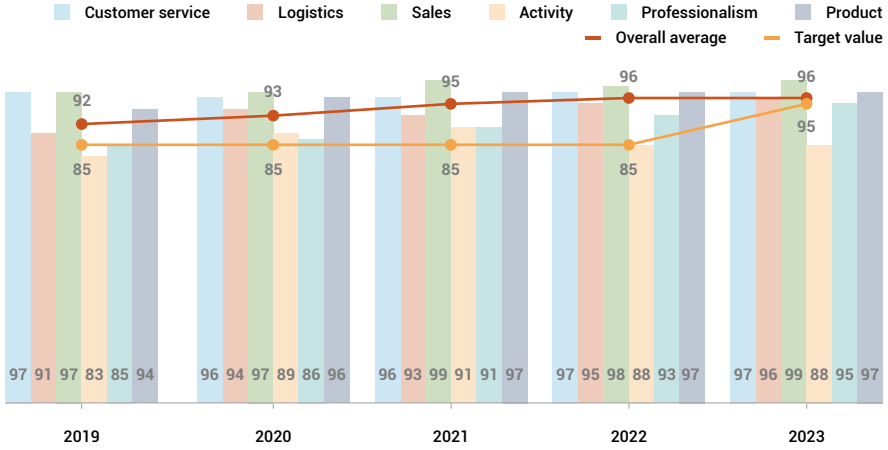
   1. Optimized the equipment heating curve and added a non-operation alarm function.
   2. Regulated the feed distance to ensure adequate heat pressing.
   3. Enhanced quality control mechanisms:
      - Gradually improved the initial random monitoring to comprehensive monitoring.
      - Introduced a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

Historical Customer Satisfaction Surveys - Medical packaging



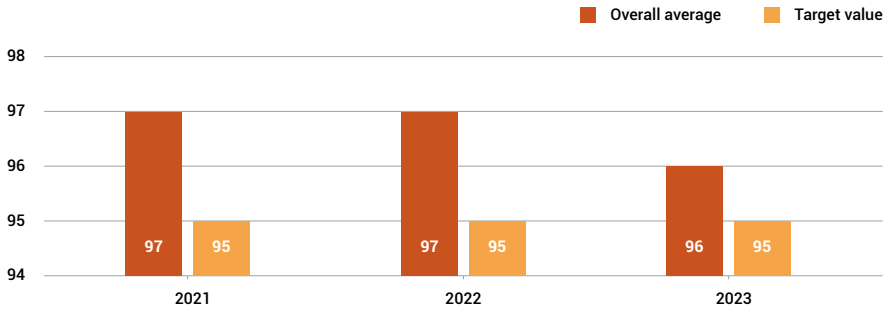
❸ Vision Care：Each year, a satisfaction survey is conducted for distributors (including chain and independent stores). In 2023, the overall average score reached 96 points, surpassing the target of 95 points. Satisfaction across various aspects continued to increase, indicating that brand management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

Historical Customer Satisfaction Surveys – Vision Care



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

Historical Customer Satisfaction Surveys – Skin Care

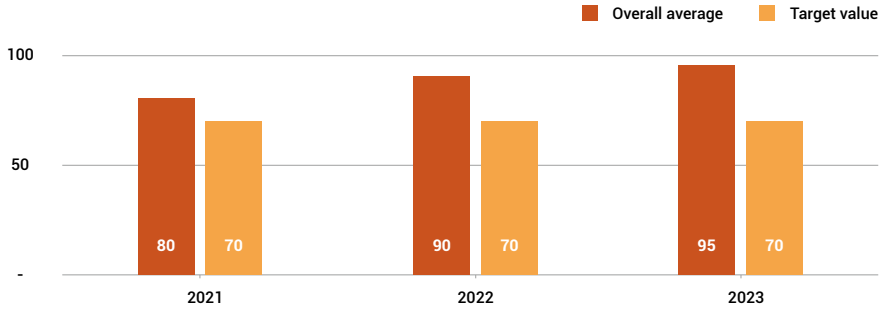


Note: A comprehensive customer satisfaction survey has been conducted since 2021.

Waterproof and breathable textiles

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

Historical Customer Satisfaction Surveys – Waterproof and breathable textiles



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

Consumer Privacy Protection

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

Quality Management

Quality Mechanism

Item	Display Materials	Advanced Battery Material	Healthcare Products	Waterproof and breathable textiles
Quality management	▪ Optimize validation indicator conditions during the new product development stage to meet customer requirements and improve factory production success rate to 100%. ▪ Adjust factory process parameters and hardware to address raw material defects. Introduce new equipment for removing foreign objects to enhance process cleanliness and production capability, ensuring new products meet customer requirements and achieve zero customer complaints. ▪ Continuously establish and optimize verification indicators for new film materials to support technological breakthroughs in processes. ▪ Investigate and simulate end-customer and consumer usage methods to further upgrade new product capabilities. ▪ Collect historical OK/NG data and use machine learning to analyze and establish key process influencing factors. ▪ Implement equipment pre-warning monitoring, automatic data collection, and build an IoT platform. ▪ Upgrade automated optical inspection software and hardware to reduce product failure rates and production costs. ▪ Utilize quality tools such as Failure Mode and Effect Analysis (FMEA) and continuous improvement projects.	▪ Received an S-grade excellent supplier evaluation from a Tier 1 Japanese customer. ▪ External audit deficiencies decreased by 89%, and IPQA (In-Process Quality Assurance) audit deficiencies decreased by 83%. ▪ High-risk error-proofing guidance implemented, resulting in the addition of 21 error-proofing devices, 67 enhancements to error-proofing mechanisms, and 8 new equipment warning functions. ▪ Developed the OCTS one-click traceability system, reducing the time required for investigating customer feedback anomalies by 98%, thereby speeding up the timeliness of customer feedback responses.	Vision Care: ▪ Maintain existing quality mechanisms for product management and monitoring. ▪ In 2024, continue to establish a project team to address quality improvement projects (CIP) for customer complaints, focusing on improving the comfort of contact lenses to reduce the number of complaints in Taiwan. Skin Care: ▪ Yunlin Plant obtained ISO 13485 certification. ▪ Taoyuan Plant obtained QMS certification. ▪ Taoyuan Plant obtained Halal certification. ▪ Yunlin Plant obtained QMS certification. Medical Packaging: ▪ Continuously passed TAF laboratory evaluations, continuously improving measurement capabilities, reducing measurement uncertainty from 23.41g to 6.39g, an improvement of over 70%. Wound Care: ▪ Hemostatic and negative pressure products have been legally sold in the EU. In 2022, completed all preclinical and clinical tests as required by new regulations and submitted MDR applications. ▪ To expand the coverage of AnsiTech products, passed inspections by the Ukrainian certification body, obtained DSTU EN ISO 13485:2018 certificate; simultaneously obtained market authorization for product SIMO in Ukraine and successfully sold in the country.	▪ Raw materials are sampled and inspected during production and before shipment as per regulations. ▪ Continuous quality improvement and review (using flattening machines to reduce seam marks, reducing defect count from 8 to 2, a 75% improvement). ▪ Obtained ISO 9001 certification. ▪ Obtained Bluesign certification. ▪ Obtained GRS (Global Recycled Standard) certification. ▪ Obtained OEKO-TEX certification.

Item	Display Materials	Advanced Battery Material	Healthcare Products	Waterproof and breathable textiles
Supplier Quality management	▪ Systematize supplier component analysis inspection reports (Certificate of Analysis, COA) and integrate with the Statistical Process Control (SPC) system. ▪ Conduct Quarterly Business Reviews (QBR) semi-annually. For suppliers with quality issues within the year, arrange on-site audits to verify and track improvement effectiveness.	▪ Supplier management from raw material inspection to guidance has significantly reduced raw material defect rates, providing better supply quality. Management is carried out across 12 dimensions including quality objectives, quality assurance mechanisms, product acceptance, quality anomaly handling, product engineering changes, continuous improvement, and supplier audits. ▪ Key packaging material suppliers receive guidance to establish correct concepts for root cause investigation and corrective actions. The Quality Business Review (QBR) score increased by 0.5 points compared to 2022.	Vision Care: ▪ Maintain existing quality mechanisms for product management and monitoring. Skin Care: ▪ Evaluated 12 new suppliers and re-evaluated 47 existing suppliers, achieving a 100% completion rate. Medical Packaging: ▪ Adjusted evaluation items to enhance discernment, highlighting both competitive suppliers and those needing improvement and support. Wound Care: ▪ Selected key suppliers for audit based on annual transaction status, completing evaluations for 50 suppliers under the quality system.	▪ Use bluesign® approved chemical products or raw material suppliers to ensure no harmful substances are used in the production process. ▪ Conduct multi-faceted supplier evaluations focusing on processes, facilities, testing, environmental impact, human rights, and health and safety. Evaluated 3 suppliers internally, achieving a 100% pass rate.
Product return	▪ Return rate was 0.26%, which did not meet the target of 0.15%. The main reasons for not meeting the target are: ▪ Negative warping: Inadequate hardness of laminating wheels leading to a decrease in warp levels. The hardness management mechanism for laminating wheels has been redefined, with stricter warp specifications and increased monitoring of warp levels during production. ▪ Scratches: Established a real-time alert mechanism for monitoring the rotation speed of small package corner rollers across all lines.	▪ Return Merchandise Authorization (RMA) amount decreased by 85% compared to 2022. ▪ No product recall cases from customers.	No product returns/recalls issues.	No product returns/recalls issues.

Quality Training

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

Supplier Management

Supplier Sustainable Management Framework

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

Sustainability Policy Document and Regulation	New Supplier Searching and Evaluation	Existing Supplier Audit and Guidance
▪ Management according to the Responsible Business Alliance Code of Conduct ▪ Signing of corporate social responsibility undertaking ▪ Responsible mineral purchase management (supplier shall issue guarantee for nonuse and non-violation of conflict mineral related regulations and requirements) ▪ Signing of hazardous substance management policy ▪ Signing of supplier integrity undertaking	▪ Supplier Search and Initial Review ▪ Establishment of Quality Agreement with New Material Suppliers ▪ Supplier Evaluation: Covers financial status, delivery stability, quality systems, R&D capabilities, environmental health and safety requirements. In 2023, added assessments for corporate sustainability and cybersecurity risk.	▪ Supplier Audits: Includes regular or ad-hoc evaluations and audits (documentary or on-site), ESG audits, and supplier cybersecurity assessments. ▪ Supplier Guidance

Sustainability Policy Document and Regulation

Signing of Corporate Social Responsibility Undertaking

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

Conflict Mineral Procurement Management

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

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

New Supplier Searching and Guidance

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

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

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

Existing Supplier Management

Supplier Audit and Guidance

BenQ Materials conducts regular and ad-hoc evaluations of qualified suppliers for critical materials based on four key criteria: Quality, Technology, Delivery, and Cost. Suppliers with actual transactions within the year are audited once annually, with the audit schedule for the following year finalized by the end of December. In special circumstances, ad-hoc audits or guidance may be conducted as needed.

Audit ratings are categorized into three levels: A, B, and C.

- level suppliers are qualified, but they are still required to submit improvement plans and reports for any poorly rated items, with incoming inspection personnel regularly monitoring their progress.
- B-level suppliers are conditionally qualified, requiring discussions about supply modes and corresponding measures, along with continuous improvement and reporting.
- C-level suppliers are deemed unqualified.

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

Procurement strategies are adjusted based on evaluation results, prioritizing orders and increasing purchase volumes from highly rated suppliers. Unqualified suppliers must improve within a set timeframe, after which relevant departments discuss whether to continue procurement. Special guidance plans are implemented if necessary, requiring improvement within six months. If no improvement is observed after long-term reviews or on-site guidance, the supplier's qualification is revoked.

First-time audits for new suppliers and regular audits for qualified suppliers can be conducted as paper-based or on-site evaluations depending on the situation. On-site audits require supervisor approval or discussion in meetings before proceeding with the audit process.

Conduct Irregular Audits and Guidance Reasons

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

Supplier Categories

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

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

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

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

ESG Auditor

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

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

Supplier Information Security Management

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

Supplier Energy Conservation and Carbon Reduction Assistance Program

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

Green Procurement

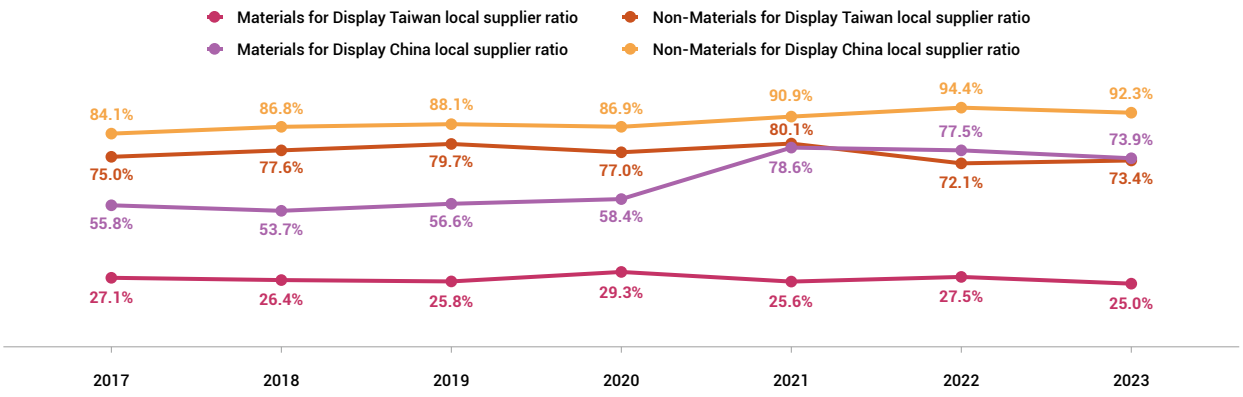
BenQ Materials supports the Ministry of Environment's green procurement policy by adhering to green procurement principles, minimizing the purchase of disposable items, and evaluating products and services that meet the Ministry's recognized green label standards. As a result, BenQ Materials was recognized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

Local Purchase

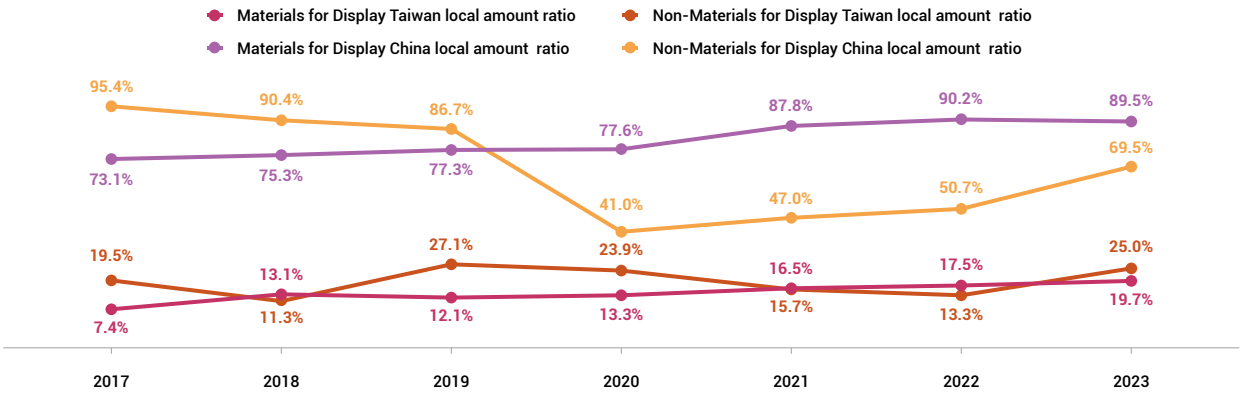
Materials for functional film products (polarizers/optical films/separation membranes/smart window films) are mostly produced by overseas suppliers, with only a few local (Taiwan) suppliers unable to meet BenQ Materials' specifications. As a result, the number and proportion of local suppliers and procurement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

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

Historical Purchase Local Supplier Ratio



Historical Purchase Local Amount Ratio



7 Friendly Workplace

Human Rights Management

BenQ Materials adheres to the principles of international human rights conventions such as the United Nations Universal Declaration of Human Rights (UDHR), the United Nations Guiding Principles on Business and Human Rights (UNGPs), and the OECD Guidelines for Multinational Enterprises. The company also follows the code of conduct outlined by the Responsible Business Alliance (RBA) to fulfill its commitment to human rights. Regular human rights due diligence processes are conducted to identify and assess risks related to human rights issues, ensuring effective control over the impacts and risks. These assessments are continuously updated and adjusted as needed. Detailed information on BenQ Materials' human rights policy can be found on the ESG website.

Human Rights Due Diligence

In accordance with international human rights standards and local human rights laws, BenQ Materials initiated a human rights due diligence plan in 2023. The initial phase focused on conducting human rights due diligence for internal employees. Starting from 2024, the company will extend this due diligence process to the value chain, including suppliers. The findings from these investigations will inform subsequent management actions to implement effective measures, thereby minimizing the impact of human rights risks on the company's operations.

Human Rights Management Steps

Risk Assessment and Identification

BenQ Materials conducts risk assessment and identification based on the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the Responsible Business Alliance (RBA) standards. The company has selected 16 key human rights topics for evaluation. This comprehensive assessment process includes consideration of labor rights, working conditions, non-discrimination, and other fundamental human rights issues.

BenQ Materials' Focus on Human Rights Issues:

Governance Issues

Protection of User Privacy

Labor Rights Issues

Personal Freedom and Security, Working Hours, Wages and Benefits, Freedom of Assembly and Association, Prohibition of Child Labor, Physical and Mental Health Rights, Freedom of Speech and Expression, Maternal Protection, Non-discrimination and Inclusion, Freedom to Choose Employment, Prohibition of Forced Labor, Right to Family Life

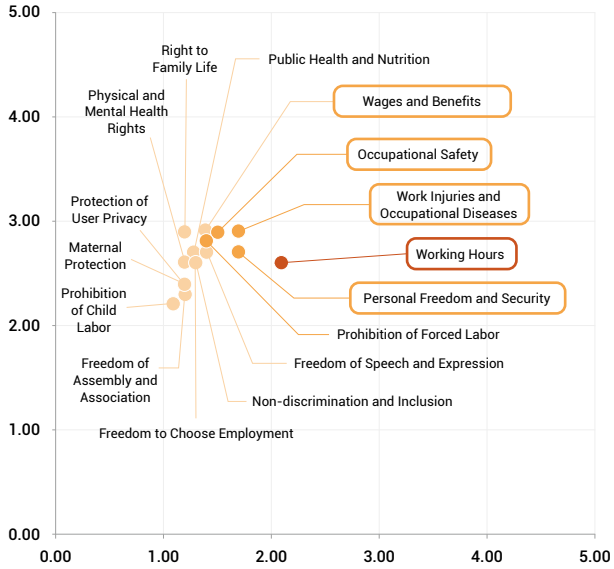
Health and Safety Issues

Occupational Safety, Work Injuries and Occupational Diseases, Public Health and Nutrition

Human Rights Risk Matrix

In 2023, BenQ Materials conducted a human rights risk assessment focusing on its internal employees as the primary subjects. The assessment covered all official employees across Taiwan's operational sites, including Taoyuan Plant, Longke Plant, and Yunke Plant. A total of 467 questionnaires were collected for this study.

Through data analysis, it was determined that there were no significant human rights risks. However, working hours were identified as approaching a medium-risk level. Other areas such as wages and benefits, occupational safety, work injuries and occupational diseases, and personal freedom and security were classified as low-risk. Following discussions in the ESG quarterly meeting, it was decided to incorporate these five issues into subsequent mitigation and adaptation measures.



Note: The X-axis represents the severity of impact; the Y-axis represents the likelihood of impact.

