



Chapter 8

Sustainable Supply Chain

Management Approach

BenQ is committed to building long-term partnerships with its suppliers, working together toward mutual growth and progressively achieving sustainability goals according to a defined timeline. We will continue to enhance the management and operations of our sustainable supply chain to ensure long-term stability and development in environmental, social and governance (ESG) performance across the entire supply chain.

Mid-term Plan (3 years)

1. Plan to conduct on-site audits of suppliers and include corporate social responsibility (CSR) criteria in the evaluation indicators.
2. Conduct surveys on local procurement at factories, requiring suppliers to provide specific amounts spent on production equipment in order to validate the proportion of spending attributed to local procurement.
3. Investigate the ESG goals of first-tier suppliers, ensuring they are working toward the same sustainability targets as BenQ.

Long-term Plan (5 years)

1. We will complete on-site audits of all partner suppliers.
2. We will require all first-tier suppliers to undergo code of conduct audits by a third-party organisation certified by the Responsible Business Alliance (RBA).

| 8.1 Supplier Sustainability

8.1.1 Risk Management Strategy

To minimise the impact of supply chain disruptions on operations, BenQ's risk management strategy for our supply chain is as follows:

- We maintain at least two active vendors, with exception of suppliers with monopolies and those with singular, exclusive technologies. If one supplier discontinues provision of goods or services, the other supplier can be called upon immediately to ensure uninterrupted service.
- For potential suppliers, we engage in development, validation, and process establishment to ensure that alternative qualified suppliers can be called upon quickly if current suppliers are unable to continue providing services.
- In addition, BenQ conducts comprehensive risk assessments of current qualified suppliers and closely monitors their operational status and financial health through regular and ad hoc reviews. We pay particular attention to high-risk suppliers, identifying and addressing potential risks in a timely manner to prevent situations such as unexpected supplier bankruptcies or disputes, which could negatively impact business operations.



- In response to major risk events (e.g., geopolitical shifts, exchange rate fluctuations, economic crises), we conduct comprehensive risk assessments and evaluations – especially for high-risk regions – to assess the adaptability of local suppliers and provide appropriate guidance, ensuring supply chain stability and minimizing adverse impacts on operations and stakeholders.

Critical impact	Risk	Opportunity
International wars	Delays in transportation lead to delayed deliveries, impacting the supply chain	1. Preparing material in advance 2. Keeping up with market trends
U.S. tariff adjustments	Increased costs lead to higher end-product prices and ultimately inflation	1. Adjustment to the distribution of overseas fabs 2. Keeping up with market trends

Critical impacts and risks/opportunities



8.2 Screening of New Suppliers

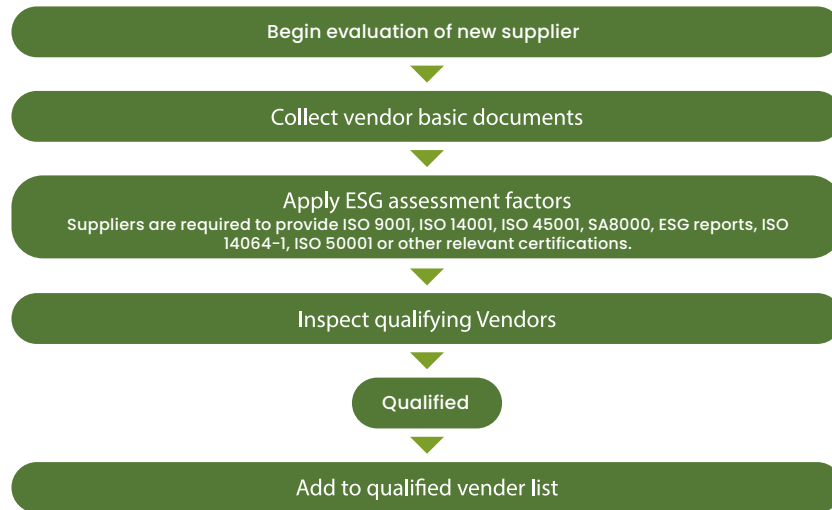
As a multi-industry brand company, BenQ collaborates with approximately 23 key global suppliers, including OEMs and critical component suppliers, most of whom are located in the Greater China region. Due to our strict quality standards and commitment to consumers, we strive to build a supply chain with suppliers that upholds environmental protection, human rights, safety, health and sustainable development.

