About this report

Report Scope

The reporting period of the MSI Corporate Social Responsibility Report 2018 is from 1 January 2017 to 31 December 2017. The boundary of this report covers Micro-Star International Co., Ltd. (MSI), Micro-Star Computer (Shenzhen) Co., Ltd. (MSIS), and MSI Electronics (Kunshan) Co., Ltd. (MSIS). The MSI Group does not provide information on the performance and impact of the Group's contracts, in order for stakeholders to better understand the overall operational conditions of the Company, the number of disclosures includes our performances in perspectives including corporate governance, communications with stakeholders, environment, and social welfare, so report on the stakeholders on the economic, environmental, and social-related strategies, the implementation of the determination of sustainable development of enterprises.

Report Outline

MSI’s CSR report addresses core indicators from the Global Reporting Initiative (GRI) Standards guidelines-Core Options and the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by Listed Companies. This report discusses our business activities, strategies and management performance addressing the most significant CSR issues. MSI's focus on the significant environmental, economic and social issues of concern worldwide. We collected all issues according to our stakeholders through questionnaires, interviews, e-mails and forums. These issues are then evaluated by MSI’s Corporate Sustainability Office, which is responsible for overall planning, data collection, internal communication, and compiling/submitting content for a CSR report. The completed CSR report is then forwarded to the Corporate Sustainability Office for final review and submitted to the Chairman for approval before publication.

Contact information

Micro-Star INT'L Co., Ltd.
Corporate Sustainability Office
Address: No. 49, Jih Li St., Zhonghe District, New Taipei City 235, Taiwan (R.O.C.)
E-mail: csr@msi.com

Data of Issuance

Since publishing our first CSR Report in 2008, this date, MSI has continued to publish CSR Report on an annual basis. All of the past reports are publicly available for reference by all stakeholders around the world on the MSI Sustainability website with both English and Traditional Chinese versions available.

GRI Standards guidelines-Core Options and the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by Listed Companies. The Report is in compliance with the core options in the GRI Standards guidelines, and has attained assurance from third-party independent institution as part of moderate assurance level in AA1000AS-2008 Type 1. The independent assurance opinion statement has been attached as an appendix to this report.

The financial data has been audited and confirmed by the PwC Taiwan. MSI’s CSR report addresses core indicators from the Global Reporting Initiative (GRI) Standards guidelines-Core Options and the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by Listed Companies. This report discusses our business activities, strategies and management performance addressing the most significant CSR issues. MSI's focus on the significant environmental, economic and social issues of concern worldwide. We collected all issues according to our stakeholders through questionnaires, interviews, e-mails and forums. These issues are then evaluated by MSI’s Corporate Sustainability Office, which is responsible for overall planning, data collection, internal communication, and compiling/submitting content for a CSR report. The completed CSR report is then forwarded to the Corporate Sustainability Office for final review and submitted to the Chairman for approval before publication.

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Current issued version: June 2018

Last issued version: June 2017

Next issued version: expected in June 2019

Report Assurance

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Economic

- MSI generated revenues totaling NTD 1,384 billion in 2017.
- MSI was ranked in top 4%-20% public companies list of the 4th Corporate Governance Evaluation held by Taiwan Stock Exchange (TWSE).
- Selected as MSCI Taiwan Indexes components.
- Selected as Taiwan High Compensation 100 Indexes (HC 100) component.
- Selected as Taiwan Employment Creation 99 Indexes (EMP 99) component.
- Selected as TWSE Corporate Governance 100 Indexes (CG 100) component.

Environmental

- MSI generated revenues totaling NTD 1,064 billion in 2017.
- 12,086 approved components management.
- 664 bags blood (250ml).
- 378 volunteers participated.
- 1,312 students benefited.
- School lunch benefited 5,474 students.
- Completed 29 Public Welfare Projects.
- Table of Contents

Social

- MSI's indirect energy consumption (purchased electricity) totaled 1,198.92 GJ lower than 2013 (the base year).
- Greenhouse gas emissions decreased by 44,118.22 tons (the base year 2007).
- MSI's indirect energy consumption (purchased electricity) totaled 1,198.92 GJ lower than 2013 (the base year).
- MSI donated a total of NTD 12,202,324 for public welfare campaigns.
- School lunch benefited 5,474 students.
- Table of Contents
1. Corporate Sustainability Management

1.1 MSI Corporate Social Responsibility Goals

With the corporate vision of "Innovation of Smart Technology - Fulfillment of Corporate Social Responsibility and Win-Win Growth," MSI strives to build a sustainable business value and takes on the responsibilities and missions of social care, environmental protection, employee care, shareholder commitment, and customer trust. In the implementation of corporate social responsibility (CSR), the Company’s Board of Directors has authorized the General Manager to direct each specialized (semi-specialized) unit, and has set up a sustainable development office to implement partial corporate social responsibility related matters, which regularly reports to the Board of Directors. This will incorporate corporate social responsibility into the corporate vision and business philosophy.

Short Term Goals

- Continue to implement MSI’s CSR commitment.
- Continue to manage and supervise the CSR needs from our suppliers.
- Continue to devote resources in charitable events.

Medium Term Goals

- Continue to implement MSI’s CSR commitment.
- Continue to manage and supervise the CSR needs from our suppliers.
- Continue to devote resources in charitable events.

- Improve the performance of feasible CSR indicators.
- Understand trends in economy, environment and social issues and ensure that they do not affect the benefits of stakeholders.
- Continue to evaluate feasibility of the organization level for decreases of greenhouse emissions reduction.
- Utilize our R&D, design and innovative capabilities to assist improvements from various industries in environmental issue.
- Provide more eco-design products and services.

Long Term Goals

- Develop the economy, caring for the society and the environment, and to construct operational conditions conducive to sustainability.
1.2 MSI Corporate Social Responsibility Commitment

Micro-Star was established with the business concept of "Excellent Product, Superior Quality, Perfect Service, and Customer Satisfaction," in the fields of motherboard, multimedia, server, and computer peripheral products as well as consumer electronic products. Our business goal is not only to create customers' confidence and bring in high profits from innovating, developing, designing, manufacturing, and selling the products, but also to work hard on the labor, ethics, environmental protection and occupational safety and health activities to demonstrate our social responsibilities. We therefore establish a management system to continuously improve the labor, ethics, environmental, safety and health performance, and make the promises as follow:

- To ensure all business activities to incessantly improve environmental, safety and health regulations and other relevant requirements.
- To develop and use the products and packaging materials based on green and safety design concept.
- To reduce the emission of pollutants, the consumption of natural and energy resources, and to minimize the safety and health risk by continual improvement of manufacturing process, working environment and equipment utilization.
- To find out the potential risks, and reduce them to a tolerable level.
- To enhance operational management and personnel training to eliminate accidents, prevent pollution and assist injury and disease.
- To communicate labor, ethics, environmental protection, safety and health information to employees, customers, stakeholders and visitors.
- To strictly prohibit corruption, extortion, intimidation, improper advantage or any other form concerning business integrity and corporate governance.
- To ensure disclosure information concerning its business activities, structure, financial situation, performance or intellectual property rights regarding to product and technology in accordance with applicable laws and regulations and preceding industry practices.
- To continuously improve employee hiring, wages, benefits, and working conditions in accordance with applicable laws and regulations.
- To provide capable of and support the requirements base on community benefits.

1.3 MSI Sustainable Development Goals

As a global corporate citizen, MSI believes that to achieve sustainable development goals (SDGs), in addition to government policies, corporate-related business activities are also required to promote sustainable development. In view of this, through consultation with stakeholders and issue identification, as well as assessing the operational planning and the feasibility of internal operations, MSI further reviewed the SDGs and eight of them were related to MSI’s sustainable development goals. The combination of the eight goals and MSI’s long-term CSR goals will ensure continuous progress of sustainable development. In view of this, through communication with stakeholders and issue identification, as well as assessing the operational planning and the feasibility of internal operations, MSI has authorized the General Manager to direct each specialized (semi-specialized) unit to set up a CSR working team to implement CSR and sustainable business commitments, including corporate governance, environmental protection, business performance, product management, employee development, workplace safety and health, while responsible for communication with stakeholders and reporting to the Board of Directors on a regular basis. Besides, through the Sustainability Development Office’s regular preparation of CSR reports, MSI discloses relevant implementation status, and continuously reviews and improves in CSR direction and objectives.

1.4 MSI CSR Office

The MSI Sustainability Development Office is established for the formulation and implementation of CSR policies or rules, including economic, environmental, and social issues, and the Board of Directors has authorized the General Manager to direct each specialized (semi-specialized) unit to set up a CSR working team to implement CSR and sustainable business commitments, including corporate governance, environmental protection, business performance, product management, employee development, workplace safety and health, while responsible for communication with stakeholders and reporting to the Board of Directors on a regular basis. Besides, through the Sustainability Development Office’s regular preparation of CSR reports, MSI discloses relevant implementation status, and continuously reviews and improves in CSR direction and objectives.
Step 1: Identification of Sustainability Issues

Through questionnaires, communication and interviews, as well as e-mails, MSI confirms the objectives to be communicated through discussions of the Sustainable Development Office team in line with the operational attributes and within the scope of control:

- Improve environmental management performance
- Improve risk management and control capabilities
- Enhance stakeholders' recognition of CSR
- Strengthen the communication with stakeholders
- Strengthen corporate ethics mechanism
- Improve employee welfare and development
- Improve corporate governance and information disclosure

The aforementioned goals are combined with MSI’s internal strategies and relevant external organizational initiatives, and 19 relevant issues have been identified.

Internal strategies: CSR Policy, CSR annual report, Ethics and Code of Conduct, Environmental Sustainability Policy, etc.

External Initiatives: Global Reporting Initiatives - Sustainability Reporting Guidelines, United States Sustainability Policy, etc.

Based on the discussion results, it is further determined that there are 19 relevant issues identified in the scope of control. After the CSR communication and interviews, as well as e-mails, the issues of interest to stakeholders have been collected and identified within the Company’s scope of control. Finally, after the CSR working group discussed the collected results, it gave weight ranging from 1 to 5 points to the issues based on the key impact factors of "responsibility, influence, importance and importance," and then, we calculated the points of each issue in terms of the degree of impact on MSI and the degree of stakeholder concerns. (Importance and importance) and gained the weighted average, and 19 materiality issues have been identified.

Step 2: Identify Materiality issues

According to the goal in Step 1, through online questionnaires and discussions, and information collection of the CSR working team, we identified the sustainability of stakeholders, the level of concern and its importance, and identified six types of stakeholders, including investors, shareholders, clients/consumers, suppliers/contractors, employees, government agencies, and the media.

Step 3: Collect Materiality issues

We collect and compile information through the online survey questionnaires on the MSI official website to understand the distribution of stakeholders and key issues, and prioritize or incorporate the key issues into the Company’s annual goals. During the reporting period, the number of valid questionnaires was 139. This figure shows the distribution of the weights of various stakeholders in the valid questionnaires.

Step 4: Analyze and Sequence Materiality Issues

In addition to implementing CSR, MSI also asks the participation of stakeholders. The demand for stakeholders is often an important reference for MSI to think about how to create the best value for each other. The communication with stakeholders helps MSI to impose appropriate and disclose relevant information when making decisions on major issues, sharing values that benefit each other.

Considering the economic, environmental, and social aspects, through questionnaires, communication and interviews, as well as e-mails, the issues of interest to stakeholders have been collected and identified within the Company’s scope of control. Finally, after the CSR working group discussed the collected results, it gave weight ranging from 1 to 5 points to the issues based on the key impact factors of “responsibility, influence, importance and importance,” and then, we calculated the points of each issue in terms of the degree of impact (importance and influence) and importance, and the degree of stakeholders’ concern (importance and importance) and gained the weighted average, and 19 materiality issues have been identified.

For other non-material issues, the Sustainable Development Office conducted internal communication sessions with key employees and stakeholders to publicly disclose the controllable non-material issues, in order to meet stakeholders’ expectations of other issues. Please refer to the GRI’s Other Content Index (G3).

<table>
<thead>
<tr>
<th>Stakeholder Group</th>
<th>Stakeholder Weight Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suppliers/Contractors</td>
<td>12.00%</td>
</tr>
<tr>
<td>Customers/Consumers</td>
<td>41.09%</td>
</tr>
<tr>
<td>Investors/Shareholders</td>
<td>41.09%</td>
</tr>
</tbody>
</table>

**2018 MSI CSR REPORT**
1.5.1 Concern Issues Method and Frequency of Communication

1. We disclose information via the MOPS, our company website, annual reports, CSR Report, and Green Product Management System and more, so that stakeholders may comprehensively, immediately, clearly, and precisely interact with us and to provide feedback based on these information. Consequently, MSI could be even more precise in our continuous improvements.

2. MSI defines the stakeholders as: “Have an impact on the company or internal and external groups or individuals affected by the company” and identified stakeholder’s issues of concern, levels of concern and significance on MSI. Besides, six major stakeholders have been listed: investors / shareholders, customers / consumers, suppliers / contractors, employees, government agencies, and the media.