Tracking and Communication

People Involved	Human Rights Issues	Goals and Actions	Risk Assessment	Mitigation Measures	Adaptation Measures	Communication Channels
All employee	Occupational Safety and Work Injuries and Occupational	1. Establish Safety and Health Work Regulations and an "Occupational Safety and Health Management Manual," as well as secondary and tertiary safety and health management procedures/ standards for personnel to follow. 2. Zero disabling injuries 3. Zero occupational diseases	1. Results of General and Special Hazard Health Examinations 2. Regular Monitoring Results (including tiered management) 3. Annual Regular Hazard Identification and Risk Assessment	1. Establish an Occupational Safety and Health Committee in compliance with the "Occupational Safety and Health Act," with committee members including heads of various departments and occupational safety and health personnel, chaired by the Vice President. Regular meetings are held to review the safety status of machinery, equipment, and environments in all work areas, and to develop improvement measures and track results. 2. Implement the ISO 45001 Occupational Safety Management System across all operational sites. 3. Develop and implement an occupational safety and health management plan. 4. Establish a change management review mechanism for new chemical substances, machinery, equipment, and changes in operational areas, and propose corresponding safety management measures, along with providing relevant safety training for personnel. 5. Conduct hazard identification and risk assessment during the introduction of new machinery, chemical substances, and annually. Using the 80/20 rule, aim to reduce unacceptable risk factors or their occurrence rates to achieve the goal of risk reduction. 6. Organize traffic safety activities to enhance employees' defensive driving concepts through game experiences and quick quiz activities. 7. Provide on-site occupational physician services and personal interviews. 8. Implement ergonomic hazard prevention plans.	1. In the event of an emergency that endangers life safety, employees have the legal right to cease operations and evacuate to a safe area. 2. Establish an abnormal event reporting process. Upon receiving a report of an incident, occupational safety personnel will conduct an accident investigation, and medical staff will provide care for the injured and assist in work reassignment or return-to-work arrangements. The findings of the incident investigation and corrective measures will be reported at the monthly safety meeting and the Occupational Safety and Health Committee. 3. Provide medical assistance to personnel. 4. Provide legally mandated leave and wage compensation for work-related injuries.	▪ Monthly Safety Meetings: Regular meetings held to discuss safety issues, review incidents, and implement improvements. ▪ Occupational Safety and Health Committee Meetings: Scheduled meetings where safety and health policies are reviewed, risks are assessed, and safety strategies are planned. ▪ Occupational Safety and Health E-Newsletter: A digital publication providing updates, safety tips, and information on occupational health and safety. ▪ Health Management System: A comprehensive system for monitoring and managing employee health, including medical check-ups and health records.
	Working Hours	▪ Formulating "Work Hours Management Policy": Establish a comprehensive policy to manage and regulate employee work hours, including guidelines for normal working hours and overtime. ▪ Implementing Attendance and Overtime Application Systems: Develop and deploy systems for tracking employee attendance and processing overtime requests, ensuring compliance with work hour regulations and facilitating efficient management of work hours.	1. Monitor Overtime Records: Ensure that overtime hours are tracked accurately and verify that they do not exceed the legally permitted limits. 2. Feedback through Grievance Channels and Labor-Management Meetings: Use these platforms to gather employee feedback and opinions regarding work hours and any concerns they may have. 3. Conduct Regular Employee Satisfaction Surveys: Periodically survey employees to understand their perspectives on work hours and gather insights for potential improvements.	1. Strict Enforcement of Work Hours Regulations: All overtime work must be applied for in advance and approved by a supervisor. 2. Provide Adequate and Reasonable Staffing: Ensure that sufficient staffing levels are maintained to manage workloads without excessive overtime. 3. Regularly Provide Attendance and Overtime Records: Supply supervisors with up-to-date attendance and overtime data to facilitate effective management and control.	1. Provide Compensatory Leave or Overtime Pay for Employees Working Overtime: Ensure that employees who work extra hours are adequately compensated through either additional leave or overtime payments. 2. Implement Corrective Measures for Excessive Overtime: If an issue of excessive overtime is identified, require supervisors to implement corrective actions to address the situation. 3. Review and Adjust Staffing and Scheduling Policies: Regularly evaluate and, if necessary, adjust staffing levels and scheduling practices to prevent overwork and ensure optimal workforce management.	1. Establish Employee Complaint and Suggestion Boxes with Guaranteed Anonymity: Set up secure and anonymous complaint and suggestion boxes for employees to express their concerns and suggestions without fear of retaliation. 2. Hold Regular Labor-Management Meetings: Conduct regular meetings between employees and management to discuss and address workplace issues, ensuring open communication and collaboration.
	Wages and Benefits	Establish a Compensation and Benefits Policy Balancing External Competitiveness and Internal Fairness	1. Review External Market Compensation Levels to Ensure Internal Salaries Meet or Exceed Standards 2. Develop a Benefits System in Reference to Benchmark Companies and Legal Regulations, Designing a Compensation System that Upholds Internal Equity and Equal Pay for Equal Work through Performance Evaluations	1. Regularly review legal regulations to ensure that the compensation and benefits system complies with laws. 2. Regularly review internal compensation and benefits plans to ensure external competitiveness.	If the audit reveals that salaries and benefits do not meet legal requirements, refund the employees' entitled rights and inform them of the subsequent corrective measures.	Employees can view their salary on the system/mobile app, and any changes to benefits will be announced.
	Personal Freedom and Security	Provide a safe, healthy, and harassment-free work environment	Workplace Unlawful Conduct Complaint Investigation Cases.	Establish the "Procedure for Preventing Unlawful Conduct during Job Performance" and publicly disclose it. Conduct regular training sessions for all employees.	1. Victim: Depending on the situation, adjust job responsibilities or work area as needed, and provide psychological counseling assistance. 2. Perpetrator: If the investigation confirms the misconduct, take disciplinary action in accordance with company policies.	General Manager's Mailbox, Employee Feedback Channels, Mailbox and Phone for Reporting Unlawful Acts.

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 coherenc

Employee Statistics

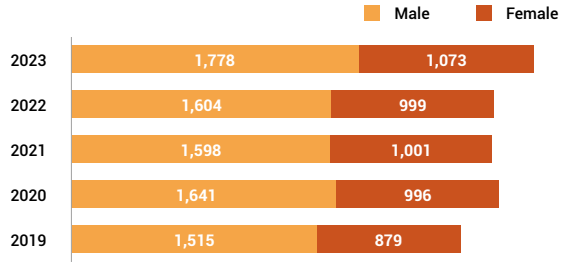
As of the end of 2023, BenQ Materials employed a total of 2,851 individuals globally, including 313 dispatched workers. There were no significant changes in the number of employees at various operational locations in 2023. The overall increase in staff was primarily due to the addition of employees from the subsidiary Weipu Industrial. The Taiwan operations had a total of 2,061 employees, while the Suzhou and Wuhu plants in China had 790 employees.

Among the employees at BenQ Materials, 2,151 are permanent employees with indefinite-term contracts. There were a total of 700 temporary employees, which includes 387 contract employees and 313 dispatched workers. The temporary employees are also on indefinite-term contracts. The majority of dispatched workers are concentrated at the Suzhou plant, where they handle tasks related to the production line, such as visual inspection and packaging. Compared to the previous year, the number of dispatched workers at the Suzhou plant decreased by 63, mainly due to improved employee retention rates and an increase in the number of dispatched workers becoming permanent employees.

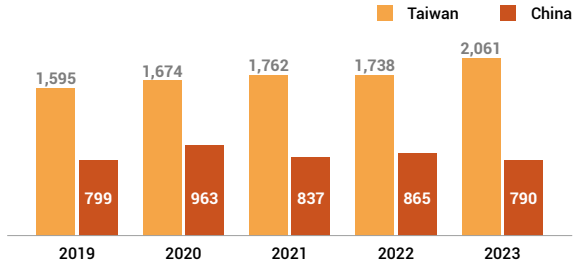
BenQ Materials has a total of 1,018 non-employee workers, including on-site contractors and engineering subcontractors. The on-site contractors encompass personnel for catering, security, and cleaning services, totaling 135 individuals based on the actual number of service providers. In addition, there are 883 individuals working as engineering subcontractors.

Data Category	employee information broken down by gender					employee information by region				
Statistical Item	Female Employees	Male Employees	Total Employees	Female Percentage	Male Percentage	Employees in Taiwan	Employees in China	Total Employees	Taiwan Percentage	China Percentage
Total Number of Employees	**1073**	**1,778**	**2,851**	**38%**	**62%**	**2,061**	**790**	**2,851**	**72%**	**28%**
Number of Permanent Employees	806	1345	**2151**	37%	63%	2,029	122	**2151**	94%	6%
Number of Temporary Employees	267	433	**700**	38%	62%	32	668	**700**	5%	95%
Number of Employees with No Hourly Guarantee	0	0	**0**	-	-	0	0	**0**	-	-
Number of Full-time Employees	1071	1776	**2,847**	38%	62%	2057	790	**2,847**	72%	28%
Number of Part-time Employees	2	2	**4**	50%	50%	4	0	**4**	100%	0%

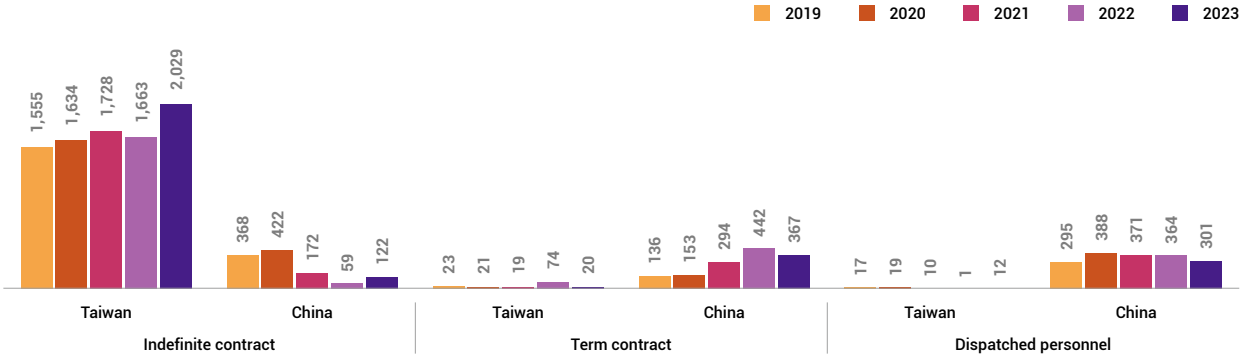
Historical Total Number of Employees (According to gender)



Historical Total Number of Employees (According to business location)



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



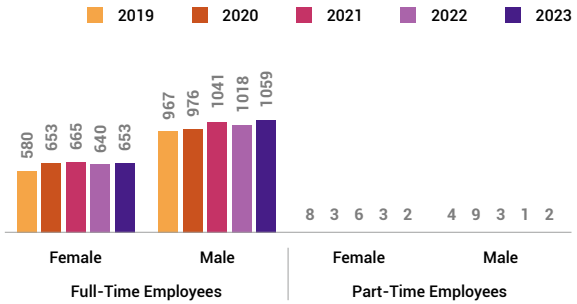
Note 1: The scope of manpower data disclosure includes Taiwan (including subsidiaries) and mainland China; the Taiwan employee statistics cover headquarters, Longke Plant, Yunke Plant, United Medical Materials, Jinjie, Shuochen, and Weipu; the mainland China employee statistics cover the Suzhou Plant and Wuhu Plant.

Note 2: The method of counting personnel is based on the number of employees as of December 31, 2023.

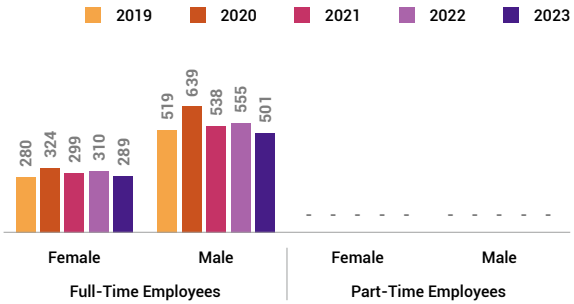
According to the contract type statistics, in 2023, there were only 4 part-time employees at various operating locations in Taiwan (accounting for 0.14%), with 3 at the Taoyuan Plant and 1 at the Yunke Plant. By gender, there were 2 females and 2 males. There were no part-time employees at the Suzhou and Wuhu plants in mainland China.

In 2023, the gender statistics show that the proportion of female employees was 37.64%, while male employees accounted for 62.36%. Based on age statistics, the average age was 34.9 years. Employees under 30 years old made up 27.15%, those aged 31-50 years (the main age group) accounted for 68.61%, and those over 51 years old comprised 4.24%.

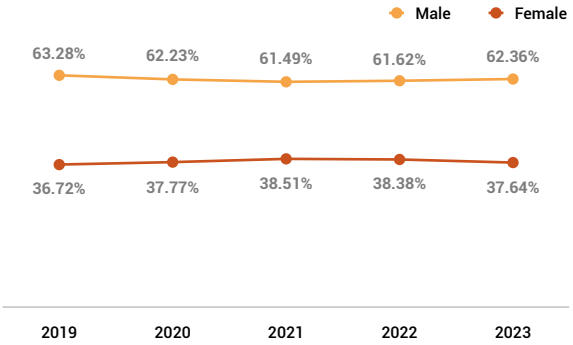
Historical Total Number of Employees (Contract type and gender/Taiwan)



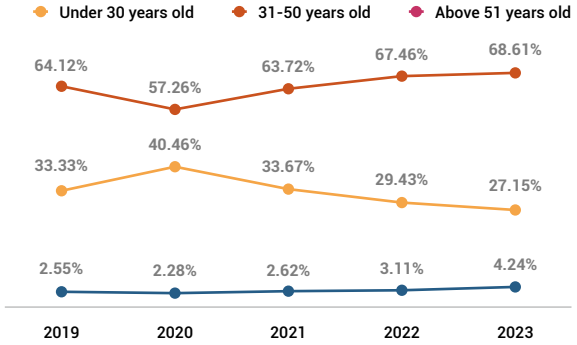
Historical Total Number of Employees (Contract type and gender/China)



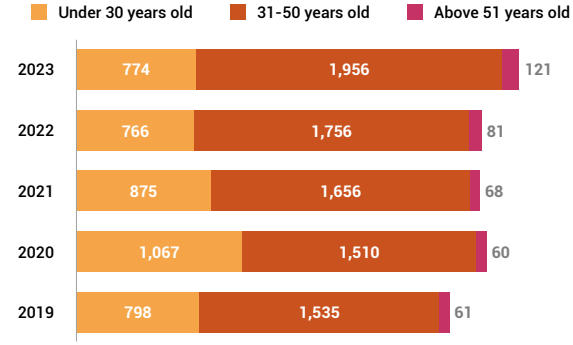
Historical Employee Gender Ratio



Historical Employee Age Distribution Ratio



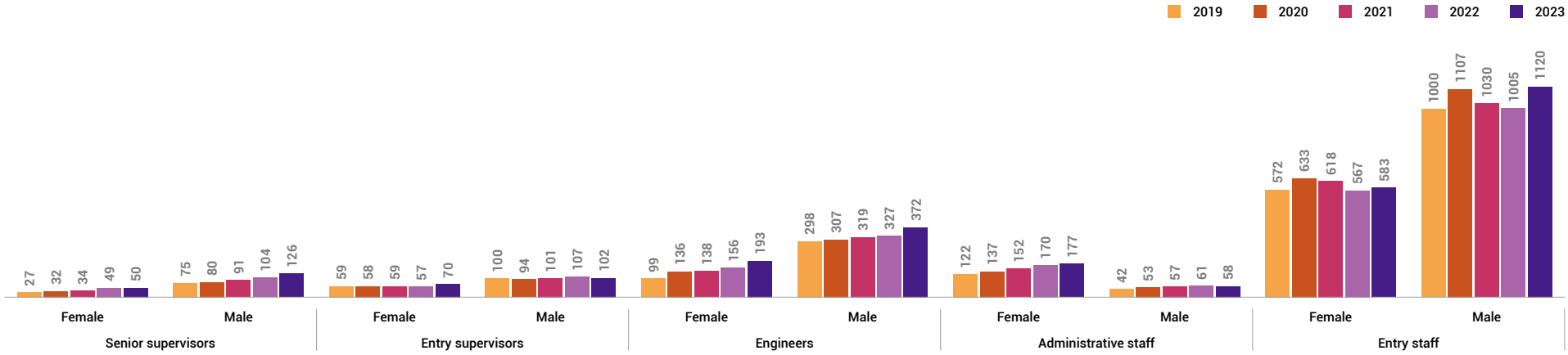
Historical Total Number of Hired Employees (by Age Group)



According to the analysis of gender ratios by job level and function, the proportion of female administrative staff (75.32%) was higher than that of males. The proportion of female junior supervisors (40.7%) was slightly higher than the overall company gender ratio, while the proportion of female middle and senior managers (28.41%) and female engineering staff (34.61%) was slightly lower than the overall company gender ratio. In 2023, 99.32% of the middle and senior managers hired in Taiwan were nationals, while in the Suzhou and Wuhu plants, the proportion of middle and senior managers hired who were Chinese nationals was 62.06%.

Data Category	Job Level/Gender					Job Level/Age Group						
Statistical Item	Number of Females	Number of Males	Total Number	Female Percentage	Male Percentage	Number of Employees Under 30	Number of Employees Aged 31-50	Number of Employees Over 51	Total Number	Percentage Under 30	Percentage Aged 31-50	Percentage Over 51
Middle and Senior Managers	50	126	176	28.41%	71.59%	0	137	39	176	0.00%	77.84%	22.16%
Junior Supervisors	70	102	172	40.70%	59.30%	1	163	8	172	0.58%	94.77%	4.65%
Engineering Employe	193	372	565	34.16%	65.84%	130	419	16	565	23.01%	74.16%	2.83%
Administrative Employe	177	58	235	75.32%	24.68%	42	179	14	235	17.87%	76.17%	5.96%
Junior Employe	583	1,120	1,703	34.23%	65.77%	601	1058	44	1,703	35.29%	62.13%	2.58%
Total	**1,073**	**1,778**	**2,851**	**37.64%**	**62.36%**	**774**	**1,956**	**121**	**2,851**	**27.15%**	**68.61%**	**4.24%**

Historical Total Number of Employees (Job rank and gender)



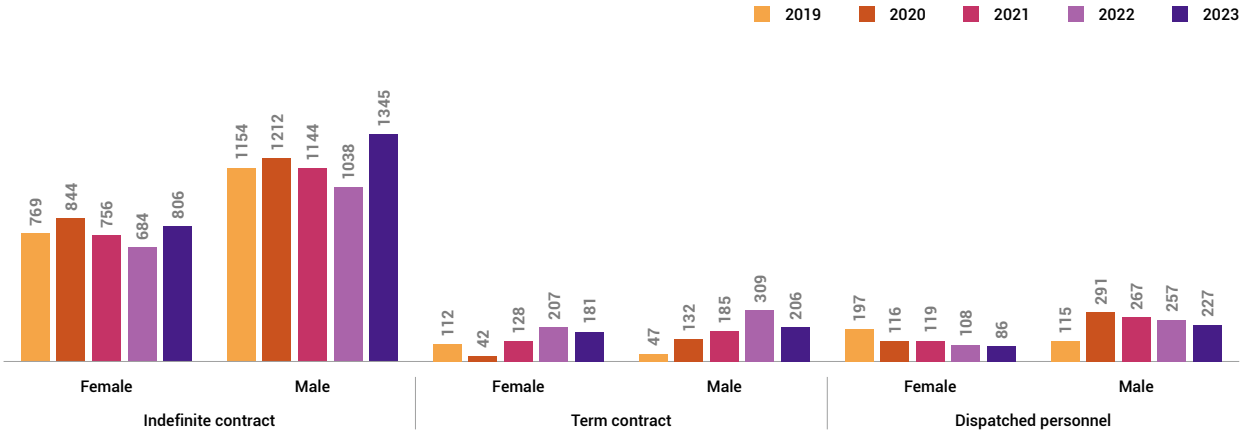
Note 1: Senior management refers to manager level and above; junior management refers to deputy manager level; engineering staff includes engineers and researchers; administrative staff includes specialists and clerks; entry-level staff refers to factory workers who do not belong to the aforementioned categories.

Note 2: BenQ Materials does not have employees with guaranteed minimum hours. BenQ Materials does not have part-time employees in China.