Therefore, BenQ adopts a rigorous approach to supplier selection, implementing strict requirements for both documentation and on-site audits. Suppliers must comply with international certification standards such as ISO 9001 and provide relevant certificates as well as conflict minerals survey results. Through these measures, we aim to jointly fulfil corporate social responsibility with our suppliers and establish stable, long-term partnerships.

In our management system and processes, potential vendors must proactively collaborate with audits on corporate social responsibility, environmental health and safety as well as document audits before they can join BenQ's Qualified Vendor List (QVL). Therefore, all suppliers, regardless of whether or not it is a new supplier that we are planning to work with or even an existing or potential partner supplier, will have to be in active communications with BenQ to complete 100% of the document audits, the signing of documents and follow-up in order to remain on the list of qualified vendors. No new suppliers were onboarded in 2024.

New supplier review mechanism:

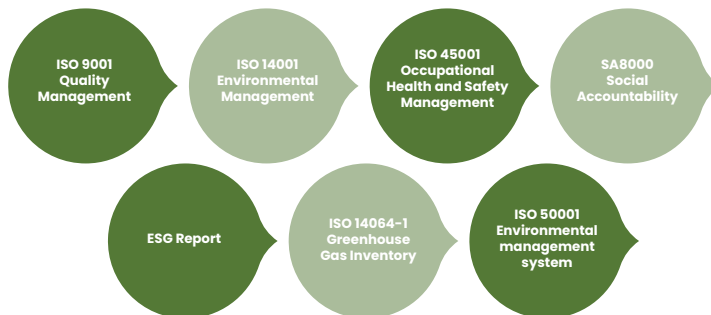
BenQ is committed to establishing a long-term collaboration model with suppliers, growing together with them, and formulating targets that are to be completed in steps according to plan in order to improve upon our sustainable supply chain



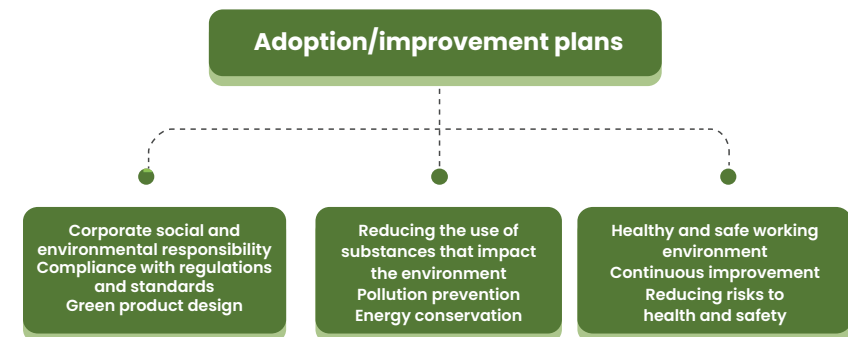
8.2.1 Written Audits

New suppliers should provide ISO 9001 (mandatory), ISO 14001, ISO 45001, SA8000, an ESG report, ISO 14064-1:2018, ISO 50001, or other relevant certifications.

- All new suppliers are required to sign the Code of Conduct for Sustainability. The code covers standards related to social responsibility and environmental health and safety, ensuring supplier operations comply with applicable laws on labour health and safety, environmental protection, and business ethics.



- (I-1) For new suppliers that cannot provide ISO 14001 and ISO 45001 certificates, they are required to provide plans to adopt those standards or improvement plans, such as:
 - promoting corporate social and environmental responsibility to comply with regulations and standards;
 - designing green products to reduce the use of substances that can impact the environment;
 - pollution prevention;
 - energy conservation;
 - providing a safe and healthy working environment to maintain the physical and mental health of employees;
 - continuing to improve to reduce risks to health and safety.