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Concerned Issues</th>
<th>Method and Frequency of Communication</th>
<th>Corresponding Section of CSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>Post-delivery service</td>
<td>1. Website: irregularly. 2. Toll-free hotline 0800. 3. Online service: Initiated by customers. 4. Showrooms and service centers: Initiated by customers. 5. Internal dedicated contact window: By instant messaging or by phone. 6. Customer satisfaction survey: Irregularly.</td>
<td>3.2 Green Products 3.3 Product Management 6.1 Service Management System 6.2 The After-Sales Service</td>
</tr>
<tr>
<td>Employees</td>
<td>Employee welfare</td>
<td>1. Labor-management meetings: Quarterly. 2. MSI University (MSU): Irregularly. 3. Employee hotline: Initiated by employees. 4. Suggestion box: Initiated by employees. 5. Employee satisfaction survey: Once two years.</td>
<td>4. Employee Care</td>
</tr>
<tr>
<td>Agencies</td>
<td>Regulatory compliance</td>
<td>1. Provisions of government agencies with relevant reports just in time according to legal and regulatory requirements at the agency’s requests: As needed. 2. CSR Report: Annually.</td>
<td>4.1 Recruitment 4.2 Employee Rights 4.4 Employee Welfare</td>
</tr>
<tr>
<td>Media</td>
<td>Corporate operating status and profit</td>
<td>1. Press conference: Irregularly. 2. Press release: Irregularly.</td>
<td>1.4 Products and Marketing 1.5 Financial Performance 4.1 Recruitment</td>
</tr>
</tbody>
</table>

Step 5: Manage and Respond to Materiality Issues

MSI conducts surveys on the degree of concerns about the issues through website surveys and internal questionnaires, and analyzes the results of collected questionnaires, and calculates the weighted average of each issue based on the weight for each issue required by different guidelines to sequence key materiality for disclosure.

2. Business Operation Overview

2.1 Company Overview

Established on 4 August 1986, MSI is headquartered in Zhonghe District, New Taipei City, Taiwan, one of the world’s largest information technology manufacturers. MSI started from the motherboard and graphics card industries and extended into consumer and commercial electronics including notebooks, All-in-One PCs, servers, workstations, industrial PCs, household appliances, car infotainment products, barebones system, multimedia, communication devices, and others.

Dedicated to gamer-driven innovation, MSI leverages its remarkable R&D strengths to craft top-notch, well-acclaimed notebook PCs, graphics cards, motherboards, and desktop PCs. Now, MSI GAMING Series receives gamers’ unanimous acclaim and the Pro Series has an excellent reputation for quality and durability. All these distinctive products have made MSI a forerunner in the high-end market. Also adding to the lineup are cloud servers, tailor-made IPCs, intelligent robotic appliances and human-centric vehicles, earth that further demonstrate MSI’s strengths and endeavors in artificial intelligence, commercial and IoT (Internet of Things) markets.

Company Name: Micro-Star INT’L CO., LTD. (MSIT) / Taipei, Taiwan
Date of Establishment: 1986/8/4
Stock Code: 2377
Industrial Classification: Computer Manufacturing
Headquarters: No.69, Lide St., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)
Manufacturer: MSI Computer (Shenzhen) Co., Ltd. (MSIS) / Shenzhen, Guangdong, China

MSI Computer (Shenzhen) Co., Ltd. / Shenzhen, Guangdong, China
Date of establishment: April, 2000
Functions: Mainboard and graphics cards production, system assembly, and others.

MSI Electronics (Kunshan) Co., Ltd. / Kunshan, Jiangsu, China
Date of establishment: December, 2001
Functions: Production of VIA-1000, VIA-900 and others.

MSI Founder: Joseph Hsu, Kenny Yu, Jeans Huang, Henry Lu, Frank Lin
Chairman: Joseph Hsu
Capital (NTD): 8,448,561,990

2.1.1 MSI Vision

Innovation has been the most powerful competitiveness in our company. In light of continuously focusing on the development of smart technology, we maximize flexibility while seizing competitive models and optimal channels.

Fulfillment of Corporate Social Responsibility

In addition to the commitment as a good enterprise for customers, employees, shareholders, and society, we focus on the R&D of energy saving technology and concern about the one and only earth in collaboration with partners.

Win-Win Growth

We are proud to be the best partner of customers, aiming at sustainable operation to achieve win-win situation.
2.1.3 The Management System

MSI has passed the certifications of ISO 9001 - ISO 14001 - OHSAS 18001 - ISO/TS 16949 (ISO50001 - TUV - ISO22000) and ISO/IEC 17025. We also implement OHS inventory every year in accordance with ISO14001-1. By upholding the spirit and principles of P(F), D(Do), C(Check), A(Action), we are committed to sustainability. The management system in MSI includes plans and actions in five operational aspects, which involve product development, continuous improvement, work environment, and environmental protection, and OHS and implement them in real operations according to the assessment outcomes. We check every phase of the work after an operation and propose corrective and preventive measures for unachieved targets or defects. Related activities are interacted with technology and promote industry development.

Customer Audit & MSI self-management

MSI have passed the certifications of ISO 9001

MSI CSR REPORT

iso 14001

ISO/TS 16949

environment is maintained and the impact on the environment is reduced as well.

resource utilization and prevent accidents. Thereby, a good, comfortable, and safe work environment is maintained and the impact on the environment is reduced as well.

Corrective and Preventive Measures

Corrective and Preventive Measures for unachieved targets or defects. Related activities are interacted with technology and promote industry development.

2.1.4 Relations with Associations

Here list only those trade associations which participate in the name of MSI. Our employees would take appropriate positions in these associations according to different employment types to interact with technology and promote industry development.

Taiwan Automation Intelligence and Robotics Association (TAROA)

North Eastern Human Resource Association (NHR)

Taiwan Electric Industry Association (TEIA)

Taiwan Contract Manufacturers Association (TCМА)

Taiwan Information Processing Association (TIPA)

Shenzhen Integrity Alliance Association

New Electronic Human Resource Association (NeHR)

Corporate Green Competitiveness Alliance (CGCA)

Kunshan Human Resource Association (KSHRA)

Kunshan Economic and Technological Development Zone Association of Work Safety and Environmental Protection (KETDAWSEP)

Taiwan Stock Affairs Association (TWSAA)

Kaohsiung Computer Association (KCA)

Shenzhen Hi-Tech Industry Association

IECQ/QC 080000

QC 080000

ISO 14001

Corporate Governance

MSI attaches great importance to good faith management and good corporate governance. Responsible governance is in line with local laws and regulations, and the ISO system. We have implemented the spirit and principles of P(F), D(Do), C(Check), A(Action), which are also the core of the ISO system, ensuring good faith management and good corporate governance. The following information on corporate governance, including governance structure, relevant education and experience of corporate governance members, as well as concurrent positions in other companies, board of directors, training and education of corporate governance, and functional committee operations, have been published in the annual report this year. Responsible governance information is available in the following channels:

1. Annual Report

2. Financial Report

3. Shareholders Meeting

4. Independent Directors

5. Corporate Governance Committee

6. Executive Board

7. Business Branches and Departments

8. Function Units:

- Product development
- Business
- Sales and other business.

MSI CSR

https://tw.msi.com/about/investor/

www.mops.twse.com.tw

https://csr_tw/index.html

2.2 Corporate Governance

MSI has implemented the Code of Conduct and its guidelines to ensure good governance. Responsible governance is in line with local laws and regulations, and the ISO system. We have implemented the spirit and principles of P(F), D(Do), C(Check), A(Action), which are also the core of the ISO system, ensuring good faith management and good corporate governance. The following information on corporate governance, including governance structure, relevant education and experience of corporate governance members, as well as concurrent positions in other companies, board of directors, training and education of corporate governance, and functional committee operations, have been published in the annual report this year. Responsible governance information is available in the following channels:

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https://csr_tw/index.html

2.2.1 Corporate Governance Organization Structure

1. Internal Audit Office: To investigate and assess the soundness, suitability, status of implementation, and operating performance of departmental internal controls.

2. President: To manage the corporate operation and development offices, to set development and operational goals, and to supervise implementation process.

3. President Office: To offer the general manager suggestions on policy decisions based on affair statistics with regard to organizational operations and development, including labor safety and health, legal affairs, intellectual property management, IT system development, corporate sustainable development plan, the use and maintenance of hardware and system software etc.

4. Financial & Accounting Division

(1) Accounting Division: Accounting and billing affairs, account review, and financial report preparation and analysis.

(2) Financial Division: Fund dispatch, risk management, and re-investment management.

5. Administration Division: General affairs, public works, and asset management.


7. Business Branches and Departments:

- Sales and other business.

8. Function Units:

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Financial Institutions

7.29

MSI has established the background or different work areas. It is MSI’s highest governance unit and major decision-making center. Its main responsibilities include the operation, planning, establishment of a good corporate governance system, and appointment of and leading the management. It is responsible for the company’s CSR status and committed to safeguarding shareholders’ interests.

2.2.2 The Board of Directors

The Board of Directors is divided and comprised of members from different professional backgrounds or different work areas. It is MSI’s highest governance unit and major decision-making center. Its main responsibilities include the operation, planning, establishment of a good corporate governance system, and appointment of and leading the management. It is responsible for the company’s CSR status and committed to safeguarding shareholders’ interests.

MSI has established the “Corporate Governance Code of Conduct” and formulated a diversification policy for the composition of the Board of Directors, and the Directors (including Independent Directors) are selected through the candidate nomination system. The members are nominated by shareholders according to law and are not elected at a shareholders meeting.

Corporate Governance Structure

As for the Board of Directors, the Company has set up nine seats of Directors (including Independent Directors) in accordance with the Company’s Articles of Association and the Corporate Governance Code of Conduct. The Company has established nine seats of Independent Directors, and the average age of all Directors is over 50 years old.

2. The Board of Directors meets at least once a quarter in accordance with the Company’s Rules and Procedures of Board of Directors Meeting. The Board of Directors held seven meetings during the reporting period.

3. To implement corporate governance and enhance the functions of the Board of Directors, performance targets are established to enhance the operational, efficiency of the Board of Directors. Therefore, the Board of Directors performs at least one internal performance evaluation every year. It is recommended to conduct an evaluation through an external independent organization or an external team of experts and scholars every three years. Please refer to the MSI official website (https://tw.msi.com/about/company/) for the self-evaluation results of the Board of Directors during the reporting period.

2.2.3 Compensation Committee

The Compensation Committee: Wang, Sung-Zhou & Liu, Zheng-Yi Independent Director

The Committee Member: Wang, Sung-Zhou & Liu, Zheng-Yi Independent Director, Zheng-Rong You

To strengthen corporate governance and improve the compensation system for the directors, supervisors, and managers of the company, the Compensation Committee has been established since 2011 to realize good management, and to perform the following functional authorities and submit the proposal to the board of directors for discussion:

1. Establish and routinely review the annual and long-term performance evaluation and policies, system, standards, and structure an amendment of the Directors, Supervisors, and managers.

2. Routinely evaluate the effectiveness of the directors, supervisors, and managers in achieving their performance targets, and establish individual compensation packages.

The Committee meets at least twice a year in accordance with the Company’s Compensation Committee Charter. The Compensation Committee held meetings during the reporting period.

Compensation of Directors, Supervisors and Senior Managers

* The compensation policy as it applies to directors, supervisors, and professional managers is only for reference in making judgments about operations.

2.2.4 Internal Auditing Office

To establish a corporate culture and sound development based on ethical management, the Company has set up an Internal Audit Office, which conducts audits every year regarding the Company’s accounting system, enterprise system, and implementation of internal financial management. According to the “Regulations Governing the Establishment of Internal Control Systems” and “TSE Corporate Governance and Ethics Best Practice Principles,” the responsibilities are as follows:

1. Responsible for investigating and assessing the soundness, reasonableness, effectiveness, and efficiency of the internal control of each department.

2. Responsible for performing audits of supervisors who attend the Board of Directors meetings, reporting the auditing business, archiving and retaining opinions with supervisors.

3. The auditing supervisors discuss relevant deficiencies of internal control and internal auditing with the supervisors and exchange opinions with supervisors regarding deficiencies in corporate governance and internal control operations.

4. MSI’s subsidiaries have their own auditors responsible for the subsidiaries’ auditing business.

For information on the communication among internal auditing supervisors, independent auditors, and accountants, please see the MSI official website (https://tw.msi.com/about/investor/investor-letters/about.html).

2.2.5 Shareholder Structure

2017 Shareholder Structure (%)

The highest benefits according to 2017 % in order to protect the benefits of the shareholders’ regular dividend.

* Including institutional investors.

List of Major Shareholders

Top 10 shareholders in accordance with 2017 % in order to protect the benefits of the shareholders’ regular dividend.

* Including institutional investors.

Government organization or share in ownership structure: 0%

Institutional Investors 13.95

Foreign Investments 16.61

Table: List of Top 10 Shareholders

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Shares Hold</th>
<th>Shareholding %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joseph Hsu</td>
<td>51,983,151</td>
<td>6.15%</td>
</tr>
<tr>
<td>Frank Lin</td>
<td>25,672,499</td>
<td>3.04%</td>
</tr>
<tr>
<td>Kenny Yu</td>
<td>17,892,824</td>
<td>2.12%</td>
</tr>
<tr>
<td>Henry Lu</td>
<td>18,650,835</td>
<td>2.21%</td>
</tr>
<tr>
<td>Fubon Life Insurance Co., Ltd. 31,314,000 3.71%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cathay Life Insurance 30,207,271 3.65%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HSBC Global Asset Management 35,629,600 4.24%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard Life Insurance 27,499,955 3.26%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ICBC 17,716,624 2.12%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial Bank of China 12,970,360 1.56%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Including institutional investors.

TSE Corporate Conduct and Ethics Best Practice

2.2.6 Compensations of Directors, Supervisors and Senior Managers

* The compensation policy as it applies to directors, supervisors, and professional managers is only for reference in making judgments about operations.

2016 2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Compensation of Directors</th>
<th>Compensation of Supervisors</th>
<th>Compensation of Senior Managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>4.79%</td>
<td>4.53%</td>
<td>4.07%</td>
</tr>
<tr>
<td>2017</td>
<td>4.53%</td>
<td>4.96%</td>
<td>4.53%</td>
</tr>
</tbody>
</table>

2018 MSI CSR REPORT

16

16

19
2.3 Risk Management

With pragmatic approaches, MSI understands the significance of risk assessment. To achieve sustainable development and minimize the potential impacts and damages caused by uncertainties, we set up the Procedures for Operations and Management Planning, aiming to minimize the potential risks, forecast the risk capability and provide effective management of the key sustainability risks and create the best conditions for business and other opportunities. Every year, we report to the board of the directors on the results of implementation and plans for the future.

