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2020 MSI CSR Report

MICRO-STAR INTERNATIONAL CO.,LTD.



About this report

Report Scope

Time: From 2019.01.01 to 2019.12.31

Scope: Financial data presented in this report reflects performance of the parent company and its subsidiaries. (About the scope detail please refers to 2019 annual report at <https://tw.msi.com/about/investor>). For nonfinancial data, the boundary of this report covers Micro-Star INT'L Co., Ltd. (MSIT), MSI Computer (Shenzhen) Co., Ltd. (MSIS), and MSI Electronics (Kunshan) Co., Ltd.(MSIK)(The three facilities are referred to as "MSI Group or MSI").MSIS and MSIK do not provide information on the number of employees due to the confidentiality of the customer contract. Unless elsewhere specified, information will be disclosed in the report. There is no change from the 2018 Reporting scope.

Report Outline

MSI's CSR report addresses core indicators from the Global Reporting Initiative (GRI) GRI Standards Guidelines-Core Options and the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies. This report discloses our business activities, strategies and management performance addressing the most significant corporate social responsibility (CSR) issues. The reference table of GRI Standards has been attached as an appendix to this report.

Report Assurance

Internal review:

- The Sustainable Development Office shall assess and be responsible for administering the planning, data gathering, internal communication, content compilation, and verification of reporting.
- The Corporate Social Responsibility (CSR) working group team and the function heads shall review the content and the information contained in relevant chapters and sections for accuracy.

The President & CEO is authorized by the Board to command respective designated (adjunct) bodies to review the strategic objectives and the ESG (Environment, Social, Governance) performance.

To be reviewed and confirmed by the President & CEO by signing before release for publishing.

External assurance:

The Report is in compliance with the core options in the GRI Standards guidelines, and an independent third party (BSI Pacific Limited, Taiwan Branch) has been engaged to provide assurance for moderate assurance level in AA1000AS-2008 with 2018 Addendum Type 1.The independent assurance opinion statement has been attached as an appendix to this report.

Data verification:

The data relating to ISO of quality、environment and power management、financial、RBA and greenhouse gas emission standards have been verified by third parties.

Item		Verification / Certification
Financial Data		PwC Taiwan
Quality management systems (ISO 9001)		
Environmental management system (ISO 14001)		
Greenhouse gas emissions (ISO 14064-1)		
Occupational health and safety management system (ISO 45001)		
Hazardous substance process parties management system (IECQ/QC 080000)		Bureau Veritas Certification(BVC) Co., Ltd.
The requirements of a quality management system for organizations in the automotive industry (IATF 16949)		
Telecommunications quality management System (TL 9000)		
MSIS verification items	Energy management systems (ISO 50001)	Centre Testing International (CTI)
	Testing and calibration laboratories (ISO 17025)	China National Accreditation Service for Conformity (CNAS)
	Responsible Business Alliance (RBA)-validated audit process (VAP)	TÜV SÜD China

Date of Issuance

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

CSR Report downloads	TWSE Code: 2377 http://mops.twse.com.tw/mops/web/t100sb11 http://tw.msi.com/html/popup/csr_tw/index.html
Current issued version	June 2020
Last issued version	June 2019
Next issued version	Expected in June 2021

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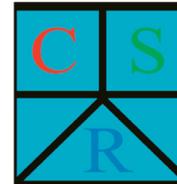
MSI Sustainability Performance Highlights in 2019

Environmental Performance

- Reduced by 3,934.8 MWh as compared with the last reporting year.
- Reduced by 1,272.7tCO2e in greenhouse gas emission as compared with the last reporting year.
- Issued the 10th edition of the Standard for Environmentally Friendly Products, and completed over 140,000 parts approval.

Social Participation

- Total amount of donations for public welfare: NT\$19,531,244
- The number of benefit students for education cares: 8,811
- The number of benefit students for school lunch: 6,510



天下企業公民獎

Excellence in Corporate Social Responsibility

Among the Top 50 of the Excellence in Corporate Responsibility Awards-Large Enterprises.



Ranked the 19th position of Interbrand of Best Taiwan Global Brands 2019 Awards. No.1 in Brand Value Growth (+18%)



Number One of reliable computer brand cited by UFC-Que Choisir of France in 2019.



MSI was ranked top 6%-20% public companies list of The 6th Corporate Governance Evaluation held by Taiwan Stock Exchange (TWSE). Selected as TWSE CSR Index:

- Taiwan Corporate Governance 100 Index component
- The Taiwan HC100 Index component
- Taiwan RAFI EMP 99 Index component



The MSCI Taiwan Index component



Ranked among the Top 20 Well-Being Enterprises of the Technology Industry in 2019 by 1111 Job Bank.



Letter from the Chairman and President (CEO)

Message from the Chairman and President (CEO)

Market needs first, value creation foremost

Global economy in 2019 was clouded by the US-China trade dispute and geopolitical uncertainty, which triggered a high level of uncertainty to the supply and demand of the industry chain. Accordingly, operation turned increasingly difficult with challenges intensified. MSI responded to the complexity of variables in the environment with flexible deployment, including the expansion of the production line in Taiwan, and an alliance with BlueStacks, a US gaming platform designer, to extend to the cloud gaming application. MSI not only chased the shipment volume of hardware but also strengthened the integration capacity of software and hardware. Furthermore, MSI also added value to its products through combining AI to mitigate the impact from the external environment. Further to the continued supply of high-end eSports equipment and peripherals, MSI also launched high-end image processing products to meet the needs of content creators. In the areas of servers, industrial computers, automotive electronics-related and OEM products, MSI also furthered its integration with related applications of AIoT and launched different solutions with a view to bringing even higher value to the customers and win-win situations for the shareholders, customers, employees, and suppliers.



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**President (CEO)
Chiang,Sheng-Chang**

**Chairman
Hsu,Hsiang**

Advancement to sustainability in concerted effort

MSI takes positive adaptive/mitigating actions to tackle the challenges from climate change and environmental protection by setting the objectives for the reduction of greenhouse gas emission, energy and water resource consumption and dumps. In the course of product development, MSI exercises control and reduces hazardous substances and assures energy efficiency of its products. In addition, MSI spares no effort to act friendly to the environment and improve the performance of environmental protection throughout the product life cycles. Besides this, MSI also seeks to reduce the use of materials which are not energy efficient and hazardous to the environment for assurance of conformity to applicable laws in Taiwan and advocacy of the objectives set forth by international organizations. MSI is dedicated to the transformation of the common sustainable value chain to unveil another blue ocean.

Balanced Development under coexistence and common prosperity

MSI pursues a sustainable strategy slowly but surely in sustainable economic development congruent with the development direction under the UN SDGs. In conforming to the standards of responsible minerals and Responsible Business Alliance (RBA), MSI materializes the evaluation and management of workers so that each worker becomes a vital partner of MSI and creates higher social value together with MSI. MSI has nonetheless continued its social participation. Through the donation of funds, sectoral integration and collaborative education, MSI has wielded its professed influence on society in the positive way for social good, and hopes to play an even more active role in education, support of the underprivileged class, and protection of the environment for further pursuit of corporate social responsibility.

TRUE GAMING





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1. Corporate Sustainability Development



1. Corporate Sustainability Development

As a corporate citizen, MSI seeks to create corporate value of sustainable development through "innovation of smart technologies", "pursuit of corporate citizenship" and "common growth for win-win situation" and performs its responsibility and mission in social concern, environmental protection, employee care, commitment to shareholders, and customer trust.

1.1 Commitment of MSI in Sustainable Development

"Sound Sustainable Governance, Environmental Sustainability and Sociality Common Good" form the core of MSI's CSR vision; they are the motivation that drives the company towards seeking balance between business, society and the environment, further setting model example for the good corporate citizen. Conceived with the corporate social responsibility vision of "vitalization of sustainable governance, development of environmental sustainability, preservation of common good in society", MSI seeks to achieve economic, social, and ecological equilibrium and sustainable development so as to set an example as a good corporate citizen. MSI adopted the internationally recognized standards in performing its social and environmental responsibilities such as the Responsible Business Alliance (RBA), UN Guiding Principles on Business and Human Rights for the performance of corporate social responsibility. Accordingly, all activities in business operation must be in compliance with the applicable legal rules effective in the countries of operation. In addition, MSI has also instituted the "Corporate Social Responsibility Best Practice Principles" as the guide for performing the obligation as a corporate citizen. MSI spares no effort in seeking solutions for the improvement of energy and resources consumption and has set the objectives for environmental protection and energy saving to demonstrate its concern over climate change as a responsible enterprise. MSI manages the use, emission, and reduction of energy and resources through the environment management system, the guide for the pursuit of environmental policy and management. MSI will continue

to conduct proper inspections and make improvements and mingle the issues pertinent to climate as an integral part of business decision-making so as to withstand the impact from climate change in concerted effort.

1.2 MSI Sustainable Development Strategy

Conceived with the corporate philosophy of "innovation of smart technologies", "pursuit of corporate citizenship", "common growth for win-win situation". MSI seeks to properly launch the ESG strategy (Environment, Social, Governance) of sustainable development, and respond to the ten goals of the UN SDGs incrementally through the strategic moves of a "viable governance structure", "leadership towards sustainability", "diversified and inclusive workplace" and "implementation of responsible production". The performance result in the reporting period is presented in the CSR Report.

Sustainability Strategy and Blueprint



MSI Sustainable Development Goals and the UN SDGs

The CSR Team and the senior management officers of MSI reviewed the core competence in operation and influence of MSI as specified in the annual report of the preceding year, and determined to make adjustments for alignment with the SDGs by introducing SDGs 1, 5, 6, and 16.

UN SDGs		Item	MSI's response to SDGs	Related Report Sections	Page
	No Poverty	1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.	To continue the supply of appropriate resources to the underprivileged: ◎ Goal: To allocate resources for social charity annually. ◎ Goal: To continue local purchase of raw materials.	3.2 Remuneration and Benefits 6. Love in MSI	36 86
	Good Health And Well-Begin	3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.	The mechanisms of the reduced use of substances hazardous to the environment and proper management of the products at the final stage of the product life cycle for assurance of the safety and health of the environment. ◎ Goal: To target using halogen-free parts and components in BOM by more than 85% by 2030.	4.1 Product Sustainability 4.2 Hazardous Substances Management	58 62
	Quality Education	4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.	Assurance of education and training for all with equal opportunity, and advocacy of lifetime learning for improvement of contribution to sustainable development. ◎ Goal: To express concern for education in remote rural areas with commitment of resources to narrow the learning gap for students in remote locations. ◎ Goal: To advocate the on-the-job continuing education program with the availability of opportunity for overseas assignment to provide incentive for employees to stay.	3.3 Employee Development 6.2 Pluralistic Educational-Supporting Education	40 87
	Gender Equality	5.1 End all forms of discrimination against all women and girls everywhere. 5.c. Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.	Eradication of discrimination in all forms and realization of gender equality. ◎ Goal: To comply with MSI CSR policies and code of conduct for assurance of no sexual discrimination. ◎ Goal: To assure equal opportunity at the workplace through ESG questionnaire survey and RBA evaluation and analysis.	2.4.3 Scope and Policies of Early Warning of Risks 3.3 Employee Development 3.5 Healthy Workplace	23 40 44
	Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally. 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.	Continuation in the management of efficient use of water resources to avoid waste and pollution. ◎ Goal: To set the objective of reduced use of water unfolded by substantive action plans. ◎ Goal: To improve the quality of water pollutants in draining for assurance of conformity to applicable standards.	5.5 Pollution Prevention 5.6 Water Management	79 81