- (I-2) For new suppliers that cannot provide an SA8000 certificate, they need to provide BSCI certification or a Responsible Business Alliance report.





- (1-3) All suppliers are required to sign the Suppliers' Code of Conduct for Sustainability. Examples are as follows:
 - a. The use of child labour is prohibited and children or adolescent workers should not be put in dangerous or unhealthy environments;
 - b. a safe and healthy working environment is to be provided for employees and the necessary measures are to be taken to avoid occupational accidents;
 - c. all employees are to be guaranteed to receive regular health and safety training;
 - d. employees are to be provided with clean and safe drinking water, toilets, and dormitories;
 - e. the right of employees to communicate internally is to be respected, and representatives of employees are not to be subjected to discrimination, harassment, coercion or retaliation.



8.2.2 On-site Audits

During audits at suppliers' locations, our Quality Management Department assesses the supplier site through a Supplier System Audit (SSA), which covers: whether or not the operating environment is maintained in optimum 6S (5S+SAFETY) conditions; whether or not the stocked listed substances (hazardous, volatile, corrosive, toxic, etc.) are properly defined and controlled to prevent quality changes and safety concerns; whether crisis management procedures (power outages, earthquakes, fires, personal injury, etc.) and safety facilities are in place; whether or not flammable, corrosive and toxic materials are separately and properly stored; whether or not there are emergency response plans (facilities and measures) in place in the event of emergencies, such as fires and floods. If suppliers fail the on-site audit, they will not be able to enter BenQ's Qualified Vendor List. In other words, all new suppliers have met all of the aforementioned requirements of the audit.

Even after their selection as Qualified Vendors, BenQ's Quality Management and Product Certification Department will regulate the quality of the suppliers' finished products through Requests For Quotation (RFQs) and applying such criteria as product specifications, cost, handover, service, etc., before moving on to collaboration and discussion on mass production and mass supply. RoHS, REACH, WEEE, ErP or related energy saving and safety regulations (e.g., conflict minerals), electromagnetic compatibility, etc., that apply to the products are explicitly stipulated in the RFQs. If a supplier fails to meet these requirements, it will not be qualified to bid.

Starting in 2024, BenQ will gradually implement on-site audits to inspect suppliers' facilities. These audits will include, but are not limited to, random checks of employee attendance records, verification of special work permits and the ratio of direct to indirect employees. Suppliers found to have non-compliance issues will be required to submit corrective action plans and complete improvements within a designated timeframe. Through these rigorous review processes, BenQ ensures that selected suppliers can provide high-quality products that meet the Company's standards as well as the expectations of consumers and social responsibility.



8.3 Responsible Minerals

In 2010, the U.S. passed the Dodd-Frank Wall Street Reform and Consumer Protection Act. Section 1502 of the Act amends the Securities Exchange Act of 1934 to direct the U.S. Securities and Exchange Commission to issue regulations requiring companies to disclose whether or not the minerals used during the production of their products originated in the Democratic Republic of the Congo (DRC) or its adjoining countries, which are known for using forced labour and treating workers inhumanely. An investigation by the Responsible Minerals Initiative (RMI) has found that local rebel groups in the aforementioned region obtain tantalum, tin, tungsten, gold and other minerals through illegal means such as forced labour and child labour, and sell the minerals in exchange for weapons, causing instability in the region. The international community refers to these four types of minerals, which are often obtained through illegal operations, as conflict minerals.

8.3.1 Applications for Minerals

Electronic products utilise various kinds of metals with significant functions. Among them, tantalum, tin, tungsten, gold, cobalt and mica are essential materials for the functioning of electronic products. Cobalt is a key material in the production of batteries. According to an EU review and report on critical raw materials, a third of the world's cobalt comes from the DRC and its adjoining countries. In 2019, RMI listed cobalt as the fifth conflict mineral. Mica is a key ingredient in coatings and is commonly used in the surface

finishes of electronic products. However, the mining and processing of mica carry risks such as child labour, inadequate workplace safety protections and occupational health concerns. In recent years, the Responsible Minerals Initiative (RMI) has included mica in its scope of voluntary due diligence management.