2.3.1 Risk Management Organizational Structure

MSI Board of Directors is the highest decision-making unit regarding risk management. It has the ultimate responsibility for establishing the Company's risk management system and ensuring its effectiveness. The MSI Board of Directors is responsible for setting the risk management principles, policies, and targets. It reviews and approves the risk management reports and assesses the adequacy of the risk management system. The CEO of MSI is responsible for the implementation of the risk management system and ensuring its effectiveness. The Chief Risk Officer (CRO) is responsible for the day-to-day risk management activities and provides risk management reports to the Board of Directors.

2.3.2 Risk Identification and Management

With pragmatic approaches, MSI undertakes the significance of risk assessment. To achieve sustainable development and minimize the potential impacts and damages caused by uncertainties, we set up the Procedures for Operations and Management Planning, aiming to minimize the potential risks, forecast the risk capability and provide effective management of the key sustainability risks and create the best conditions for business and other opportunities. Every year, we report to the board of the directors on the results of implementation and plans for the future.

2.3.3 The Risk Management Continuous Improvement Procedure

Since 2008, MSI introduced the Continuous Operation Plan to our internal system and established a crisis management panel, along with an internal reporting mechanism. We implement integrated drills for continuous operations, simulating different situations based on current events and issues that pose significant risks to the company. Each drill includes a crisis communication plan and a post-event report to the Board of Directors. After each drill, we update the internal emergency response procedures, reporting unit and corresponding windows. Based on the inventory of material risks, we made adjustments according to the most-current events and dynamically adjusts management and control measures during subsequent emergencies. Each drill is documented and published on our internal website EIP so that we can utilize this data company downtime, shipping delays and staff casualties, within a manageable scale. The result of each drill is documented and reviewed after the event and crisis-handling procedures and internal/external communication are organized.

Impact on Corporate Profitability

1. Implement sustainability initiatives at all stages of the product lifecycle.
2. Increase revenue from sustainable products and technologies.
3. Improve operational efficiency, reduce costs, and increase productivity.
4. Enhance brand strength and strive for international OEM orders.
5. Strengthen supply chain management.

2.4 Business Continuity Plan

Since 2008, MSI introduced the Continuous Operation Plan to our internal system and established a crisis management panel, along with an internal reporting mechanism. We implement integrated drills for continuous operations, simulating different situations based on current events and issues that pose significant risks to the company. Each drill includes a crisis communication plan and a post-event report to the Board of Directors. After each drill, we update the internal emergency response procedures, reporting unit and corresponding windows. Based on the inventory of material risks, we made adjustments according to the most-current events and dynamically adjusts management and control measures during subsequent emergencies. Each drill is documented and published on our internal website EIP so that we can utilize this data company downtime, shipping delays and staff casualties, within a manageable scale. The result of each drill is documented and reviewed after the event and crisis-handling procedures and internal/external communication are organized.

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3. Improve operational efficiency, reduce costs, and increase productivity.
4. Enhance brand strength and strive for international OEM orders.
5. Strengthen supply chain management.
### Corporate Governance

**3. Improper charitable donations or sponsorships.**

- Measures and conducted occasional inspection of business activities with higher risk of punishment management measures, report management procedures, and mandatory suppliers’ management to prevent the occurrence of corruption through anti-corruption policy formulation, reward and acceptance of any undue benefits and interests, or any acts involving breach of integrity, illegality or monopolistic activities.

- MSI strictly abide by the principles of avoiding conflicts of interest and anti-corruption through the control and management mechanism, so as to create an operational environment for sustainable development.

**2.5 Business Ethics**


- MSI present the occurrence of corruption through anti-corruption policy formulation, report management procedures, and mandatory suppliers’ integrity declarations. The Internal Audit Office and each division is responsible for handling complaints pertaining violations of company rules and regulations or harming the Company's interests, or other improper events.

- In the development of the integrity management norms, MSI has formulated relevant preventive measures and conducted occasional inspection of business activities with higher risk of dishonesty within the business scope.

- The anti-corruption preventive program covers measures for at least the following events:

  1. Bribery and bribery acceptance.
  2. Preference of political positions.
  3. Improper charitable donations or sponsorships.
  4. Offering or acceptance of undue payments or hospitality, or other improper benefits.

**Ethical Governance**

- Commercial competition can only bring benefits to enterprises, but also benefit countries as a whole. However, with the rapid development of cross-border trade, improper business activities, such as mergers, takeovers, collusive bidding, and manipulations among industrial enterprises have occurred due to high profits and competition. However, these improper business activities are likely to cause damage to the interests of enterprises and countries. Therefore, the international community has gradually implemented legal measures against transnational monopolistic activities, including antitrust and anti-competition, with the aim to reduce the influence of these improprieties.

- In line with the core value and principle of MSI, MSI adheres to ethical management through good corporate governance, and continually increases its worth thorough timely, accurate, and consistent financial reports, and does not engage in abusive price-cutting competition, exclusive dealing, unreasonable contracts involving competition exclusion, alliances, and collusive bidding therefore are made to eradicate all forms of improper business activities.

- MSI continues identifying risks, assessing risks and reviewing improvements in its daily operations in accordance with the Corporate Governance Management Procedure - Corporate Social Responsibility and Social Base Management Best Practice Principles to reduce specific risks pertaining monopoly and the Competition Law.

- We have confirmed a principle of ethical behavior in our operations:

  1. Prioritize the interests of MSI and avoid conflicts of interest.
  2. Abide by the ethical principles of MSI.
  3. Disseminate ethics information to MSI employees or conduct education and training on ethics on a regular basis.
  4. Prohibit unreasonable contracts, alliances, and collusion.
  5. Prohibit commercial activities that may directly harm stakeholders.
  6. Prohibit price manipulations that may weaken competition or lead to market monopolies.

**Assessment of Ethical Risks**

- Targeting the risk of corruption, MSI conducted an assessment based on operations of different nature.

**2.6 Accountability**

- Employees are required to sign Declaration of Ethical Standards, and new employees (should finish training declaration and business integrity pledge during contract signing to ensure that all MSI businesses observe ethical principles.

- MSI business ethics and compliance requirements. In addition to meeting basic operational requirements, all employees shall be informed of relevant business laws and regulations to make correct ethical judgments and operational decisions.

### CSR Indices

<table>
<thead>
<tr>
<th>Social Responsibility</th>
<th>Category</th>
<th>Report</th>
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<tbody>
<tr>
<td>Legal Compliance</td>
<td>Environmental</td>
<td>MSI 2018-2020 CSR Report</td>
</tr>
<tr>
<td></td>
<td>Human Rights</td>
<td>MSI 2018-2020 CSR Report</td>
</tr>
<tr>
<td></td>
<td>Product</td>
<td>MSI 2018-2020 CSR Report</td>
</tr>
<tr>
<td></td>
<td>Public Policy</td>
<td>MSI 2018-2020 CSR Report</td>
</tr>
<tr>
<td></td>
<td>anti-corruption</td>
<td>MSI 2018-2020 CSR Report</td>
</tr>
<tr>
<td></td>
<td>Antitrust</td>
<td>MSI 2018-2020 CSR Report</td>
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<tr>
<td></td>
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<td>MSI 2018-2020 CSR Report</td>
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<tr>
<td></td>
<td>Human Rights</td>
<td>MSI 2018-2020 CSR Report</td>
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<tr>
<td></td>
<td>Historical</td>
<td>MSI 2018-2020 CSR Report</td>
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<tr>
<td></td>
<td>Environmental</td>
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<tr>
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<tr>
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</tr>
<tr>
<td></td>
<td>Historical</td>
<td>MSI 2018-2020 CSR Report</td>
</tr>
</tbody>
</table>
Protection of Employee Rights
To protect employees’ interests, MSI has established all management systems in line with the requirements of the law as the most basic benchmark:

- Provide compliant working conditions: MSI adheres to various labor standards, does not employ child labor, and all employees under the age of 18 are not engaged in dangerous or hazardous work. When the changes in working conditions impact MSI employees’ employment rights, it will be handled in accordance with local laws and regulations and notifications will be made accordingly.
- Free from discrimination and sexual harassment: MSI has sexual harassment preventive measures, grievance measures, and disciplinary measures, and has set up an anti-sexual harassment line and mailbox to enable colleagues to work in an environment free from fear. In addition, employees are not discriminated against due to race, religion, color, nationality, and gender. MSI has never witnessed disputes due to discrimination.
- Performance evaluation: In order to implement employee communication and development, we conduct performance evaluation twice a year as a basis for promotion, salary adjustment, bonus distribution, and employee training, and assess the employees’ competence in carrying out business tasks according to the evaluation results and provide appropriate assistance; if the performance evaluation results fail to meet the cooperation needs of the both parties, the Company may inform the other party in advance of terminating the labor contract and pay the severance fee in accordance with relevant laws and regulations, as well as provide relevant supporting documents to assist in applying for employment subsidies or unemployment benefits to ensure the rights are not affected.

2.7 Business Performance
MSI entered the competitive gaming PC market in 2010. Gradually, MSI shifted its product lines and focus to the high-end products targeted at competitive gaming. Through positive interaction with gamers, we applied the professional knowledge and skills of gaming on our products, for which we insist on proprietary development, design and manufacturing to ensure that MSI’s innovative ideas and design concepts are fully embodied in our products.

2.7.1 Business Overview
- Notebooks/Laptops:
  - Gaming Laptops
  - Multimedia Entertainment Laptops
  - Mobile Workstation
- Cloud computing: Cloud Computing, Android Application Software Module

2.7.2 Financial Performance
Driven by the economic growth of advanced countries and developing countries in 2017, MSI has focused on the e-sports industry, and its product lines have made tremendous progress. The global consolidated revenue reached NT$106.4 billion, the after-tax net profit of the year was NT$4.94 billion, and the annual after-tax earnings per share (EPS) was NT$5.84, all of which has set a record high since 2008.

The following information is in accordance with Financial Reporting International Financial Reporting Standards (IFRS) summary and verified by the accountant. The data sources for the financial statements each year, details of the information available through the following channels:

MSI Investor Information: https://www.msi.com/about/investor/

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>NT$106,420</td>
<td>NT$102,191</td>
<td>NT$85,295</td>
</tr>
<tr>
<td>YoY</td>
<td>4.1%</td>
<td>19.8%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Net operating margin</td>
<td>15,031</td>
<td>14,952</td>
<td>12,841</td>
</tr>
<tr>
<td>Operating profit</td>
<td>5,613</td>
<td>5,519</td>
<td>4,056</td>
</tr>
<tr>
<td>Non-operating income and expenses</td>
<td>365</td>
<td>303</td>
<td>211</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>5,978</td>
<td>5,822</td>
<td>4,267</td>
</tr>
<tr>
<td>Income tax expenses</td>
<td>1,041</td>
<td>934</td>
<td>561</td>
</tr>
<tr>
<td>Net profit after-tax</td>
<td>4,937</td>
<td>4,888</td>
<td>3,706</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>5.84</td>
<td>5.79</td>
<td>4.39</td>
</tr>
</tbody>
</table>

Return on Equity(ROE)% Profit Margin(GPM)% Operating Profit Margin(OPM)%

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROE</td>
<td>14.7%</td>
<td>12.7%</td>
<td>8.8%</td>
</tr>
<tr>
<td>GPM</td>
<td>18.1%</td>
<td>18.6%</td>
<td>15.1%</td>
</tr>
<tr>
<td>OPM</td>
<td>13.5%</td>
<td>13.6%</td>
<td>12.9%</td>
</tr>
</tbody>
</table>

Expressed in Millions of New Taiwan Dollars (“NTD”), except for per share amounts.
2.7.3 Marketing Overview

As the benchmark brand in the global gaming field, MSI is the most trusted name in the e-sports industry. We have invested countless hours and resources to give a strong backing to the ambitious and outstanding players in the e-sports community, meanwhile, we have also reflected their expertise and skills on the products and combined them with e-sports functions, pushing the system performance to the extreme and allowing users to experience it in person and improve their satisfaction. Compared to other brands, MSI is True Gaming! A true e-sports brand.

The Most Comprehensive Gaming Brand

MSI has sponsored more than 20 professional game teams around the world, such as FaZe, Cloud9, and Vega Squadron. We create a lot of opportunities for amateur and professional players to prove the value of their online and offline events and activities. These professional players also offer a number of suggestions that are important to them. These are important sources of motivation for MSI to innovated products and create better products.

In 2017, we participated and sponsored 37 e-sports games and 27 school events in more than 28 countries around the world. Through online and offline events and activities, MSI has accumulated more than 25 million fans.

Cross-Industry Promotion

MSI’s pursuit of innovation is manifested in our solid foundation of R&D and stable product quality. But we did not stop there. Through cross-industry cooperation, we boosted the visibility of our brand name to bring more gamers to identify with MSI's brand values.

Awards and Honors

In 2017, we participated and sponsored 37 e-sports games and 27 school events in more than 28 countries around the world. Through online and offline events and activities, MSI has accumulated more than 25 million fans.
3. Green Product Management and Partnerships

3.1 Green Product Policy

At MSI, a dedicated department was established to identify international legal requirements and customer requirements on environmental protection to cope with the increasingly stricter laws and regulations on the environmental protection of electronic products. In total, we tested 73 products, of which 60% were products that met the “Green Product” standards. The department is responsible for ensuring that the company's products meet the requirements of international legal and regulatory standards, and work with global organizations and leading NGOs to ensure that the company's products meet international standards.

3.1.1 Green Product Design

While continuously pursuing product benefits, MSI has also developed various management measures to implement product eco-design in the product life cycle, specifically demonstrating the performance of circular economy.

1. Environmental requirements management

1.1 Reduce the utilization rate of composite materials and use a single or compatible material.

1.2 Ensure that products meet the requirements of waste regulations.

2. The product outer packaging box is only available in 5 sizes, avoiding over-packaging and mass production under specific client requirements in accordance with product safety regulations.