UN SDGs		Item	MSI's response to SDGs	Related Report Sections	Page
	Decent Work and Economic Growth	<p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p> <p>8.7 Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms.</p> <p>8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.</p>	<p>To allow all male and female employees to be accessible to a decent job with the prohibition and eradication of the illicit employment of juvenile workers, eradication of forced labor, protection of labor rights, and improvement of safety at the workplace.</p> <ul style="list-style-type: none"> ◎ Goal: To target a zero frequency of disability and injury, and zero occupational hazards at the workplace. ◎ Goal: To offer incentives in remuneration and keep the overall salary level of employees at the top 35% of industry level. ◎ Goal: To comply with applicable laws effective in all production sites for the protection of the right of employment of the employees. 	3.1.2 Employment 3.2 Remuneration and Benefits 3.6.5 Result of Occupational Safety and Health Management	33 36 52
	Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.	<p>Mitigate the impact on the environment, and prompt for inclusiveness, safety and sustainable development of the accommodation environment.</p> <ul style="list-style-type: none"> ◎ Goal: To monitor the quality of ambient air annually for assurance of the effectiveness of the air pollution control measures. ◎ Goal: Mitigate the mutual influence of sharing water resources for assurance of water pollution prevention and related works are in conformity to applicable rules and regulations. ◎ Goal: Management of wastes-complete the labeling of products and equipment and the registration of recycling wastes, with product recycling rate higher than 90%. 	4.1 Product Sustainability 5.5 Pollution Prevention 5.6 Water Management	58 79 81
	Responsible Consumption and Production	<p>12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.</p> <p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p>	<p>Reduce the use of chemicals through prevention, reduction, recycling, and reuse and reduce the output of wastes to mitigate negative influences on human health and the environment.</p> <ul style="list-style-type: none"> ◎ Goal: To establish a green product management system platform for the management of suppliers and to ensure products and materials conform to applicable rules and regulations. ◎ Goal: To launch the reduced use of packing materials, efficacy management, and the reduction of the ratio of hazardous wastes. 	4.1 Product Sustainability	58
	Climate Action	<p>13.1 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.</p> <p>13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p>	<p>To make efforts to save energy and reduce carbon emissions for stronger adaptability to the impacts resulting from climate change.</p> <ul style="list-style-type: none"> ◎ Goal: To reduce the total emission of greenhouse gas by 50% by 2025 (as compared with 2007) and reduce the energy consumption of key items by 20%. ◎ Goal: Zero day of production interruption under the impact of climate change. ◎ Goal: To establish the Business Continuity Plan (BCP) as a means of management for assurance of the continuation of operation. 	2.4.3 Scope and Policies of Early Warning of Risks 5. Environmental value	23 74
	Peace, Justice and Strong Institutions	<p>16.2 End abuse, exploitation, trafficking and all forms of violence against and torture of children.</p> <p>16.6 Develop effective, accountable and transparent institutions at all levels.</p> <p>16.b. Promote and enforce non-discriminatory laws and policies for sustainable development.</p>	<p>Establish partnership with upstream and downstream enterprises for proper governance and peace resolution in concerted effort.</p> <ul style="list-style-type: none"> ◎ Goal: To advocate the management of conflict minerals for equality of human rights. ◎ Goal: To call for international advocacy in anti-corruption, ethics and integrity, and unfair competition in enterprises and supply chain. 	2.5 Business Ethics 4.3 Supplier Management	25 64

1.3 Stakeholder Engagement and Analysis of Material Issues

MSI provides a diversity of channels for hearing the stakeholders in matters of their concern, and proceeds to effective discussion for building consensus, and respond to the needs and expectation of the stakeholders.

Stakeholder Engagement

MSI has consulted the AA1000 Stakeholder Engagement Standard (or known as AA1000 SES) on its principles of influence, degree of concern, responsibility, reliance, and diversified views as the criteria for judgment. International sustainable development trend and operation needs have also been taken into consideration, based on which MSI has defined seven categories of stakeholders, namely, investors/shareholders, customers, suppliers, employees, media, government, and non-profit organizations (NPO). MSI pays constant attention to changes in corporate responsibilities and engages stakeholders in ongoing exchange of opinions. During the reporting period, a broad variety of communication channels, both regular and unscheduled, were utilized to respond to stakeholders' concerned issues.

The result of stakeholder engagement in the reporting period

Stakeholder	Communication Channel	Frequency	Issues	Response	Engagement Results
Shareholder Investor	<ul style="list-style-type: none">■ Shareholder meetings■ Investor conferences■ Annual report■ MSI website■ Market observation post system■ CSR report	<ul style="list-style-type: none">■ Annually■ Irregular■ Annually■ Irregular■ Irregular■ Annually	<ul style="list-style-type: none">Company vision and governanceBusiness operation overviewBusiness performanceRisk management	<ul style="list-style-type: none">■ The executive management team meets regularly every year■ Material information briefings■ Investor mail■ Investor service line	<ul style="list-style-type: none">■ Meetings at the management level: Shareholder meetings: 1 / Investor conferences: 1■ 2019 cash dividend of NT\$4.2 per common share■ Participation in Corporate Governance Evaluation (Evaluation Result in the reporting period: among the top 6%-20% enterprises)■ The annual reports, financial statements, and business reports will be disclosed at the official website of MSI promptly-on the page of information for investors.■ Contact: Jade Hang / +886-2-3234-5599
Customer	<ul style="list-style-type: none">■ Customer service website■ Customer satisfactory survey■ Internal contact person■ Service center■ Social media■ 0800 Phone call service■ MSI CSR website	<ul style="list-style-type: none">■ Immediate■ Irregular■ Office hours■ Office hours■ Immediate■ Daily\specific time■ Immediate	<ul style="list-style-type: none">Product liability and safetyCustomer service managementComplianceSupply Chain management	<ul style="list-style-type: none">■ Customer audit■ Supplier conference■ Project meeting and consultation■ RBA online■ Community activities■ Physical store activities■ Specific issue questionnaire	<ul style="list-style-type: none">■ Operation-related audit certification■ Irregular conference with communication■ RBA online information disclosure for customer query■ Community instant activities■ The questionnaire and issue reply■ Contact: Hotline: +886-800018880
Supplier	<ul style="list-style-type: none">■ Green product management■ Supplier conference■ Supplier questionnaire■ Onsite audit supplier/Supplier assessment	<ul style="list-style-type: none">■ Immediate■ Irregular■ Annually■ Annually	<ul style="list-style-type: none">Business operation overviewBusiness performanceProduct liability and safety	<ul style="list-style-type: none">■ Supplier audit■ Supplier conference■ Specific issue questionnaire■ Project meeting	<ul style="list-style-type: none">■ Irregularly audit suppliers and organize supplier meetings (as needed)■ Issue reply and information collection■ Project meeting with communication■ Contact: Maggie Chen / +886-2-3234-5599
Employee	<ul style="list-style-type: none">■ Employee opinion box■ Employee EAP■ Mobile APP■ Enterprise information portal (EIP)■ Employee satisfactory survey	<ul style="list-style-type: none">■ Immediate■ Immediate■ Immediate■ Immediate■ Irregular	<ul style="list-style-type: none">Business performanceEmployee benefitsEmployee developmentOccupational safety	<ul style="list-style-type: none">■ EAP hotline and mail■ ESH committee■ LOB/BU internal meeting■ Internal mail■ Employee satisfactory survey	<ul style="list-style-type: none">■ Feel free to give the opinion and make strategic adjustments and response■ To review the safety of employees' work environment■ To study employee activity satisfaction survey and develop employee requirements■ Contact: Wayne Chien / +886-2-3234-5599

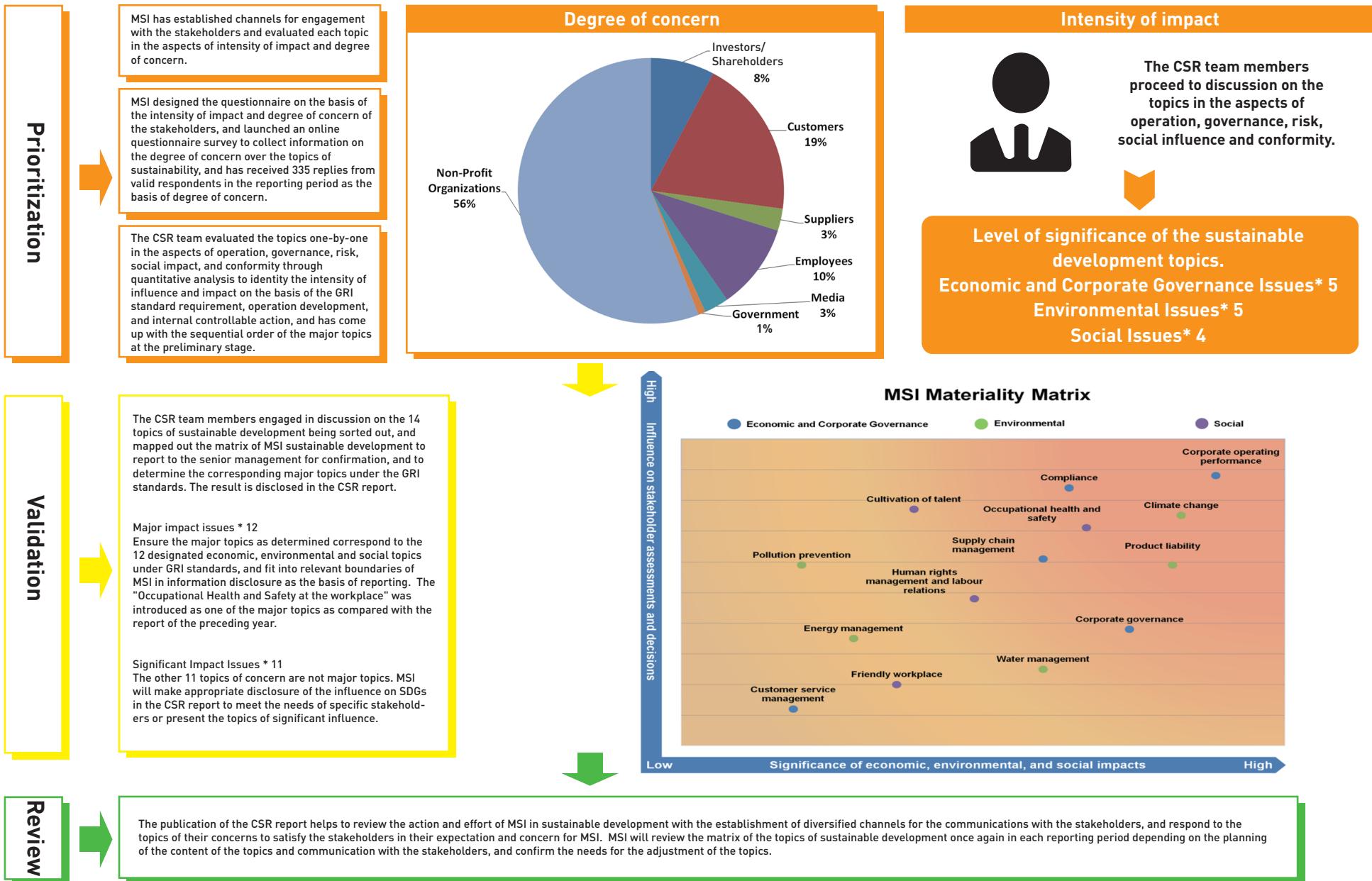


Stakeholder	Communication Channel	Frequency	Issues	Response	Engagement Results
Media	■ Press conference ■ Press release	■ Irregular ■ Irregular	Business operation overview Business performance Compliance	■ Media interviews ■ Press releases ■ Spokesperson public relations hotline and mail	■ Media interviews、inquiries and press releases ■ Contact: Jade Hang / +886-2-3234-5599
Government	■ Government regulation requirements ■ CSR report ■ Market observation post system ■ MSI investor information website	■ Immediate ■ Annually ■ Annually ■ Immediate	Corporate governance Compliance Labor rights	■ Regular press releases to publish monthly revenues ■ Questionnaire and interview	■ The company works with government agencies regularly and as needed in implementing and coordinating related programs. ■ Press releases ■ The company plays an active role in trade associations to facilitate frequent interaction among members of the industry.
non-Profit Organization	■ Stakeholder questionnaire ■ CSR Website/email ■ Market observation post system ■ MSI investor information website	■ Annually ■ Annually ■ Annually ■ Immediate	Corporate governance Environmental management Compliance Labor rights	■ Questionnaire and interview ■ Project meeting ■ Relations with Associations ■ Project collaboration	■ By applying for government subsidies or earmarked grants, the company forms academia-industry partnerships in specific fields with research institutions. ■ Contact: Wayne Chien / +886-2-3234-5599

Material topics issues analysis

MSI compiled its Corporate Social Responsibility (CSR) Report in accordance with the AA1000 Accountability Principles (AA1000AP), and the Global Reporting Initiative (GRI) Standards, which were served as references to identify major issues of CSR and major issues necessary for disclosure. MSI conducted an analysis of the major issues through the process of identification, sequential ordering, confirmation and review in order to determine the scope of disclosure in the CSR report, and reviewed the content of the issues specified in reports in the past and the external challenges to sustainable development in confirming the major issues to be covered by the report.