8.3.2 Responsible Minerals Policy

BenQ supports the international society's boycott of conflict minerals¹ and works with suppliers to conduct investigations on conflict minerals² to prevent the direct or indirect procurement of conflict minerals from armed groups in the Democratic Republic of the Congo and its adjoining countries³ in order to ensure that our procurement of materials are in line with the principles of social and environmental responsibility. In addition, BenQ has taken the initiative to join the Responsible Minerals Initiative (RMI) as a member and to provide suppliers⁴ with the latest information on qualified smelters and sources of procurement in order to ensure that our qualified smelter conversion Programme is implemented, and that our goal of 100% procurement of tantalum, tin, tungsten, gold, cobalt and mica from qualified smelters is maintained and achieved.

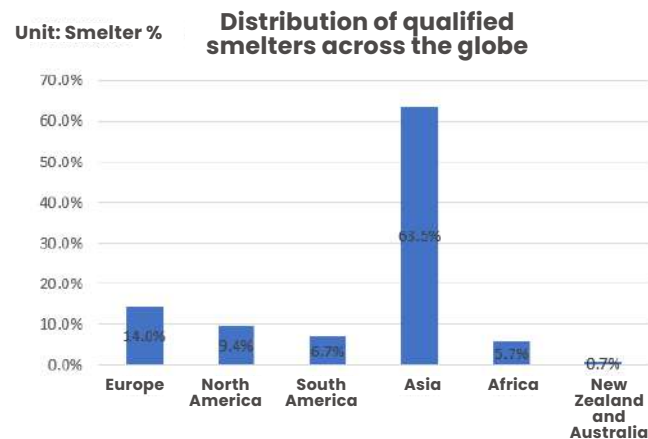
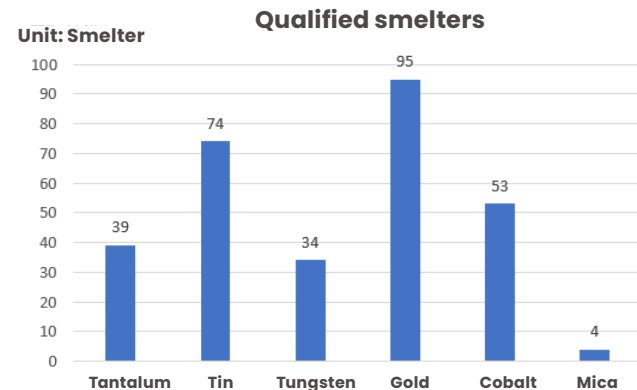
Note: 1. Boycotts: Studies by international non-governmental organisations such as SOMO and Enough have reported that the DRC is currently facing the deadliest conflicts the country has seen since World War II, and that the main cause of the conflicts is the electronics industry's demand for the substantial deposits of metal in the eastern region of the DRC. If companies producing electronics use metals sourced from conflict mines in the eastern region of the DRC, it would amount to contributing to these conflicts. 2. Conflict minerals: This refers to tantalum, tin, tungsten, gold, cobalt and mica. 3. Adjoining countries: This refers to countries adjacent to the Democratic Republic of the Congo, namely Angola, Burundi, the Central African Republic, the Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda and Zambia. 4. Qualified smelters: Please refer to the Conflict-Free Smelter Programme (CFSP) website for the most up-to-date list of approved smelters.





8.3.3 Responsible Minerals Survey

Based on the results of the investigation by RMI as well as the Conflict Affected and High-Risk Areas (CAHRAs) listed in the EU Conflict Minerals Regulation, which came into effect in 2021, the distribution and compliance of the 299 smelters in BenQ's product supply chain for tantalum, tin, tungsten, gold, cobalt and mica in 2024 were analysed; 63.5% of the smelters are located in Asia, followed by 9.4% in North America, 6.7% in South America, 14% in Europe, 5.7% in Africa and 0.7% in Australia. The investigation confirmed that 100% of the minerals were non-conflict minerals.