3. The product components are joined by screws, glues, cassettes, inlays, and wires to optimize internal/external communication regarding the requirements will be conducted accordingly.

4. The product color box is printed with eco-friendly soy ink to reduce the environmental impact of pollution.

2. Product recycling management

1. Reduce, recycle, and reuse and the following four aims: friendly products with high performance is our mission and ultimate goal. By teaming up with industry experts, we are committed to reducing waste and recycling appropriately to ensure that all hazardous substances contained in our products are managed effectively.

2. Products were classified into four categories based on the European Union's Waste Electrical and Electronic Equipment (WEEE) Directive, and each category was required to fulfill certain recycling and management requirements.

3. The proportions of parts in products, which mainly treated by incineration or landfill, have been reduced.

4. To strengthen our product warranty policy, we provide free disassembly, reparation, and improve material recovery.

3. Product energy saving

Through eco-design analysis, we found that the main stage of carbon footprint in our products lies in energy consumption when the product is in operation. Our response to this issue lies in its use and technologies currently available to improve energy efficiency, starting from the product design stage. In hardware, product energy efficiency can be achieved through using high-efficiency materials and components. In software and firmware, efficient energy use can be achieved through scenario-based power management. Effective energy efficiency does not merely reduce power consumption, but cut down product carbon footprint.

4. Environmental protection

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Taiwan: recycling process of waste IT products is primarily handled by the Environmental Protection Administration (EPA) in Taiwan. The Company pays fees pertaining to recycle waste electrical and electronic equipment (WEEE). In 2009, it disclosed the MSI Responsible Business Alliance (RBA) Code of Conduct, which was updated in 2012. The Responsible Business Alliance (RBA) is a partnership comprised of companies in the electronics industry. MSI also has a Supplier Audit Team to conduct on-site audits of suppliers, and sent our Supplier Audit Team to an electronic industry company in 2010. The company completed hazardous substance legal compliance assessment and other material control assessments required by customers in a total of 22 cases. MSI also implemented the Electronic Industry Code of Conduct (EICC) Code of Conduct in 2009 and 2010.

3.2 Partnerships

3.2.1 Supplier Management

Sustainable operations will never be achieved by any enterprise alone, as it needs the support of the whole supply chain which coexists and co-prospers in the same CSR code of conduct. To further the thoroughness and understanding of both upstream and downstream suppliers, it is necessary to ensure realizing environmental protection, occupational health and safety, and the well-being of employees. The supply chain of MSI includes multiple companies such as suppliers, contractors, and the resellers. For the core suppliers, we have established criteria for the suppliers and new suppliers and conducted audits on them periodically and periodically. We also provide guidance for suppliers to make continuous improvement. All these are to ensure procurement process, material quality, and supplier delivery time with the organizational requirements for facilitating production plans and material control, and to ensure suppliers may comply with the requirements for design, quality, technical capacity, delivery time, and cost.

Supplier Evaluation Team

The international environmental regulations and client requirements are constantly changing, so the suppliers need to face new challenges all the time. We continue communicating with our suppliers through supplier briefings, the Green Product Management Platform, green product control, and CSR requirements, and for cooperation with internal and external suppliers. The Supplier Evaluation Team is formed to conduct on-site audits of suppliers, in addition to assisting suppliers of the various regions to gear up in the future. They are also educated regarding CSR related matters to prevent suppliers from trading with MSI in any inappropriate manner. The results of the evaluation are subsequently sent to our Supplier Audit Team for a follow-up audit.

Supplier Assessment Survey Management

MSI’s suppliers are evaluated on their manufacturing abilities, delivery punctuality, services and management, and CSR performance through on-site audits, internal review, or document review. To ensure that our suppliers meet MSI’s economic, environmental and social requirements, we require that the company and its management offer the best in terms of production facilities in their products as well as full compliance with labor practice principles.

All new suppliers that joined the MSI flagship during the reporting period, except those designated by customers, have signed the affidavit to declare their commitment to good practices and the Responsible Business Alliance (RBA). Even though MSI is not a RBA member, it still follows their regulations and requirements, conducts audits on them, and periodically updates and improves the audit results as needed.

In 2009, the Electronics Industry Citizenship Coalition (EICC) officially changed its name to the Responsible Business Alliance (RBA). Even though MSI is not a RBA member, it still follows the RBA regulations and requirements and immediately announced and implemented its role in even supply chain. Business sustainability development is a long-term process. Since 2008, MSI has introduced the Electronics Industry Code of Conduct into the internal operations, in 2009, it disclosed the MSI Corporate Social Requirements. In 2010, it began to conduct on-site second-party audits and third-party audits, in line with the EICC Code of Conduct. In 2015, MSI Computer (Shenzhen) took the initiative to conduct the first EICC Validated Audit Process Session and conducted the EICC VP third-party audit third-party audit again in October 2017 to continuously track and improve itself and its supply chain. We continue to disseminate information and preserve information on labor, ethics, and environmental safety to employees, suppliers, and clients. Corporate governance is based on business integrity with people at the center. Any forms of misconduct, improper interests, and inhumane treatment are prohibited. MSI also implemented the Electronic Industry Code of Conduct (EICC) Code of Conduct in 2009 and 2010.

1) MSI Electronics Industry Code of Conduct Development Milestones

2008 - Adopted EICC’s Audit Process Session from the Electronic Industry Code of Conduct (EICC) Code of Conduct

2017 - MSI Electronics Industry Code of Conduct (EICC) Code of Conduct

In 2017, the Electronic Industry Citizenship Coalition (EICC) officially changed its name to the Responsible Business Alliance (RBA). Even though MSI is not a RBA member, it still follows the RBA regulations and requirements and immediately announced and implemented its role in even supply chain. Business sustainability development is a long-term process. Since 2008, MSI has introduced the Electronics Industry Code of Conduct into the internal operations, in 2009, it disclosed the MSI Corporate Social Requirements. In 2010, it began to conduct on-site second-party audits and third-party audits, in line with the EICC Code of Conduct. In 2015, MSI Computer (Shenzhen) took the initiative to conduct the first EICC Validated Audit Process Session and conducted the EICC VP third-party audit third-party audit again in October 2017 to continuously track and improve itself and its supply chain. We continue to disseminate information and preserve information on labor, ethics, and environmental safety to employees, suppliers, and clients. Corporate governance is based on business integrity with people at the center. Any forms of misconduct, improper interests, and inhumane treatment are prohibited. MSI also implemented the Electronic Industry Code of Conduct (EICC) Code of Conduct in 2009 and 2010.
As for onsite contractors, they all need to proceed with relevant insurance as required by the government and the legal regulations, in addition to complying by various safety and health work rules from MSI in addition, we will supervise that onsite contractor pay sufficient attention to the labor conditions of their workers so that they could also be in compliance with national labor standards. We have also arranged training courses, so that onsite contractors could better understand requirements for health, safety, and environmental protection.

3.3 Conflict Minerals
To realize CSR and international justice, although we do not directly purchase conflict minerals, we included conflict minerals information in our GRI report in 2011 and applying suppliers to ensure that conflict minerals do not exist in their material sources. In addition to reviewing our conflict minerals policy on the MSI website, we periodically promote and communicate the latest legal and customer requirements to suppliers at the supplier general meetings. We expect suppliers therefore, their qualified material suppliers. If any conflict minerals are found in supplier products, we would take necessary measures to forbid them.

In respect of international human rights and implement corporate social responsibility, we will link related materials to avoid using Conflict Minerals. Besides Conflict Minerals statements, we will also disclose the information of conflict minerals and supply chain streams. In addition, we have completed the Conflict Minerals Management Statements 1.0 in order to facilitate full disclosure of our supply chain sources and allow customers the opportunity to verify the occurrence of conflict minerals in our products. The Conflict Minerals Management Statements website: https://www.msi.com/csv/csr/conflict_MINES.htm

The MSI Conflict Mineral Control Measures please refer to the following table:

<table>
<thead>
<tr>
<th>Code</th>
<th>Name</th>
<th>Description</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>C01</td>
<td>Core Line</td>
<td>Core Line</td>
<td>100</td>
</tr>
<tr>
<td>C02</td>
<td>Contact Line</td>
<td>Contact Line</td>
<td>98</td>
</tr>
<tr>
<td>C03</td>
<td>B2B</td>
<td>B2B</td>
<td>96</td>
</tr>
<tr>
<td>C04</td>
<td>B2C</td>
<td>B2C</td>
<td>95</td>
</tr>
<tr>
<td>C05</td>
<td>O2O</td>
<td>O2O</td>
<td>94</td>
</tr>
</tbody>
</table>

In 2017, MSI implemented the Conflict-Free Sourcing Initiative (CFSI) Conflict Minerals Reporting Template (CMRT) and conducted corporate level due diligence on our 15 critical minerals. We used the Reasonable Country of Origin Inquiry (RCOI), which lists countries of origin with over 80 percent of the mineral supplies from reasonable sources, to verify whether our suppliers use conflict minerals. Therefore, we verify that MSI uses conflict minerals do not exist in their material sources. In addition to announcing our conflict minerals policy and disclosure of the due diligence measures result in MSI website, we also attached the certification on our tier 1 suppliers that list countries of origin with over 80 percent of the mineral supplies from reasonable sources.

3.4 Service Customer
Since MSI was established, we have been committed to our operational philosophy: “product excellence, quality superiority, service perfection, and customer satisfaction” and reduce the trial-and-error method of home building.

MSI provides high-quality one-stop product and one-stop services to shorten the product production cycle and get closer to users’ needs, so as to maximize the brand value.

One-stop production
We offer a package of services, ranging from product development, marketing execution, store-operators to after-sales services, which has saved more communication costs than our competitors. We put emphasis on the service experience and have set up a complete standardized service process to ensure that regulations regarding clients and user operations are incorporated into the design process and launch products that truly meet market needs.

One-stop service
MSI provides one-stop services that provide users with complete high-end equipment to avoid the occurrence of mutual exclusion of components, allowing users to focus on product experience and reduce the total real-estate error in home building.

3.4.1 Customer Privacy Management
MSI attaches great importance to the maintenance of client privacy and intellectual property rights, and positive terms of confidentiality are subject to customer consent with clients. We assure the confidentiality of clients’ information, and employees are required to keep the information confidential when performing their tasks. In the process of product maintenance services, in the event of the need to log into a customers’ computer, we will contact the customer by phone first, and present the necessary data, and then obtain the client’s consent to perform service in order to log in on customers’ computer for further testing. There will be no violation of customer privacy that in an affirmed clients’ interests during the reporting period.

3.4.2 Customer Satisfaction
In addition to the technical support service for general customers such as phone number, internet, and consultative service, we also provide corporate level due diligence for general customers. According to the results in 2017, the repair quality satisfaction was 99.5% and 0800 customer service satisfaction was 96%. After receiving a complaint from a general client, MSI would continue to keep track with clients’ call at first time and make sure that the customer service to come after use for repair. Once customers satisfaction surveys are not fully made customers’ satisfaction, the survey result will be analyzed. The results of the survey is as a reference for marketing units on one product. In addition, employees are responsible to keep the recorded data and then obtain the customer’s consent or power-on password, in order to check and ensure abide by the customer’s consent. In addition, we continuously survey and analyze customers’ feedbacks for the reference of continuous improvement, so as to provide best value for customers.

2015 2016 2017
Customer Satisfaction Survey (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Service Quality</th>
<th>MSI Customer Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>98.6</td>
<td>95.3</td>
</tr>
<tr>
<td>2016</td>
<td>98.0</td>
<td>92.8</td>
</tr>
<tr>
<td>2017</td>
<td>97.1</td>
<td>93.3</td>
</tr>
</tbody>
</table>

As for the after-sales service time by each kind of products, we started the survey of product usage and reasons to buy has been carried out. According to the results in 2017, the average after-sales service time by each kind of products was 2.71 days.

2017 the average after-sales service time by each kind of products

<table>
<thead>
<tr>
<th>Product</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Desktop</td>
<td>3.00</td>
<td>2.90</td>
<td>2.71</td>
</tr>
<tr>
<td>Notebook</td>
<td>3.33</td>
<td>2.91</td>
<td>2.68</td>
</tr>
<tr>
<td>All-in-One</td>
<td>2.00</td>
<td>3.00</td>
<td>2.88</td>
</tr>
</tbody>
</table>

Service Quality 0800 Customer Service

<table>
<thead>
<tr>
<th>Year</th>
<th>Customer Satisfaction Survey (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>98.6</td>
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</tr>
<tr>
<td>2017</td>
<td>97.1</td>
</tr>
</tbody>
</table>

Note: These two have elaborated our customer policy and development trends. By focusing on the service experience and have set up a complete standardized service process to ensure that regulations regarding clients and user operations are incorporated into the design process and launch products that truly meet market needs.

3.4.3 Corporate Social Responsibility Requirements
MSI provides one-stop services that provide users with complete high-end equipment to avoid the occurrence of mutual exclusion of components, allowing users to focus on product experience and reduce the total real-estate error in home building.

3.4.4 Customer Service
In addition to the technical support service for general customers such as phone number, internet, and consultative service, we also provide corporate level due diligence for general customers. According to the results in 2017, the repair quality satisfaction was 99.5% and 0800 customer service satisfaction was 96%. After receiving a complaint from a general client, MSI would continue to keep track with clients’ call at first time and make sure that the customer service to come after use for repair. Once customers satisfaction surveys are not fully made customers’ satisfaction, the survey result will be analyzed. The results of the survey is as a reference for marketing units on one product. In addition, employees are responsible to keep the recorded data, and then obtain the customer’s consent or power-on password, in order to check and ensure abide by the customer’s consent. In addition, we continuously survey and analyze customers’ feedbacks for the reference of continuous improvement, so as to provide best value for customers.
3.5 After-Sale Services

MSI has over 6,500 service centers in over 120 countries globally to provide customers convenient and localized sales and after-sale support. Our service centers provide quality services for product replacement, testing, technical consultation, accessories and free notebook computer health check-ups. In addition to support offered at local service centers, our online support also offers technical information inquiry, in-store service tracking, online service request and customer satisfaction survey.