The material topics list of MSI sustainability development issues.

Stakeholders	Investors/ Shareholders	Customers	Suppliers	Employees	Media	Government	Non-Profit Organizations
GRI material topics	201、205	205、305、307、308、 403、414、416、419	205、308、403、414、 416	201、403、404	201、307	201、305、307、 403、416、419	205、305、307、416、 419
Related report sections	Please refer to Annex I. GRI Standards Content Index.						
Other non-material issues	202、402	303、406、407、408、 409、417、418	302、408、409、417、 418	202、405、407、409	205、402、405、 417、418	202、402、407、 409、417、418	202、405、302、303、 306、408、409
SDGs target	SDG13、16	SDG12	SDG8、12、13、16	SDG1、3、4、5、6、8、13	SDG8	SDG12、13	SDG1、4、5、6、8、12、13

Identification of Material Topics' Boundary

● Direct impact ○ Indirect impact ◎ Business impact

Categories	Sustainable development issues	GRI topics	Stakeholders						
			Investors/ Shareholders	Customers	Suppliers	Employees	Media	Government	Non-Profit Organizations
Economic and Corporate Governance	Corporate operating performance	Economic Performance(201)	◎	◎		●	○	○	
	Corporate governance	Diversity and Equal Opportunity(405)	◎	◎		●	○	○	
	Compliance	Anti-corruption(205),Environmental Compliance(307),Socioeconomic Compliance(419)	◎	●	◎	●	○		
	Supply chain management	Supplier Environmental Assessment(308),Supplier Social Assessment(414)		◎	●	●			
	Customer service management	Marketing and Labeling(417),Customer Privacy(418)		◎		●	○	○	
Environmental	Product liability	Energy(302),Customer Health and Safety(416)		●	◎			○	
	Energy management	Energy(302)		◎	◎	●	○	○	○
	Climate change	Emissions(305)		◎	◎	●	○	○	○
	Pollution prevention	Effluents and Waste(306)		◎	●		○	○	○
	Water management	Water and Effluents(303)		◎		●		○	
Social	Cultivation of talent	Employment(401),Training and Education(404)				●			
	Friendly workplace	Market Presence(202),Labor/Management Relations(402)		◎	◎	●		○	
	Occupational health and safety	Occupational Health and Safety(403)		◎	◎	●		○	
	Human rights management and labor relations	Non-discrimination(406),Freedom of Association and Collective Bargaining(407),Child Labor(408),Forced or Compulsory Labor(409)		◎	◎	●	○	○	○



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2. About MSI



2. About MSI

Material topics	Economic Performance(201),Anti-corruption(205),Environmental Compliance(307),Customer Health and Safety(416), Socioeconomic Compliance(419)
The meaning of the major topics to MSI	MSI has established sound mechanisms for corporate governance under good faith, integrity, transparency and responsibility. MSI also seeks to pursue corporate social responsibility in its entirety, and believes that corporate management in such manner will yield sound economic performance. Therefore, MSI never ceases to materialize ethical corporate management, supervision, and management of the risks in defiance of corporate ethics and integrity in every detail of its operation. The Board and related designated (adjunct) bodies of MSI review and supervise all aspects of operation to create higher value and benefits for the shareholders and the stakeholders.

2.1 Company Overview

MSI was founded in 1986 as a motherboard and graphic card manufacturer. Over the years, the Company has diversified into consumer electronics and commercial solutions through proprietary brand and as an OEM offering distinguished R&D and production service. The IT industry underwent drastic changes in 2010, but we remained persistent to our professionalism and sustainability focus, and adapted to the changes by shifting focus towards e-sports. We began with the introduction of gaming laptops and emerged as the world's leading brand of gaming laptops in 2014 that continues to dominate to this date.

Company name	Micro-Star INT'L CO., LTD.
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.)
Market area	Global
Capital (NT\$)	8,448,561,990

Chairman	Hsu,Hsiang	
President & CEO	Chiang,Sheng-Chang	
Employee	Taiwan	2,744
	China	The China areas do not provide information on the number of employees due to the confidentiality of the customer contract.

2.1.1 List of Major Shareholders

The based statistics is according to 2020.04.12 to stop the transfer date of the shareholders' register.

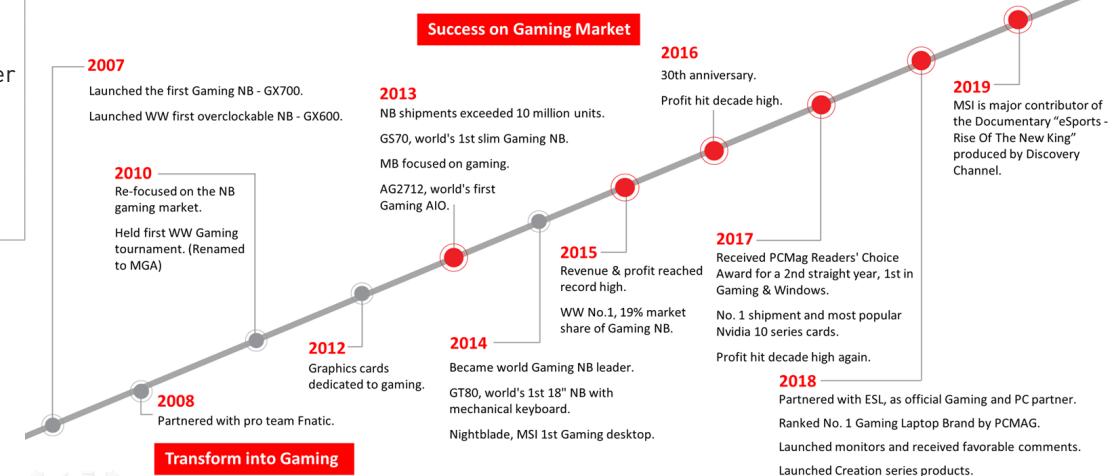
Top 10 shareholders	Number of shares hold	Shareholding%
Hsu,Hsiang	51,983,151	6.15%
Cathay Life Insurance entrusted HSBC Global Asset Management Limited Account	38,463,000	4.55%
Lin,Wen-Tung	25,672,499	3.04%
Bureau of Labor Funds, Ministry of Labor	25,279,000	2.99%
Fubon Life Insurance Co., Ltd.	22,644,000	2.68%
Yuanta/P-shares Taiwan Dividend Plus ETF	22,532,549	2.67%
Huang,Chin-Ching	20,937,377	2.48%
Lu,Chi-Long	18,650,835	2.21%
Yu,Hsien-Neng	17,892,824	2.12%
Hsu,Fen-Lan	13,408,517	1.59%

2.1.2 Relations with Associations

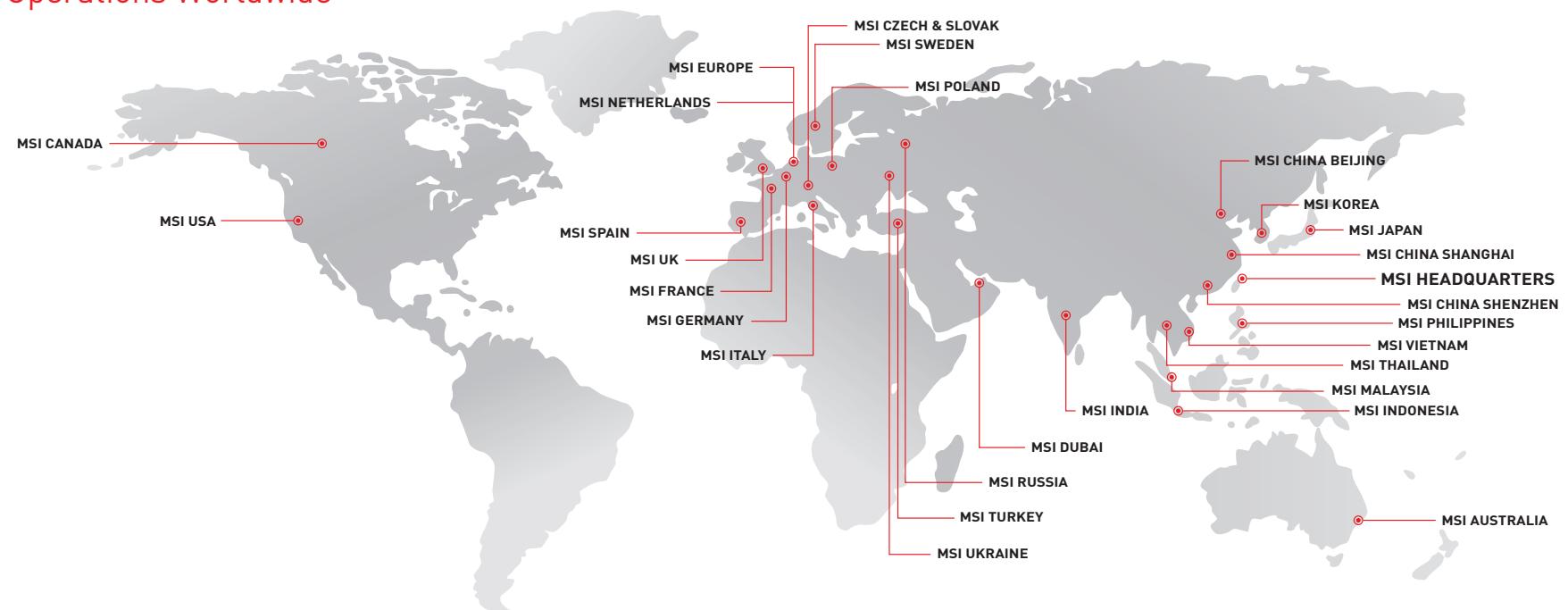
Association	Manufacturer	Title
Taiwan Automation Intelligence and Robotics Association (TAIROA)	MSIT	Member
North Electronic Human Resource Association (NeHR)		
Taipei Computer Association (TCA)		
Taiwan Stock Affairs Association (TWSAA)		
Taiwan Printed Circuit Association (TPCA)		
Corporate Green Competitiveness Alliance (CGCA)		

Shenzhen Integrity Alliance Association	MSIS	Member
Taiwan Merchant Association Shenzhen (TMAS) of Shihyan Association		
Shenzhen Hi-Tech Industry Association	MSIK	
Kunshan HumanN Resource Association (KSHRA)		
Taiwan Compatriot Investment Enterprises Association of Kunshan (KSTBA)	MSIK	
Kunshan Economic and Technological Development Zone Association of Work Safety and Environmental Protection (KETDAWSEP)		

2.1.4 MSI Recent Milestones



2.1.3 Operations Worldwide





2.1.5 Worldwide Awards

MSI continues investing in innovative R&D. The outstanding performance of the products has convinced countless media around the world to give positive reviews. Through the recognition of these awards, we are able to effectively promote our brand awareness, enabling us to market our products globally through diversified and integrated approaches to publicity, event marketing, experiencing marketing, and exhibition marketing, and digital marketing.