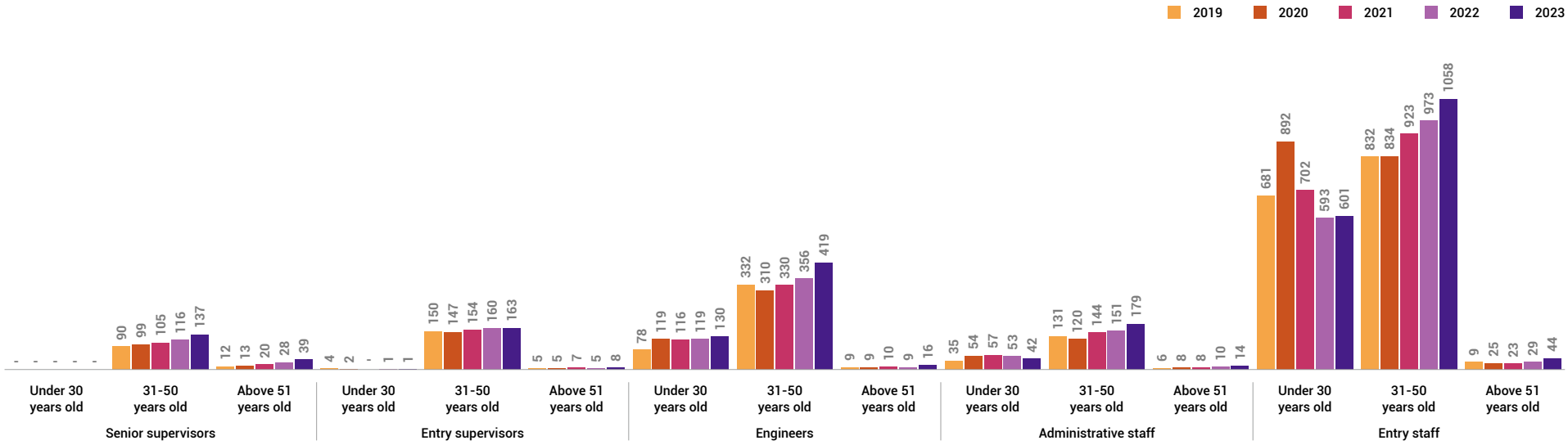
BenQ Materials is committed to providing employment opportunities for individuals with disabilities. In 2023, the company employed 15 people with disabilities in Taiwan, which constitutes 0.88% of the total workforce in Taiwan, representing an increase of one employee from 2022. According to the Protection of Rights of Persons with Disabilities Act, the required number of employees with disabilities varies by facility. For the combined Taoyuan and Longke facilities, the required number of employees with disabilities is 16, and the actual number employed is 15, including 3 employees with severe disabilities. Since each employee with a severe disability counts as two for compliance purposes, the employment rate reached 112.5% in 2023. The Yunke facility is required to employ one person with a disability but currently employs none. To address this shortfall, BenQ Materials plans to review job positions, particularly in business support and employee service roles, to identify suitable opportunities for individuals with disabilities and continue discussions with departments on job arrangements and designs tailored to individuals with disabilities.

BenQ Materials is also committed to supporting employment opportunities for indigenous people in Taiwan. In 2023, the company was required to employ 16 indigenous employees but exceeded this requirement by employing 27, achieving a compliance rate of 168.75%. This number represents 1.58% of the total workforce in Taiwan. These figures reflect BenQ Materials' dedication to creating an inclusive workplace and providing equal employment opportunities for indigenous employees.

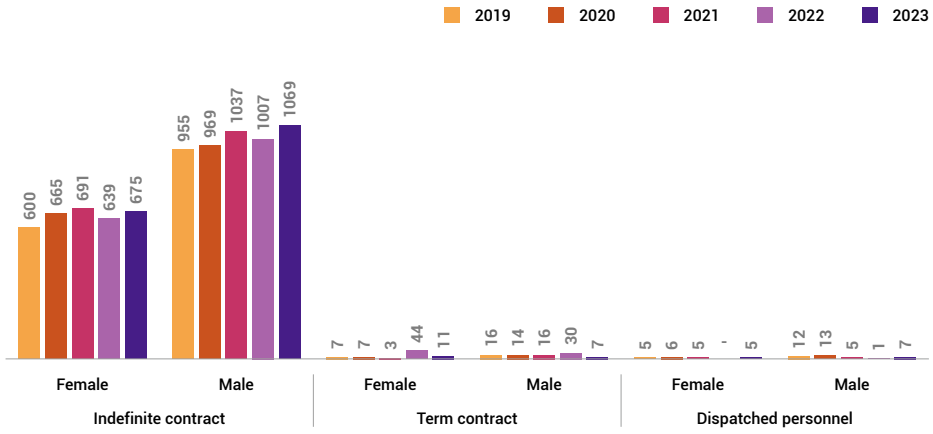
Historical Total Number of Employees (Contract type)



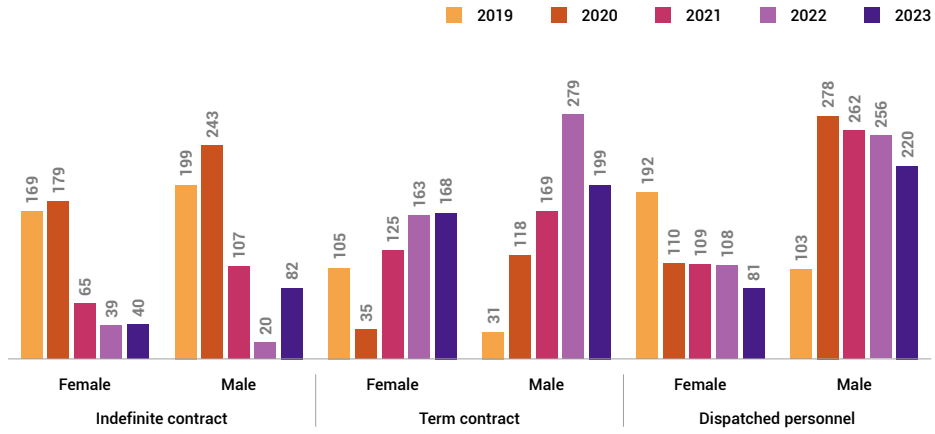
Historical Total Number of Employees (Job rank and age)



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



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



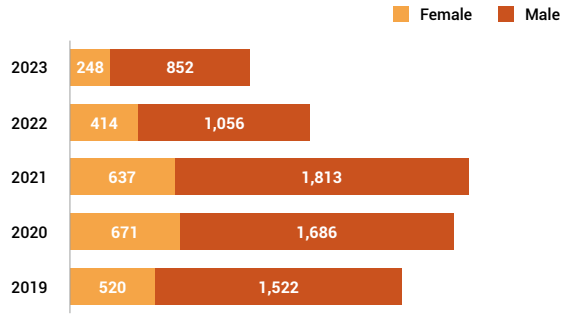
Staff Turnover

In 2023, the formal employees at BenQ Materials included both fixed-term and indefinite contract employees. The annual turnover rate across various facilities in Taiwan (headquarters, Taoyuan, Longke, Yunke, and Lianhe Medical, including subsidiaries) was 22.07%. Analyzing the turnover rate by gender, the annual turnover rate for male employees was 20.28%, while for female employees it was 25%. When broken down by age group, employees under 30 had a turnover rate of 29.18%, those aged 31 to 50 had a turnover rate of 20.21%, and those over 51 had a turnover rate of 15.32%. The turnover rate for employees under 30 was notably higher compared to other age groups. The annual hiring rate in Taiwan was 19.31%, with the hiring rate for male employees at 18.01% and for female employees at 21.43%. Given the gender distribution of the workforce, the hiring rate for female employees was slightly higher than for male employees. By age group, the hiring rate for employees under 30 was 34.80%, for those aged 31 to 50 it was 15.48%, and for those over 51 it was 4.50%. Due to the company's growing operational scale and the development of new businesses, the hiring rate for employees under 30 was significantly higher. The turnover rate in Taiwan was slightly higher than the hiring rate.

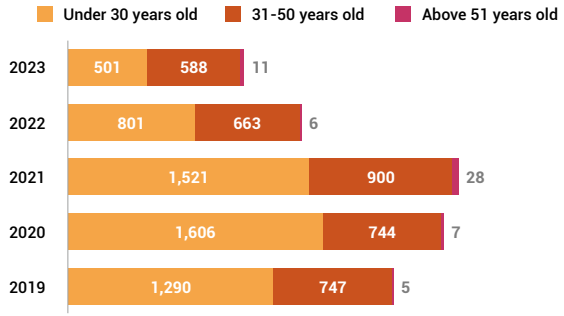
In the Wuhu facility, the annual turnover rate for 2023 was 120%, with a turnover rate of 145.95% for male employees, significantly higher than the 46.15% for female employees. By age group, the turnover rate for employees under 30 was 288.46%, for those aged 31 to 50 it was 64.29%, and for those over 50 it was 0%. The turnover rate for employees under 30 was notably high. The annual hiring rate in Wuhu for 2023 was 106%, with a hiring rate of 128.38% for male employees and 42.31% for female employees, indicating a relatively higher rate for male employees. By age group, the hiring rate for employees under 30 was 292.31%, for those aged 31 to 50 it was 38.75%, and for those over 51 it was 75%.

At the Suzhou facility, due to a labor shortage in the local market and heightened competition for talent, the recruitment strategy primarily involved collaborating with staffing agencies to recruit employees on a contract and temporary basis. This reliance on short-term employment resulted in a significantly higher turnover rate compared to other facilities. In 2023, the annual turnover rate at Suzhou was 95.36%. Despite ongoing business expansion, the annual hiring rate of 86.38% was lower than the turnover rate. The annual hiring rate for male employees (123.42%) was lower than the turnover rate (133.96%), and for female employees, the hiring rate of 26.24% was also lower than the turnover rate (32.70%). By age group, the turnover rate for employees under 30 was 108.53%, for those aged 31 to 50 it was 87.32%, and for those over 50 it was 100%. The annual hiring rate by age group showed 100% for employees under 30, 78.46% for those aged 31 to 50, and 50% for those over 51.

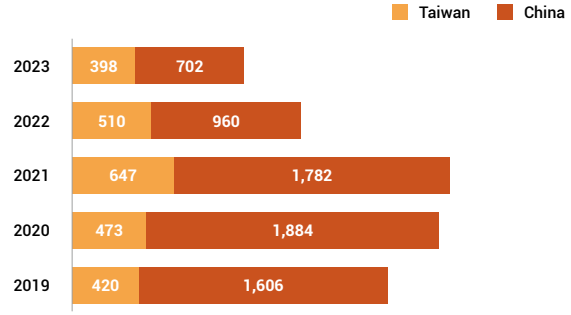
Historical Number of New Employees (According to gender)



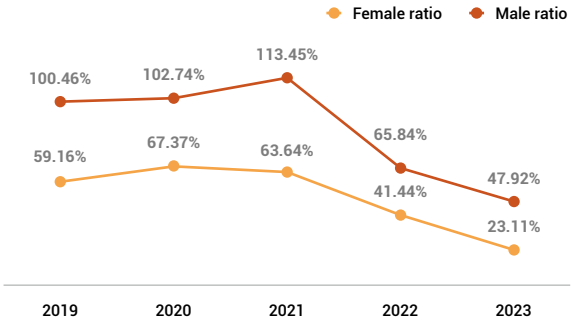
Historical Number of New Employees (According to age)



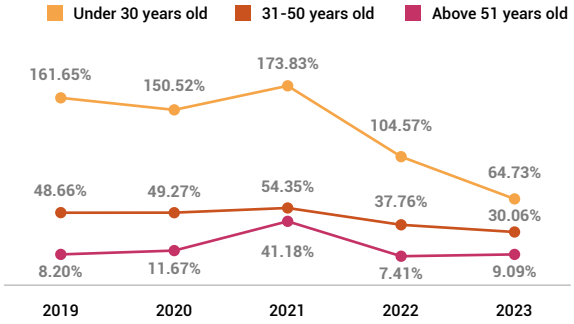
Historical Number of New Employees (According to region)



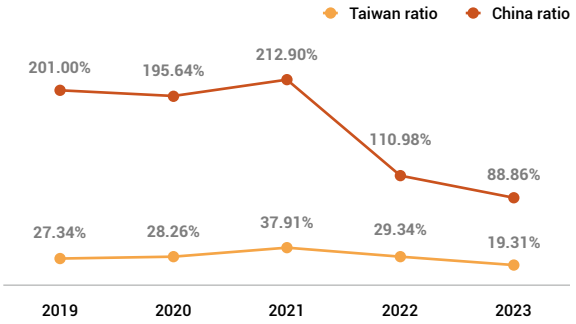
Historical New Employee Rate (According to gender)



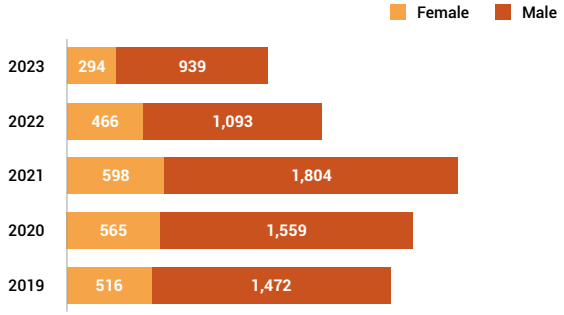
Historical New Employee Rate (According to age)



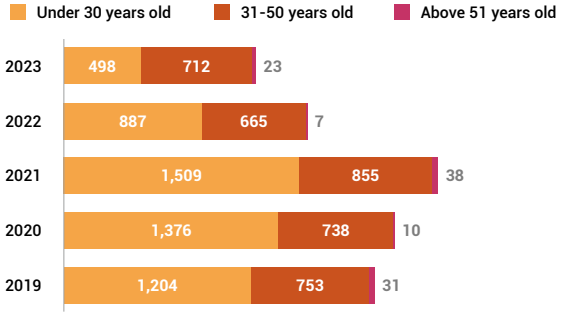
Historical New Employee Rate (According to region)



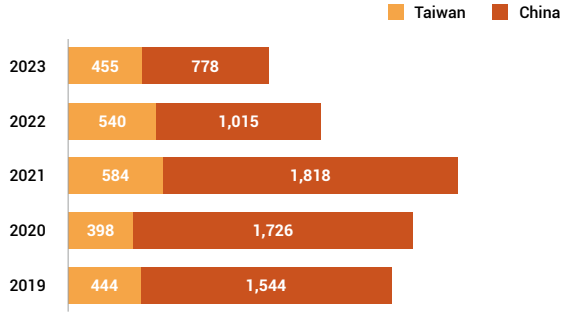
Historical Number of Resigned Employees (According to gender)



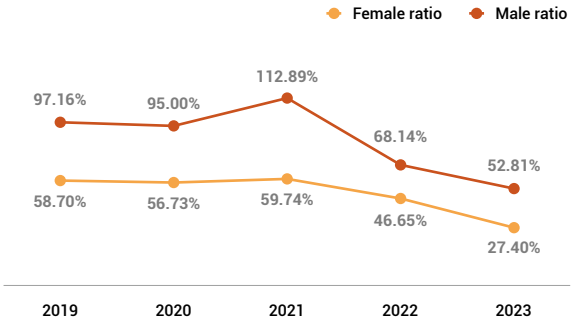
Historical Number of Resigned Employees (According to age)



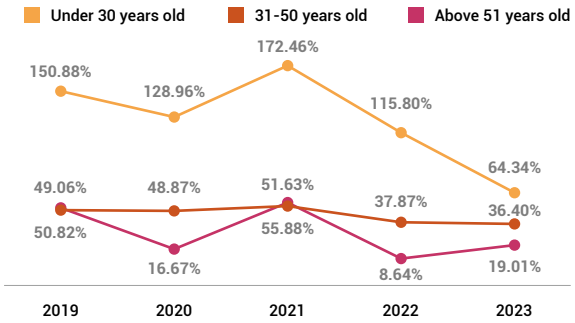
Historical Number of Resigned Employees (According to region)



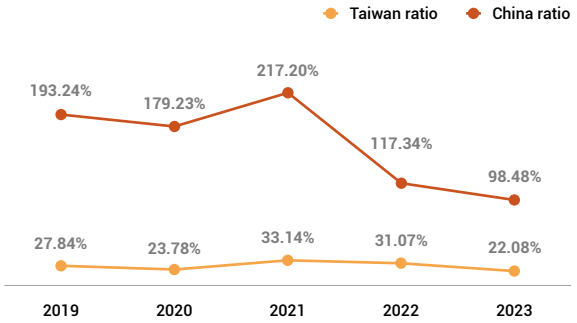
Historical Employee Turnover Rate (According to gender)



Historical Employee Turnover Rate (According to age)



Historical Employee Turnover Rate (According to region)



Talent Development Strategy

Based on the company's medium- and short-term development directions and strategies, BenQ Materials has identified the future talent composition required, including manufacturing and R&D personnel at the grassroots level, technical talent for new business ventures, and marketing and sales professionals. The company has established a talent recruitment action plan, which includes the Engineering Elite Training Program, local campus deepening initiatives, and industry-academia collaboration. BenQ Materials is building diverse channels for acquiring talent and offers various training and development opportunities to meet the company's future operational and developmental needs.

Furthermore, BenQ Materials recognizes the importance and potential of the Southeast Asian region. To establish a stronger employer brand in this key area and attract and cultivate local talent, the company launched the Southeast Asian Foreign Intern Program at the end of 2023. This program recruited four Vietnamese interns for a multi-month internship in business and product management. This initiative not only provides learning and growth opportunities for international students in Taiwan but also represents a concrete action toward deepening localization strategies. Through this internship program, the company demonstrates a high level of support for talent diversity, providing solid support for the ongoing development of global business operations.

Job Rotation Mechanism

BenQ Materials encourages employees to undergo job rotations to develop diverse skills, thereby promoting the internal retention of outstanding talent. The company emphasizes that job rotation is not limited to managerial positions but includes various roles across different product business units and job functions. This approach aims to achieve comprehensive skill enhancement and career development.

To facilitate internal talent mobility more effectively, BenQ Materials has established a transparent internal job transfer platform and designed a comprehensive application and matching mechanism. As a result of this initiative, 73 employees completed job transfers in 2023, successfully transitioning across business units and different roles.

Talent Cultivation

Training Structure

Facing a highly competitive environment, BenQ Materials is committed to enabling employees to continually advance and maintain a passion for learning. The company aims to create a comprehensive and high-quality education and training system, establishing a talent development blueprint that utilizes extensive internal and external resources. Employees are encouraged to pursue further education and training.

Starting in 2023, BenQ Materials introduced a credit system to enhance its training framework, developing various academies according to competency needs. These academies include the Management Academy, Business Academy, Science and Engineering Academy, Biomedical Academy, Sustainability Academy, Quality Academy, and General Education Academy. This talent development learning map provides training resources that align with both the company's and individual employees' future development needs, thereby enhancing organizational competitiveness.