About warranty terms and service process please refer as below:

1. Taiwan Family Mart delivery service: https://tw.msi.com/page/rmatw
2. Taiwan warranty information: https://tw.msi.com/page/warranty

3.5.1 Pick-up Delivery Service

We launched the home pick-up service for certain products in 2015. Now, our customers can send their products out for repair without leaving the comfort of home. After a product is received for service, MSI’s work begins: Our service staff updates the customer on progress, including notification when the product is sent back to the customer, does a post-service call, call to inquire the status of use and trouble-shoot on the spot, as well as conduct a survey to inquire suggestions for MSI Services. Information derived from all customer service calls serves as valuable references for improvement of the quality of our customer services.

4. Sustainable Environment Value

2015-2017 The After-Sales Service in Taiwan

2015 2016 2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of The Family Mart Delivery Service</th>
<th>Number of Home Pick-up Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>4,427</td>
<td>149</td>
</tr>
<tr>
<td>2016</td>
<td>4,915</td>
<td>146</td>
</tr>
<tr>
<td>2017</td>
<td>4,975</td>
<td>146</td>
</tr>
</tbody>
</table>

2015 2016 2017

<table>
<thead>
<tr>
<th>Year</th>
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<td>4,975</td>
<td>146</td>
</tr>
</tbody>
</table>
4. Sustainable Environment Value

4.1 Sustainable Environment Management Performance

4.1.1 Environmental Management System

<table>
<thead>
<tr>
<th>Environmental Management Objectives</th>
<th>Total Achievements</th>
<th>Related/Supporting Elements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product ECO design</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce the use of hazardous substances (Compliance with ISO 14001)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use environmentally-friendly materials (Compliance with ISO 14001)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce energy consumption with the use of energy-saving technologies (Compliance with ISO 14001)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce industrial waste (Compliance with ISO 14001)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilize recycling system (Compliance with ISO 14001)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce GHG (Compliance with ISO 14001)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.1.2 Environmental Expenditure

<table>
<thead>
<tr>
<th>Expenditure on Greenhouse Gas Management</th>
<th>The Goals and Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Climate Change and Emission Intensity</td>
<td>Reduce the impact of climate change and emissions on global warming.</td>
</tr>
</tbody>
</table>

4.2 Environmental Expenditure

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<th>The Goals and Benefits</th>
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<tr>
<td>2. Climate Change and Emission Intensity</td>
<td>Reduce the impact of climate change and emissions on global warming.</td>
</tr>
</tbody>
</table>

4.3 Carbon Emissions Management

4.3.1 Greenhouse Gas Management Policy

Since MSI was established, we have been committed to our operational philosophy. The product excellence, quality superiority, customer focus, and customer satisfaction. Under this business model, we continue to improve our management system for environmental protection and occupational safety and health. We actively participate in environmental protection and occupational safety and health-related activities, while winning the highest level of customer trust and satisfaction. We are aware that Earth’s climate and environment are deteriorating due to greenhouse gas emissions. As a corporate citizen of the world, MSI and its subsidiaries are committed to promoting greenhouse gas management. We pledge:

- Undertake the present situation of greenhouse gas emission of MSI.
- Continuously reduce the greenhouse gas emission, devoted to develop energy-saving products.

4.3.2 GHG Reduction Goals

Climate change poses serious threats that we must face at the very moment, and global warming and extreme weather are inevitable global issues. In response, MSI has been actively implementing GHG reduction plans and strategies to reduce our environmental impact. We actively participate in environmental protection and energy-saving and carbon reduction policies and plans are dynamically evaluated; by encouraging employees to save energy and reduce carbon emissions, improving equipment power efficiency, and introducing innovative renewable energy equipment, MSI has realized carbon emission reductions. In 2017, compared to 2007, MSI’s total greenhouse gas emissions, 1,865.96 tCO2e, and indirect emissions (Scope 2) were 67,691 tCO2e, and greenhouse gas emission intensity per million revenues were 0.654 tCO2e/million (NT$); all data were verified by Bureau Veritas Certification (Taiwan) Ltd. 

4.3.3 GHG Emission and Emission Intensity

MSI has conducted greenhouse gas inventory and greenhouse gas emission reports since 2008, covering the results of greenhouse gas emissions for the previous year, including a third-party verification and the inventory data in accordance with ISO 14064-1 and the Greenhouse Gas Protocol. With the annual greenhouse gas inventory results, energy consumption and carbon reduction plans are dynamically evaluated by encouraging employees to save energy and reduce carbon emissions, improving equipment power efficiency, and introducing innovative renewable energy equipment. MSI’s greenhouse gas emission intensity in 2017 was 0.654 tCO2e/million (NT$), which was lower than the 2016 total greenhouse gas emissions of 1,865.96 tCO2e and indirect emissions (Scope 2) of 67,691 tCO2e. MSI’s goal is to continuously reduce greenhouse gas emissions and save energy. MSI will continue to achieve the following before 2025:

- 30% reduction in greenhouse gas emissions (Base year 2017).
- 30% improvement in system product efficiency (Base year 2014).

4.4 Energy Management

4.4.1 Energy Conservation

During the reporting period, MSI’s direct greenhouse gas emissions Scope 1 were 1,865.96 tCO2e, and indirect emissions (Scope 2) were 67,691 tCO2e, and greenhouse gas emission intensity per million revenues were 0.654 tCO2e/million (NT$); all data were verified by Bureau Veritas Certification (Taiwan) Ltd. In addition, since 2017, MSI has been responding to the questionnaire survey for the Carbon Disclosure Project (CDP). Through this survey, MSI provides us with information on greenhouse gas emissions in the past public, as well as a report for the response strategies relating to the investment risks and opportunities brought about by climate issues.

- Reduce energy consumption and carbon emissions.
- Improve energy efficiency and save energy.
- Reduce energy usage.
- Improve equipment power efficiency.
- Introduce innovative renewable energy equipment.

Through this survey, MSI provides us with information on greenhouse gas emissions in the past for public, as well as a report for the response strategies relating to the investment risks and opportunities brought about by climate issues. In addition, since 2017, MSI has been responding to the questionnaire survey for the Carbon Disclosure Project (CDP). Through this survey, MSI provides us with information on greenhouse gas emissions in the past and a report for the response strategies relating to the investment risks and opportunities brought about by climate issues.
In 2017, Direct emission of greenhouse gases (Scope 1) is 1.865 Tn CO2e, Direct emission of greenhouse gases (Scope 2) is 0.137 Tn CO2e, the total GHG emission intensity is 0.654 TCO2e/million NTD. The GHG compared with the base year 2007:

a. 2017 MSI reduced the total emission of carbon 44118.22 TCO2e.

b. 2017 MSI reduced the total emission intensity 47.9%.

**Direct Energy Consumption**

MSI fossil fuels are only used for official vehicles, bakeries, and emergency power generation equipment, and cooking at the employee cafeteria in various factories, and are not used for other operational purposes. During the reporting period, the total consumption of fossil fuels was 11,837.9 gigajoules (GJ), and the direct energy consumption intensity per million revenue was 0.600 GJ/million (NTD).

In comparison with 2013 (base year):

a. MSI reduced the total direct energy consumption 1,1198.92 GJ in 2017.

b. MSI reduced the direct energy consumption intensity 20.05% in 2017.

**Indirect Energy Consumption**

During the reporting period, MSI’s purchased electricity consumption was 28,177.52 GJ, and the indirect energy consumption intensity per million revenue was 0.870 GJ/million (NTD).

In comparison with 2013 (base year):

a. MSI reduced the total indirect energy consumption 7,275.01 GJ in 2017.

b. MSI reduced the indirect energy consumption intensity 28.02% in 2017.

**Water Risk Assessment**

MSI’s water consumption during operational activities is mainly based on employees’ domestic water. The main risks are regulatory requirements and natural disasters. The risk analysis of water risk is as follows:

- **Risks:** Excessive consumption of water, poor effluent quality, lack of water, short-term drought, and typhoon and levee disasters.
- **Opportunities:** Response system and the emergency capability to recover.

- **Description Level:** Medium to High
- **Level Description:**●

- **Action Plan:**
  - Evaluate the water resource early warning system.
  - Assess the feasibility of bringing in other water resources.
  - Make adjustments to the supply chain structure to reduce operating costs.
  - Implement regular effluent testing to ensure that the sewage is treated altogether by the treatment plant.

**Water Consumption Volume for Per-Million Revenue (m3)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Total Water Consumption(Unit: m3)</td>
<td>100,000</td>
<td>110,000</td>
<td>120,000</td>
<td>130,000</td>
<td>140,000</td>
</tr>
<tr>
<td>M3IS Reclaimed Water Volume (m3)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**Water Risk Assessment**

During the reporting period, MSI’s total water consumption was 1,349,971 m3 and the water consumption per million revenue was 20.71 m3/million (NTD).

In comparison with 2013 (base year):

a. The total water consumption has increased by 22.24%, which is mainly because of the growth of the number of employees, resulting in an increase in domestic water consumption.

b. Total water consumption intensity has increased by 31.12%.

**MSIS Reclaimed Water Volume**

MSI has a central water recycling system; the recycled water is used for toilet flushing and domestic water. The main risks are regulatory requirements and natural disasters. The risk analysis of water risk is as follows:

- **Risks:** Disease epidemics and typhoons and levee disasters.
- **Opportunities:** Response system and the emergency capability to recover.

- **Description Level:** Medium to High
- **Level Description:**●

- **Action Plan:**
  - Evaluate the water resource early warning system.
  - Assess the feasibility of bringing in other water resources.
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  - Implement regular effluent testing to ensure that the sewage is treated altogether by the treatment plant.

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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
4.5 Waste Management

Based on pollution prevention and the producer’s responsibility and the aim to meet the requirements of international environmental protection, when designing a product, MSI takes into account the requirements regarding use, disassembly, recycling, and disposal of the whole-life cycle to reduce the amount of waste for disposal, alleviate the difficulty of recycling, and improve environmental performance. A qualified outsourcing agency is selected based on the location of the factory to treat the waste accordingly.

(1) A Total Weight of Waste

Waste generated by MSI operations is divided into general business waste (subdivided into recyclable and non-recyclable) and hazardous business waste, and are managed according to an environmental management system, in which waste generation, classification and collection, and recycling and transportation are properly managed and recorded. As for the disposal method, qualified waste disposal providers are commissioned to recycle, reuse, incinerate or bury the waste according to the category of the waste to ensure that secondary environmental pollution will not be caused. During the reporting period, the total amount of MSI recyclable waste was 3,272,497 kg, and the total amount of non-recyclable waste was 2,987,293 kg.

(2) Variety of Waste

During the reporting period, the total amount of MSI waste was 6,259,790 kg, and the waste density per million revenue was 58.82 kg/million (NT$), which was an increase of 12.68% from 2016. The 1% waste reduction target for 2017 was not achieved. The main reason for the failure to achieve the target is the increase of waste organic solvents from MSIS, the increase of discarded synthetic slates because of the changes in workshop techniques. Besides, in 2016, a large number of accumulated empty solder paste bottles and waste lamps were not cleaned up until 2017. Except for natural disasters and unpredictable changes in operating conditions, we will work hard to adjust the process to reduce unnecessary waste generated and manage waste under controlled conditions to achieve our targets. We will continue to set the waste reduction target for 2018 at 1%.

5. Employee Development

Based on employee development and the production and the aims to meet the requirements of international environmental protection, when designing a product, MSI takes into account the requirements regarding use, disassembly, recycling, and disposal of the whole-life cycle to reduce the amount of waste for disposal, alleviate the difficulty of recycling, and improve environmental performance. A qualified outsourcing agency is selected based on the location of the factory to treat the waste accordingly.

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5. Employee Development

5.1 Employee Development Policy

Since its establishment, MSI has been adhering to the business philosophy of "Excellent Product, Superior Quality – Perfect Service and Customer Satisfaction." We have been committed to corporate governance, establishing a good workplace environment, and a sound management system, so that the development of employees can keep pace with the times. On the basis of openness, communication, and understanding, MSI has created a good labor-management relationship for sustainable operations.

To implement the core value of MSI and the vision of sustainable development, and maintain the management relationship for sustainable operations.

5.2 Attract Talents

MSI has established multiple service and manufacturing locations throughout the world. While we plan and operate our business layout, we also openly recruit appropriate talents under the transparent basis. Through having talents, employees from different regions and minority groups joining us, MSI has become a diversified business better-equipped to offer the most innovative services. We have continued to develop diversified recruitment channels, and besides online recruitment, we have also reinforced our R&D and IT personnel recruitment channels in efforts such as the Institute for Information Industry (III), in addition to hosting MSI College to foster professional maintenance workers.

5.2.1 Human Resource Management

MSI strives to achieve non-discrimination in aspects of gender, age, and occupation in our labor structure. The important factor in our recruitment decisions are based on professional capabilities and experiences, and through this means, we have constructed a stable labor structure. The difference in rates of male to female in MSI’s employees are reflected by the fact that a large proportion of graduates from electronic and related degrees who worked in electronics manufacturing industry are male. This has also impacted the differences in rates of male to female in our employees.