2019 CES Innovation Awards-Best of Innovation



Ranked the 19th position of Interbrand of Best Taiwan Global Brands 2019 Awards



2019 Taiwan Excellence Awards



Number One of reliable computer brand cited by UFC-Que Choisir of France in 2019.



TAIWAN EXCELLENCE SILVER AWARD 2019

The Optix MPG27CQ/ MPG27C curved screen won the "Silver Award" of the Taiwan Excellence Awards



2019 COMPUTEX Best Choice Award4



4 iF design Awards in 2019

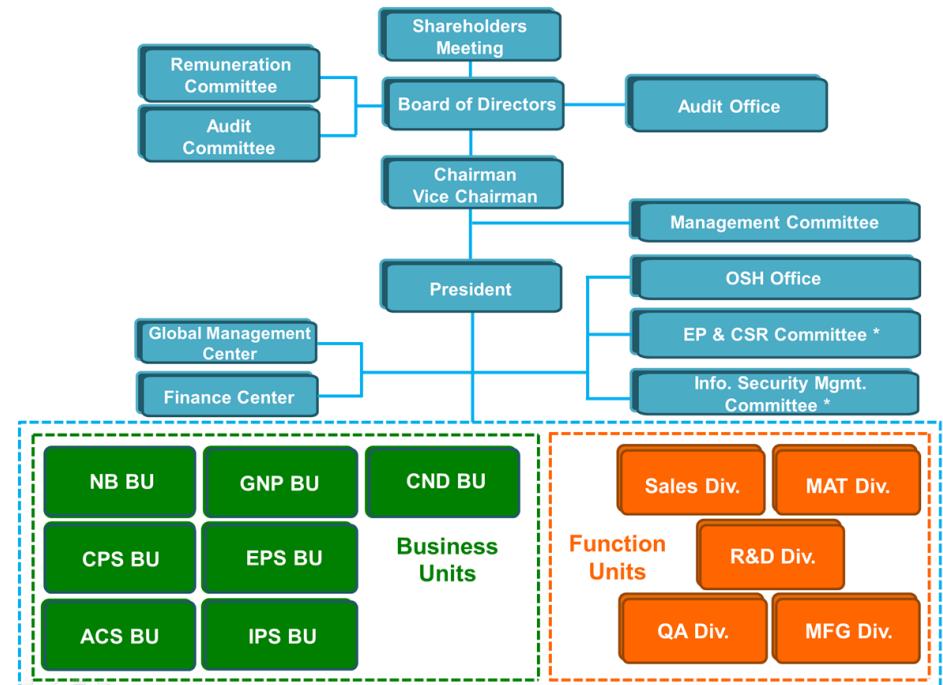


4 awards from the 2019 COMPUTEX d&i Awards

2.2 The Framework of Corporate Governance

MSI values business integrity and sound corporate governance, and considers prudent and transparent Board of Director to be the foundation of sound corporate governance. Functional committees including the Audit Committee and the Remuneration Committee have been empowered by the Board of Directors to assist the Board in various duties. The committees report work progress to the Board of Directors on a regular basis. The Board of Directors is also involved in the routine supervision of corporate social responsibility affairs.

2.2.1 Organization of Corporate Governance



*Functional committees established in 2020

The following information on corporate governance, including organizational structure, relevant education and experience of corporate governance members, as well as concurrent positions in other companies, board of directors, training and education on corporate governance, and functional committee operations, have been published in the annual report this year; relevant corporate governance information is available in the following channels:

Information Disclosure
Market Observation Post System http://mops.twse.com.tw (Company Code : 2377)
MSI Investor Information : https://www.msi.com/about/investor/
MSI CSR : https://www.msi.com/html/popup/csr/index.html

2.2.1.1 The Board of Directors

The Board of Directors serves as the ultimate governance body and decision-making unit within MSI. Board members are elected from persons with adequate capacity during shareholder meetings; the eligibility of relevant personnel is subject to the Company Act and relevant laws. The Board of Directors currently comprises 11 directors, including 3 independent directors; all members of the Board are male. The Board comprises members with diverse background and experience; collectively, they are capable of operational decision-making、business administration、crisis management, and possess the proper industry knowledge、global vision、leadership and finance/accounting/legal skills needed to enforce corporate governance. Joseph Hsu currently serves as Chairman whereas Jeans Huang serves as Vice Chairman of the Board.

The Board and its members perform duties in the utmost discretion, discipline and accountability. The Company has a set of "Rules of Procedure for Board of Directors Meeting" in place that requires directors to disassociate from decisions that present a conflict between their interests and interests of the Company when dealing

with corporate business. The Board of Directors meets at least once a quarter in accordance with the Company's "Rules and Procedure of Board of Directors Meeting". The Board of Directors held 6 meetings during the reporting period, the director's average attendance rate is 93.94%, and independent director's average attendance rate is 100%.

2.2.1.2 Audit Committee

MSI's audit committee is consisted of 3 independent directors, whose responsibilities are to assist the Board of Directors in decisions involving finance, auditing, accounting and material asset transactions, while making sure that MSI's operations comply with legal requirements. The Audit Committee meets at least once a quarter in accordance with the Company's "Audit Committee Organizational Rules". The Audit Committee held 4 meetings during the reporting period and the members' average attendance rate is 100%.

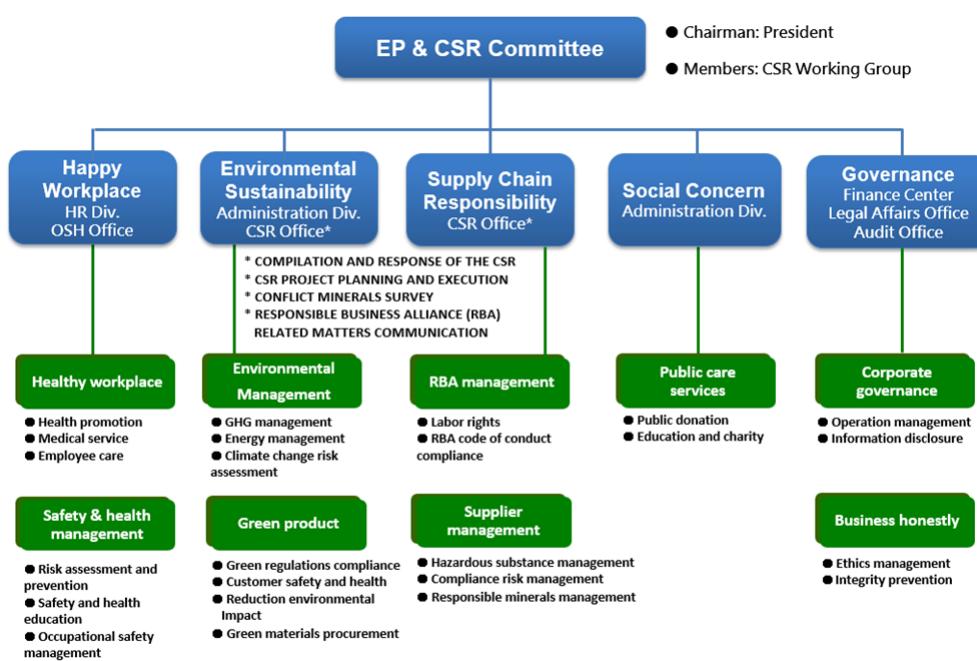
2.2.1.3 Compensation Committee

MSI assembled its Remuneration Committee in 2011 as a means to enhance corporate governance and improve directors' and managers' compensation system. The Committee has been authorized by the Board of Directors to assist the Board with the review of the Company's overall compensation policies and plans, thereby ensuring that compensations are reasonable and adequate for retaining talents. MSI's Remuneration Committee is consisted of 3 independent directors, whose responsibilities are to reduce risks of conflicting interest within the Company by exercising the duty of care of a prudent manager in the utmost professionalism and independence. The Compensation Committee meets at least twice a year in accordance with the Company's "Compensation Committee Organizational Rules". The Compensation Committee held 5 meetings during the reporting period, the members' average attendance rate is 100%.



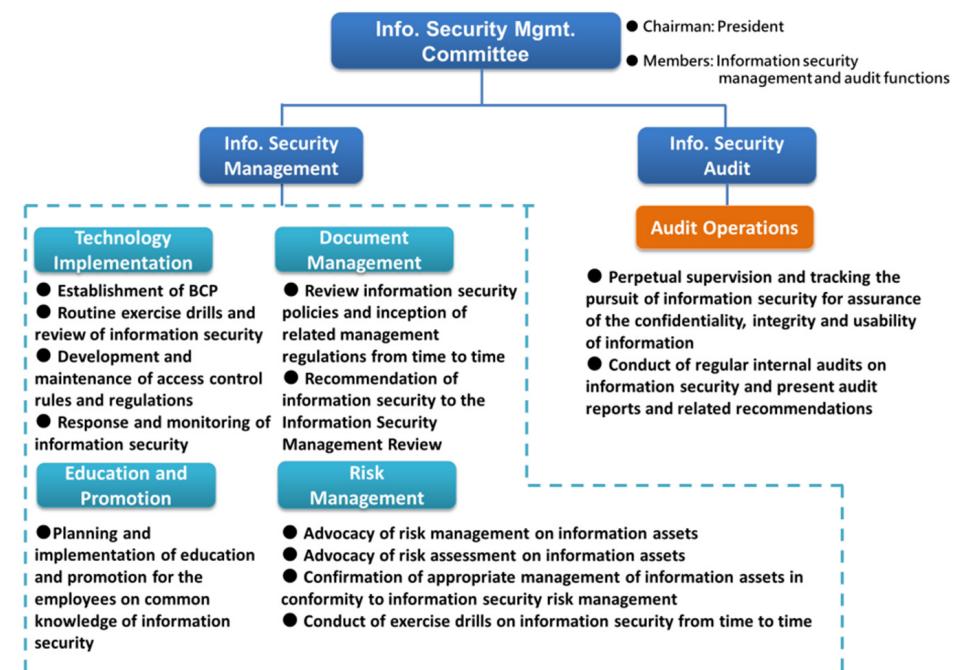
2.2.1.4 Environmental Protection and Corporate Social Responsibility Committee

MSI established the Environmental Protection and Corporate Social Responsibility Committee in 2020 for the pursuit of corporate social responsibility. This committee is a cross-functional body under the command of the committee head. Respective designated (adjunct) bodies will proceed to horizontal communication as instructed and align with international standards, and be responsible for environmental protection and mapping out the topics of sustainable development; reviewing the annual economic, environmental, and social goals; and supervising the attainment towards these goals at regular intervals.



2.2.1.5 Information Security Management Committee

MSI established the Information Security Committee in 2020 to upgrade information security management and prevent information theft, modification, or loss for assurance of the confidentiality, integrity and usability of information. This committee is responsible for the management and supervision of information security operation. It is expected that the management, supervision, and advocacy of information security could effectively help to enhance the capacity of MSI in information security protection and the awareness of MSI people in information security protection.