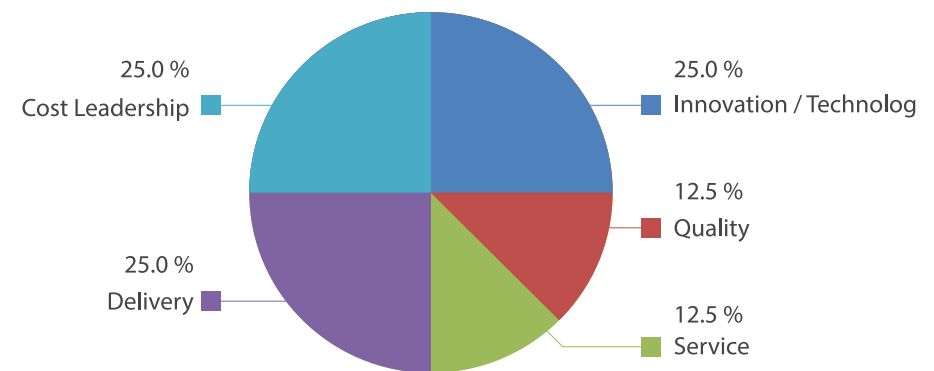
8.4 Supplier Evaluation

Depending on the operation status of each product, BenQ's Strategic Procurement Department is responsible for holding a Quarterly Business Review (QBR) meetings with the business, product, technology, supply chain management, customer service, quality control and safety compliance departments and suppliers to review the performance in the current quarter and have the quarterly evaluation serve as the basis for the regular supplier evaluation.

Supplier performance evaluations are based on the five IQSDC assessment criteria:

1. Innovation/Technology
2. Quality
3. Service
4. Delivery
5. Cost Leadership

Quarterly supplier evaluation





In addition to performance evaluations, BenQ also reviews the validity of suppliers' ISO certifications during quarterly QBR meetings and ensures 100% policy communication compliance among all first-tier suppliers. Through collaborative partnerships, we aim to grow alongside our suppliers, achieve ESG sustainability goals and ensure adherence to the Responsible Business Alliance (RBA) Code of Conduct.

BenQ's Requirements of Suppliers

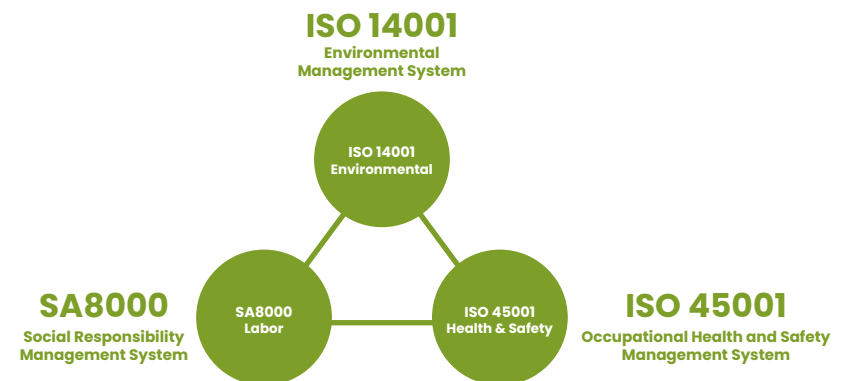
To fulfill our corporate social responsibility, BenQ invites you to protect the environment and safeguard the rights of workers together by providing the following documents.

Validation system	Certificate	Introduction or improvement plan form	Pledge/survey	Remarks
ISO 9001	✓			
ISO 14001	✓	✓		If you cannot provide a certificate, please fill in the introduction or improvement plan form.
ISO 45001	✓	✓		If you cannot provide a certificate, please sign the pledge or fill in a survey every year.
SA8000	✓		✓	Even if your company provides an Induction or improvement plan form/pledge/survey, the ultimate goal is to obtain a certificate after being validated by the system.