人才發展訓練學分

面對充滿不確定性的時代挑戰，鼓勵同仁持續學習成長，以期能達成「求新求變、共創價值」之核心理念能完整落實，於2023年結合組織及同仁個人職涯發展需求制定「人才發展學習地圖」，以符合公司和員工個人未來發展需要並提升組織競爭力。

◆各職級每年應達成學分數

目前職級	每年應達成學分數
專業職	必修：訓練30學分 (內含專屬訓練6學分) 選修：通識數位課 3學分
課級主管	必修：訓練 28學分 選修：通識數位課 3學分
部級主管	必修：訓練 25學分 選修：通識數位課 3學分
廠處級主管	必修：訓練 16學分 選修：通識數位課 3學分

◆各訓練別學分計算方式

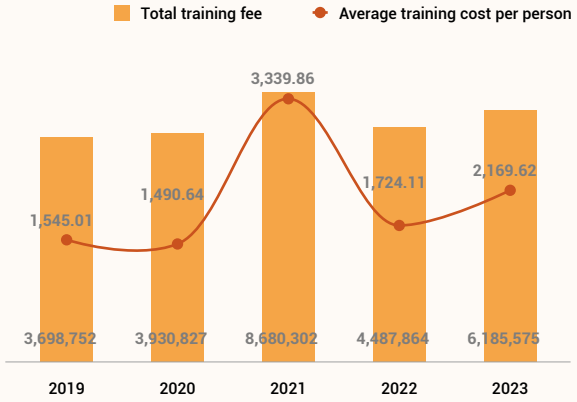
訓練類型	必修	選修
實體內外訓	4時(含)以內：4學分 8時(含)以內：6學分 超過1天：8學分	4時(含)以內：2學分 超過4時：3學分
集團實體訓	完訓(超過1天)：8學分	
eLearning	1時(含)以內：2學分 2時(含)以內：3學分 超過2小時：4學分	1時(含)以內：1學分 超過1時：2學分
法規與新人必修訓	如期完訓者：1學分	

Training Outcome

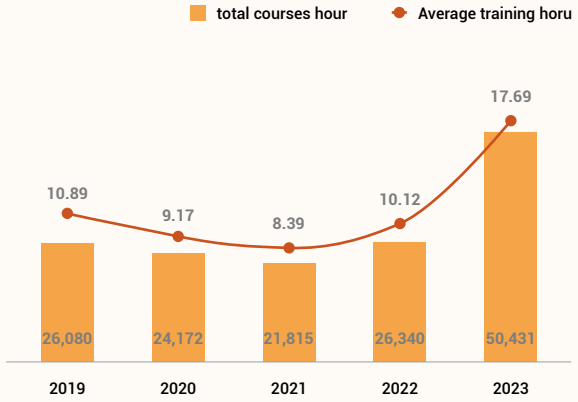
In 2023, BenQ Materials conducted 238 in-person courses, with a total training expenditure of 6,185,575 NTD and a total of 50,431 hours of training provided. The average training hours for indirect employees were 43 hours, a significant increase from 2022. The main reason for this improvement in learning outcomes is the introduction of the credit system, which has accelerated a culture of self-directed learning among employees. This shift has moved employees from passively being assigned training to actively seeking learning resources, thereby increasing the time spent on learning.

The average training hours by job level and role type are as follows: senior and mid-level managers received 35.45 hours, frontline supervisors 43.46 hours, engineers 40.33 hours, administrative staff 17.21 hours, and frontline workers 7.06 hours. When categorized by gender, the average training hours were 51.38 hours for female employees and 43.82 hours for male employees.

Overview of funds invested in education and training over the years



Total hours of education and training courses offered over the years



Talent Management and Development

Developing management-level talent is crucial for the sustainable operation of BenQ Materials. The company has established a Talent Development Committee that regularly discusses organizational talent-related issues. Through a comprehensive Business Management Program (BMP), which combines in-person courses, case study seminars, experience-sharing lectures, senior mentorship, job rotations, and task assignments, we aim to cultivate future business unit leaders to facilitate the realization of the company's long-term strategies.

In 2022, we launched the "A+ Development Program," which provides high-potential talent with a broad and deep learning curriculum to prepare them for management roles. The program incorporates external management potential assessment tools to understand their management traits and skill gaps. It also integrates Individual Development Plans (IDP) for talent development, offering a series of courses that support theoretical and practical growth in management capabilities.

This project is initiated every two years, and the outcomes of the first cohort were concluded in 2023. A total of 32 participants completed the training, with 16 of them further developing their talents through IDPs. Of these participants, 10 were promoted to management positions, and 17 individuals received promotions and recognition for their achievements.

Engineering Elite Talent Program

To develop professional management talent that meets the needs of future new businesses and overseas production management, BenQ Materials launched the Engineering Elite Talent Program in 2023. The program aims to enhance the comprehensive capabilities of potential talent, including professional knowledge and skills, through on-the-job training (OJT), company training courses, and rotation development plans.

The 2023 training courses included project management, presentation skills, and on-site management reading seminars. The project management course focused on critical points such as communication requirements and work breakdown. The presentation skills course featured plant managers sharing strategies and logical thinking for presentations, along with discussions of practical cases. In the on-site management reading seminar, engineering elites shared knowledge from the book "On-site Management" and their actual work experiences, with plant managers acting as mentors and sharing practical factory experience.

In 2023, the average course satisfaction reached a perfect score of 5, with a total of 30 participants. Notably, in the comprehensive self-assessment of presentation skills, the average score of the engineering elites improved from 3.29 to 4.26, a significant increase of 29%, greatly enhancing their presentation and communication abilities.

Diverse and Inclusion Course

BenQ Materials values human rights issues. In addition to providing related explanations during the onboarding process for new employees and in the supervisor's induction, the topics of diversity, inclusion, and human rights protection are also covered in in-person courses such as the introductory labor law course and talent recruitment interview skills. This ensures that employees are equipped with the core values of human rights protection and respect. The relevant course information for 2023 is detailed in the table below.

Course Name	Course Type	Annual Number of Courses (Lectures)	Course Hour (hours)	Total Training Hours (hours)	Training Completion Rate of Required Trainees
Workplace unlawful Infringement education and training	Online	1	0.5	803	97.2%[1]
Understanding Workplace Violence and Sexual Harassment	Physica	1	2	162	Optional Participation
Labor law basics	Physica	1	3	46	79.0%[2]
New employee/supervisor guidance	Physica/ Online	Performed regularly during the reporting to work date, and the training completion rate is 100%			

Note 1: Participants are required to complete a 0.5-hour course and pass a test to successfully complete the training. Those who do not participate in the online course will have their course completion rate continuously monitored.

Note 2: The introductory labor law course is a mandatory course for new supervisors. Some participants who are unable to complete the course due to work obligations will be scheduled to complete the course in the next available session.

School Campus Development

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

Campus Ambassadors

Project Content:

- Second Edition: Collaborated with 8 students from different campuses to work on employer branding projects. During their tenure as campus ambassadors, they were provided with scholarships, project bonuses, and other benefits.

Project Results:

- Overall expenditure on benefits exceeded 200,000 NT dollars.
- Total reach of social media posts increased by 818%.
- Viewership rate of short videos on social media increased by 882%.

Campus Executive Lecture Series

Project Content:

- To help students understand how their studies can be applied in the workplace and stay updated with the latest industry trends, senior executives from the company are invited to personally attend campus lecture series, providing students with a unique perspective and experience.

Project Results:

- A total of 2 sessions were held in 2023 (at NCKU Optoelectronics and YunTech Chemical Materials).

Campus Corporate Visits

Project Content:

- Each year, BenQ Materials organizes corporate visits with various universities to help visiting students understand the corporate culture and work environment, thereby inspiring their career planning. In 2023, students from NTU, NCU, and Chang Gung University participated in the visits.

Project Results:

- Total participation of 120 individuals.
- Satisfaction rating of 4.5 out of 5.

Factory-Industry Collaboration

Project Content:

- In recent years, talent recruitment has been affected by the declining birth rate. The Social Engagement Subcommittee of the Sustainability Committee has held multiple discussions and formulated plans for factory talent development and training projects. In collaboration with schools located in advantageous geographical areas, factory talent development and training projects were initiated starting from September 2022.

Project Results:

- In 2023, one student joined the Taoyuan plant and seven joined the Yunke plant.
- A tuition subsidy of NT$30,000 is provided to each student per semester (NT$60,000 per year).

Research and Development Industry-Academia Collaboration

Project Content:

- As a leader in materials science, BenQ Materials has a high demand for research and development of new materials. In the past, the company has regularly collaborated with top academic institutions in Taiwan to conduct specific research projects. This collaboration provides students with the best opportunity to combine theory with practical experience.

Project Results:

- As a leader in material science, BenQ Materials has a high demand for new material development technologies. In the past, the company has regularly collaborated with top academic institutions in Taiwan to conduct specific research projects. For students, this provides an excellent opportunity to combine theory with practice.
- For project results, please refer to section 4-1 on collaborative technical innovations between industry and academia.

Q Seed Summer Internship

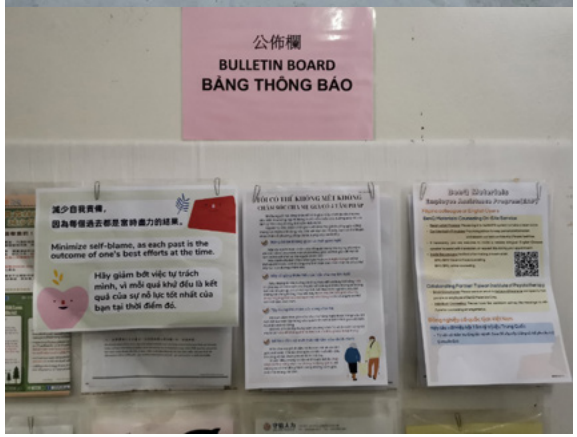
Project Content:

- The Q Seed Summer Internship program continues to offer a project-based and mentorship-oriented internship experience, which is the highlight for attracting students. Through diverse training and presentation of their accomplishments, students are provided with a unique summer internship experience.

Project Results:

- A total of 6 students participated.
- Provided 5 training courses on newcomer training, work management, digital transformation, presentation skills and expression, and personal branding.

Employee Care



Promoting workplace diversity

BenQ Materials is committed to creating a diverse workplace by continuously recruiting professional talents from around the world. Internally, employees are encouraged to conduct meetings and reports in English. To ensure that employees of various nationalities fully understand company policies and regulations, all important rules and announcements are provided in bilingual versions. This ensures that all employees can promptly grasp essential information.

BenQ Materials recognizes the cultural integration challenges faced by migrant workers upon their first arrival in Taiwan. Starting in 2023, the company has arranged cultural courses for new migrant workers on their first day of reporting. These courses aim to help them quickly understand Taiwanese culture and daily living habits, covering topics such as basic festival traditions, everyday common knowledge, and workplace etiquette. This comprehensive approach helps migrant workers to integrate more smoothly into Taiwanese society, reducing confusion and discomfort due to cultural differences. It reflects the company's attentive care and support for the individual needs of its employees. To further support migrant workers from different cultural backgrounds, BenQ Materials hosted warm Christmas gatherings for Filipino and Vietnamese workers during the 2023 holiday season. These events not only provided sumptuous meals but also invited department heads to participate, enhancing the bonds between migrant workers and the company's departments and supervisors. These gatherings serve as cultural exchanges and tangible actions showing the company's care and respect for migrant workers, strengthening internal team cohesion and cultural diversity.

In the workplace, the company also demonstrates respect and support for cultural diversity. An English version of the internal newsletter was introduced, making it easier for non-Chinese-speaking employees to access the latest company news and information. Additionally, frequently used work forms have been translated into English to improve the work efficiency and satisfaction of foreign employees. The company has also made the regular performance evaluation system available in English, which reduces the communication barriers posed by language differences, allowing all employees to focus more on their tasks. This initiative enhances overall work efficiency and fosters a more open and inclusive work environment.

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

- Group insurance is provided to ensure better security for employees.
- New employees can advance 7 days of special leave to help with time management.
- Employees are entitled to 3 days of paid volunteer leave annually to participate in volunteer activities.
- A flexible working hours system for indirect personnel allows employees to adjust their commuting times according to family needs.
- COVID-19 insurance is available.
- New employees receive 3 days of special leave after six months of employment.
- In 2023, 10 days of paternity leave was offered.

Flexible Working Hours for Regular Day Shift Employees

To avoid traffic congestion and create a friendly work environment, a flexible working hours system for regular day shift employees has been implemented since November 2023. Employees can choose their work hours according to their needs, allowing them to balance work and family life.

Employee Retirement System

BenQ Materials complies with the regulations of the Labor Standards Act and the Labor Pension Act. Under the old system, contributions to the statutory retirement account are made periodically based on actuarial reports by an actuary. Under the new system, contributions are transferred monthly to individual pension accounts. In China, BenQ Materials adheres to local labor laws and provides endowment insurance for employees to ensure secure retirement benefits.

In accordance with the Labor Standards Act, the company allocates retirement reserve funds monthly to an employee pension fund, managed by the Labor Pension Reserve Supervision Committee. These funds are deposited into a special account at Taiwan Bank. As of the end of 2023, the fair value of the planned assets in this account was TWD 53,449 thousand. For 2023, the company recognized an expense of TWD 2,111 thousand. Any shortfall in contributions is recorded as accrued retirement liabilities, amounting to TWD 12,116 thousand by the end of 2023.

Under the Labor Pension Act, the company contributes 6% of each employee's monthly salary to individual accounts managed by the Bureau of Labor Insurance. The total amount recognized for this expense in 2023 was TWD 64,482 thousand. Overseas subsidiaries also comply with local laws, making monthly contributions to retirement fund management services.

BenQ Materials Employee Welfare Committee

BenQ Materials has established the BenQ Materials Corporation Employee Welfare Committee in Taiwan, as required by law. Committee members are elected or nominated based on the proportional representation of each department's headcount. Regular meetings are held quarterly to decide on the welfare policies and to plan various employee activities.

In addition to providing traditional bonuses for the three major festivals, the welfare committee offers a flexible benefits platform that includes customizable festive benefits, birthday welfare points, and related subsidies such as those for childbirth, marriage, funerals, and emergency relief. The committee also organizes various sports and recreational activities, including club events, partnerships with designated stores, sports seasons, cultural lectures, and diverse competitions, catering to the different needs of employees. This approach ensures a wide range of benefits for employees and supports the ongoing financial stability of the welfare committee.

Program	Number of Applications in 2023	Total Amount of Benefits
Maternity Allowance	48	172,800
Condolence Support	29	72,500
Marriage Subsidy	42	168,000
Hospitalization Allowance	25	49,000
Disaster Relief Aid	2	20,000

Remuneration Management

BenQ Materials has implemented a comprehensive and market-competitive compensation structure to attract top talent to its team. Salaries for new employees are determined based on the specific job role, individual educational and professional background, knowledge, skills, and work experience, without any discrimination based on gender, religion, race, political affiliation, or marital status. For entry-level positions with no work experience, employees are hired at a salary that exceeds the minimum wage stipulated by local labor laws at the operational site, with no gender-based differences. Due to variations in minimum wage regulations and living standards, there are slight differences in salary structures between the Suzhou and Wuhu plants in China.BenQ Materials regularly participates in market salary surveys and adjusts salaries based on the market levels for the position and individual performance. Annual salary adjustments for permanent employees are performance-based, with an average salary increase of 4% in 2023. BenQ Materials ensures that there is no gender discrimination in hiring, performance evaluations, salary adjustments, or promotions. However, when analyzing average salaries across different job levels, there are differences between various groups and locations. These differences can be attributed to factors such as performance levels, educational background, average years of work experience, and variations in salary distribution within the same group. Additionally, these factors can result in male employees in Taiwan generally having slightly higher salaries than female employees, while female employees in the Chinese plants may have slightly higher salaries than their male counterparts.

The 2023 Minimum Wage at Each Operational Site as a Multiple of the Local Legal Minimum Wage	
Taiwan	1.04
Suzhou Plant	1.64
Wuhu Plant	1.14

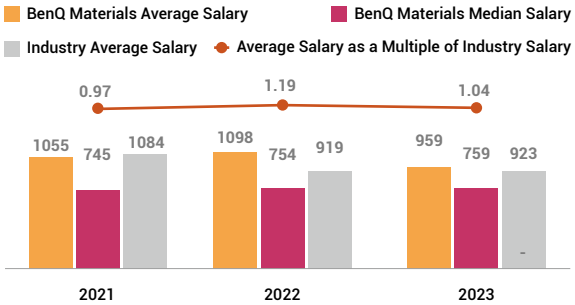
Location	Plants in Taiwan				Plants in China			
Salary Range B	Basic Salary		Basic Salary + Bonus		Basic Salary		Basic Salary + Bonus	
Gender	Male	Female	Male	Female	Male	Female	Male	Female
Middle and senior supervisor	1	0.93	1	0.84	1	1.07	1	1.19
Entry supervisor	1	0.91	1	0.93	1	1.02	1	1.03
Engineers	1	0.90	1	0.91	1	0.98	1	1.05
Administrative staff	1	1.02	1	0.95	1	0.95	1	0.9
Entry staff	1	0.94	1	0.94	1	0.98	1	1.05

Note 1: The above table represents the average salary calculated as the total salary for each job level in 2023 divided by the number of people in each group. The calculation for "base salary" plus "bonus" is based on the annual total salary for non-supervisory employees. The "base salary" calculation is the average monthly salary of non-supervisory employees, calculated by dividing the total regular salary by the number of months in service (excluding variable pay).

Note 2: The disclosed data does not include subsidiaries (Web-pro, Cenefom, and Genejet Biotech).

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

Salaries of Full-Time Employees Not in Supervisory Positions (Unit: Thousands)



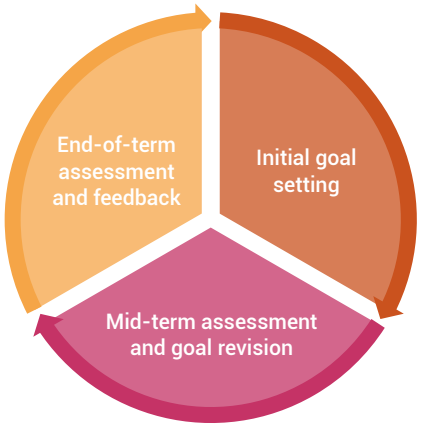
Incentive System

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

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

Performance Evaluation

To effectively achieve the company's operational plans and departmental and individual goals, BenQ Materials has established a performance management system. This system serves as the key basis for talent promotion and development, as well as salary distribution and adjustments. The system utilizes Management By Objective (MBO) as its foundation, focusing on daily behavioral performance and key task achievement rates. The goal is to ensure that employees not only complete their tasks effectively but also exhibit behaviors that align with the company's cultural values. Performance evaluations are conducted twice a year.



The performance management system facilitates two-way communication between supervisors and subordinates, inspiring both individual and team potential. Based on operational strategies, it sets future focal points and individual objectives. For employees whose performance does not meet expectations, a Performance Improvement Plan (PIP) is available to provide guidance and support to help them improve their effectiveness and achieve their goals.

BenQ Materials' performance management system adheres to the principles of fairness, justice, and transparency. It encourages employees to provide feedback to their supervisors and engage in appropriate communication. Currently, 100% of the company's regular employees worldwide (excluding those in their probation period) undergo regular performance evaluations and reviews.

Performance Management System

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

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

Final evaluation (November–December of each year)

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

Employee Communication

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

In 2023, an employee satisfaction survey was conducted at BenQ Materials, resulting in an overall satisfaction increase of 3.5%. Employees expressed a 90.9% satisfaction rate with the company overall. The highest satisfaction ratings were in the areas of "communication and interaction" and "performance management." However, satisfaction with salary was relatively low. The company plans to review the current salary and bonus distribution methods and benchmark against external corporate salary ranges to establish evaluation criteria and continue to enhance compensation competitiveness.

Communication Meetings (Quarterly)	Communication Platforms	Survey Communication
Labor-Management Meetings	Employee Suggestion Box (Ongoing)	Overall Employee Activity Satisfaction (Annually)
Meal Committee Meetings	Employee Feedback via App	Meal Satisfaction Survey (Twice a Year)
Welfare Committee Meetings	General Manager Inbox on Official Website	Satisfaction Surveys for Various Activities (Ad hoc)
Business Briefings (Various Business Units)	In 2023, BenQ Materials introduced a new online employee maintenance request system.	Employee Satisfaction Survey (Every Two Years)

Maternal Health

In response to government birth policies and to support new parents juggling between childcare and work, BenQ Materials has introduced measures exceeding legal requirements under the existing Labor Standards Act. The goal is to provide more ample leave and financial assistance, allowing pregnant employees to comfortably prepare for childbirth and postpartum recovery, and to offer childcare allowances for employees with children under the age of three. By the end of 2023, a total of 491 applications were submitted, with subsidies amounting to NT$19,083,097. Additionally, to protect the job rights of postpartum employees, since 2021, the performance evaluation system has been adjusted. Postpartum employees' performance evaluations are not included in departmental rankings. Instead, their work performance is directly assessed by their supervisors.