2.3 Operation Performance

MSI places great emphasis on building competitive advantage within its main area of expertise. Since it made the transition into e-sports, the Company has re-allocated resources to the growing niche and executed plans at greater intensity that resulted in actual improvements in terms of profit performance and financial position. Through well-defined business targets, investors/shareholders are given a better understanding of MSI's prospects and values, and our performance in recent years is evident of our ability to deliver strong return on equity as a sustainable business. Through continuous improvement in financial performance, MSI has been able to strengthen financial position and generate better financial results and values to the benefit of its stakeholders including investors.

List of management policy in the reporting period

Material topics	Economic Performance(201)
Boundary	To disclose economic performance that MSI has delivered to stakeholders.
Management policy	Corporate Governance Best Practice Principles
Management commitment	MSI seeks to optimize its management system under strict corporate governance standards, vitalize the functions of the Board and fortify management functions. In addition, MSI mediates the interests among the investors and stakeholders through institutionalization aiming at the objective of sustainable development and sharing among the stakeholders of interests.
Management objective	Ranked among the top 6%–20% of the TWSE-listed companies in Corporate Governance Evaluation.
Management measures	
Management responsibility	MSI Corporate Governance Organization

Management methods	<ul style="list-style-type: none"> ■ Dividend policy is explicitly stated in the Articles of Incorporation under law. ■ MSI controls the direction of development and cost of operation through its operation strategy and financial planning for assurance of foremost economic interest for the employees and the shareholders.
Resources	Continue the capital investment in corporate governance and risk management.
Grievance mechanisms	Investor email at 080419861@msi.com
Evaluation mechanisms	The Corporate Governance Evaluation held by Taiwan Stock Exchange (TWSE)
Evaluation result	<ul style="list-style-type: none"> ■ Attainment at 6%–20% in Corporate Governance Evaluation by Taiwan Stock Exchange (TWSE). ■ Routine disclosure of the audited MSI annual reports, financial statements, and business reports.

2.3.1 Financial Performance

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:

Market Observation Post System <http://mops.twse.com.tw> (Company Code: 2377)

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

Currency unit: NT\$ million, except for per share amount

Item/Year	2017	2018	2019
Sales revenue	106,420	118,527	120,491
Profit before tax	5,978	7,151	6,518
Earnings per share	5.84	7.15	6.61
Return on Equity(ROE)%	18.1	20.9	18.3



2.3.2 Distribution of Economic Value to Stakeholders

MSI has business locations all over the world. Each location has duly observed applicable taxation laws in the respective regions where it runs the operation and made tax declarations at regular intervals. MSI adopts the overall risk management and control system for the effective control and assessment of risks by the management so that MSI can quickly assess and respond to the risks, and make different kinds of decisions in consideration of the overall situations for upgrading the tenacity in operation.

currency unit: NT\$1,000

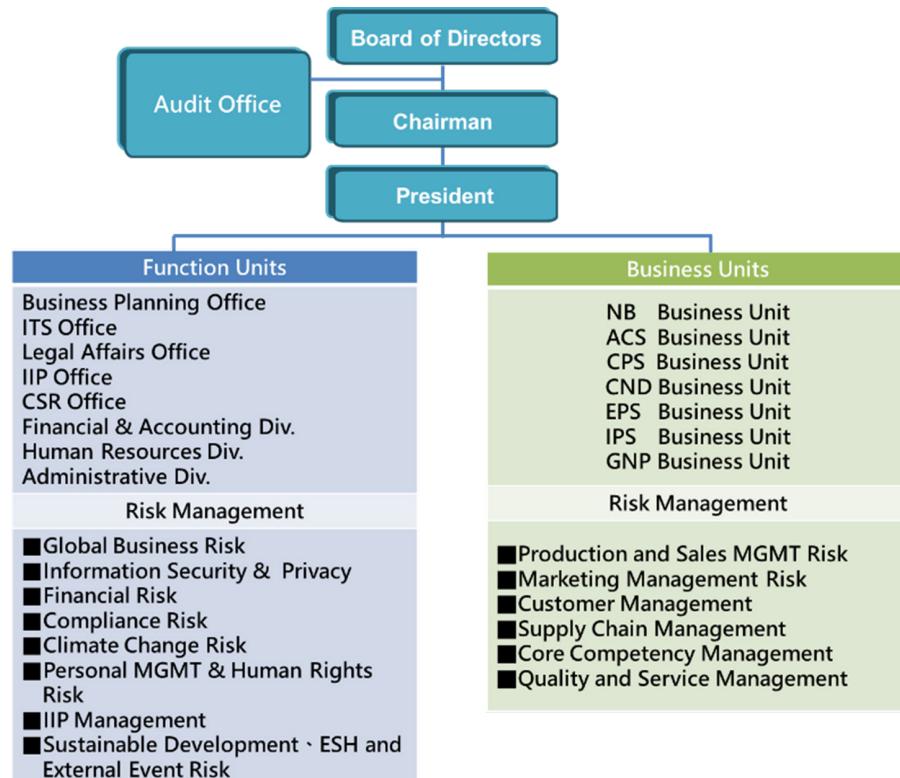
Item/Year	2017	2018	2019
Operating costs	91,388,612	102,397,587	104,629,261
Employee compensation and benefit	6,752,461	7,060,203	7,247,568
Cash dividend	2,956,997	3,801,852	3,548,396
Interest paid	3,237	13,974	23,559
Income tax expense	943,789	1,042,224	931,223
Social investments	16,599	24,381	19,531

2.4 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 Operation and Management Planning," aiming to minimize the potential risks, bolsters the capability for effective management of the key sustainability risks and create the best conditions for business and other opportunities.

2.4.1 Risk Management Organizational Structure

MSI has developed systematic risk management practices based on existing organization and internal control. In addition to cost benefits, these risk management practices have also been integrated with existing management systems to support business strategies and responses, and reduce potential risks of crisis.

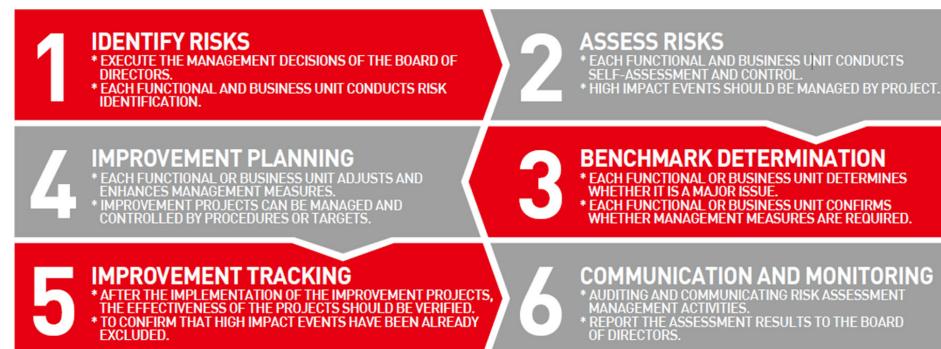


2.4.2 Risk Early Warning and Control

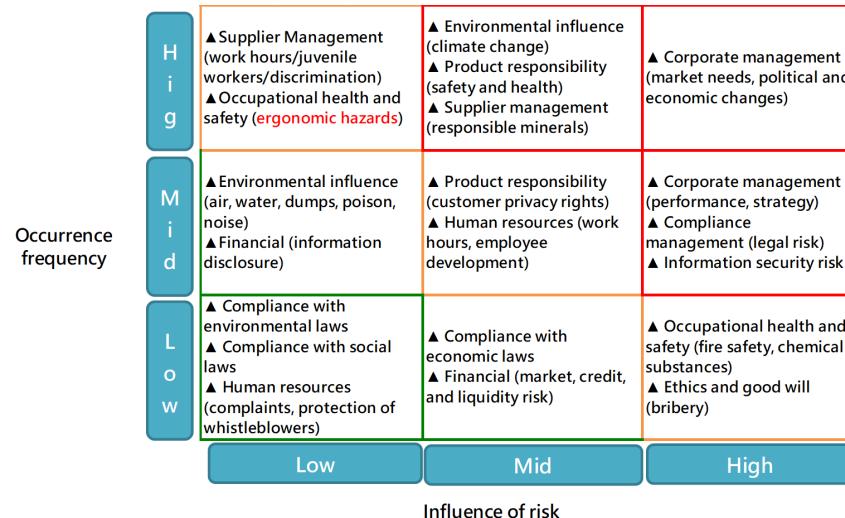
MSI adopts the PDCA (Plan-Do-Check-Act) cycle for risk management. This approach enables the Company to mitigate, transfer, avoid or even assume risks of various categories in a controlled manner, and make ongoing improvements to actions and responses.

In managing early warning of risks, respective functional and business units will identify the kinds of risks within their scope of business and sort out the items of major risk based on which applicable indicators and action plans will be mapped out. Early warning is managed by reviewing the performance of the indicators at regular intervals and review will be conducted through forward rolling and continued optimization to assure the effectiveness of the protective measures.

Risk Early Warning and Control Procedure



Risk Early Warning and Control Matrix



2.4.3 Scope and Policies of Early Warning of Risks

During the reporting period, a series of analyses were performed to identify risk factors that are likely to affect business operations. We then applied controls and adjusted procedures at different levels of authority to mitigate such risks. Targets and parameters have been set up in management systems to serve as risk monitor, which enables us to reduce chances of risk event or even turn them into opportunities. Overall, MSI encountered no major risk event that may potentially affect business operations during the reporting period, meaning that current risk management practices are effective in monitoring risks.

List of Risk Early Warning and Control Measures in the reporting period

Aspect of Risk	Boundary	Control Measures
Economic	Financial	Refer to Chapter VII of the Annual Report presented to the 2019 General Meeting of shareholders - Financial position and financial performance in review and analysis, risk items, Section VI, "Assessment of risks in the preceding fiscal year to the date this report was printed."
	Operating management	
	Compliance management	
	Business ethics	*Institution of the Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles, and Ethic Code of Conduct of MSI. *Education and training for the employees in ethic code of conduct and anti-corruption. *Establishment of channels for whistleblowing and complaints and audit of the internal control system.
	Information security risk	*Completion of the exercise drill in sustainable corporate management. *Establishment of information security event notification and response management procedure. *Completion of the information backup system. *Inspection and audit of information security from time to time.
	Compliance with economic laws	*Meeting the requirements of economic laws effective in the places of production for assurance of conformity to legal requirements and integrity of the disclosure of economic information. *Institution of the Corporate Governance Best Practice Principles, Corporate Social Responsibility Best Practice Principles, and Ethical Corporate Management Best Practice Principles.