(1) 2017 MSI Number of Employees

<table>
<thead>
<tr>
<th>Department</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Supervisor</td>
<td>1677</td>
</tr>
<tr>
<td>Vice President</td>
<td>100</td>
</tr>
<tr>
<td>President</td>
<td>100</td>
</tr>
<tr>
<td>Department and Branch Managers</td>
<td>301</td>
</tr>
</tbody>
</table>

(2) 2017 MSI Education Distribution of Employees (%)

<table>
<thead>
<tr>
<th>Education</th>
<th>MSI</th>
<th>MSIT</th>
<th>MSIS</th>
<th>MSIK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under High School</td>
<td>0.24</td>
<td>0.17</td>
<td>0.24</td>
<td>0.17</td>
</tr>
<tr>
<td>High School</td>
<td>30.52</td>
<td>22.61</td>
<td>24.84</td>
<td>37.63</td>
</tr>
<tr>
<td>College</td>
<td>43.64</td>
<td>22.53</td>
<td>14.93</td>
<td>7.31</td>
</tr>
<tr>
<td>Master</td>
<td>4.73</td>
<td>18.83</td>
<td>18.83</td>
<td>18.83</td>
</tr>
<tr>
<td>Doctor</td>
<td>0.17</td>
<td>0.09</td>
<td>0.17</td>
<td>0.09</td>
</tr>
</tbody>
</table>

(3) 2017 MSI Employee Function Rates (%)

<table>
<thead>
<tr>
<th>Function</th>
<th>MSI</th>
<th>MSIT</th>
<th>MSIS</th>
<th>MSIK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research &amp; Development &amp; Sales and Management</td>
<td>25.2%</td>
<td>22.3%</td>
<td>22.3%</td>
<td>22.3%</td>
</tr>
<tr>
<td>Management</td>
<td>21.8%</td>
<td>18.8%</td>
<td>18.8%</td>
<td>18.8%</td>
</tr>
<tr>
<td>Technical</td>
<td>21.8%</td>
<td>18.8%</td>
<td>18.8%</td>
<td>18.8%</td>
</tr>
<tr>
<td>Sales and Management</td>
<td>10.0%</td>
<td>10.0%</td>
<td>10.0%</td>
<td>10.0%</td>
</tr>
</tbody>
</table>

(4) 2017 Employment Rates of Male and Female Employees (%)

<table>
<thead>
<tr>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSI</td>
<td>MSI</td>
</tr>
<tr>
<td>MSIT</td>
<td>MSIT</td>
</tr>
<tr>
<td>MSIS</td>
<td>MSIS</td>
</tr>
<tr>
<td>MSIK</td>
<td>MSIK</td>
</tr>
</tbody>
</table>

(5) 2017 Gender and Age Distribution Percentage of the Employees

<table>
<thead>
<tr>
<th>Age Distribution</th>
<th>MSI</th>
<th>MSIT</th>
<th>MSIS</th>
<th>MSIK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 30 and under</td>
<td>45%</td>
<td>45%</td>
<td>45%</td>
<td>45%</td>
</tr>
<tr>
<td>Age 30-50</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>Over 50</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
</tr>
</tbody>
</table>

(6) 2017 Employment Statistics & Employee Turnover Statistics (%)

<table>
<thead>
<tr>
<th>Note</th>
<th>MSI</th>
<th>MSI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note</td>
<td>MSI</td>
<td>MSI</td>
</tr>
<tr>
<td>Note</td>
<td>MSI</td>
<td>MSI</td>
</tr>
<tr>
<td>Note</td>
<td>MSI</td>
<td>MSI</td>
</tr>
</tbody>
</table>

Notes:
1. Numbers may not sum to 100% due to the confidentiality of the customer contract.
2. The number of employees in the group area was mainly targeted at fulfilling the customer's first level operators. This was necessary in regard of confidentiality.

5.3.1 Human Resource Management

(3) 2017 MSI Employee Function Rates (%)

<table>
<thead>
<tr>
<th>Function</th>
<th>MSI</th>
<th>MSIT</th>
<th>MSIS</th>
<th>MSIK</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D</td>
<td>25.2</td>
<td>22.3</td>
<td>22.3</td>
<td>22.3</td>
</tr>
<tr>
<td>Sales and Management</td>
<td>21.8</td>
<td>18.8</td>
<td>18.8</td>
<td>18.8</td>
</tr>
<tr>
<td>Management</td>
<td>21.8</td>
<td>18.8</td>
<td>18.8</td>
<td>18.8</td>
</tr>
<tr>
<td>Technical</td>
<td>21.8</td>
<td>18.8</td>
<td>18.8</td>
<td>18.8</td>
</tr>
</tbody>
</table>

2018 MSI CSR REPORT
5.3 Employee Rights

5.3.1 Performance Evaluation

MSI conducts employee performance evaluation twice a year, and conducts career competence evaluation based on the organizational goals set by each unit, including different indicators and assessments based on the specialty of each unit, so that supervisors at all levels can understand the actual working status of employees. Routine fair performance evaluation, each employee is evaluated by at least two supervisors, including on interview with the direct supervisor to assist in promoting performance evaluation.

(1) 2017 Male and Female Employee Ratio in Year-end Performance Evaluation Percentage (%)

<table>
<thead>
<tr>
<th>Manufactory / Gender</th>
<th>MSIT</th>
<th>MSIS</th>
<th>MSIK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>95.4%</td>
<td>97.1%</td>
<td>75.9%</td>
</tr>
<tr>
<td>Female</td>
<td>86.3%</td>
<td>90.7%</td>
<td>86.3%</td>
</tr>
<tr>
<td>Male / Female</td>
<td>79.9%</td>
<td>89.9%</td>
<td>82.9%</td>
</tr>
</tbody>
</table>

Notes:
1. The total number of employees of the year-end performance evaluation based in 2017. Please refer to the Personnel and Finance Staff.
2. Both genders:
   - General staff: General administrative clerk (including technician, DL and IDL, Contract employees, Interns).
   - Mid-level executives: Section Manager or above.
   - Executive: including Assistant Vice President or above.

(2) Excellent Salary and Welfare System

According to the local laws and regulations where each factory is located, MSI employees can enjoy the rights of menstrual leaves, maternity leaves, prenatal checkup leaves, and paternity leaves in accordance with local laws and regulations. When MSI employees encounter specific issues, such as body care, major injuries, etc., they can apply for temporary leaves without salary, and resume the position after the completion of the period of leave in their personal and family affairs.

3. Pension Scheme

The wage and pension system at MSI complies with local laws and regulations. The employee pension plan is constituted primarily and apply to the length of service for all formal employees before the implementation of Labor Pension Act in July 1, 2005. The plans are in accordance with the local laws and regulations; besides the monthly fixed salary, professional allowance, education and training, employee club subsidies, and performance bonuses to strengthen employees’ commitment and improve employee satisfaction and retention. In addition, the MSI salary for laid-off employees is higher than the minimum basic salary as stipulated by the local laws and regulations; besides the monthly fixed salary, professional allowance, education and training, employee club subsidies, and performance bonuses to strengthen employees’ commitment and improve employee satisfaction and retention.

(1) Performance-based Retirement and Pension

According to the local laws and regulations where each factory is located, MSI employees can enjoy the rights of menstrual leaves, maternity leaves, prenatal checkup leaves, and paternity leaves in accordance with local laws and regulations. When MSI employees encounter specific issues, such as body care, major injuries, etc., they can apply for temporary leave without salary, and resume the position after the completion of the period of leave in their personal and family affairs.

According to the local laws and regulations where each factory is located, MSI employees can enjoy the rights of menstrual leaves, maternity leaves, prenatal checkup leaves, and paternity leaves in accordance with local laws and regulations. When MSI employees encounter specific issues, such as body care, major injuries, etc., they can apply for temporary leave without salary, and resume the position after the completion of the period of leave in their personal and family affairs.

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Part 6: Human Resources

5.4 Employees Value

Talents are closely related to MSI’s future development. We attach great importance to the training and future development of our employees. We will continue promoting the cultivation of quality employees, the “Talents” (Regulations for Educational and Training Management) has been established for employees. Further studies and training, based on which funds are budgeted and courses are planed according to the requirements of the relevant units, every year to conduct subject-based training and differentiated talent management. The purpose is to enhance employees’ professional plane and growth, as an achievement of sustainable development and management. For the details of MSI education and training courses and expenditures, please refer to the Labour Relations Management Chapter of the MSI annual report during the reporting period.

6.0 Staff Positions / Gender

<table>
<thead>
<tr>
<th>Description</th>
<th>Male</th>
<th>Female</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average number of employees</td>
<td>104</td>
<td>61</td>
<td>99</td>
<td>51</td>
</tr>
<tr>
<td>Total number of employees (excluding those who retired)</td>
<td>6,911</td>
<td>17,001</td>
<td>6,624</td>
<td>16,300</td>
</tr>
<tr>
<td>Total number of employees (including those who retired)</td>
<td>100</td>
<td>112</td>
<td>70</td>
<td>92</td>
</tr>
<tr>
<td>Performance-based Retirement and Pension</td>
<td>6,030</td>
<td>10,930</td>
<td>6,030</td>
<td>12,030</td>
</tr>
<tr>
<td>Percentage of employees who are laid off, whose year-end performance evaluation reached 100%</td>
<td>99.6%</td>
<td>99.6%</td>
<td>99.6%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Performance-based Retirement and Pension</td>
<td>6,030</td>
<td>12,030</td>
<td>6,030</td>
<td>12,030</td>
</tr>
</tbody>
</table>

(1) Employees of MSI are required to have legal parental leave.

(2) MSI University

We began planning the MSI University (MSIU) in 2009 to cope with the high competition business environment in the electronics industry with talent cultivation. By improving the R&D and innovative capacity in key technology research and development, MSI enhances the talent management's competency and efficiency, so we aim to enhance MSI employees’ competitiveness in the electronics industry. To ensure that training and support can provide the overall business strategy and assure the efficacy of training with the effective use of resources, we plan to implement a purposeful, focused training program and differentiation in human resource management strategy with limited resources according to related education training. All the phases of training program would be implemented with much consultation to ensure the efficiency. The training demands will be put into effect in the College of Engineering, College of Business, College of Sales and Marketing, College of Research and Development, and College of Technology with common training and non-management competency training.

(3) Employee Education and Training

Average Training Hours for the Employees in 2017/2018

<table>
<thead>
<tr>
<th>Description</th>
<th>2017 Male</th>
<th>2017 Female</th>
<th>2018 Male</th>
<th>2018 Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normal training</td>
<td>85</td>
<td>55</td>
<td>85</td>
<td>55</td>
</tr>
<tr>
<td>Number of employees who have completed training (full-time)</td>
<td>29</td>
<td>31</td>
<td>28</td>
<td>29</td>
</tr>
<tr>
<td>Total number of employees who have completed training (part-time)</td>
<td>63</td>
<td>65</td>
<td>63</td>
<td>65</td>
</tr>
<tr>
<td>Total number of employees who have completed training (full-time and part-time)</td>
<td>92</td>
<td>96</td>
<td>92</td>
<td>96</td>
</tr>
</tbody>
</table>

(1) The total number of employees who have completed training in 2017/2018.

(2) The total number of employees who have completed training in 2017/2018.

(3) The total number of employees who have completed training in 2017/2018.

(4) The total number of employees who have completed training in 2017/2018.

(5) Employees of MSI are required to have legal parental leave.

(6) MSI University
5.5 Healthy Workplace

MSI understands that the employees are the cornerstone of the enterprise's growth and development, and therefore should provide employees with a healthy, supportive environment and improve workplace safety to enhance their work efficiency. In addition, MSI also provides an abundant communication channel to promote labor-management relations, listen to employees' needs, and continue promoting the workplace environment after a review through employee forums for MSIS and MSIK. During the reporting period, we also implement employee education and training on human rights so that employees can understand and practice gender equality on the ground. Therefore, we have established the Gender Equality Committee, related management mechanisms, and sexual harassment prevention and control channels, including an exclusive mailbox and telephone line, to provide communication channels for employees when their legal rights and interests are violated.

5.5.1 Human Rights Management

MSI develops human rights policies in accordance with international standards, such as the UN Global Compact (UNGC), the UN Universal Declaration of Human Rights, and the MSIT Labor Operation Regulations. Employee rights are not discriminated against because of their race, gender, age, partnership, religion, or disability. For recruitment, promotion, remuneration and benefits, all employees are treated equally in respect of equal labor rights.

1) Non-Discrimination

Employees shall not discriminate against others while at work. In addition, no race, gender, age, mental status, political affiliation, or religious belief shall not be used as a basis for determining employee hiring, review, or promotion.

2) Non-Child Labor

Child labor will not be tolerated. All hiring will meet applicable minimum age laws and regulations. We also verify the identities of new workers, and in addition, if MSIT unknowingly hires a child laborer by mistake as a result of fraudulent identity provided by job-seekers, we would undertake subsequent processing and handling according to the legal requirements at the location of occurrence, or establish methods to handle accordingly.

3) Non-Discrimination

MSI has no employee unions and representatives established; employee communication can be conducted through multiple channels, such as the Sexual Harassment Committee, departmental meetings, and employee website-Employee Relations.

4) Equal Opportunity

MSI implements human rights management. In addition to formulating human rights policies, we also implement employee educational training on human rights so that employees can understand the management of MSI (including discrimination, racial and religious, as well as equal rights) and the communication and appeals channels to ensure rights and interests are the labor law and the management rules are respected.

5) Social Responsibility

MSI ensures that employees are not forced or coerced to provide involuntary labor in all aspects of the business. MSI provides compensation and benefits that meet or exceed applicable laws and regulations.

6) Reasonable Compensation

MSI implements human rights management. In addition to formulating human rights policies, we also implement employee educational training on human rights so that employees can understand the management of MSI (including discrimination, racial and religious, as well as equal rights) and the communication and appeals channels to ensure rights and interests are the labor law and the management rules are respected.

7) Human Rights Training for Newcomers in 2017

MSI has a Gender Equality Committee, management regulations and sexual harassment prevention committee, as well as the Sexual Harassment Prevention and Control Committee. We also keep the Human Rights Department (HRD) in touch with the HRD and the Human Rights Department (HRD) to keep in contact with the HRD.