Year	People	Amount
2021	153	5,042,623
2022	168	7,334,421
2023	170	6,706,053
Total	**491**	**19,083,097**

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 for Both Genders	▪ Leave Duration: 10 days (compared to 7 days by law) ▪ Leave Application Period: Must be taken within one month after the spouse gives birth (compared to within 15 days before and after the spouse's delivery as per the law)

Maternity Leave Statistics

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

Year	2020		2021		2022		2023	
Gender	Female	Male	Female	Male	Female	Male	Female	Male
Number of employees qualifying for parental leave without pay (A)	27	49	36	66	47	85	54	87
Number of employees applying for parental leave without pay (B)	7	2	1	4	9	4	14	6
Number of employees scheduled for reinstatement in that year (C)	7	3	5	2	6	7	9	3
Actual number of employees of reinstatement (D)	5	2	2	1	5	3	5	2
Number of employees remain at their position after 12 months of reinstatement (E)	5	2	6	1	-	1	4	1
Parental leave without pay application rate (B)/(A)	25.93%	4.08%	2.78%	6.06%	19.15%	4.71%	25.93%	6.90%
Reinstatement rate after leave maturity (D)/(C) 2	85.71%	33.33%	40.00%	50.00%	83.33%	42.86%	55.56%	66.67%
Retention rate after reinstatement for one year(E)/ previous year(D)	100.00%	66.67%	100.00%	100.00%	0.00%	100.00%	80.00%	33.33%

Note: The parental leave without pay system is a labor right regulated by Taiwan's Gender Equality in Employment Act, and the data disclosed pertains only to the status of applications by Taiwan employees.

Number of Employees Eligible for Parental Leave (A): This is calculated based on the number of employees who applied for maternity leave, paternity leave for prenatal check-ups, and paternity leave.

Number of Employees Applying for Parental Leave (B): This refers to the number of employees from category (A) who applied for parental leave within the same year.

Note 2: Maternity leave in the two factories in China and parental leave in the three subsidiaries in Taiwan are all implemented in accordance with legal requirements.

Employee Activities

25th Anniversary Series of Events

To make the 25th anniversary of the company's founding even more meaningful, a celebration tea party was held on the birthday. In addition to the Taiwan headquarters, colleagues from all overseas branches joined in the celebration via video link. Moreover, the company hosted a grand 25th Anniversary Sports and Family Day, showcasing the vitality of BenQ Materials' team. Former employees of BenQ Materials were invited to return and reconnect with old friends, reminiscing about the wonderful times of past endeavors. It is because of each other that BenQ Materials has been able to shine brightly over the past 25 years. Additionally, the company designed a points-based activity system for the annual events. Participating in these activities allows employees to earn points, which can be redeemed for various valuable gift vouchers.

Christmas Charity Concert

Our colleagues come from diverse backgrounds and, regardless of nationality, they all eagerly look forward to Christmas. To enhance the festive atmosphere, we invited a band composed of multi-talented colleagues, including Filipino members, to perform. The band played a variety of popular Christmas songs in the employee cafeteria. All the proceeds from the event were donated to Greenpeace, making the celebration even more meaningful.

Year-end Party

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

Health Management

BenQ Materials is dedicated to fostering a friendly workplace, with a strong emphasis on employee health care. In terms of nutrition, the company’ s cafeteria provides regular healthy meals. Employees can choose their meals based on the weekly menu's calorie content and the on-site red and green labels, helping them effectively manage and plan their diet. Additionally, the company's health check-ups exceed regulatory requirements in both frequency and range of items checked. BenQ Materials has signed agreements with designated hospitals, offers health promotion seminars, and has established stress relief massage rooms that provide physical therapy and massage services. The Wellness Center regularly distributes health information newsletters to keep employees informed about the latest health insights, encouraging them to take proactive steps in maintaining their health by focusing on physical well-being and dynamic health maintenance.

Note1:This section covers health management actions specific to the Taiwan facilities, excluding overseas and subsidiary operations.

Note2:The three Taiwan subsidiaries are exempt from contracted health services due to having fewer than 50 employees.

Note3:The health management practices in the China facilities are not mandated by local regulations and are therefore aligned with the Taiwan facilities' standards.

Health Examination

To ensure the well-being of its employees, BenQ Materials offers a health check-up system that surpasses legal requirements in both frequency and range of examination items. Starting in 2023, the company has introduced abdominal ultrasound scans as a part of the health check-up package. The annual health check-ups are divided into three main categories: "Labor Health Check-ups," "Special Health Check-ups," and "Self-Paid Health Check-ups." Based on the analysis of health check-up reports and health questionnaire data, the company identifies high-risk groups and categorizes them into four management levels for ongoing tracking and health consultation arrangements.

At the end of 2023, BenQ Materials also implemented a feature called "Caring Reminders" in its mobile app, GoodQ Express, which provides real-time personalized care and health education information, ensuring that personal privacy is well protected.

Healthcare Type	Content	Frequency	Compliance/Exceeding Regulations	Execution Effectiveness	Management Mechanism Description
Employee Health Checkup	Health Check-up Items for Active Employees and Abdominal Ultrasound Examinations:	Once per year	superior to legal requirements	▪ 98.6%, with a total of 1,205 employees across all Taiwan sites	Based on health check-up reports and health questionnaire data, employees are categorized into four management levels. Those in the third level and above are considered suspected cases of illness or are subject to regulatory recommendations for consultations.
Special Operations Health Checkup	In-service Employee Health Checkups	Once per year	superior to legal requirements	▪ Total Special Operations Health Checkups: 188 instances, with a 100% attendance rate. ▪ Noise Exposure Checkups: Conducted 42 times, surpassing regulatory standards, with a 100% attendance rate. ▪ Follow-up Checkups for Special Operations Classified as Level 3: Costs covered by the company; work assignments are made based on evaluation results.	Special health checkups managed according to Labor Health Protection Regulations.
Self-Paid Health Checkup	▪ Cancer Screenings for the Top 10 Causes of Death: Includes various ultrasound examinations. ▪ Ultrasound Examinations: Conducted for a range of specific cancer types.	Once to twice per year	superior to legal requirements	153 people	
Cervical Smear Test	Medical team conducts examinations within the factory	Once per year	Full Cost Coverage for Those Not Eligible for Health Insurance Subsidies	55 people	
Vaccination	Influenza Vaccination	Once per year	superior to legal requirements	16 people	
Occupational Health Consultation	For groups identified through regulations, such as respiratory program participants, high-risk ergonomic prevention, maternal health for female workers, and health management for middle-aged and senior employees, as well as individual illness consultations.	Once per week	Frequency of Occupational Medicine Specialist Services: The frequency of services provided by occupational medicine specialists exceeds regulatory standards.	▪ Health Level 4 Management: 142 instances ▪ Respiratory Protection Plan: 173 instances ▪ Maternal Health for Female Workers: 9 instances	Managed According to the Labor Health Protection Regulations

Health and Fitness Activities

To encourage employees to stay active and maintain vitality, BenQ Materials has established 12 sports clubs. Every year, the company organizes various ball game competitions such as basketball, bowling, and softball, attracting more employees to participate in diverse sports activities. The company's efforts have been recognized by the Sports Administration of the Ministry of Education, earning the 2023 Sports Enterprise Certification.

Type	Content	Frequency	Execution Effectiveness
Club Activities	1. Softball Club 2. Yoga Club 3. Aerobic Boxing Club 4. Zumba Club 5. Basketball Club 6. Cycling Club 7. Badminton Club 8. Running Club 9. High Jump Club 10. Mountaineering Club 11. Squash Club 12. Skateboarding Club	Every week	The Welfare Committee submits quarterly reports on the operation of the clubs and provides a quarterly social fund of 8,000 dollars to support the clubs' financial needs.
Fitness Courses	We have hired strength and conditioning coaches to conduct fitness courses specifically for supervisors, leading by example to encourage all employees to develop regular exercise habits and maintain both physical and mental health.	Every week	Through weekly fitness training sessions and altitude training hikes, 37 participants successfully completed the challenge of summiting Dabajian Mountain in December.
Sports Facilities	Facilities such as fitness centers, dance studios, and basketball courts are available.	Every week	Colleagues have free access to facilities such as the gym, dance studio, and basketball court.
Seasonal Sports Competitions	The sports season runs from April to August each year, featuring basketball, softball, human foosball, and bowling as part of the activities.	April.~Aug.	Organizing sports-related events fosters camaraderie among colleagues and promotes good exercise habits. In 2023, a total of 501 participants took part in these activities.

Health Promotion

The World Health Organization (WHO) in 1997 defined "workplace health promotion" as the implementation of workplace health promotion activities. These activities aim to provide a supportive environment and accessible resources at the workplace to promote employees' health and enhance their ability to manage their health independently. Accordingly, BenQ Materials designs various health promotion activities each year based on health check-ups and employee satisfaction surveys to understand employees' needs. In 2023, health promotion activities included health lectures, weight loss competitions, and first aid courses.

Type	Content	Execution Effectiveness
Physical Therapy	Manual Therapy、Exercise Therapy、Orthopedic Physical Therapy、Myofascial Release	Weekly On-Site Presence for 6 Hours
Visually Impaired Massage	Hiring certified massage therapists to provide massage services to employees	Weekly On-Site Presence for 6 Hours
Health Lectures	Healthy Scalp - Scalp Relaxation Workshop	Participants: 38 people Satisfaction: 4.8
	Don’t Let Your Neck and Shoulders Be Unhappy - Ergonomics Prevention Seminar	Participants: 58 people Satisfaction: 4.9
	How to Accelerate Fascia Metabolism & Self-Myofascial Release Techniques	Participants: 14 people
	Metabolic Syndrome Prevention Seminar	Participation:20 people Satisfaction: 4.9
	Technology-Based Fitness Assessment	Participation:153 people
Weight Loss Competition	Setting Weight Loss Group Goals: Aiming for a 5-10% weight reduction over three months. Activities include a Healthy 10,000 Steps Walk and dietary control. Participants who achieve the goals receive rewards.	Participants: 250 people Total weight loss: 756.8 kg Completion rate: 90%
Basic First Aid Course	AED Devices in the Workplace: AED devices are available at all plant locations, with annual training provided.	Participation: 60 people
Blood Donation Event	Healthy Blood Donation: Blood donation helps maintain iron balance in the body and long-term prevention of cardiovascular diseases. Colleagues are invited to participate in blood donation drives within the plant.	Participation: 216 people

The Workplace Health Promotion Certification

In 2023, BenQ Materials obtained the Workplace Health Promotion Certification, which is valid for three years. This certification, promoted by the Health Promotion Administration, emphasizes that workplaces should encompass four key aspects: "Physical Work Environment," "Social and Psychological Work Environment," "Personal Health Resources," and "Corporate Community Involvement." The aim is to establish healthy lifestyles and promote the physical and mental well-being of workers. The certification process requires adherence to an ongoing improvement cycle involving eight steps: initiation, integration, needs assessment, prioritization, planning, implementation, evaluation, and improvement.

Employee Assistance Plan（EAP）

To strengthen employees' resilience at work, BenQ Materials places significant emphasis on the mental and physical well-being of its staff. Each year, the company contracts with external Employee Assistance Program (EAP) providers. This service is available to all employees across all operational sites, allowing them to access free hotline consultations for issues related to legal matters, psychology, management, and adaptation. Professional case managers offer expert advice and handle emergencies, and employees can also utilize unlimited email consultations for these topics. In compliance with privacy laws and regulations, this service ensures that no personal information is disclosed, giving employees peace of mind when using it. In 2023, there were a total of 129 consultations, with the majority of inquiries related to emotional stress. In terms of proactive care, aside from the existing targeted care letters, a monthly mental health article is released and translated into English and Vietnamese. Additionally, psychological counseling experts are invited to conduct seminars at the plant on topics such as 'How to Effectively Identify Emotions and Psychological First Aid Techniques,' helping managers and employees quickly understand themselves and how to provide support.

External Assistance

- Employee Assistance Program (EAP): Provides free access to a hotline with psychologists, email consultations, and individual counseling sessions.
- On-Site Counselors: Available at the company every Tuesday or Thursday for appointments, offering free services (newly added at YunTech Plant in 2023).
- Occasional Seminars: Hosts mental stress relief workshops.

Internal Assistance

- Monthly Mental Health Articles: Covers current hot topics to enhance psychological knowledge and self-awareness.
- Stress Relief Lion Line@: Allows employees to share their thoughts and relieve stress via text messages without time and distance constraints.
- Targeted Care Letters: Offers supportive letters to colleagues experiencing significant life changes (e.g., childbirth, marriage, bereavement, illness).

Workplace Safety

Occupational Safety and Health Management System

Since 2005, BenQ Materials has obtained certification for the Occupational Health and Safety System (OHSAS 18001). The current management system is based on ISO 45001:2018, established for occupational health and safety management. The certification scope includes the Taoyuan Plant, Longke Plant, Yunke Plant, Suzhou Plant, and Wuhu Plant. Operational activities cover both production and non-production areas, including routine and non-routine tasks, as well as all activities involving external personnel entering BenQ Materials' workplaces. The Taoyuan Plant, Longke Plant, and Yunke Plant have also established CNS 45001, obtaining the TOSHMS Taiwan Occupational Safety and Health Management System certification.

By the end of 2023, the number of workers within the certification scope was 2,506 (accounting for 59.92% of the total workforce). Additionally, there were 1,239 non-employee workers, including dispatched personnel, on-site security guards, cleaning staff, company meal staff, and contractors entering the plant for construction, accounting for 29.63% of the total workforce. The total coverage rate of the certification scope was 89.55%, with a total of 3,745 people. Among them, the Hailu Plant and subsidiaries Jingjie, Shuocheng, and Weipu did not conduct ISO 45001 management system certification due to the number of employees being less than 200, totaling 437 people, accounting for 10.45% of the total workforce.

Social Responsibility and Environmental Health and Safety Management Committee

According to the Occupational Safety and Health Management Measures, a "Social Responsibility and Occupational Safety and Health Management Committee" was established to promote occupational safety and health matters. The committee's term is 2 years, with meetings held quarterly. The chairman is the vice president, and there are 74 representatives on the committee, including 31 labor representatives (accounting for 42% of the total number of committee members), which exceeds the legal requirement that labor representatives should account for more than one-third of the committee members.

The committee engages in communication, participation, and consultation on occupational safety and health law requirements and related matters, tracking the annual occupational safety and health management plan and reviewing training effectiveness. During the operation of the management system, management representatives and safety and health officers conduct regular occupational health education and training to enhance the professional capabilities of personnel in various departments regarding the occupational safety and health management system.

n addition to quarterly meetings with headquarters, the Suzhou and Wuhu Plants regularly hold monthly safety meetings with management and safety officers to track occupational safety management effectiveness and project progress.

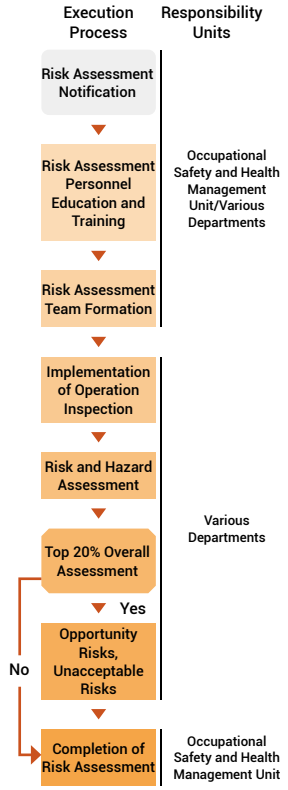
Subsidiaries Cenefom, and Genejet Biotech, with fewer than 100 employees, are not required to establish an occupational safety and health committee according to Article 10 of the Occupational Safety and Health Management Measures. Weipro, however, has proactively planned and established an occupational safety and health committee system ahead of regulatory requirements. For other joint occupational safety and health initiatives, each subsidiary implements them according to headquarters' plans.

Hazard Identification and Risk Assessment

BenQ Materials conducts hazard identification and risk assessment annually, considering existing system management measures, and evaluates and classifies the overall safety and health risks. The top 20% of the company's overall evaluation for operational risk assessment results are classified as unacceptable risks and acceptable high risks. These require the completion of an "Unacceptable Risk and Acceptable High-Risk Control Form," explaining the improvement or control methods. In 2023, 10 management plans were included in tracking management, such as machine safety guard improvements and operational method improvements. By the end of 2023, 9 management plans had been completed, with 1 improvement in progress.

If the work environment encounters changes or modifications in products/services/processes, leading to changes in work organization, environment, equipment, labor force, or conditions, potentially causing non-routine hazardous situations, a "Environmental, Safety, and Health Change Management Assessment Form" must be completed to reassess the hazard identification and risk for the activity. In 2023, 125 applications were submitted.

Risk assessment results for unacceptable hazards and high-risk opportunities will be addressed through improvement plans to reduce risks, implemented in the order of elimination, substitution, and engineering improvements. This is combined with personnel qualifications, warnings, protective equipment, monitoring, measurement, and emergency response in administrative management to continually reduce risks.



Accident Investigation and Injury Prevention

BenQ Materials follows ISO 45001 standards to establish accident investigation management methods. Accident investigations include identifying the cause of the accident, hazard identification, subsequent improvement measures, and continuous care and follow-up for rework evaluation.

When employees report work conditions that may cause harm or illness, they will not be punished for reporting. Each month, departments are encouraged to report environmental and safety improvement items to enhance workplace safety management. Additionally, a safety reporting reward mechanism for potential risk events has been established.

At new employee orientations and safety monthly meetings, BenQ Materials promotes the right of employees to emergency evacuation. If employees encounter an imminent danger in the work environment, they may stop work and retreat to a safe place without jeopardizing the safety of other workers, then report to the emergency response center of their plant. This activates the plant's emergency response procedures. Employees exercising their right to retreat will not be dismissed, reassigned, denied wages for the work stoppage period, or subjected to other adverse treatment.

Safety Improvement

Type	Safety Improvement Item	Content	Tracking/Improvement Mechanism
Risk Control	Abnormality Exclusion Safety Protection Mechanism Audit	Because abnormal troubleshooting is not part of the main routine operations, safety procedures are more likely to be overlooked. Therefore, colleagues conduct operational method simulations/checks from their perspectives to improve the safety of machinery in the plant. In 2022, 144 high-risk areas were inspected, and by 2023, 152 areas were inspected (including 8 new high-risk areas). A total of 44 risk points were inspected and all have been improved.	Analysis of occupational injury causes in the past 3 years → Inspection of safety protection mechanisms → Improvement of unsafe machinery (with a focus on engineering solutions supported by administrative management).
	Improvement of Noise in the Work Environment	Employees proactively raised concerns about low-frequency noise in the work area affecting their mood and productivity. Occupational safety personnel, along with the work area supervisors and employees, jointly investigated the cause and implemented improvements.	Employees report the anomaly → Track and observe the source → Allocate resources for improvement → Confirm the effectiveness.
	Improvement of Odors in the Work Environment	Using an environmental monitoring system and direct-reading instruments to check and, combined with CCTV, identify the cause of the odor for improvement. In 2023, one work environment odor was improved, resulting in a significant reduction in the frequency and concentration of odors afterward.	Regularly monitor odor issues to ensure they do not reoccur.
Education and Training	Professional Course Training	In addition to providing the required courses mandated by regulations, we also offer additional professional safety training. This enables employees to apply their knowledge in the workplace, thereby enhancing the company's safety culture. In 2023, a total of 605 participants attended these training sessions.	Topic selection for inspection courses → Development of course materials → Course scheduling → Attendance of personnel.
	Current Affairs Course on Safety Knowledge	By using recent current event cases, we compiled and provided timely safety knowledge for both work and home to prevent disasters. In 2023, a total of 2,382 participants attended these courses.	Monitoring of news and current events → Compilation of course topics → Development of course materials → Course scheduling → Attendance of personnel.
Interactive Experiences	Organize Interactive Traffic Safety Activities	Use animations and game experiences instead of traditional leaflets and posters to promote traffic safety knowledge. This allows employees to engage in a more vivid way, applying defensive driving skills during business trips and commuting. In 2023, one interactive activity was organized, with a total of 69 participants.	Regularly track the number of traffic injury incidents and their causes, and formulate corresponding improvement measures.
	Organize Interactive Hazard Prevention Experience Activities	In addition to providing hazard information through videos, hands-on activities were used to offer interactive experiences for hazard prevention, including human factor hazards, high-altitude operations, and noise operations. A total of 140 participants were involved.	Track information on touring activities organized by external agencies, conduct internal and external communication and coordination, and arrange for these activities to be conducted.
Management System Optimization	Training System Records	The personnel training record management system was enhanced by implementing an E-learning system. This system allows for the integration and documentation of personnel occupational safety training records, providing a mechanism for checking and verifying training completion.	Testing/trialing of E-learning system functionality → Importing/Archiving training records.
	Establishing a Dynamic Safety Promotion Mechanism	During shift handovers, safety precautions and regulations are communicated by online personnel on a rotational basis. This practice aims to enhance employees' awareness of work safety and adherence to safety protocols.	Inspection of unit operations → Development of awareness plans → Safety awareness campaigns (periodic audits of awareness by occupational safety personnel).