Aspect of Risk	Boundary	Control Measures
Environmental	Climate change	<ul style="list-style-type: none"> *Energy consumption inspection and management *Practice of the reduced use of energy and resources *Overhauling of public use equipment and energy saving management. *Introduction of green and advanced production technologies *Reduction of loss caused by natural disasters through commercial insurance and procedure to respond to emergencies in production.
Environmental	Compliance with environmental laws	<ul style="list-style-type: none"> *Meeting the requirements of the environmental protection laws in the places of production for assurance of conforming information on the environment in declaration. *The Office of Occupational Health and Safety reviews the status of compliance with applicable laws governing environmental protection. *Accreditation with ISO 14001 environmental management system.
Social	Supplier management	<ul style="list-style-type: none"> *Refusal of using metallic minerals extracted from conflict areas. *Establishment of the channels for communications/complaints of suppliers. *Institution of the "MSI Suppliers Code of Conduct." *Conduct of routine audits on RBA management.
	Human resources	<ul style="list-style-type: none"> *Offering of competitive remuneration package and benefits. *Institution of the "Regulations Governing Education and Training" for the continuing education and training of employees. *Routine inspection and evaluation of human resources. *Institution of service regulations to avoid discrimination, sexual harassment and any other forms of human right violations.
	Occupational safety and health	<ul style="list-style-type: none"> *Accreditation of ISO 45001 – occupational health and safety management systems. *Advocacy of worker safety and health training in conformity to the requirements of applicable laws governing safety and health and response to emergency. *Identification of applicable laws governing safety and health at regular intervals for assurance of compliance with applicable laws and establishment of management system.
	Product liability	<ul style="list-style-type: none"> *Identification of customers and applicable laws governing health and safety worldwide at regular intervals. *Institution of green product control regulations for tracking product safety and environmentally friendly design. *Establishment of Ethical Corporate Management Best Practice Principles for the protection of the privacy right of customers.
	Compliance with social laws	<ul style="list-style-type: none"> *Meeting the requirement of social laws effective at the places of production for assurance of personnel management, service, or products in compliance with applicable laws and avoidance of penalty. *Evaluation of RBA at regular intervals for assurance of conformity.

BCP (Business Continuity Plan) Management

BCP is established to mitigate the impact of emergency of high severity on the Company and condensing the time of service interruption to an acceptable level, which will be essential for reducing operation loss, protecting the reputation of the Company, upgrading customer satisfaction, protecting the employees and communicating in crisis situations. The conduct of exercise drills helps to review the capacity of MSI in pursuing the BCP and response to emergency events, and also examine if the BCP is viable and the capacity in responding to emergency is strong enough with the following results:



- Protect the reputation of the company and the rights of the investors.
- Reduce the possibility of information and communication interruption without warning for assurance of normal operation.
- Create a positive work environment and reduce the probability of environmental and occupational hazards.
- Establish quick response mechanisms in industry supply chain management to strengthen competitiveness in the market.

Responses to Tackle COVID-19

In supporting the measures taken by relevant countries to tackle COVID-19, the population under quarantine for prevention of infection remained high. The result is inadequate supply of human resources, interruption of the supply chain, and forgery of pandemic free certification, which together pushed up costs and inflicted sizable impact on the operation of enterprises. As such, MSI pursues the following in the period of fighting the pandemic in response to the changes:

- Formation of a pandemic prevention response task force: MSI has formed the pandemic prevention task force before the Lunar New Year to keep track on the status of the employees at all plant sites and their health status. MSI also responded to the change in the status of the spreading out of the pandemic by taking appropriate management measures in operation.
- Establishment of the mechanisms for employee health monitoring and management: MSI keeps abreast of the health status of its employees at all times through tourist and business traveling investigation, daily measurement of body temperature, education on the pandemic, diversion of shift duties, meal supply at interval time, strengthening disinfection of all facilities, and release of face masks.
- Establishment of home office environment: MSI introduced the remote work platform in support of the government policy of pandemic prevention so that the employees can save, edit, and exchange files on official duties and quickly complete the works with proper communication and sharing of files.
- Establishment of real-time communication mechanisms: A platform for the communications of employees at relevant operation locations or those quarantined at home has been established for conveyance of information, such as videoconferencing, to upgrade communication efficiency.
- Establishment of BCP: MSI started to help its customers in tackling the pandemic crisis as early as the confirmed outbreak of the pandemic in the areas of assessment of the influence on the operations in human resources, financial position, business operation, and legal aspects, and established the BCP. For the time being, COVID-19 has not inflicted any significant influence on the operation.

MSI is always prepared to respond before the situation of the pandemic gets worse, and is confident in enabling its employees and customers to

face the challenge in concerted effort. MSI believes that it will be more seasoned and tenacious to brave any challenge in the future after this crisis.

2.5 Business Ethics

MSI adheres to the national laws and ethics of the location where each plant is located to engage in operational activities; we prohibit the direct or indirect provision, commitment, demand, or acceptance of any undue benefits and interests, or any acts involving breach of integrity, illegality or violation of obligations in the course of doing business to obtain or maintain benefits. MSI will continue to abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism, so as to create an operational environment for sustainable development.

The corporate governance body of MSI monitors the change in the regulatory environment and the risks that may cause significant impact on its operation at regular intervals. Each of the operation locations of MSI also identifies the laws effective in their respective countries or regions of operation for assurance of compliance with applicable laws worldwide in their operation. In addition, MSI also seeks to prevent unethical practices through internal control and minimize the risks for avoiding corruption and unlawful practices. In the event of material incident, MSI will make announcements and release the details in accordance with the procedures of Taiwan Stock Exchange Corporation regulating the investigation and public disclosure of events of materiality by TWSE-listed companies.



List of management policy in the reporting period

Material topics	Anti-corruption(205)
Material topics	Assess possible risks of corruption within the organization to assure no influence of corruption on its operation. In addition, MSI also established related policies or procedures for fighting corruption, protection of whistle blowers, and compliance with applicable laws.
Boundary	Codes of Ethical Conduct、Corporate Governance Best Practice Principles、Ethical Corporate Management Best Practice Principles、Corporate Social Responsibility Best Practice Principles
Management policy	MSI pursues corporate governance under the premises of business integrity and human concern, and thereby instituted various forms of ethic norms and code of conduct and duly observed applicable laws and ethic code for assurance of trust from the stakeholders.
Management commitment	<ul style="list-style-type: none"> ■ Promote the Declaration of Integrity by MSI Group ■ Audit of the internal control system
Management measures	
Management responsibility	Audit Office、Global Management Center、Finance Center
Management methods	<ul style="list-style-type: none"> ■ Conduct routine risk assessment and audit to reduce the risk of corruption. ■ Establishment of the due diligence inspection and management system for continued review of the management policy.
Resources	Promote integrity management among the suppliers and the employees with input of human resources and funding into the internal control system.
Grievance mechanisms	<ul style="list-style-type: none"> ■ Email for communication with the stakeholders at 080419864@msi.com ■ Email for report and complaint at audit@msi.com ■ 2.5.3 Complaints and Report Mechanisms
Evaluation mechanisms	Internal audit system, external confirmation mechanisms, declaration and review of trade contracts, and Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities.
Evaluation result	<ul style="list-style-type: none"> ■ Routine education for the suppliers regarding business integrity with 100% attainment within the reporting period. ■ Internal audit was performed on all operating locations of MSI and subsidiaries, and no significant corruption risk was found. Please refer to the Declaration of Internal Control System attached as part of the 2019 annual report-Management's Reports on Internal Control for more details. ■ Please refer to 2.6 Legal Compliance

2.5.1 Sustainable Development Strategy

MSI instituted the "Corporate Social Responsibility Best Practice Principles," "Ethical Corporate Management Best Practice Principles," "Ethic Code of Conduct," "Service Regulations," and the RBA Code of Conduct for the proper pursuit of ethical corporate management and creation of an environment for sustainable corporate development. MSI also promotes these concepts with proper management at regular intervals, as well as the channels for internal and external complaints to hear the needs of the stakeholders for the proper pursuit of compliance and ethical corporate management.

Responsible Business Alliance (RBA) Audit Management

Corporate sustainability is a long-term process, one that MSI has devoted to with the introduction of EICC in 2008 followed by the announcement of "Corporate Social Requirements" in 2009, implementation of supplier Second-party EICC audit in 2010, and adoption of RBA Validated Audit Program (VAP) for MSIS since 2015. We continue to disseminate and communicate relevant 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.

Development of MSI RBA			
Goals	Management measures	Development result	Objective in the future
The electronic industry and its supply chain shall ensure that the work environment is safe, the workers are respected and dignified, and business operations are compliant with environmental protection rules and moral code.	RBA VAP Audit	<p>2008: MSI adoption of the Electronic Industry Citizenship Coalition (EICC) Code of Conduct</p> <p>2009: Establish "Corporate Social Requirements"</p> <p>2010: Supplier EICC on-site audit</p> <p>2015: MSIS 1st. EICC VAP Audit (V5.1)</p> <p>2017: MSIS EICC VAP Audit (V5.1.1)</p> <p>2019: MSIS RBA VAP Audit (V6.0)</p>	2021: MSIS complete RBA VAP audit
	The conduct of Self-Assessment Questionnaire (SAQ)	2019: MSI has completed the RBA SAQ for the first time	Continue to assess the feasibility of VAP audit

Employee Training

In addition to offering training courses for new recruits, we also promote awareness on ethics and integrity using our EIP website, contracts and business documents. Furthermore, e-newsletters are distributed to employees from time to time to explain ongoing issues and clarify doubts. The above measures apply to the entirety of MSI Group and are intended to draw employees' attention to proper ethics and the zero-tolerance policy.

Supplier Management

Competition is beneficial to business, but as multinational trade evolves, competition for profit margin has given rise to new forms of merger, receivership and market manipulation/segregation that are being considered as inappropriate conducts. For this reason, new behavioral

codes and legal actions are being undertaken worldwide against monopolistic conducts and unethical behaviors, and in doing so maintain the integrity of the business world. MSI has responded to the initiative through actions, exerting influence over suppliers to uphold common ethics and integrity. We use a multitude of channels (e.g. supplier conference) to promote suppliers' awareness towards MSI's integrity policy, and have compiled a list of "Corporate Social Requirements" to align suppliers' practices with MSI's expectations. During the reporting period, MSI continued to promote awareness among suppliers using the online platform (GPM) and by having them sign letters of commitment that convey MSI's resolve in upholding business ethics.

Supplier promotion focus:

- Suppliers are expected to act in MSI's best interest, and avoid potential conflict of interest.
- Unreasonable contracting, collective bargaining and conspiracy among suppliers are prohibited.
- Suppliers must have whistleblower systems in place and protect informants against retaliation.
- Suppliers are expected to take initiative in reporting unethical and dishonest conducts.

2.5.2 Assessment of the Risk of Integrity

Targeting on the risk of corruption, MSI conducted an assessment based on operations of different natures. The assessment approaches are further described below:

1. The offices of internal audit and legal affairs oversee signing of the business integrity declaration and business integrity pledge during contract signing to ensure that all MSI employees and suppliers conduct businesses with ethical practices.



2. The management is required to perform control self-assessment (CSA) and supervise internal audits on MSI and subsidiaries according to the company's internal control system. The progress of which is disclosed in annual reports, please refer to 2019 annual report P.40.

3. Establishment of the channels for reporting unethical practices for audit and controlling any possibility of the risk of corruption.

4. Routine identification and self-assessment of environmental protection, social and economic rules and regulations.

Based on the information in the business integrity declaration and business integrity pledge in the procurement contract, results of CSA, and reports from the business integrity compliance, MSI's risks of corruption is well under control. No significant risk was found during the reporting period.

2.5.3 Complaints and Report Mechanisms

According to Article 20 of the MSI Ethical Corporate Management Best Practice Principles and Article 49 of the MSI Corporate Governance Best Practice Principles, MSI shall establish the mechanisms for reporting of and response to complaints with proper functioning of the mechanisms, and provide protection for the bona fide whistleblowers and related investigators to avoid revenge due to the uncovering of wrongdoing and participation in the investigation. In addition, employees can also appeal to the Employee Assistance Project (known as "EAP") for legal, financial, and tax consultation services from professional consultants. Employees may also file complaints through external channels. MSI will be pleased to engage in communication under equality and reciprocity.