If your company provides an implementation or improvement plan, pledge, or survey form, the ultimate goal is still to obtain certificate through system verification.

BenQ Social Responsibility and Environmental Health and Safety Policy

- Promote corporate social and environmental responsibility, and comply with regulatory standards.
- Design green products to reduce the use of substances that may impact the environment.
- Prevent pollution, save energy, ensure health and safety, and continuously improve processes and products to reduce risks to health and safety.
- Provide a healthy and safe working environment to maintain the physical and mental health of employees.
- Provide a safe and healthy work environment to maintain employees' physical and mental health.





Promotion of BenQ's Policies (1)

Anti-Slavery and Human Trafficking Statement

Human Rights Policy

BenQ supports and adheres to internationally recognised human rights standards and principles, including the Universal Declaration of Human Rights, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. The Company formulates its human rights policy in accordance with applicable local laws and regulations, and implements human rights protections based on the principles of "protection, respect, and remedy."

BenQ requires all suppliers and their upstream suppliers to uphold human rights in accordance with the same standards outlined in this policy. We do not use child labour or forced labour nor do we engage in human trafficking. The human rights of all employees are protected. BenQ voluntarily adheres to the Responsible Business Alliance (RBA) Code of Conduct, and requires our suppliers to do the same.

Promotion of BenQ's Policies (2)

Responsible Sourcing

BenQ supports the international society's boycott of conflict minerals and works with suppliers to conduct investigations on conflict minerals to prevent the direct or indirect procurement of conflict minerals from armed groups in the Democratic Republic of the Congo and its adjoining countries in order to ensure that our procurement of minerals is in line with the principles of social and environmental responsibility.

Promotion of BenQ's Policies (3)

1. The direct or indirect import of steel products originating in or exported from Russia is prohibited (Annex XVII).
2. The direct or indirect purchase of steel products located in or originating from Russia is prohibited (Annex XVII).
3. The transportation of steel products originating in or exported from Russia to any country is prohibited (Annex XVII).
4. The use of Russian suppliers is prohibited.
<https://www.trade.gov.tw/Pages/Detail.aspx?nodeID=45&pid=765996>
 (Per the International Trade Administration, Ministry of Economic Affairs)

Promotion of TCO decree:

BenQ is committed to promoting TCO Senior Management Representative (SMR): Companies should proactively promote integrity, anti-corruption and business ethics to their suppliers and upstream vendors and ask for their suppliers and upstream vendors to implement the same principles.



If anyone discovers an illegal act or a violation of regulations listed in our Integrity Handbook, they can file a report and make a complaint to the President's mailbox, the HR mailbox or the integrity mailbox (Integrity@BenQ.com).

Declaration of Integrity

- We adhere to the highest standards in all ethical matters.
- We respect both laws and company regulations.
- We will be honest in all actions and words.
- We prohibit the abuse of privilege for improper or illegal acts.
- We will endeavour to avoid any suspicion of pay-to-play.
- We do not engage in any unethical behaviour.
- We will seek help when we are unsure of what to do.
- We will cooperate fully if there is an investigation of illegal acts.
- We must report illegal activity to superiors immediately.
- We extend our standards of integrity to our business partners.
- We protect and safeguard the interests of employees who adhere to integrity.



BenQ requires all suppliers to comply with SA8000 standards, ISO certifications and RBA principles, integrating these into their corporate governance and sustainability strategies. Suppliers are required to ensure that their operations comply with BenQ's fundamental human rights standards and policies, and to further ensure that these standards are progressively implemented and promoted throughout their upstream supply chains. Specific requirements include:

- All workers shall be entitled to fundamental respect and protection of human rights in accordance with local laws and regulations;
- Any form of discrimination is prohibited;
- Child labour is strictly prohibited;
- Measures to ensure diversity and equity are to be adopted;
- Women-owned businesses are to be supported;
- Anti-corruption mechanisms are to be strengthened.