Note:

MSI has no employee unions and representatives established; employee communication can be conducted through multiple channels, such as the Sexual Harassment Committee, departmental meetings, and employee website-Employee Relations.
5.6 Occupational Safety and Health

Since 2003, MSI has been committed to promoting occupational safety and health (hereinafter referred to as OSH management). Through internal control management, MSI fully implements the OSH management system regulations and occupational safety and health management requirements of internal departments. Compliance inspection is conducted regularly, in accordance with the laws, clients, or stakeholders. MSI is also positively working to improve the OSH management at each operating site. The Employee Council of MSI and OSH Management Department conduct relevant health, education, and safety training courses as part of this initiative.

(1) Education and Training of Labor Safety and Health

* (A) / (B) * 100%

(2) Contractor Management

- High-risk operations at MSI plants involve X-ray, dust, noise, smog from tin dioxide and organic solvents. The EHS staff at each plant is responsible for proposing a list of employees involved in high-risk work. MSIT would organize training/education to enrich the related knowledge of the laborers.

3. Health Examination Items

<table>
<thead>
<tr>
<th>Item</th>
<th>Frequency</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Examination Items</td>
<td>Annually</td>
<td>Arranged for those involving high-risk work.</td>
</tr>
</tbody>
</table>

Committee at the MSIT would organize training/education to enrich the related knowledge of the employees. MSI puts employees’ health and safety in the first place and considers them as an important part of corporate management.

(3) Safety and Health Management

We MSI are committed to providing employees with a safe and worry-free work environment, zero occupational hazards are our ultimate aim. To ensure compliance with the legal requirements and occupational hazards, we conduct safety and health management training and promote the safety knowledge among MSI employees.

Disabling Injuries Statistics

<table>
<thead>
<tr>
<th>Item / Manufacturer / Gender</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disabling Frequency Rate (FR)</td>
<td>0.73</td>
<td>0.00</td>
<td>1.77</td>
<td>1.96</td>
<td>13.62</td>
<td>5.15</td>
</tr>
<tr>
<td>Disabling Severity Rate (SR)</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Disabling Frequency Rate (FR) 0.73 0.00 1.77 1.96 13.62 5.15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. Health Examination

The record date for total number of employees was December 31, 2017.

Formula Notes:
- **Disabling Frequency Rate (FR)** = Total # of injuries * 1,000,000 / Total hours worked
- **Disabling Severity Rate (SR)** = Total # of lost days * 1,000,000 / Total hours worked
- **Frequency-Severity Indicator (FSI)** = √(FR * SR/1000)

The MSI EIP internal website provides employees with timely information on the Employee Welfare and Health Management. MSI Internal Assistance provides a variety of health promotion services, including preventive health care, personal health evaluation, computer repair, and personal health management, allowing employees to experience the most immediate service and care.

5.7 Employee Relations

As MSI, effective communication with employees is seen as an important part of our operations. To achieve this, we have made several channels and transparency of effort effective expression of opinions between our management and employees and among peers. We believe that only through open channels will our employees be able to fully express their opinions and the management hears the truest voices from the employees.

(11) Employee Assistance Program (EAP)

The Employee Assistance Program (EAP) was initiated on 1 November, 2011. By dialing 8585 (English), 8858 (Chinese), or 8858 (Taiwanese), employees can get help for the following issues: work stress, emotional problems, tax, legal affairs, medical care, and others. By combining internal and external resources, EAP helps employees to solve related problems and release work stress and emotional problems. By combining internal and external resources, EAP helps employees to solve related problems and release work stress and emotional problems.

- **Absentee Rate (AR)** = (Total # of absentee days over the period / Total # of workforce days worked for same period) * 100%
- **Frequency-Severity Indicator (FSI)** = √(FR * SR/1000)
- **Disabling Frequency Rate (FR)** = Total # of injuries * 1,000,000 / Total hours worked
- **Disabling Severity Rate (SR)** = Total # of lost days * 1,000,000 / Total hours worked

During the reporting period, a total of 16 people in the Taiwan region used EAP to assist employees in adaptation to work. The employee assistance program has been properly arranged.

- **Work-related fatalities**
- **Sick leaves**
- **Emergency leave**
- **Maternity leave**
- **Annual leave**
- **Sick leave**
- **Maternity leave**
- **National holiday**
5.8 Health Promotion

In 2015, MSI launched an internal Workplace Health Program and set the tasks for building a healthy workplace so as to promote. Inside our work site, we setup an Employee Clinic staffed with a physician from a medical center to provide health consultation and medical services. We have also implemented a series of tasks for prevention of occupational health hazards, that including health education, health promotion, epidemic prevention, and other health management related subjects. In addition, new employees are required to receive safety and health education and training, and regular health check-ups are provided for health management.

(1) Employee Clinic Health Management Service

MSI encourage employees to read to help develop diverse views. The employee library helps enhance employees’ depth of reading by subscribing to various fields on a regular basis to allow them to pursue knowledge and create a better future. MSI encourages employees to read to help develop diverse views. The employee library helps enhance employees’ depth of reading by subscribing to various fields on a regular basis to allow them to pursue knowledge and create a better future.

(2) Employee Clinic Medical Service

MSI’s clinic is staffed by a qualified physician who provides employees convenient on-location medical services. The clinic also contacts services on seasonal epidemics, health education, and workplace health that extended beyond the manufacturing plants to reach the communities through brochures and pamphlets brought home by our employees.

(3) MSI Daily News

MSI provides our employees with health check-up programs that are better than the basic plan required by the Occupational Safety and Health Act and the Regulations Governing Labor Health Protection. Based on the four major cancer screening program launched by the government and the epidemic prevention mechanism, MSI launched inoculation campaigns for hepatitis and influenza and pushed forward the Four Major Plans for Prevention of Occupational Hazards.

Our excellent positions won the friendly-workplace certificate for two consecutive years for the attentive design of the breastfeeding room. We also launched a campaign to encourage employees to quit smoking. Every month, we send out health information to employees’ email boxes and on-line health platforms to raise employees’ health awareness and help our employees build a system of self-directed health management.

The effectiveness of the projects and activities during the reporting period is as follows:

1. Clinic for Quitting Smoking: The Company fully subscribed the copayment of medications. 20 people participated in quitting smoking, of which 8 people that have been tracked have completely quit smoking, smoking cessation rate is 36.4%.

2. Weight loss activities: 33 participants and total weight loss: 21.8 kg

3. Self-paid Hepatitis A Vaccine

4. Public Flu Vaccine

5. None

5.9 Health Education

Lectures and Seminars

In addition to MSI Shenkun and MSI Keshan having established nursing rooms in compliance with local regulations, even though MSI is not a public area and it is not compelled to set up nursing rooms by law, we have nevertheless established quality nursing rooms under the immense support from the MSI management. MSI has participated in the New Taipei City government’s ”Establishing a Friendly Nursing Environment” plan and was Merit Award in Friendly Workplace under the Mother and Baby category. We strive to provide a quality nursing environment through the selection processes, and to construct a city that friendly towards breastfeeding mothers. School-based children can receive nutritious milk and health care.

Note 2: MSIT and MSIS are once two years for employee’s health examination. The next employee health examination is 2018.

Note 3: Because of the work shift mechanism is adopted at the factory sites, health information is mostly disseminated through bulletin boards and emails.
Various hardware and software facilities and activities are arranged at different plant sites according to the preferences of employees. In addition to using these facilities on ordinary days, employees have organized activities, club activities, and cross-departmental gatherings periodically organized by individual plant sites. These activities of different types are wished to provide employees physical and mental relaxation and make them enjoy a rich, healthy, and balanced life between work and leisure.

(1) 2017 LOHAS at MSI Activities

(2) The Employee Welfare Committee

The Employee Welfare Committee (EWC) is established at MSIT according to the Employee Welfare Policy. The committee funds come basically from two sources: 0.05% of the organizational sales turnover and 0.5% of the salary of individual employees for every month. These funds are mostly used to organize major annual events, the year-end party, cultural talks, gifts/cash gifts for the three major festivals, club activity subsidy, travel grants, monetary gifts of birthday, employee emergency aid, wedding gift, department gatherings, interdepartmental gatherings, and employee recreational facilities. The EWC expenditures NTD 51,086,421 on employee benefits during the reporting period.

(3) Employee Welfare Facilities

Comprehensive recreational equipment is provided in complexes. Employees can enjoy a wide variety of facilities such as the snooker hall, ping pong halls, aerobic dance studio, and the gym. We also aid related clubs to rent related venues to practice outside, such as the badminton course, basketball course, swimming pool, golf course, baseball field, and bowling track for providing employees diversified sports options. As for domestic facilities, all the complexes are equipped with dormitories, mobile and motorcycle parking lots, employee cafeterias, multimedia TV, recreation rooms, game rooms, coffee bar, and breastfeeding rooms for women. The employee cafeterias offer multiple food choices inclusive of buffet, noodles, simple snack and vegetables.

(4) Excellent Employee Welfare

1. Excellent Duty system:

   - After three months of employment, employees can enjoy special paid leaves in accordance with the amended Labor Standards Act, and special paid leaves are offered based on seniority.
   - Every Friday, with 7.5 hours of work, employees can get off work half an hour earlier. For the business day before a 3-day (or more) holiday, employees can get off work 1 hour earlier after 7 hours of work.
   - Four days flexible paid leaves are offered.

2. Correct amount is appropriated to the employee retirement reserve funds.

3. Emphasis is placed on the enhancement of employees’ professional competence and external professional training is fully subsidized.

4. Outpatient clinics are set up at each factory, and doctors are stationed in each clinic providing consultation and outpatient services.

6. Love in MSI

5.9 LOHAS at MSI

Excellence in MSI CSR - MSI University - Employment Policy - Environmental Protection - Year End Party - Car Appreciation - Office - Welfare Facilities - Disease - Performance

<table>
<thead>
<tr>
<th>Employee Welfare Item / Manufacture</th>
<th>MSIT</th>
<th>MSIS</th>
<th>MSIK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonus</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Pension</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Employees Insurance</td>
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<tr>
<td>MSI University</td>
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<tr>
<td>Clubs</td>
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<td>Family/Spouse/International</td>
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<tr>
<td>Welfare Facilities</td>
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<tr>
<td>Offer of free meal service</td>
<td>●</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

MSI Family Day Art and Literature Environmental Protection Year-End Party MSI Chinese New Year Market Parents Child Dialogue Car Appreciation Singles Meetup Sports Life Tourism Activities

Excellent Employee Welfare

1. Excellent Duty system:

   - After three months of employment, employees can enjoy special paid leaves in accordance with the amended Labor Standards Act, and special paid leaves are offered based on seniority.
   - Every Friday, with 7.5 hours of work, employees can get off work half an hour earlier. For the business day before a 3-day (or more) holiday, employees can get off work 1 hour earlier after 7 hours of work.
   - Four days flexible paid leaves are offered.

2. Correct amount is appropriated to the employee retirement reserve funds.

3. Emphasis is placed on the enhancement of employees’ professional competence and external professional training is fully subsidized.

4. Outpatient clinics are set up at each factory, and doctors are stationed in each clinic providing consultation and outpatient services.
6. Love in MSI

6.1 Public Welfare Policy

Based on the concept that “Change progressons constantly, Service constantly silently. Contributions accumulate. Dreams result into reality.” MSI practices CSR activities, provides the greatest support and assistance, and reaches out to people in need in society in a timely manner. MSI supports grass-roots community, charitable donation, educational assistance, and corporate volunteer activities.

As the CSR of localized enterprises and effective use of resources, local communities, MSI has worked with the Social Welfare Department, Education Department, Sports Office, and other agencies of the New Taipei City Government to understand where resources are needed through the public sector. In turn, MSI provides the necessary assistance, and corporate volunteer activities.

6.2 Public Service Content

Public Welfare Program: School Lunch Fund and Sponsored to purchase locally produced vegetables or rice

6.2.1 Public Welfare Involvement - Education Care

Students in remote areas are unable to enjoy the dietary conditions as general students because of their unfavorable locations or economic disadvantages, and the lack of resources in remote areas. MSI has provided long-term financial assistance to improve the food quality.

Students in remote areas, so that students can enjoy nutritious lunch with sufficient portion to improve the malnutrition and underweight problems, and in turn students feel grateful to MSI’s support.

6.2.2 Public Welfare Involvement - Community Care

Public Welfare Program: School Lunch Fund and Sponsored to purchase locally produced vegetables or rice

Students in remote areas are unable to enjoy the dietary conditions as general students because of their unfavorable locations or economic disadvantages, and the lack of resources in remote areas. MSI has provided long-term financial assistance to improve the food quality.

Students in remote areas, so that students can enjoy nutritious lunch with sufficient portion to improve the malnutrition and underweight problems, and in turn students feel grateful to MSI’s support.

6.2.3 Public Welfare Involvement - Environmental Care

Public Welfare Program: School Lunch Fund and Sponsored to purchase locally produced vegetables or rice

Students in remote areas are unable to enjoy the dietary conditions as general students because of their unfavorable locations or economic disadvantages, and the lack of resources in remote areas. MSI has provided long-term financial assistance to improve the food quality.

Students in remote areas, so that students can enjoy nutritious lunch with sufficient portion to improve the malnutrition and underweight problems, and in turn students feel grateful to MSI’s support.

6.2.4 Public Welfare Involvement - Cultural Care

Public Welfare Program: School Lunch Fund and Sponsored to purchase locally produced vegetables or rice

Students in remote areas are unable to enjoy the dietary conditions as general students because of their unfavorable locations or economic disadvantages, and the lack of resources in remote areas. MSI has provided long-term financial assistance to improve the food quality.

Students in remote areas, so that students can enjoy nutritious lunch with sufficient portion to improve the malnutrition and underweight problems, and in turn students feel grateful to MSI’s support.

6.2.5 Public Welfare Involvement - Economic Care

Public Welfare Program: School Lunch Fund and Sponsored to purchase locally produced vegetables or rice

Students in remote areas are unable to enjoy the dietary conditions as general students because of their unfavorable locations or economic disadvantages, and the lack of resources in remote areas. MSI has provided long-term financial assistance to improve the food quality.

Students in remote areas, so that students can enjoy nutritious lunch with sufficient portion to improve the malnutrition and underweight problems, and in turn students feel grateful to MSI’s support.