Reporting channel	Hotline	Micro-Star Int'l Co., Ltd. (Taipei): +886-2-3234-5599 Ext. 1606; or +886-2-2227-1606 MSI Computer (Shenzhen) Co., Ltd.: +86-755-28101899 Ext. 8802; or +86-755-27637600 MSI Electronics (Kunshan) Co., Ltd.: +86-512-57718888 Ext. 1001; or +86-1836-1990252
	Email	Micro-Star Int'l Co., Ltd. (Taipei): audit@msi.com MSI Computer (Shenzhen) Co., Ltd.: jubao@msi.com MSI Electronics (Kunshan) Co., Ltd.: lianzheng@msi.com
	Mail Box	Micro-Star Int'l Co., Ltd. Audit Office / No. 69, Lide St., Zhonghe Dist., New Taipei City, 235030, Taiwan MSI Computer (Shenzhen) Co., Ltd. Audit Office / Longma Information Technology Industrial Park, Tangtou Village, Shitian Town, Baoan District, Shenzhen City, Guangdong Province, People's Republic of China 518108 MSI Electronics (Kunshan) Co., Ltd. Audit Office / No. 88, East QianJin Rd., Kunshan City, JiangSu, China 215300
Stakeholder communications	Hotline	(02)3234-5599
	Email	080419864@msi.com
	Mail Box	No. 69, Lide St., Zhonghe Dist., New Taipei City, 235030, Taiwan

2.6 Legal Compliance

MSI operates and services customers worldwide. To ensure that we meet full compliance with local laws and regulations, we pay close attention to the latest updates of policies and legislation that are likely to affect the Company's business and financial operations. The latest information obtained regarding regulations is communicated with the relevant department in the first instance to ensure timely update of the Company's operations. We have also set up procedures and guidelines based on the relevant requirements provided in various laws and regulations. Our relevant actions include but are not limited to fair trade, environmental protection, compilation of financial reports,

internal control, insider trading, employee conduct, anti-harassment, anti-discrimination anti-corruption, personal information protection, document management, ethical practice, intellectual property rights, information security, and management of conflict minerals. The above-mentioned management policies are extremely important for the management of 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.

List of management policy in the reporting period

Material topics	Environmental Compliance(307), Socioeconomic Compliance(419)
Boundary	Assessment of the risks of environmental protection/compliance with social and economic laws and product/service safety laws of MSI, and also the response of MSI to the events of stakeholder concerns with the establishment of related compliance policies and procedures.
Management policy	MSI Standard for Environmentally Friendly Products, IECQ/QC 080000 standards, Environmental Hazardous Substances Management Related Directives, Ethical Corporate Management Best Practice Principles
Management commitment	MSI pursues corporate governance under the premises of business integrity and human concern, and thereby instituted different sets of rules and regulations governing environmental protection and product safety for assurance of compliance and protection of the health and safety of the customers to upgrade the value of sustainable corporate development.
Management objective	<ul style="list-style-type: none"> ■ No illicit business behaviors in defiance of anti-monopoly. ■ Assurance of meeting the requirements of environmental protection, social and economic laws effective in relevant places of production.
Management measures	
Management responsibility	Global Management Center、OSH Office、Legal Affairs Office
Management methods	<ul style="list-style-type: none"> ■ Routine identification and self-assessment to reduce legal risk. ■ Establishment of due diligence investigation and risk management system with responses to the topics of stakeholder concerns.

Resources	Promote integrity management among the suppliers and the employees with input of human resources and funding into green product management and internal control system.
Grievance mechanisms	<ul style="list-style-type: none"> ■ Email for communication with the stakeholders at 080419864@msi.com ■ 2.5.3 Complaints and Report Mechanisms
Evaluation mechanisms	Internal audit system, external confirmation mechanisms, declaration and review of trade contracts, and Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities.
Evaluation result	<ul style="list-style-type: none"> ■ Please refer to 2.6 Legal Compliance

MSI adheres to ethical business practices and corporate social responsibilities. Therefore, we pledge our best efforts to achieve sustainability.

Category	Compliance indicator	Corporate social responsibility progress
Social	Anti-corruption	MSI did not commit any improper dealings that are against our commitment for ethical practices or jeopardize the company's interests.
	Anti-competitive behavior	MSI's business activities did not involve inappropriate business activities such as anti-competitive practice, anti-trust, or monopolizing practices.
	Compliance	No substantial fines or non-economic sanctions were imposed on MSI for violation of regulations.
	Supplier assessment for impacts on society	MSI did not have any workplace hazards or sustained any economic losses as a result of contractor or supplier's breach of operating procedures.



Category	Compliance indicator	Corporate social responsibility progress
Social	Grievance mechanisms for impacts on society	There were no stakeholder complaints about unfavorable social impacts.
Human rights	Non-discrimination	No incidents of discrimination, human rights violations, forced labor and sexual harassment were reported.
	Forced or compulsory labor	
	Human rights grievance mechanisms	
	Child labor	No operational base or supplier was found to have been involved in serious child labor disputes.
Environmental	Effluents and waste	MSI did not transport any wastes derived from business activities across borders. It was also not reported for serious incidents of hazardous substance leakage nor had fines imposed for violation of environmental protection laws.
		The test results of all MSI operation sites fully complied with local regulations. No incidents of serious leakage were reported and no impact to the local environment and wildlife habitats related to MSI's operations was found.
	Compliance	No substantial fines or non-monetary punishments were imposed on MSI for violation of environmental-protection laws.
	Total number and volume of significant spills	No instance of serious leakage of the chemicals used in MSI's business activities was reported.
	Environmental grievance mechanisms	No complaint relating to environmental impact was lodged through the stakeholder complaint mechanism.

Product responsibility	Customer health and safety	MSI did not violate any laws concerning product and service labeling.
	Product and service labeling	MSI did not violate any laws concerning product and service labeling.
	Marketing communications	MSI did not violate any laws concerning advertisement, promotion, or sponsorship for selling and marketing of products. MSI did not produce any prohibited or controversial product. None of its products was banned from sale in specific markets.
	Customer privacy	MSI did not receive complaints regarding violation of client's privacy right and/or loss of clients' information.
	Compliance	MSI was not fined in substantial scale as a result of violation of laws relating to products, services and/or product usage.



msi[®]

3. Employee Value



3. Employee Value

Material topics	Employment(401), Occupational Health and Safety(403), Training and Education(404)
The meaning of the major topics to MSI	MSI follows the rules of humanitarian governance and respects basic human rights, thereby sparing no effort in offering a fair, sound, safe and healthy workplace of superior quality. To MSI, the employees are the most vital part of its operation. Further to the respect of the employees, MSI also provides room for open communication, adequate competitive power, innovation, growth and development with the proper design of an outstanding development policy so that each and every employee can demonstrate their individual values and accomplishment through self-actualization in the MSI family.

3.1 Overview of the Employee

Harmonious labor-management relation, impeccable working conditions, and the physical and mental health of the employees are the very basics for the employees to have peace of mind at work and to demonstrate their strength in their activities. Therefore, MSI has established friendly channels for communications, and diversified learning and benefit systems to pool the momentum for sustainable development.

List of management policy in the reporting period

Material topics	Employment(401)
Boundary	To provide employees with assurance regarding recruitment, employment terms, work rights and work environment, and thereby maintain sound labor-management relations.
Management policy	Service Regulations, labor and employment laws effective at the places of production.
Management commitment	Creation of admirable culture at the workplace, fair treatment to all employees, upgrade of the management policy for promotion and retaining good people, creation of market value for the employees.

Management objective	<ul style="list-style-type: none"> ■ Maintain a competent and stable workforce ■ Provide incentive compensations and a comprehensive welfare system ■ Create a friendly and joyful work environment
Management measures	
Management responsibility	Human Resources Division
Management methods	MSI instituted a system for the protection of employee rights under the fundamental principle of law. Through routine performance evaluation of the employees, MSI traces the general situations of the employees and provides necessary assistance to protect their rights. In addition, MSI also seeks to create harmonious operation benefit for common good through email, labor-management meeting consultation and other mechanisms for communications.
Resources	Employee remuneration, Employee insurance premium
Grievance mechanisms	EAP Email at eaphelp@msi.com
Evaluation mechanisms	Availability of employment opportunity, competitive remuneration packages, excellent benefit system, protection of labor rights.
Evaluation result	Please refer to 3.1.2 Employment, 3.2 Remuneration and Benefits, 3.3 Employee Development, 3.4 Employee Care

3.1.1 Employee Structure

Staffing structure of the corporate governance body in the reporting period (%)

Age\Gender	Board members	
	Male	Female
Age 30 and under	0.00%	0.00%
Age 30-50	9.09%	0.00%
Over 50	90.91%	0.00%

Note: There are no female staff and male staff under the age of 30 in the corporate governance body.

Distribution of employees by age and gender in the reporting period (%)

Age\Gender	MSIT		MSIS		MSIK	
	Male	Female	Male	Female	Male	Female
Number of Employees	1,078	1,666	MSIS and MSIK do not provide information on the number of employees due to the confidentiality of the customer contract.			
Age 30 and under	16.40%	19.30%	67.00%	63.00%	70.31%	58.89%
Age 30-50	78.20%	76.00%	32.50%	36.70%	28.05%	41.11%
Over 50	5.40%	4.70%	0.50%	0.30%	1.64%	0.00%

Note: There were no over 50 year's old employees at MSIK.

Distribution of employees by education and gender in the reporting period (%)

Education\Gender	MSIT		MSIS		MSIK	
	Male	Female	Male	Female	Male	Female
Masters or above	24.00%	15.00%	0.18%	0.26%	0.48%	0.00%
Bachelor	70.00%	68.00%	5.32%	9.62%	13.92%	19.98%
Others	6.00%	17.00%	94.50%	90.12%	85.60%	80.02%

Note: MSIK employees does not have a master's degree or above.

Distribution of employees by grade and gender in the reporting period (%)

Grade\Gender	MSIT		MSIS		MSIK	
	Male	Female	Male	Female	Male	Female
Executive	3.80%	1.20%	0.37%	0.26%	0.55%	0.00%
Mid-level executives	19.24%	10.65%	3.26%	4.61%	7.24%	5.11%
Supervisor	1.12%	0.65%	7.25%	7.47%	2.94%	3.83%
General staff	75.84%	87.50%	89.12%	87.66%	89.28%	91.06%

Note:

1. Executive: including Assistant Vice President or above.
2. Mid-level executives: Section Manager or above
3. General staff: General administrative clerk (including Technician, DL, IDL, Contract employees, Interns)
4. There were no female senior executives at MSIS.

Diversified distribution of employment in the reporting period (%)

Category\Gender	MSIT		MSIS		MSIK	
	Male	Female	Male	Female	Male	Female
Proportion of employees hired from vulnerable groups	5.00%	0.00%	10.40%	5.10%	9.69%	5.34%
Proportion of foreign employees	0.80%	1.80%	0.00%	0.00%	0.12%	0.00%

Note:

1. No expatriate was employed at MSIS.
2. No female expatriate was employed at MSIK.
3. The underprivileged groups are the handicapped and minorities, who are employed by MSI.

3.1.2 Employment

MSI offering competitive salary, benefits and employment terms, and also has robust on-job training in place to support employees' career development. Moreover, we strive to maintain an open and fair working environment where new employees may quickly adapt to the environment and the duties assigned to them. The immediate supervisor and members of the Human Resource Division also make communication and visits to minimize chances of resignation due to unfamiliarity with the workplace irregularly.

**Distribution of new employees by age and gender in the reporting period (%)**

Age\Gender	MSIT		MSIS		MSIK	
	Male	Female	Male	Female	Male	Female
The number of employment	379	327	MSIS and MSIK do not provide information on the number of employees due to the confidentiality of the customer contract.			
Age 30 and Under	35.50%	40.40%	82.72%	83.87%	91.82%	83.48%
Age 30-50	63.30%	59.60%	17.28%	16.13%	8.18%	16.52%
Over 50	1.20%	0.00%	0.00%	0.00%	0.00%	0.00%

Note:

1. There are no new female employees over the age of 50 at MSI, and there are no new employees over the age of 50 at MSIS and MSIK.
2. Note to turnover of employees under the age of 30 at MSIS and MSIK: The high employment rate of employees is the result of the turnover of line workers where additional manpower is required to fill the vacancies of the production lines.