In 2024, BenQ conducted RBA questionnaires and on-site audits with suppliers in the hope that we can grow together with our suppliers and realise major milestones in ESG. Furthermore, we exchange opinions with suppliers on sustainable development issues every year, which serves as an important consideration as we formulate our sustainable development strategy and goals. We are willing to be a proactive, long-term partner of suppliers in doing our part for society and for the Earth.

Vendor Type:		Y	N	total
Vendor	Is the company an RBA member?	20%	80%	100%
	Has the factory been audited by a third party?	89%	11%	100%
Factory Site	Has the factory provided an RBA audit certificate?	67%	33%	100%
	Has the factory provided an RBA audit report?	67%	33%	100%

Supplier RBA Survey

8.5 Supplier Risk Assessment

Regular supplier risk assessment

Continuous risk assessment

- Company status
- Status of supplier's customers
- Production and equipment status
- Investments and product continuity planning
- Financial status

Major risk investigation

- Natural disasters and epidemics
- International economic issues (Tariffs, currencies, exchange rate, etc.)
- Geopolitics
- Major international incidents

Accounts payable survey

- BenQ's suppliers' payment status

Through these internal mechanisms that regularly assess risks, BenQ has been able to prevent possible and unknown business risks.

- (1) Ongoing risks to operations are raised in regular procurement meetings, such as: Supplier shipment status (material shortages, etc.), plant relocations, organisational changes, etc.;
- (2) Major risks are investigated immediately after the occurrence of the risk, such as: U.S. tariffs, geopolitics, earthquakes, etc.;
- (3) The Finance Department conducts investigations on accounts payable and look into the status of payments to suppliers at the end of each month when the accounts are settled.





8.6 Sustainable Development of BenQ's Transportation

According to past data from the International Transportation Forum (ITF), freight transportation stemming from international trade accounts for more than 7% of global greenhouse gas emissions. However, transportation contractors play a crucial role in the overall supply chain by sending the Company's products across borders and making last-mile deliveries.

Therefore, in the process of selecting transportation contractors, BenQ not only evaluates services and prices, but also requires contractors to have the ISO 14001 certificate, ESG reports, sustainability reports, or measures for sustainable development and environmental management. Analysis of internal information showed that most vendors with management measures in place are companies with European and American backgrounds. Therefore, to encourage Taiwanese enterprises to move toward sustainable development, BenQ has been communicating the importance of environmental sustainability from time to time. A company with ISO 14001 certification or green energy and carbon emissions reduction measures in place will be given priority in becoming a transportation contractor for BenQ and receive allocation incentives within a controlled range in our effort to nurture local enterprises. We also encourage our transport contractors to join us in our efforts to protect the environment and reduce carbon emissions.

BenQ strives to reduce carbon emissions. Among various modes of international transportation, air freight has the highest carbon emissions and sea freight the lowest. In recent years, sea freight companies have been responding to the carbon emissions management strategy of the International Maritime Organisation (IMO), which requires ships to reduce carbon emissions by 2% per year from 2023 to 2026. It is hoped that

greenhouse gas emissions can be reduced by 20% by 2030 compared with the base year of 2008, and even reach the ultimate goal of net zero emissions by 2050. Therefore, BenQ is keeping pace with the times by prioritising sea freights as our first choice for international transportation, and minimising the use of air freight or replacing the use of air freight with rail freight. We work to reduce carbon emissions as much as possible while meeting customers' delivery and service requirements in order to be more in line with our brand spirit of producing green products.

Meanwhile, reducing the amount of containers used can also reduce carbon. BenQ continues to optimise loading by taking this factor into consideration during the design stage of our products so as to reduce the carbon footprint of each product. In 2023, BenQ collaborated with a designated transportation contractor, and obtained a carbon offset report certified by a third party. However, due to discrepancies in service specifications with the Company in 2024, the collaboration has been suspended. The Company will continue to monitor the market to identify other providers capable of providing carbon offset reports. Additionally, the European Union began implementing the EU Emissions Trading System (ETS) in 2024. The Company will continue to observe whether or not this initiative will expand to other regions.