Workplace Misconduct

Annual online education and training for all employees strengthen their awareness of workplace illegal infringement and clearly inform them of internal reporting mechanisms. Supervisors schedule hazard identification and risk assessment annually and arrange training courses to help supervisors effectively and promptly manage employees' conditions.

In 2023, a course on emotional recognition and psychological first aid techniques was arranged with psychologist Lin Cuifen from the Joint Psychological Counseling Institute, aimed at enhancing supervisors' sensitivity to subordinates' emotions and providing appropriate first aid techniques and referral resources. The company's Employee Assistance Program (EAP) continues to collaborate with external organizations, with the 2023 partner being the Chinese Psychological Therapy Foundation. For details, please refer to section 7-5 Employee Assistance Program.

Contractor Occupational Safety Education and Training

To implement the contractor management system, every construction worker entering BenQ Materials must complete safety training, including instructions for on-site construction and safety regulations for hazardous operations. In 2023, a total of 1,379 participants completed the training. Besides safety training for contractors, the "Contractor Supervision Management System" was also established. Qualified supervisors must oversee outsourced projects to ensure the construction quality and safety standards of contractors. In 2023, 221 participants completed safety training for supervisors. No abnormal contractor incidents occurred in 2023.

Occupational Safety and Health Training

Worker safety awareness and disaster response are important foundations of occupational safety. BenQ Materials values training and safety promotion for supervisors and employees at all levels, establishing emergency response capabilities and safety concepts to strengthen worker safety awareness and prevent accidents caused by unsafe behaviors.

BenQ Materials' annual training plan includes training for new employees and general safety and health education, hazard general education (hazardous chemical management), mechanical safety, emergency response, operation of forklifts with loads over one ton, operation of cranes lifting loads between 0.5 and 3 tons, sling equipment operation, boiler operation, and safety and health management system operations. In 2023, a total of 25,405 participants attended related environmental, safety, and health courses, with a total of 21,660.5 training hours for employees and non-employees (including dispatched personnel, on-site security guards, on-site cleaners, and company meal staff).

BenQ Materials adopts a diversified occupational safety and health education training system to replace traditional face-to-face teaching methods, including using resources from the Occupational Safety and Health Administration's digital learning platform, introducing external training resources, training foreign employees as professional instructors (providing close and easily understandable training content), and organizing external professional seminars. These efforts deepen employees' awareness of workplace safety and continuously maintain a safe and healthy work environment.

Occupational Injury Statistics

BenQ Materials' occupational injury statistics are disclosed in accordance with the definition of occupational injury under the Occupational Safety and Health Act and the Global Reporting Initiative (GRI) GRI 403-9 occupational injury statistics indicators. In 2023, no fatalities or severe occupational injuries occurred among all workers (employees and non-employees). A total of 17 recordable occupational injuries were reported, mainly involving entanglement hazards, including 6 disabling injuries, resulting in a total of 96 days of lost time due to disability.

The primary types of occupational injuries for employees were entanglement and cutting, caused by inadequate machine safety guards or incomplete standard operating procedures. There were 2 occupational injuries among non-employee workers at BenQ Materials, mainly due to being struck or entangled because of failure to follow standard operating procedures. Safety inspections and improvements for machinery, operating procedures, and environmental safety across the entire plant have been conducted.

	Employees Disability Injury Statistics					Non-Employees Disability Injury Statistics				
Item	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Whole-year working hours	1,115,620	3,116,150	2,036,168	5,152,318	6,640,976	1,149,300	867,942	392,392	1,260,334	1,217,134
Number of people of occupational injury and death	0	0	0	0	0	0	0	0	0	0
Occupational injury and death ratio	0	0	0	0	0	0	0	0	0	0
Number of severe occupational injuries	0	0	0	0	0	0	0	0	0	0
Rate of severe occupational injuries	0	0	0	0	0	0	0	0	0	0
Number of recordable occupational injuries	4	7	4	11	15	0	0	0	0	2
Rate of recordable occupational injuries	4	2	2	2	2	0	0	0	0	2
Number of disabling injuries	2	5	2	7	4	0	0	0	0	2
Number of days lost due to disabling injuries	24	183	55	238	26	0	0	0	0	66
Disability injury frequency (FR)	1.79	1.6	0.98	1.35	0.6	0.00	0.00	0.00	0.00	1.64
Disability injury severity (SR)	21	58	27	46	3	0	0	0	0	54
Frequency severity indicator (FRI)	0.19	0.3	0.16	0.24	0.04	0.00	0.00	0.00	0.00	0.29

Note 1: Data covers Taoyuan Plant, Longke Plant, Yunlin Plant, Suzhou Plant in China, Wuhu Plant, and subsidiaries Jingjie, Shuocheng, and Weipu.
Note 2: Employee working hours are calculated based on day shifts and rotating shifts, with day shifts calculated as 8 hours per day and rotating shifts as 10 hours per day. Non-employee workers include dispatched personnel, on-site security guards, on-site cleaners, on-site meal staff, construction contractors, and on-site convenience store clerks. Working hours for non-employee workers are calculated based on job characteristics, with dispatched personnel and on-site security guards calculated as 10 hours per day, while others, such as cleaners, meal staff, and convenience store clerks, are calculated as 8 hours per day. The number of construction contractors is calculated by the average number of entries per month, with each entry calculated as 8 hours.
Note 3: The calculation of indicators does not include traffic injury incidents:
Occupational Injury Fatality Rate = (Number of occupational injury fatalities × 10^6) ÷ Total annual working hours
Severe Occupational Injury Rate = (Number of severe occupational injuries (excluding occupational fatalities) × 10^6) ÷ Total annual working hours
Recordable Occupational Injury Rate = (Number of recordable occupational injuries × 10^6) ÷ Total annual working hours
Disabling Injury Frequency (FR) = (Total number of disabling injuries × 10^6) ÷ Total annual working hours
Disabling Injury Severity (SR) = (Number of lost workdays due to disabling injuries × 10^6) ÷ Total annual working hours
Comprehensive Injury Index (FSI) = FR × SR / 1000
"Number of Severe Occupational Injuries": Injuries where the injured person cannot recover (e.g., amputation) or cannot return to their pre-injury work status within six months.
"Number of Recordable Occupational Injuries": The total number of occupational injuries, including fatalities, severe injuries, and those requiring internal or external medical attention.
"Disabling Injury" refers to injury cases where the injured person temporarily (or permanently) cannot return to work; the lost workdays exclude the day of injury and the day of return to work, but include any days in between (including Sundays, holidays, or company shutdown days) and any additional days of work disability caused by

8 Social participation

Inheriting the corporate vision of BenQ Group, "Realizing the Beauty of a Technological Life," BenQ Materials has taken on the mission of social responsibility, continuously promoting various sustainable actions, including environmental sustainability and social care. To realize this vision, in addition to regular "charitable donations," BenQ Materials promotes initiatives under four main themes: "charity care," "educational roots," "green actions," and "arts and culture." The company offers "3 days of paid volunteer leave" to encourage employees to participate in activities autonomously and collaborates with various local care programs to address social issues while continuing to contribute to Taiwan.

Type	Item	Starting Year	Indicator	2023 Goal	2023 Actual Outcome	2023 Achievement Rate	2024 Goal	2023 Investment Amount
Community Care and Welfare	Vision Hope Project	2014	Assist mediumand low-income household children Accumulated number of people with glasses fitting	2,200	2,307	104%	2,450	182,283
Educational Development	Science Camp	2014	Accumulated number of children serviced	5	5	100%	5	126,260
Green Action	Green Party	2011	Accumulated tree planting quantity	Determine the number of trees to plant based on the size of the designated planting area for the year.				
	Taiwan agricultural food plan	2016	Purchase amount of current year	4.5 Tons	4.7 Tons	104%	5.0 Tons	417,515
Art and Culture	Promotion of Local Arts and Culture	2014	Annual Sponsorship of Various Types of Arts and Cultural Groups or Events					

Charitable donations

Donation of Scar Removal Patches to Sunshine Foundation

BenQ Materials' wound care brand Ansikang, adhering to the concept of social care, donated scar removal patches to the Sunshine Foundation in December 2023 to help burn and scald patients with appropriate post-injury treatment, hoping to help them return to daily life with greater confidence.

Donation of Medical Gowns to Turkey

A severe earthquake struck the Turkish-Syrian border, causing numerous casualties. BenQ Materials' fabric brand Xpore, upon learning of the local medical units' need for medical hygiene supplies, donated 5,300 waterproof and breathable medical gowns to Turkish medical units in March 2023, hoping to ease the burden on the Turkish medical units in maintaining patient hygiene and cleanliness.

Donation of Supplies to Rural Swimming Teams in Taiwan

In December 2023, BenQ Materials' fabric brand Xpore organized a sponsorship event to support school swimming teams. We understand the importance of school sports teams for the physical and mental development of students, especially in sports like swimming where the appropriateness and quality of equipment directly affect the athletes' performance and comfort. To support school sports teams, we provided a four-piece sports set to school swimming teams across Taiwan, including a storage bag, sports bag, shoe bag, and sports cap, ensuring high-quality, suitable sports equipment for competitions and training. This sponsorship program benefited 23 schools with a total donation of 11,750 items, valued at approximately NT$18 million.

Community Care and Welfare

Vision Hope Project

"Healthy eyes create a colorful life" is the original intention and belief behind BenQ Materials' vision care brand, Miroku. BenQ Materials collaborates with Kobayashi Optical and local child welfare centers to provide free lenses and frames to children from low-income households across Taiwan. The Vision Hope Project has been running for nearly 11 years, with a total of 2,307 pairs of glasses provided.

In 2023, 443 students applied for the Vision Hope Project, with applications from new collaborating agencies and schools doubling compared to 2022. However, we found that less than 70% of the applicants actually went to get their glasses. Through close discussions with the Family Support Foundation, we understood that this gap was due to the caregiving difficulties faced by disadvantaged families and intergenerational caregivers. To ensure better utilization of resources, two extension programs, "Glasses Fitting Follow-Up Mechanism" and "Eye Environment Assessment for Supported Cases," will be implemented in 2024. Through on-site inspections and assessment mechanisms, we will continue to focus on and improve the vision health issues of disadvantaged children.

Participation in Optometrist Association Training and Industry-Academia Cooperation

As a pioneer in eye care, BenQ Materials' vision care brand actively participates in continuing education courses for optometrists. In August 2023, the company participated in the fourth annual meeting of the Taiwan Optometrist Association, where they introduced Miroku's advanced technology, allowing Taiwanese optometry professionals to understand the importance of new generation silicone hydrogels for corneal health. They also gained a deeper understanding of how Miroku's unique "dot-matrix oxygen permeable cross-linking technology" creates colorful yet breathable and comfortable lenses. In addition, they actively promoted eye care information through the brand's social media on Facebook, which was well received and shared by optical outlets, thus expanding the impact of health education. In terms of industry-academia cooperation, thousands of boxes of contact lenses were donated to the Optometry Department of Asia University in 2023, mainly to teach students how to identify correct product information and practice proper wearing techniques. Miroku is committed to nurturing talents in the field.

Organize Medical Product Health Education Activities

The Ansikang team, a wound care brand of BenQ Materials, held workshops at care facilities to introduce Ansikang's medical products and health education activities. They provided wound care solutions for all stages, helping participants understand the importance of wound care and assisting patients in returning to daily life more quickly. During the process, they also listened to feedback from end users and relayed it to the R&D team, which helps improve product design and fosters a cycle of mutual benefit in society.

Joint Seminar with Cheng Hsin General Hospital

In October 2023, Sigma, a medical packaging brand of BenQ Materials, held an event at Cheng Hsin General Hospital where they shared insights on the design and material usage of medical sterilization packaging and updates on ISO 11607 regulations. They also addressed the issue of packaging density in sterilization bags, providing a 75% maximum limit guideline to facilitate smoother operations for medical staff. This event not only promoted industry exchange but also provided practical solutions for medical work.

Green Actions

GreenParty Green Carnival

To celebrate Earth Day and Arbor Day, BenQ Materials has held the "GreenParty Green Carnival" tree-planting event for 12 consecutive years. Through the enthusiastic participation of employees and their families, they use fun ecological tours and tree-planting activities to make green promises with friends and family, demonstrating their commitment to environmental sustainability.

As of 2023, BenQ Materials has planted over 9,371 trees across various plants in Taiwan through the Green Carnival. The company not only focuses on planting trees but also on the care and maintenance of trees, including regular pruning, checking tree health, and fertilizing. To ensure proper growth, they also conduct periodic branch thinning and replanting. With proper care, the small forests formed by these trees, combined with the plant's ecological ponds, gradually create habitats for insects and birds, forming a small ecosystem. The sustainable and enriching Green Party aims to deeply root corporate resources in the land, hoping to continuously share with society and create a greener and better future.

Taiwan agricultural food plan

BenQ Materials' Taiwan Agro-Food Project began in response to the unsold agricultural products in the Mariwan community in Jianshi Township, Hsinchu. With a commitment to supporting small farmers, BenQ Materials purchases unsold and organic agricultural products, which are used in employee cafeterias and made available for employees to buy directly. Through the enthusiastic support and purchase by employees, they not only enjoy and buy healthy and organic agricultural products but also help resolve the community's unsold produce issue, achieving the benefit of social prosperity.

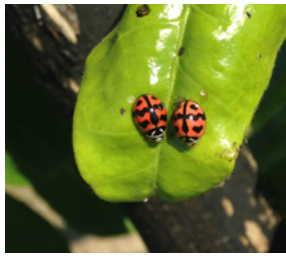
The Taiwan Agro-Food Project has been in operation for 8 years by 2023, with a cumulative purchase amount of NT$4.25 million, including about NT$410,000 for agricultural products in 2023. In addition to cooperating with the Mariwan community in Hsinchu and the local small farmers' platform "Sanxiao Market" in Yunlin, the project learned about the difficulties faced by small farming families in Lala Mountain, Taoyuan, and immediately initiated the purchase of cabbage. In 2024, the project will expand cooperation with social enterprises, evaluate more cooperation opportunities, and help more friendly agriculture in Taiwan. BenQ Materials' "Taiwan Agro-Food Action Support Plan" received recognition from the Taiwan Sustainable Action Award in 2023, winning a silver medal in the United Nations Sustainable Development Goal "SDG 2: Zero Hunger" category.

Biodiversity : Creating a Green Oasis

BenQ Materials' Yunke Plant, located in Douliu, Yunlin, spans 11 hectares of vast land. Over the past decade, the company has been committed to creating a green environment, planting more than 4,000 trees. In addition to regular pruning and maintenance, some areas follow a natural ecological method. These trees, with minimal human intervention, have added vitality to the plant and provided rich resources for the local ecosystem.

To further enrich biodiversity, the plant has extensively planted native species and honey plants, such as camphor trees, pomelos, and longan trees. These trees not only provide beautiful scenery but also offer habitats and food sources for local birds and other wildlife, further enhancing the plant's ecological environment.

In addition, the plant actively engages in carbon sequestration activities by planting a large number of trees and regularly pruning branches to enhance their carbon sequestration capabilities. Along the Yunlin River, they plant locally common and high carbon-sequestration species like Phyllostachys pubescens (green bamboo) to further green the plant's environment. BenQ Materials' Yunke Plant is not just a production base but also a potential biodiversity treasure. The company plans to continue green-related projects in the future, hoping to create more diverse green oases.



Educational Development

Science Camp

BenQ Materials has long been concerned with the overall growth needs of children in Taiwan, particularly focusing on improving the education of children from disadvantaged families. They have been continuously implementing the one-day science camp project "Saian Science Camp," aiming to provide schools with more resources for science education through corporate support.

In line with the concept of integrating core business technologies, volunteers with professional knowledge regularly visit rural elementary schools to teach and conduct practical activities related to everyday science. Through interesting and lively course designs, they guide children to easily learn science, inspire interest in science through experiments, and lead students to think about experimental principles and teamwork. As of 2023, a total of 25 sessions were held, serving 748 people.

In 2023, BenQ Materials proactively sent invitations to rural elementary schools in areas with a higher number of schools in Taoyuan and Yunlin. Enthusiastic responses were received within just a few days. To cooperate more flexibly with the schools, they planned "one-day camps" and "half-day courses" for schools to choose from. In 2022, BenQ Materials also attempted SROI (Social Return on Investment) for the first time, inviting the teachers who accompanied the activities to fill out feedback questionnaires a month after the event to assess whether the children experienced positive changes from participating. In 2023, the annual impact reached 71% (children proactively asking questions in class, engaging in hands-on activities, and being more willing to complete assignments), an increase of 16% compared to the previous year.

In 2024, the company will incorporate its professional resources to design wound care courses, providing students with more diverse learning opportunities. During the science camp, they also learned about the lack of resources for experimental teaching equipment in rural elementary schools, which led to the evaluation and formulation of a science and education subsidy plan, aiming to provide more substantial support to schools in need.

Art and Culture

Since 2016, BenQ Materials has collaborated with the Yuanyang Cultural and Educational Foundation to host quarterly art exhibitions with different themes at the company. These exhibitions provide employees with opportunities to engage with various forms of art, helping them relax and enjoy cultural enrichment, while indirectly stimulating their creativity and imagination. The company has invested over NT$200,000 in this project.

As Generation Y continues to enter the workforce, the company has also started hosting trendy lectures for the new generation, inviting singer-songwriters and famous YouTubers to share their insights. We encourage employees to interact and exchange with people from different backgrounds and cultures, which helps promote cultural diversity and understanding. Supporting and promoting the development of arts and culture creates a richer and more vibrant work environment.