6.2.6 Public Welfare Involvement - Vocational Care

Public Welfare Program: School Lunch Fund and Sponsored to purchase locally produced vegetables or rice

Students in remote areas are unable to enjoy the dietary conditions as general students because of their unfavorable locations or economic disadvantages, and the lack of resources in remote areas. MSI has provided long-term financial assistance to improve the food quality.

Students in remote areas, so that students can enjoy nutritious lunch with sufficient portion to improve the malnutrition and underweight problems, and in turn students feel grateful to MSI’s support.

6.2.7 Public Welfare Involvement - Public Service

Public Welfare Program: School Lunch Fund and Sponsored to purchase locally produced vegetables or rice

Students in remote areas are unable to enjoy the dietary conditions as general students because of their unfavorable locations or economic disadvantages, and the lack of resources in remote areas. MSI has provided long-term financial assistance to improve the food quality.

Students in remote areas, so that students can enjoy nutritious lunch with sufficient portion to improve the malnutrition and underweight problems, and in turn students feel grateful to MSI’s support.

6.2.8 Public Welfare Involvement - Other Care

Public Welfare Program: School Lunch Fund and Sponsored to purchase locally produced vegetables or rice

Students in remote areas are unable to enjoy the dietary conditions as general students because of their unfavorable locations or economic disadvantages, and the lack of resources in remote areas. MSI has provided long-term financial assistance to improve the food quality.

Students in remote areas, so that students can enjoy nutritious lunch with sufficient portion to improve the malnutrition and underweight problems, and in turn students feel grateful to MSI’s support.

6.2.9 Public Welfare Involvement - Corporate Care

Public Welfare Program: School Lunch Fund and Sponsored to purchase locally produced vegetables or rice

Students in remote areas are unable to enjoy the dietary conditions as general students because of their unfavorable locations or economic disadvantages, and the lack of resources in remote areas. MSI has provided long-term financial assistance to improve the food quality.

Students in remote areas, so that students can enjoy nutritious lunch with sufficient portion to improve the malnutrition and underweight problems, and in turn students feel grateful to MSI’s support.

6.2.10 Public Welfare Involvement - Social Care

Public Welfare Program: School Lunch Fund and Sponsored to purchase locally produced vegetables or rice

Students in remote areas are unable to enjoy the dietary conditions as general students because of their unfavorable locations or economic disadvantages, and the lack of resources in remote areas. MSI has provided long-term financial assistance to improve the food quality.

Students in remote areas, so that students can enjoy nutritious lunch with sufficient portion to improve the malnutrition and underweight problems, and in turn students feel grateful to MSI’s support.
MSI has sponsored the Hondao All-in-One service team (i.e., a multi-disciplinary team of
registered nurses, social workers, and local community caregivers) to assist high-risk family
caregivers (the elderly living care at the elderly, aging persons, impoverished middle-aged people), in carrying out home-based services to make up for the inadequacy of the long-term care resources provided by the government, particularly the right time and holiday care needs, so that high-risk caregivers can get the most direct and appropriate help.

During the reporting period, the funds of NT$826,440 had been offered to assist in the implementation of the program. A brief description of the implementation by the foundation is offered below. For the remaining matters, please visit the Hondao official website: http://www.hondao.org.

During the reporting period, the funds of NT$826,440 had been offered to assist in the implementation of the program. A brief description of the implementation by the foundation is offered below. For the remaining matters, please visit the Hondao official website: http://www.hondao.org.
6.2.4 Public Welfare Involvement - Medical Support

Public Welfare Program: Defending Our Environment

Office has been inviting the Blood Center to host a blood drive. Blood donation is an act that benefits oneself and others. It is even more difficult to nurture and protect seedlings in coastal forests. "The Blood Drive in 2013-2017"

6.2.5 Public Welfare Involvement - Environmental Protection

Public Welfare Program: Fraternity Grows in MSI – Blood Drive

Rice and 120 participants responded to this event. Everyone was excited and jubilant. In addition to maintaining the habitat environment of the Wugu Wetlands, it is also to increase the ecological diversity of the Wugu Wetlands, and create "the peace and prosperity of the country. A total of NT$350,000 was spent on the ceremony to share the blessings with local people and pray for the official opening ceremony was held on December 6. The event was attended by over 200 people, including the mayor of New Taipei City, and for parents who seek a place for their children because of family dysfunction or referral cases from courts, "for self-growth and self-learning."

6.2.6 Public Welfare Involvement - Community Development

Public Welfare Program: Strengthening Community Cohesion

The Social Welfare Department of the New Taipei City Government has been providing shelters to single mothers and adoption services to children since 1971, The Cathwel Service has been providing residential facilities and adoption services to children since 1971, and for parents who seek a place for their children because of family dysfunction or referral cases from courts, "for self-growth and self-learning."

Public Welfare Program: Resources Donation

Public Welfare Program: Donation of Computers

The Social Welfare Department of the New Taipei City Government has been providing shelters to single mothers and adoption services to children since 1971, The Cathwel Service has been providing residential facilities and adoption services to children since 1971, and for parents who seek a place for their children because of family dysfunction or referral cases from courts, "for self-growth and self-learning."

6.2.7 Public Welfare Involvement - Social Improvement

Public Welfare Program: Supporting Communities

The Social Welfare Department of the New Taipei City Government has been providing shelters to single mothers and adoption services to children since 1971, The Cathwel Service has been providing residential facilities and adoption services to children since 1971, and for parents who seek a place for their children because of family dysfunction or referral cases from courts, "for self-growth and self-learning."

GRI Standards Content Index (2016)
The material topics management approach and its components

**Business Management**

MSI establishes all systems with the basic principles that protect the environment and society, as well as the health and safety of employees. All employees are subject to the standards of management and principles of management.

MSI's commitment to sustainability and corporate social responsibility is reflected in its business management practices. All employees are subject to the standards of management and principles of management.

MSI promotes the integration of sustainability and social responsibility into its business and management systems. All employees are subject to the standards of management and principles of management.

MSI is committed to promoting sustained and responsible growth, and all employees are subject to the standards of management and principles of management.

MSI recognizes the importance of continuous improvement and the need for ongoing education and training. All employees are subject to the standards of management and principles of management.

MSI's commitment to sustainability and corporate social responsibility is reflected in its business management practices. All employees are subject to the standards of management and principles of management.

MSI promotes the integration of sustainability and social responsibility into its business and management systems. All employees are subject to the standards of management and principles of management.

MSI ensures that all employees are aware of their responsibilities to the environment and society, as well as their own health and safety. All employees are subject to the standards of management and principles of management.

MSI encourages employees to take an active role in promoting sustainability and corporate social responsibility. All employees are subject to the standards of management and principles of management.

**Business Performance**

MSI has a well-established management and performance system, and the OHSAS 18001 Management System has been set up, and regular meetings are held to ensure effective implementation and continuous improvement.

MSI's performance management system has been established to ensure effective implementation and continuous improvement.

The relevant requirements for environmental, health, and safety management are all noted in the contract, and efforts are made to ensure compliance with these requirements.

To ensure that the outcomes of MSI's management in the course of development and operation are in line with the standards of environmental, health, and safety management, we have established a system for the systematic examination of these issues.

MSI has a well-established management and performance system, and the OHSAS 18001 Management System has been set up, and regular meetings are held to ensure effective implementation and continuous improvement.

MSI's performance management system has been established to ensure effective implementation and continuous improvement.

The relevant requirements for environmental, health, and safety management are all noted in the contract, and efforts are made to ensure compliance with these requirements.

**Business Ethics**

In accordance with the business strategy, MSI actively promotes business ethics, and all employees are subject to the standards of business ethics.

MSI's business ethics management system has been established to ensure effective implementation and continuous improvement.

The relevant requirements for business ethics management are all noted in the contract, and efforts are made to ensure compliance with these requirements.

MSI's business ethics management system has been established to ensure effective implementation and continuous improvement.

The relevant requirements for business ethics management are all noted in the contract, and efforts are made to ensure compliance with these requirements.

**Occupational Safety and Health**

MSI pays special attention to the health and safety of employees in the workplace. The company has implemented the OHSAS 18001 Management System, which has been set up, and regular meetings are held to ensure effective implementation and continuous improvement.

The company has implemented the OHSAS 18001 Management System, which has been set up, and regular meetings are held to ensure effective implementation and continuous improvement.

The relevant requirements for occupational safety and health management are all noted in the contract, and efforts are made to ensure compliance with these requirements.

The company has implemented the OHSAS 18001 Management System, which has been set up, and regular meetings are held to ensure effective implementation and continuous improvement.

The relevant requirements for occupational safety and health management are all noted in the contract, and efforts are made to ensure compliance with these requirements.

**Product Safety**

MSI's products and services are provided to customers in full compliance with regulations and other requirements. The company is committed to providing safe and reliable products and services to its customers, and all employees are subject to the standards of product safety.

MSI's product safety management system has been established to ensure effective implementation and continuous improvement.

The relevant requirements for product safety management are all noted in the contract, and efforts are made to ensure compliance with these requirements.

MSI's product safety management system has been established to ensure effective implementation and continuous improvement.

The relevant requirements for product safety management are all noted in the contract, and efforts are made to ensure compliance with these requirements.

**Environmental Management**

Under the guidance of the company's business strategy, MSI actively promotes environmental management, and all employees are subject to the standards of environmental management.

MSI's environmental management system has been established to ensure effective implementation and continuous improvement.

The relevant requirements for environmental management are all noted in the contract, and efforts are made to ensure compliance with these requirements.

MSI's environmental management system has been established to ensure effective implementation and continuous improvement.

The relevant requirements for environmental management are all noted in the contract, and efforts are made to ensure compliance with these requirements.

**Legal Management**

MSI is committed to ensuring that all its activities comply with laws, regulations, and other requirements. The company has implemented the OHSAS 18001 Management System, which has been set up, and regular meetings are held to ensure effective implementation and continuous improvement.

The company has implemented the OHSAS 18001 Management System, which has been set up, and regular meetings are held to ensure effective implementation and continuous improvement.

The relevant requirements for legal management are all noted in the contract, and efforts are made to ensure compliance with these requirements.

The company has implemented the OHSAS 18001 Management System, which has been set up, and regular meetings are held to ensure effective implementation and continuous improvement.

The relevant requirements for legal management are all noted in the contract, and efforts are made to ensure compliance with these requirements.

**Risk Management**

In the management of risk and uncertainty, MSI actively promotes risk management, and all employees are subject to the standards of risk management.

MSI's risk management system has been established to ensure effective implementation and continuous improvement.

The relevant requirements for risk management are all noted in the contract, and efforts are made to ensure compliance with these requirements.

MSI's risk management system has been established to ensure effective implementation and continuous improvement.

The relevant requirements for risk management are all noted in the contract, and efforts are made to ensure compliance with these requirements.
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## Specific Standard Disclosures Overview

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During the reporting period, the MSI operating locations had been audited by internal audits and EICC VAP (MSIS), and no significant risks had been identified.
### Material Topics-Environmental

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<td>All locations had not violated environmental regulations during the reporting period.</td>
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### Other Concerns-Environmental

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### Material Topics-Society

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### Human Rights

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#### Forced Labor

- **Child labor**
- **Forced or compulsory labor**
- **Human rights**

#### Human Rights Risk Situations

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## Note

- **Significant** is defined as notable or noteworthy, and includes events or topics that have a high degree of importance.

### Other Concerns-Society

#### Specific human rights issues

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### ISO 26000 Index

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### Note

- The MSI Corporate President and President of the Board of Directors are in full charge of the implementation of all policy sections and are responsible for the verification of the complaint assessment by the Legal Department at the time of contract signing.
- There are no differences in the benefits offered by MSI to formal and informal workers.
- MSI continues strengthening its on-the-job employees’ professional skills and provides them with career learning-related programs; however, it does not provide planning for career transitions. In terms of education, legal, legal, skill and job search, the company is in keeping with the laws, regulations and systems in each country. However, there is no accessibility for open opportunities for open opportunities.

### ISO 26000 Index

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### Note

- The MSI Corporate President and President of the Board of Directors are in full charge of the implementation of all policy sections and are responsible for the verification of the complaint assessment by the Legal Department at the time of contract signing.
Human Rights

Businesses should support and respect the protection of internationally proclaimed human rights; 5.5.1 Human Rights Management

Make sure that they are not complicit in human rights abuses. 5.5.1 Human Rights Management

Labor

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 5.5.1 Human Rights Management

The elimination of all forms of forced and compulsory labor; 5.5.1 Human Rights Management

The effective abolition of child labor; and 5.5.1 Human Rights Management

The elimination of discrimination in respect of employment and occupation; 5.5.1 Human Rights Management

Environment

Businesses should support a precautionary approach to environmental challenges; 3.1.1 Green Product Design

Undertake initiatives to promote greater environmental responsibility, and encourage the development and diffusion of environmentally friendly technologies. 3.1.1 Green Product Design

Anti-Corruption

Businesses should work against corruption in all its forms, including extortion and bribery; 2.5 Business Ethics

United Nation Global Compact Comparison Table

Sustainable Development Goals (SDGs) Comparison Table
INDEPENDENT ASSURANCE OPINION STATEMENT

Chartered Accountants (India) 2018 MSI Corporate Social Responsibility Report

The Board has decided to adopt the Assurance Services Standard (ASS) 102 (Revised) of the Institute of Chartered Accountants of India (ICAI) with effect from the current financial year.

The Board has engaged BSI Assurance to conduct an Assurance engagement to verify the contents of the 2018 MSI Corporate Social Responsibility Report.

BSI Assurance has conducted the Assurance engagement in accordance with ASS 102 (Revised) and ASS 104 of ICAI.

The Board hereby expresses its appreciation to BSI Assurance for their professional and objective approach in conducting the Assurance engagement.

BSI Assurance Limited

For senior level of MSI

For senior level of MSI