9 Appendix

Waste Data

Historical Waste Statistics (by Disposal Method and Facility) (Unit: Tons)

	Disposal Tpye	Hazard Category	Disposal Method	2019	2020	2021	2022	2023
Off-site disposal	Recycle and reuse	Hazardous	Ready to resue	-	-	-	-	-
			Regeneration and reuse	-	-	21.07	7.77	5.33
			Other recycling operation	428.79	405.38	574.13	412.29	1,305.78
		Non-Hazardous	Ready to resue	-	-	-	-	-
			Regeneration and reuse	9,926.19	8,676.61	-	-	24.98
			Other recycling operation	200.45	184.25	10,435.30	10,959.68	8,601.24
	Direct disposal	Hazardous	Incineration (including energy recycle)	252.46	132.68	-	4.36	3.29
			Incineration (excluding energy recycle)	-	-	258.16	203.56	193.94
			Landfill	-	-	-	-	-
			Other disposal operation	-	-	141.45	191.60	218.34
		Non-Hazardous	Incineration (including energy recycle)	-	376.00	51.36	459.39	426.06
			Incineration (excluding energy recycle)	-	-	730.75	132.27	194.61
			Landfill	-	-	-	-	-
			Other disposal operation	2,579.60	2,672.95	2,395.37	2,245.97	1,636.27

	Type	2019	2020	2021	2022	2023
Total	Recycle and reuse-Hazardous	428.79	405.38	595.20	420.06	1,311.10
	Recycle and reuse-Non-Hazardous	10,126.64	8,860.86	10,435.30	10,959.68	8,626.22
	Direct disposa- Hazardous	252.46	132.68	399.61	399.52	415.57
	Direct disposa-Non- Hazardous	2,579.60	3,048.95	3,177.48	2,837.63	2,256.94

Type	2019	2020	2021	2022	2023
Recycle and reuse-Hazardous and Non-Hazardous	10,555.43	9,266.24	11,030.50	11,379.74	9,937.32
Direct disposa-Hazardous and Non- Hazardous	2,832.06	3,181.63	3,577.09	3,237.15	2,672.51

GRI Sustainability Reporting Standards Content Index

GRI Statement of use

Statement of use	BenQ Materials has reported its activities following the GRI guidelines for the period from 2023/1/1-2023/12/31
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	No

GRI 2: General Disclosures 2021

Disclosure	Description	Reference	Page	Note
Organizational and Reporting Practices				
2-1	Organizational details	1-1 Company Profile	007	
2-2	Entities included in the organization's sustainability reporting	Report Introduction	005	
2-3	Reporting period, frequency and contact point	Report Introduction	005	
2-4	Restatements of information	2 Sustainable Governance	013	1. Tax management has been adjusted to a non-material issue. 2. Exclusion of subsidiary information due to unverified overseas subsidiary data. 3. The method for calculating compensation has been changed to use the average salary based on the number of people in each group, which is closer to the actual situation than the previous method based on withholding tax certificates.
		5 Environmental Sustainability	051	
		Friendly Workplace	087	
2-5	External assurance	Report Introduction	005	
Activities and Workforce				
2-6	Activities, value chain and other business relationships	1-1 Company Profile	007	There were no significant changes in the value chain in 2023.
		6-3 Supplier Management	072	
2-7	Employees	7-2 Manpower Overview	078	
2-8	Workers who are not employees	7-2 Manpower Overview	078	
Governance				
2-9	Governance structure and composition	3-1 Corporate Governance	028	
2-10	Nomination and selection of the highest governance body	3-1 Corporate Governance	028	
2-11	Chair of the highest governance body	3-1 Corporate Governance	028	
2-12	Role of the highest governance body in overseeing the management of impacts	3-1 Corporate Governance	028	
2-13	Delegation of responsibility for managing impacts	2-1 Sustainable Governance and Operations	014	
		2-5 Sustainability Issue Management Approach	023	
2-14	Role of the highest governance body in sustainability reporting	Report Introduction	005	
		3-1 Corporate Governance	028	
2-15	Conflicts of interest	3-1 Corporate Governance	028	
2-16	Communication of critical concerns	3-1 Corporate Governance	028	
2-17	Collective knowledge of the highest governance body	3-1 Corporate Governance	028	
2-18	Evaluation of the performance of the highest governance body	3-1 Corporate Governance	028	
2-19	Remuneration policies	3-1 Corporate Governance	028	
2-20	Process to determine remuneration	3-1 Corporate Governance	028	
2-21	Annual total compensation ratio	Annual Total Remuneration Ratio 17.3 Annual Total Remuneration Variation Ratio 0.6		
Strategies, Policies, and Practices				
2-22	Statement on sustainable development strategy	Message from the President	001	
2-23	Policy commitments	3-4 Ethical Management	034	
		7-4 Employee Care	087	
2-24	Embedding policy commitments	3-4 Ethical Management	034	
2-25	Processes to remediate negative impacts	2-5 Sustainability Issue Management Approach	023	
		3-4 Ethical Management	034	
		7-4 Employee Care	087	
2-26	Mechanisms for seeking advice and raising concerns	3-1 Corporate Governance	028	
		3-4 Ethical Management	034	
2-27	Compliance with laws and regulations	3-1 Corporate Governance	028	
		3-4 Ethical Management	034	
2-28	Membership associations	1-1 Company Profile	007	
Stakeholder Engagement				
2-29	Approach to stakeholder engagement	2-2 Stakeholder Engagement	018	
2-30	Collective bargaining agreements	-	-	There were no collective agreements in place.

GRI 3: Material Topics 2021

Disclosure	Description	Reference	Page	Note
3-1	Process to determine material topics	2-3 Material Disclosure Issue Analysis	020	
3-2	List of material topics	2-4 Explanation of Major Sustainability Disclosures	022	
Material topics 1：Sustainable Supply Chain				
3-3	Management of material topics	2-5 Sustainability Issue Management Approach	023	
204-1	Proportion of spending on local suppliers	6-3 Supplier Management	072	In 2023, 19.7% (an increase of 2.2% compared to the previous year)
308-1	New suppliers that were screened using environmental criteria	6-3 Supplier Management	072	In 2023, three new suppliers were added, and 100% of these new suppliers were selected based on environmental standards.
308-2	Negative environmental impacts in the supply chain and actions taken	6-3 Supplier Management	072	Conduct ESG audits for key tier-1 suppliers using the RBA framework
Material topics 2：Innovation Managemen				
3-3	Management of material topics	2-5 Sustainability Issue Management Approach	023	
-	Custom Topic: Structural Optimization and Efficiency	4-2 Sustainable Design and Innovation of Products	043	
Material topics 3：Information Security				
3-3	Management of material topics	2-5 Sustainability Issue Management Approach	023	
-	Custom Topic: Information Security Incidents	3-6 Information Security	037	
Material topics 4：Quality Management				
3-3	Management of material topics	2-5 Sustainability Issue Management Approach	023	
416-2	Incidents of Violating Health and Safety Regulations Regarding Products and Services	3-1 Corporate Governance	028	There were no incidents of violating health and safety regulations regarding products and services in 2023.
		4-5 Product Safety and Marketing Labels	050	
Material topics 5：Climate Strategy				
3-3	Management of material topics	2-5 Sustainability Issue Management Approach	023	
305-1	Direct (Scope 1) GHG emissions	5-2 Climate Change Management	053	
305-2	Energy indirect (Scope 2) GHG emissions	5-2 Climate Change Management	053	
305-4	GHG emissions intensity	5-2 Climate Change Management	053	

Disclosure	Description	Reference	Page	Note
Material topics 6：Talent Attraction and Retention				
3-3	Management of material topics	2-5 Sustainability Issue Management Approach	023	
401-1	New employee hires and employee turnover	7-2 Manpower Overview	078	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	7-4 Employee Care	087	
401-3	Parental leave	7-4 Employee Care	087	
405-1	Diversity of governance bodies and employees	3-1 Corporate Governance	028	
		7-2 Manpower Overview	078	
405-2	Ratio of basic salary and remuneration of women to men	7-4 Employee Care	087	
Material topics 7：Occupational safety and health				
3-3	Management of material topics	2-5 Sustainability Issue Management Approach	023	
403-1	Occupational health and safety management system	7-6 Workplace Safety	096	
403-2	Hazard identification, risk assessment, and incident investigation	7-6 Workplace Safety	096	
403-3	Occupational health services	7-6 Workplace Safety	096	
403-4	Worker participation, consultation, and communication on occupational	7-6 Workplace Safety	096	
403-5	Worker training on occupational health and safety	7-6 Workplace Safety	096	
403-6	Promotion of worker health	7-6 Workplace Safety	096	
		7-5 Health Management	093	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked to business operations	7-6 Workplace Safety	096	
403-8	Workers covered by an occupational healthand safety management system	7-6 Workplace Safety	096	
403-9	Occupational Injuries	7-6 Workplace Safety	096	

Voluntary Disclosures of GRI Topics and Indicator

Disclosure	Description	Reference	Page	Note
GRI200：Economic Series				
GRI201：Economic Performance 2016				
201-1	Direct economic value generated and distributed	3-2 Business Performance	032	
201-2	Financial Impacts, Risks, and Opportunities Arising from Climate Change	5-2 Climate Change Management	053	
201-3	Defined Benefit Obligations and Other Retirement Plans	7-4 Employee Care	087	
201-4	Financial Subsidies Received from the Government	3-2 Business Performance	032	Received a total of NTD 6,800,000 in government subsidies
GRI202：Market Presence 2016				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	7-4 Employee Care	087	
202-2	Proportion of Local Residents Employed in Senior Management Positions	7-2 Manpower Overview	078	
GRI205：Anti-corruption 2016				
205-2	Communication and training about anti-corruption policies and procedures	3-4 Ethical Management 3-1 Corporate Governance	034 028	
205-3	Confirmed incidents of corruption and actions taken	3-4 Ethical Management	034	There were no corruption-related incidents in 2023.
GRI 206: Anti-competitive Behavior 2016: In 2023, there were no legal actions related to anti-competitive behavior, anti-trust, and monopoly practices.				
GRI300：Environmental Series				
GRI302：Energy 2016				
302-1	Energy consumption within the organization	5-3 Energy Management	057	
302-3	Energy intensity	5-3 Energy Management	057	
302-4	Reducing energy consumption	5-3 Energy Management	057	
GRI303：Water 2018				
303-1	Interactions with water as a shared resource	5-4 Water Management	059	
303-2	Management of impacts related to water discharge	5-4 Water Management	059	
303-3	Water withdrawal	5-4 Water Management	059	
303-4	Discharge volume	5-4 Water Management	059	
303-5	Water consumption	5-4 Water Management	059	
GRI305：Emissions 2016				
305-7	Nitrogen oxides (NOx), sulfides (SOx), and other significant material gas emissions	5-5 Air Population Management	063	
GRI306：Waste 2020				
306-1	Waste generation and waste related significant impact	5-6 Circular Economy	064	
306-2	Management of waste related significant impact	5-6 Circular Economy	064	
306-3	Waste generation	5-6 Circular Economy	064	
306-4	Waste disposal transfer	5-6 Circular Economy	064	
306-5	Waste direct disposal	5-6 Circular Economy	064	
GRI400：Social Topic				
GRI402：Labor relation 2016				
402-1	Minimum notice periods regarding operational changes	-	-	BenQ Materials will provide advance notice and notification in accordance with local regulations in the event of significant operational changes.
GRI404：Education and Training 2016				
404-1	Average Hours of Training per Year per Employee	7-3 Talent Cultivation	084	43 hours for indirect employees 17.69 hours for all employees
404-3	Percentage of employees receiving periodic performance and occupational development reviews	7-3 Talent Cultivation	084	
GRI406：Non-discrimination 2016				
406-1	Discrimination event and improvement action adopted by organization	7-4 Employee Care	087	There were no incidents of discrimination in 2023.
GRI417：Marketing and Labeling 2016				
417-1	Product and service information as well as labeling requirements	4-5 Product Safety and Marketing Labels	050	
417-2	Incidents of non-compliance concerning product and service information and labeling	4-5 Product Safety and Marketing Labels	050	
417-3	Incidents of non-compliance concerning marketing and broadcasting related laws	4-5 Product Safety and Marketing Labels	050	
GRI418 Customer Privacy 2016				
418-1	Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	6-1 Customer Service	067	There were no incidents of customer privacy violation or loss of customer data in 2023.

SASB Disclosure Indicator

Hardware Disclosure Indicator

Type：Technology & Communications | Category：Hardware

Issue	Indicator Content	Indicator No.	Corresponding Chapter/Section	Page
Product Information Security	Explanation for product information security identification and handling method	TC-HW-230a.1	BenQ Materials primarily produces materials and medical devices, therefore, product attributes are not applicable.	-
Workforce Diversity and Inclusion	(1) The gender and ethnicity/race representation ratios of management, (2) technical staff, and (3) all other employees.	TC-HW-330a.1	7-2 Manpower Overview BenQ Materials currently operates primarily in Asia, with most of its senior and mid-level managers and employees being of Asian descent. Male / Female Executive Managers 88.89% / 11.11% Technical Staff 65.84% / 34.16% All Other Employees 60.78% / 39.22%	078
Product Lifecycle Management	Use of the product sales amount percentage of the materials covered by the IEC 62474 standard of electronics industry	TC-HW-410a.1	4-4 Chemical management Functional film related products 100% comply with IEC 62474 standard	049
	Sales amount percentage of conforming products complying with the standard of EPEAT or equivalent standards.	TC-HW-410a.2	Non-EPEAT standard products	-
	Sales amount percentage of conforming products complying with the standard of ENERGY STAR®.	TC-HW-410a.3	Non-ENERGY STAR® standard products	-
	Obtain the weight and recycling percentage of products at end of lifecycle or electronic wastes	TC-HW-410a.4	5-6 Circular Economy BenQ Materials primarily produces material-based products, which are not classified as electronic waste. BenQ Materials continually seeks ways to reuse, develop into products, or recycle various types of waste. Currently, the focus is on distilling ethyl acetate (EAC) and reusing it within the plant to reduce the use of raw materials and waste generation. Distilled EAC is also used as raw material by other industries. In 2023, 123.6 metric tons of distilled EAC were recycled, with a recycling rate of 60%. BenQ Materials' highest revenue-generating products are membrane-based, and relevant waste management focuses on membrane waste. In 2023, the recycling of waste white membrane reduced monthly waste by 21 metric tons.	064
Supplier Management	Percentage of Level 1 suppliers qualifying the audit of RBA VAP or equivalent audit, according to (a) all Level 1 suppliers' plant sites (b) all Level 1 suppliers' plant sites classified as high-risk plant sites	TC-HW-430a.1	6-3 Supplier Management Following the RBA standards, 16 key tier-1 suppliers underwent ESG audits from 2022 to 2023, representing 16.09% of all tier-1 suppliers. Of these, 5.7% were identified as high-risk suppliers. In 2022, 12 suppliers were audited, and in 2023, 4 suppliers were audited. Among these, 14 were key tier-1 suppliers, and 2 were non-tier-1 key suppliers.	072
	Level 1 supplier (1) percentage of nonconforming with RBA VAP (or similar audit) (2) corrective measure ratio, according to (a) priority level nonconformity (b) Other level nonconformity	TC-HW-430a.2	6-3 Supplier Management From 2022 to 2023, ESG audits were completed for 14 key suppliers and 2 non-tier-1 key suppliers, all of which passed the audits.	072
Raw Material Procurement	Explanation of risk management for key raw material use	TC-HW-440a.1	6-3 Supplier Management BenQ Materials has established a sustainable supply chain management framework that requires all suppliers to comply with sustainability policies or document specifications. This includes signing a corporate social responsibility commitment, adhering to regulations prohibiting the use of conflict minerals and requiring suppliers to provide guarantees, and signing a hazardous substances management policy. For new or existing suppliers, on-site audits, improvement measures, and supplier capability building are conducted to control supply chain risks and enhance suppliers' sustainability performance. Through a series of sustainable management processes, BenQ Materials aims to drive suppliers to grow together, creating greater shared value and impact.	072
Number of Units Produced by Product Category		TC-HW-000.A	1-3 Business Development In 2023, the total production of display materials was 23,863 thousand square meters.	012
Production Facility Area		TC-HW-000.B	The production area for display materials at the Taiwan plant is 14,449.12 square meters.	-
Percentage of Production in Owned Facilities		TC-HW-000.C	In 2023, 100% of the display materials were produced in the company's owned facilities.	-

Medical Equipment and Products Industry Disclosure Indicator

Type：Health Care ｜ Category：Medical Equipment & Supplies

Issue	Indicator Content	Indicator No.	Corresponding Chapter/Section	Page
Affordability & Pricing	Description of how price information for each product is disclosed to customers or to their agents	HC-MS-240a.2	Not Disclosed for the Time Being	-
	Percentage change in: (1) weighted average list price and (2) weighted average net price across product portfolio compared to previous reporting period	HC-MS-240a.3	Not Disclosed for the Time Being	-
Product Safety	(1) Number of recalls issued, (2) total units recalled	HC-MS-250a.1	6-2 Quality Management / No Product Recalls in 2023	070
	Products listed in any public medical product safety or adverse event alert database	HC-MS-250a.2	6-2 Quality Management / No Products Listed in Adverse Event Alert Database in 2023	070
	Number of fatalities associated with products	HC-MS-250a.3	6-2 Quality Management / No Deaths Related to Product Use in 2023	070
	Number of enforcement actions taken in response to violations of good manufacturing practices (GMP) or equivalent standards, by type	HC-MS-250a.4	6-2 Quality Management / No Violations of GMP or Equivalent Standards in 2023	070
Ethical Marketing	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	HC-MS-270a.1	3-1 Corporate Governance / In 2023, there was one case of false labeling of the origin of medical packaging materials (NT$90,000) and one case of a violation of the Telecommunications Transaction Law related to vision care (NT$60,015). For relevant improvement measures, please refer to 3-1 Corporate Governance (Compliance Situation).	028
	Description of code of ethics governing promotion of off-label use of products	HC-MS-270a.2	3-4 Ethical Business Practices / Annual integrity promotion and training are required for all employees.	034
Product Design & Lifecycle Management	Discussion of process to assess and manage environmental and human health considerations associated with chemicals in products, and meet demand for sustainable products	HC-MS-410a.1	4-2 Sustainable Product Design and Innovation / Medical products are designed based on principles such as "structural optimization," "environmentally friendly raw materials," "recyclable materials," "low-impact components," "reduced packaging," and "product safety."	043
	Total amount of products accepted for take-back and reused, recycled or donated, broken down by: (1) devices and equipment and (2) supplies	HC-MS-410a.2	4-2 Sustainable Product Design and Innovation / For information regarding the reuse of products, please refer to "recyclable materials."	043
Supply Chain Management	Percentage of (1) entity’ s facilities and (2) Tier 1 suppliers’ facilities participating in third-party audit programmes for manufacturing and product quality	HC-MS-430a.1	6-2 Quality Management / BenQ Materials' medical products are subject to annual reviews by regulatory agencies. In addition, the company has obtained ISO 13485, QMS, and MDR certifications to ensure quality throughout the manufacturing process.	070
	Description of efforts to maintain traceability within the distribution chain	HC-MS-430a.2	6-2 Quality Management / Supplier Quality Management Mechanism	070
	Description of the management of risks associated with the use of critical materials	HC-MS-430a.3	6-3 Supply Chain Management BenQ Materials has established a sustainable supply chain management framework that requires all suppliers to comply with sustainability policies or document specifications. This includes signing a corporate social responsibility commitment, adhering to regulations prohibiting the use of conflict minerals and requiring suppliers to provide guarantees, and signing a hazardous substances management policy. On-site audits, improvement measures, and capacity building are conducted for new and existing suppliers to control supply chain risks and enhance suppliers' sustainability performance. Through a series of sustainable management processes, BenQ Materials aims to drive mutual growth with suppliers, creating greater shared value and impact.	072
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	HC-MS-510a.1	3-1 Ethical Business Practices / No incidents of corruption or bribery in 2023	034
	Description of code of ethics governing interactions with health care professionals	HC-MS-510a.2	3-4 Ethical Business Practices / Annual integrity promotion and training are required for all employees	034
	Number of units sold by product category	HC-MS-000.A	Not Disclosed for the Time Being	-

Sustainable Disclosure Indicators for the Optoelectronics Industry

No.	Indicator	Indicator Type	Disclosure content of 2022
1	Total Energy Consumption (in billion joules), Percentage of Purchased Electricity, and Renewable Energy Usage Rate (in percentage)	Quantitative	▪ Total Energy Consumption: 470,280.43 billion joules ▪ Percentage of Purchased Electricity: 80.13% ▪ Renewable Energy Usage Rate: 22.20% (percentage)
2	Total Water Intake and Total Water Consumption (in thousand cubic meters)	Quantitative	▪ Total Water Intake: 342.45 Megaliters (ML) ▪ Total Water Consumption: 73.21 Megaliters (ML)
3	Weight of Hazardous Waste Generated (in metric tons) and Recycling Percentage (in percentage)	Quantitative	▪ Weight of Hazardous Waste: 1,726.67 metric tons ▪ Percentage of Hazardous Waste Recycling: 75.93%%
4	Description of Occupational Accident Categories, Number of Incidents (quantity), and Ratio	Quantitative	▪ Occupational Accident Category: Personnel Entrapment Injuries ▪ Number of Incidents: 4 ▪ Ratio: 0.0014
5	Disclosure of Product Lifecycle Management: Weight of Scrap and Electronic Waste (in metric tons) and Recycling Percentage (in percentage) (Note 1)	Quantitative	▪ BenQ Materials primarily deals with material-type or medical products, which are not classified as consumer electronics. Therefore, there are no scrapped electronic products or electronic waste recycling. ▪ BenQ Materials continuously seeks ways to reuse, develop into products, or recycle various types of waste. Currently, the focus is on distilling ethyl acetate (EAC) and reusing it within the plant to reduce raw material usage and waste production. Distilled EAC is also used as raw material by other industries. In 2023, the recycling rate for distilled EAC was 60%. ▪ BenQ Materials' highest revenue-generating products are membrane-based, and relevant waste management primarily focuses on membrane waste. In 2023, the recycling of waste white membranes reduced monthly waste by 21 metric tons. ▪ For more information, please refer to section 5-6 Circular Economy.
6	Description of Risk Management related to Key Materials	Qualitative	▪ BenQ Materials has established a sustainable supply chain management framework that requires all suppliers to comply with sustainability policies or documentation standards. This includes signing a corporate social responsibility commitment, adhering to regulations prohibiting the use of conflict minerals and requiring suppliers to provide guarantees, and signing a hazardous substances management policy. For new or existing suppliers, on-site audits, improvement measures, and capacity building are conducted to manage supply chain risks and enhance suppliers' sustainability performance. Through a series of sustainable management processes, BenQ Materials aims to promote mutual growth with suppliers, creating greater shared value and impact.
7	Total Monetary Losses from Legal Litigations related to Anti-Competitive Practices (reported currency)	Quantitative	▪ In 2023, BenQ Materials had no legal proceedings related to anti-competitive behavior regulations.
8	Primary Product Production Volume by Product Category	Quantitative	▪ Functional membranes are the main source of revenue, with a production volume of 23,863 thousand square meters in 2023.

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

Disclosure Scope

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

Note 1: 100% owned subsidiary, Note 2: Non-100% owned subsidiary, Note 3: No air pollution emissions, Note 4: Includes new hires and turnover

Greenhouse Gas Verification and Assurance Status

BenQ Materials Corporation is a company with a capital of over NT$2 billion (Photonics Industry). According to the Sustainable Development Pathway for Listed Companies, it has reached the mandatory audit schedule. The greenhouse gas emission information in this report is audited based on ISO 14064-1, with the operational boundary including Scope 1, Scope 2, and Scope 3. For details on the organizational boundary and assurance scope, please refer to the "Description of Organizational Boundary" table.

Greenhouse gas emissions（Scope1、Scope2）

Emission scope	Total emissions (metric tons CO_2e)	Intensity (metric tons CO_2e/ million dollars)	Assurance Bodies	Assurance Statement Explanation
Scope1				
BenQ Materials Corporation	17,153.42	1.00	DNV（Taiwan） SGS（China）	DNV and SGS have conducted verification procedures for BenQ Materials' greenhouse gas emissions, providing reasonable assurance for Scope 1 and Scope 2, and limited assurance for Scope 3. The organizational boundary for the verification procedures is set according to the operational control approach, covering a total of five operational sites. For details on the specific sites, please refer to the table below, "Description of Organizational Boundary."
Taoyuan Plant	7,259.17			
Longtan Plant	8,437.84			
Yunlin Plant	132.59			
Suzhou Plant	637.05			
Wuhu Plant	686.76			
Scope2				
BenQ Materials Corporation	24,590.58	1.44		
Taoyuan Plant	14,383.16			
Longtan Plant	6,435.69			
Yunlin Plant	2,376.36			
Suzhou Plant	555.62			
Wuhu Plant	839.74			

Greenhouse gas emissions（Scope3）

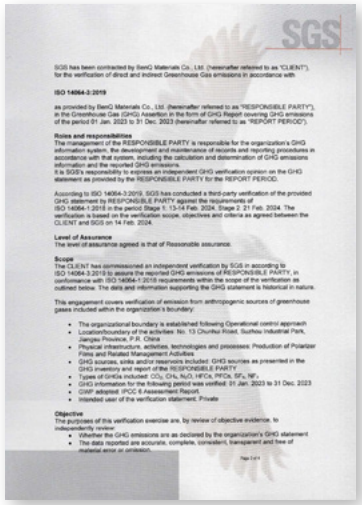
Emission scope	Total emissions (metric tons CO_2e)	Assurance Bodies	Assurance Statement Explanation
Scope3			
Scope 3 Total	31,090.88	DNV（Taiwan） SGS（China）	Taoyuan, Longke, and Yunlin plants received limited assurance; Suzhou and Wuhu plants received reasonable assurance. For detailed information, please refer to the verification statement.
3-1 Purchased goods and services	18,737.39		
3-2 Capital goods	53.68		
3-3 Fuel- and energy-related activities (not included in Scope 1 or 2)	7,520.31		
3-4 Upstream transportation and distribution	994.79		
3-5 Waste generated in operations/wastewater	954.62		
3-6 Business travel	186.79		
3-7 Employee commuting	1,292.90		
3-9 Downstream transportation and distribution	1,350.41		

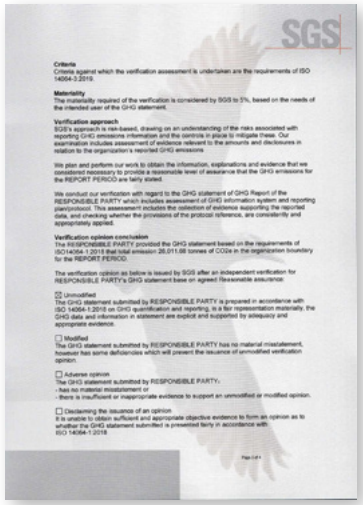
Organizational Boundary Explanatio

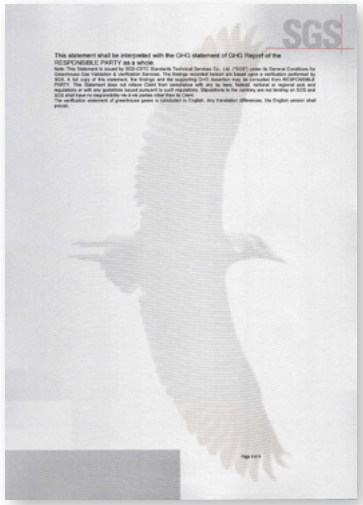
Operational Sites	Operational Sites Explanation	Verification	Assurance
Consolidated Financial Reporting Company	The emissions of the consolidated financial reporting companies in the above table represent the total emissions of all audited operational locations listed below. Currently, not all consolidated financial reporting companies are included.		
BenQ Materials Corporation BenQ Materials (Sigma) Corporation	Taoyuan Plant, Longtan Plant, Yunlin Plant	✓	✓
BenQ Materials Corporation Daxin Medical Technology (Suzhou) Co., Ltd BenQ Materials Medical Technology (Suzhou) Co., Ltd. Suzhou Sigma Medical Materials Co., Ltd BenQ Materials (Wuhu) Limited	Suzhou Plant、Wuhu Plant	✓	✓

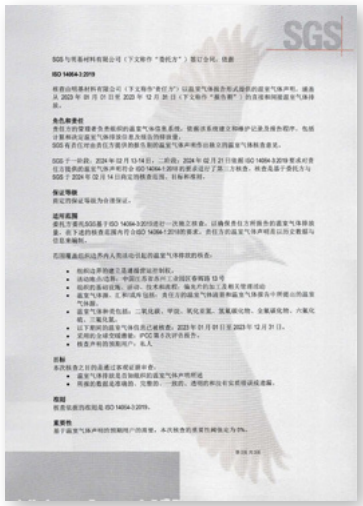
Exclusion scope	Explanation
Investment Holding Companies	NA
Operational Sites Not Included	Jingle Biotech Co., Ltd Shuo Chen Biomedical Co.,Ltd. Web-pro Co.,Ltd

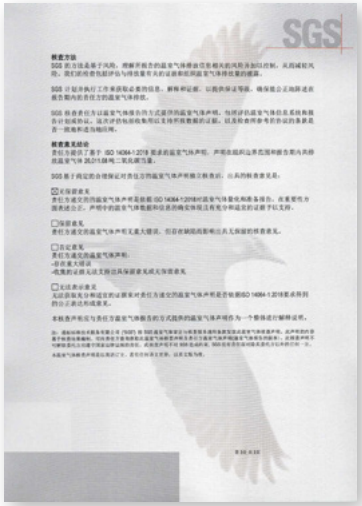
Verification Statement from the Inspection Agency

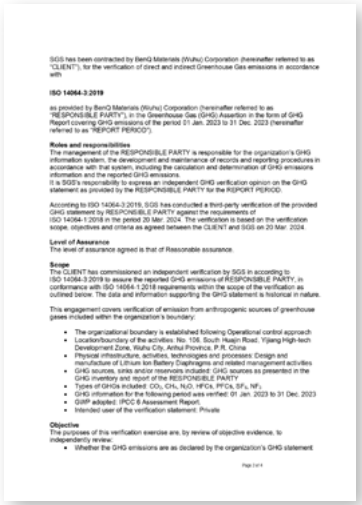


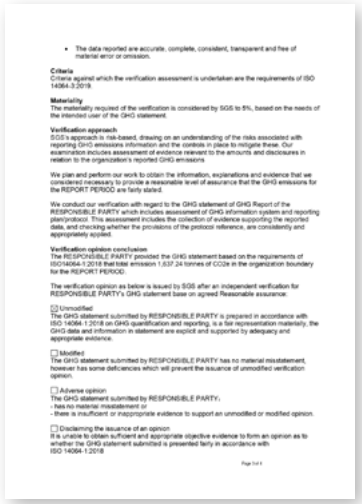


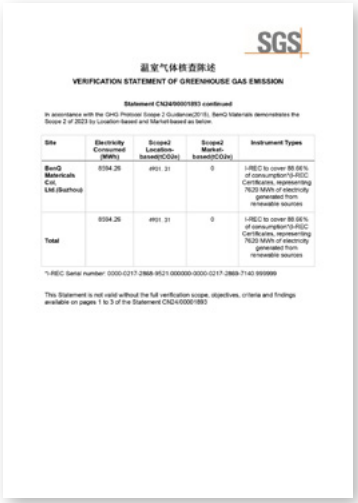


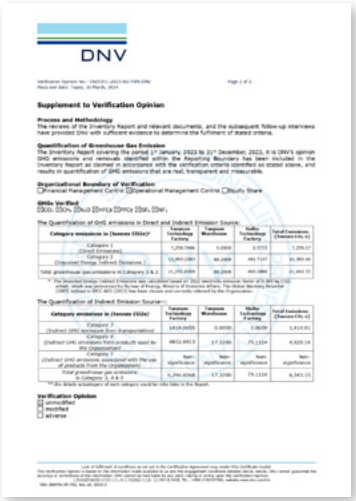


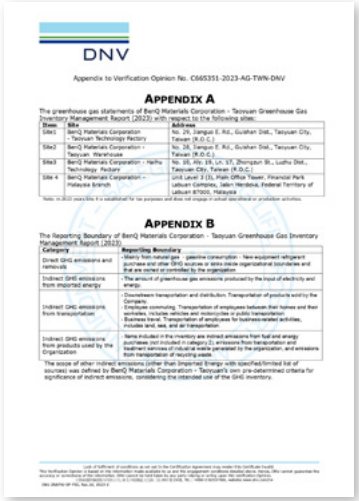


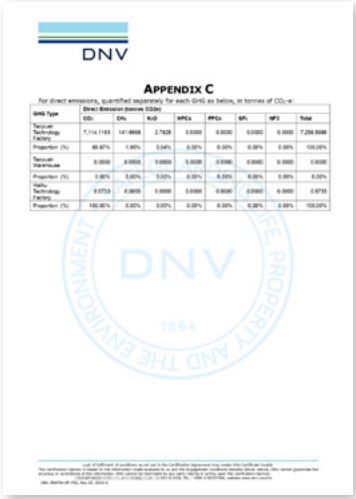


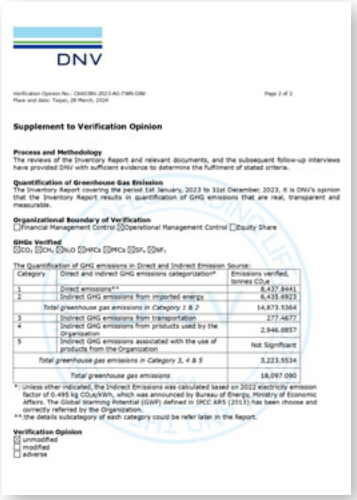


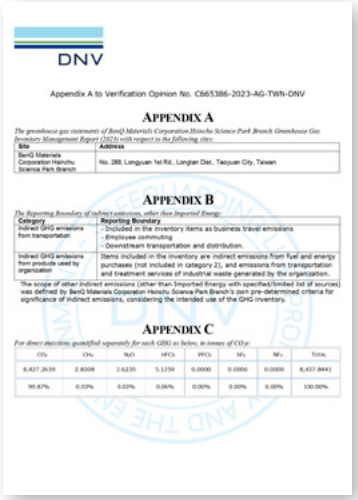


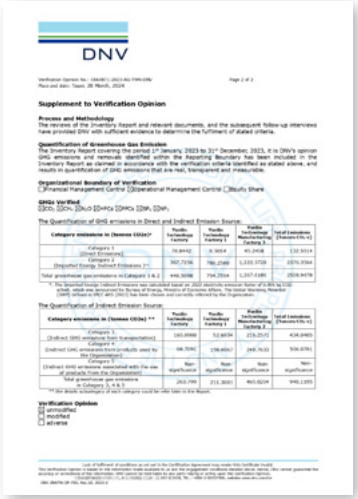


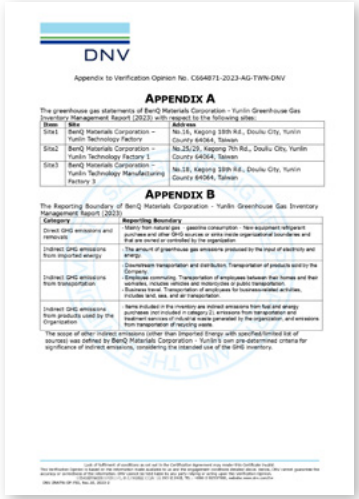


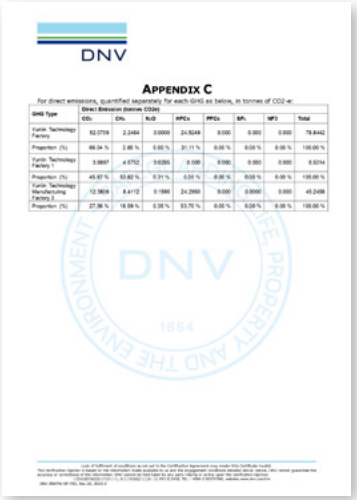












SDGs Disclosure Indicator

Corresponding SDGs	Sub-target No.	Corresponding SDG Sub-target	Corresponding SDG Sub-target	Page
2	2.3	Ensure that the incomes of small-scale food producers are stable, and that they have access to secure and fair markets.	8-3 Green Action	102
	2.4	Support sustainable food production systems.		
	2.c	Take measures to ensure the proper functioning of food commodity markets and their derivatives, and promote timely access to market information.		
3	3.3	Eliminate epidemic diseases causing infection through mouth foam, contact, vector mosquito, water and others	7-5 Health Management	093
	3.4	Through prevention, therapy and promotion of physical and mental health to reduce the fatality rate of non-infectious disease	7-5 Health Management	093
	3.9	Significantly reduce hazardous chemicals and death and number of patients due to air, water and soil contamination.	5-6 Circular Economy	064
4	4.3	Ensure that all male and female employees equally receive quality technical, occupational and advanced education suitable to their jobs	7-3 Talent Cultivation	084
	4.4	Significantly increase and manage relevant skills necessary for employment, suitable jobs and startup	7-3 Talent Cultivation	084
5	5.1	Eliminate all forms of discrimination on women and girls	7-2 Manpower Overview	078
	5.5	Ensure that women have equal opportunities for effectively participating in economic decision making and entering the decision-making management level	7-2 Manpower Overview	078
6	6.3	By 2030, water quality is to be improved through the following methods: Reduce pollution and eliminate waste dumping, and reduce the hazardous chemical and material emission to the minimum level, reduce untreated wastewater ratio to half, and significantly increase the global waste recycle and safe reuse	5-4 Water Resource Management	059
	6.4	By 2030, all industries shall significantly increase the water consumption efficiency, and ensure sustainable use and supply of freshwater, in order to overcome the water shortage issue and to significantly reduce the number of people suffering from water shortage	5-4 Water Resource Management	059
7	7.2	Significantly increase the ratio of renewable energies in the global energy structure	5-3 Energy Management	057
	7.3	Increase the energy improvement rate to two times higher by 2030	5-3 Energy Management	057

Corresponding SDGs	Sub-target No.	Corresponding SDG Sub-target	Corresponding SDG Sub-target	Page
	8.2	Adopt diverse operation, technology improvement and innovation to achieve economic production capability of higher level	3-2 Business Performance	032
			4-1 Core Technology and Intellectual Property Management	041
8	8.4	Gradually improve resource use efficiency for consumption and production	5-6 Circular Economy	064
	8.5	Provide sufficient employment and suitable works with production capability without gender difference, and implement same remuneration for same job	7-2 Manpower Overview	078
			7-4 Employee Care	087
	8.8	Protect labor rights, and create safe and secured working environment for all employees	7-4 Employee Care	087
			7-6 Workplace Safety	096
9	9.4	Adopt actions according to one's competence, upgrade infrastructure, improve industry, in order to increase resource use efficiency, and adopt greater cleaning and eco-friendly technologies and processes.	4-2 Sustainable Design and Innovation of Products	043
	9.5	Enhance science research, improve technical skills, encourage innovation and increase R&D personnel and R&D expenditures.	4-1 Core Technology and Intellectual Property Management	041
10	10.2	Enhance and promote social, economic, and political inclusion for all, regardless of age, gender, disability, race, ethnicity, religion, economic status, or any other distinction.	7-1 Human Right Management	076
			7-4 Employee Care	087
	10.3	Ensure equal opportunities and reduce inequalities by eliminating discriminatory laws, policies, and practices, and promote appropriate legislation, policies, and actions.	7-1 Human Right Management	076
			7-4 Employee Care	087
12	12.4	Achieve the hazard-free environment management for chemicals and all wastes in the entire product lifecycle, reduce the probability of emission into the atmosphere and infiltration into the water and soil, in order to reduce negative impacts on the human health and environment.	5-6 Circular Economy	064
	12.5	Significantly reduce waste generation through prevention, reduction of emission, recycling and reuse.	5-6 Circular Economy	064
13	13.1	Enhance the capability to reduce and adapt climate related accidents and natural disasters	3-5 Risk Management	035
	13.2	Response to climate change will be included in the policies, strategies and plans	5-2Climate Change Management	053
16	16.5	Significantly reduce all forms of corruption and bribery actions	3-4 Ethical Management	034

Overview of Management Systems Implementation

ISO Management System	Current Certification Scope	Coverage	External Verification
ISO 14001	Taoyuan Plant, Longke Plant, Yunlin Plant, Suzhou Plant, Wuhu Plant	100%	Taoyuan Plant.Longke Plant,Yunlin Plant:SGS Suzhou Plant,Wuhu Plant:China Quality Certification Center (CQC)
ISO 14064	Taoyuan Plant, Longke Plant, Yunlin Plant, Suzhou Plant, Wuhu Plant	100%	Taoyuan Plant, Longke Plant, Yunlin Plant: DNV Scope 1, 2: Reasonable Assurance, Scope 3: Limited Assurance Suzhou Plant, Wuhu Plant: SGS Scope 1, 2, 3: Reasonable Assurance
ISO 14067	Polarizer Products, Battery Separator Products, Waterproof and breathable textiles Products	3 items	Polarizer Products, Waterproof and breathable textiles Products:BV Battery Separator Products:SGS
ISO 45001	Taoyuan Plant, Longke Plant, Yunlin Plant, Suzhou Plant, Wuhu Plant	100%	Taoyuan Plant.Longke Plant,Yunlin Plant:SGS Suzhou Plant, Wuhu Plant:China Quality Certification Center (CQC)
ISO 50001	Taoyuan Plant, Longke Plant, Suzhou Plant	60%	Taoyuan Plant.Longke Plant:BSI Suzhou Plant：China Quality Certification Center (CQC)
ISO 46001	Taoyuan Plant	20%	Taoyuan Plant:SGS

External Guarantee Certificates


SGS ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE BENQ MATERIALS CORPORSTION'S SUSTAINABILITY REPORT FOR 2023

NATURE AND SCOPE OF THE ASSURANCE

INTENDED USERS OF THIS ASSURANCE STATEMENT

RESPONSIBILITIES

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE


SCOPE OF ASSURANCE AND REPORTING CRITERIA

ASSURANCE METHODOLOGY

LIMITATIONS AND MITIGATION

STATEMENT OF INDEPENDENCE AND COMPETENCE

ASSURANCE / VERIFICATION OPINION


ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)

INCLUSIVITY

MATERIALITY

RESPONSIVENESS

IMPACT

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

AA1000 Licensed Report 000-8/V3-Q46ED

BenQ Materials Corp