No employment of child labor

MSI insists on keeping the corporate spirit of humane and friendly employment, observing internal codes and advocacy of human rights and the laws effective in Taiwan and Mainland China. Through a transparent recruitment system, MSI keeps track on the risk of employing juvenile workers at all operation locations. MSI strictly prohibits the employment of juvenile workers under the age of 15 in the recruitment process, and also prohibits the employment of workers under the age of 18 to perform labor-intensive duties or works entailing high danger. MSI also works in conjunction with the suppliers proactively to create a sustainable supply chain through the advocacy of business integrity. If MSI discovers applicants for jobs feeding MSI fabricated information to the extent that MSI erroneously hires juvenile workers, MSI will proceed with further action in compliance with applicable laws effective at the places of the production sites or institution of related rules and regulations to handle the situation (refer to the table below).

Item \ Manufacturer	MSIT	MSIS	MSIK
The child labor remediation procedure.	Labor Standards Law.	The child labor remediation and minor labor management procedure.	

Distribution of employees by contract category in the reporting period (%)

Category\Gender	MSIT		MSIS		MSIK	
	Male	Female	Male	Female	Male	Female
The number of employee	1,606	1,070	MSIS and MSIK do not provide information on the number of employees due to the confidentiality of the customer contract.			
Full Time-Official Employees	99.10%	98.60%	66.93%	56.35%	80.72%	90.51%
Full Time-Contract Employees	0.90%	1.40%	25.40%	16.52%	19.28%	9.38%
Part Time-Interns	0.00%	0.00%	7.67%	27.13%	0.00%	0.11%

Note:

1. MSI has not employed any interns in the reporting period.
2. There are no male interns at MSIK.

The proportion of employing local residents as senior executives in the reporting period (%)

Main operation sites	MSIT	MSIS	MSIK
Location	New Taipei City, Taiwan	Shenzhen City, China	KunShan City, China
The proportion of assuming positions as senior executives in proportion to the overall staffing population (%).	3.00%	0.78%	1.76%
The proportion of assuming positions as senior executives and higher (%).	100.00%	0.79%	0.04%

Note:

1. Definition of senior executives in the facilities of Taiwan: Executives at the level of division and higher.
2. Definition of senior executive in the facilities of Mainland China: Executives at the level of deputy manager and higher.

3. Essential locations of operation: About 85% of the employees are distributed in the essential locations of operation, Taiwan, and Mainland China, and about 15% of the employees are distributed in all other overseas subsidiaries. Only the content disclosed in this report will count.

Minimum Notice Periods Operational Changes

Note to advance notice or collective consultation as required by law in the event of drastic change in the operation or employees chose to sever the employment relation for failure to adapt to the jobs. MSI will offer severance pay and related certification documents for assuring no influence on the right of employment of the employees.

Note:

1. According to Paragraph 17, Article 2 of the MSI Work Protocols, the Company needs to announce termination of employee's labor contract at least 10 days prior to termination to the affected employees.
2. When the Company's policies or decisions (e.g. salary adjustments or overseas assignments) will cause significant impacts on the rights of the MSI employees, the Company should announce this change at least 10 days prior to its taking place.
3. In the event of significant influence on shareholders equity or stock price, MSI shall provide the details in materiality by the deadline as required by Taiwan Stock Exchange Corporation.
4. The announcement of other significant changes should be processed according to local legal regulations.

3.1.3 Retaining Employees

MSI emphasizes the spirit of "One MSI" and spares no effort in upgrading the identification and practice of the corporate core value among the employees. At the same time, MSI also designs the remuneration and benefit systems to the needs of employees. Through the optimization of human resources, and the cultivation of communication transparency, employees can demonstrate their strengths without reserve and advance the common goal with the Company to create the value of growth where both sides are winners.

After the new employees have reported to duty, the designated window of HR and function heads will assist these employees to ascertain their adaptive capacity to the new jobs. This helps to reduce the turnover of new employees due to their incapacity to adapt to the new work environment. In addition, new employees can quickly mingle with the overall corporate environment through on-the-job training and education. If a specific employee proposes to resign for any specific reason, HR will interview the employee to understand the reasons for quitting and will help the employee switch to other vacancies at his/her will. This measure will help to retain employees.

Distribution of employee turnover by age and gender in the reporting period (%)

Age	MSIT		MSIS		MSIK	
	Male	Female	Male	Female	Male	Female
The number of employee turnover	203	129	MSIS and MSIK do not provide information on the number of employees due to the confidentiality of the customer contract.		MSIS and MSIK do not provide information on the number of employees due to the confidentiality of the customer contract.	
Age 30 and Under	29.00%	39.00%	82.16%	85.89%	90.87%	83.42%
Age 30-50	69.00%	57.00%	17.84%	14.11%	9.08%	16.58%
Over 50	2.00%	4.00%	0.00%	0.00%	0.05%	0.00%

Note:

1. There are no employees over the age of 50 who resigned from MSIS, and there are no female employees over the age of 50 who resigned from MSIK.
2. Note to turnover of employees under the age of 30 at MSIS and MSIK: The majority of the departed employees are line workers. They resigned mainly because of the labor shortage in the locality, competition in the industry, and the content of work. The administration of the plants will continue to pay attention to the problem and seek improvement.



Maternity leave and paternity leave

MSI provides parental leave, maternity leave and paternity leave in accordance with applicable local laws of the production locations so that employees can maintain a proper balance between work and family. MSI also designs a viable system for the returning employees, including the arrangement of leaves of absence, career planning assistance, and allowances pertinent to maternity care and benefits to let the employees feel warmth and care.

The parental leave status of employees at MSIT in the reporting period.

Descriptions	MSIT	
	Male	Female
No. of people qualified for parental leave	65	50
Actual no. of applicants	3	18
No. of people expected to be reinstated in the current year (A)	7	18
Actual no. of people reinstated in the current year (B)	1	16
No. of people reinstated from long-term child care leave in the previous year, and who have worked for one year since (C)	0	9
Actual no. of people reinstated in the last year (D)	0	12
The parental leave return to work rate(B/A)%	14.29%	88.89%
The parental leave retention rate(C/D)%	-	75.00%

Note:

1. There is no mandatory parental leave in the facilities of MSI in Mainland China.
2. Return to work rate=Total number of employees that did return to work after parental leave / Total number of employees due to return to work after taking parental leave * 100%
- Retention rate=Total number of employees retained 12 months after returning to work following a period of parental leave / Total number of employees returning from parental leave in the prior reporting period(s) * 100%
3. - : No returning employee from parental leave at MSIT in the last reporting year.

The maternity leave status of employees at MSIS & MSIK in the reporting period

Descriptions	MSIS		MSIK	
	Male	Female	Male	Female
No. of people qualified for maternity and paternity leave	54	113	818	720
Actual no. of applicants	54	113	27	69
No. of people expected to be reinstated in the current year (A)	54	113	27	69
Actual no. of people reinstated in the current year (B)	48	94	24	52
No. of people reinstated from maternity and paternity leave in the previous year, and who have worked for one year since (C)	58	54	26	46
Actual no. of people reinstated in the last year (D)	68	57	32	59
The maternity and paternity leave reinstatement rate(B/A)%	88.89%	83.19%	88.89%	75.36%
The maternity and paternity leave retention rate(C/D)%	85.29%	94.74%	81.25%	77.97%

Note: Employees of PRC nationality enjoy longer maternity leave under Chinese labor regulations; therefore, the reinstatement time often extends across reporting.

3.2 Remuneration and Benefits

MSI effectively combines the remuneration system and benefits to satisfy the working and living needs of the employees. This arrangement also helps to effectively improve the operation and development of the Company. MSI will continue to improve the remuneration and benefits for the employees through a sound management system.

3.2.1 Remuneration system

MSI offers a sound remuneration system through annual review of the salary level in the market and fairness of remuneration to provide the employees a competitive remuneration package. This will help to assure the retention of good people and attract other talents to MSI.

The amount of salaries and bonus expenses in 2017-2019

Year	Salaries and Bonus (NT\$ Millions)
2017	1,359.30
2018	1,319.25
2019	1,303.13

The mean and mode of the salaries for non-managerial full-time employees at the facilities of Taiwan in the reporting period

Item/Year	MSIT	
	2018	2019
General staff count (A)	2,104	2,211
Change in the general staff from the same period of the previous year (persons)	Not applicable for the first year.	107
Sum of full-time salary in the reporting period (in NT\$1,000) (B)	2,889,689	2,930,797
The total amount of growth of salaries for the full-time employees from the reporting period of the previous year (%)	Not applicable for the first year	0.014
The mean salaries in the reporting period (in NT\$1000) (C=B/A)	1,373	1,326
The variance from the mean salaries of the reporting period of the previous year (in NT\$1000)	Not applicable for the first year	-47
The median of the salaries in the reporting period (in NT\$1,000)	Not applicable for the first year	1,105

The variance from the median salaries of the reporting period of the previous year (in NT\$1,000)	No regulatory requirements	Not applicable (the median of the salaries was disclosed for the first time in 2019)
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Note:

1. The mean and mode of the annual salaries for non-executive full-time employees was disclosed in response to the requirement of the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" of the Taiwan Stock Exchange Corporation after amendment effective 2019.
2. Annual salaries: Including the basic salaries and annual bonus of the employees in the year.
3. General staff: General administrative clerk (including Technician, DL, IDL, Contract employees, Interns)
4. This disclosure is not applicable to the facilities in Mainland China.

The ratio of the standard salaries for the basic level of employees to minimum level of salaries in the place of production

As for compensations and incentives, we conduct regular performance assessments and decide them based on employees' individual education, experience, knowledge seniority and performance. All operation sites offer starting salaries for new employees that are more favorable than the local basic salary. The starting salary does not differ for employees' differences such as gender, marital status, religion or political association.

Location\Gender	MSIT		MSIS		MSIK	
	Male	Female	Male	Female	Male	Female
The salary standard for basic level employees is at a higher ratio to the minimum salaries of the places of operation.	1.03	1.03	1.02	1.02	1.16	1.16

Note: Basic level employees: Mainly the full-time (direct) employees.



3.2.2 Magnanimous Benefits

MSI not only reviews the salary standard with proper adjustment at regular intervals to upgrade the performance of operation, organization and individuals, but also provides benefit packages senior to mandatory requirements. In addition, MSI also flexibly designs rewards exclusive to designated job positions and continues to perfect the benefit system.

Amount of benefit expenses in 2017-2019

Item/Year	2017	2018	2019
The employees of benefit expenses (NT\$ Millions)	6,752.46	7,060.20	7,247.57
Accrued benefit expenses (NT\$)	51,008,421	59,040,003	57,953,188

Benefit Items for MSI employees

MSI appropriates a specific amount from revenue and employee salaries as a welfare fund at regular intervals for funding annual big events, year-end banquets, arts and culture lectures, gifts for the three major festivals, allowances for group activities of the organization, traveling subsidy, birthday gifts for employees, emergency aid for employees, maternity subsidy, matrimonial gifts, department level social gatherings and cross-functions benevolent gathering subsidy, and supply of recreational facilities for the employees. The spending on benefits will be disclosed to all employees on the intranet of MSI for their reference.

Item\Location	MSIT	MSIS	MSIK
Operation Bonus	V	V	V
Employee Insurance (including life insurance, accident insurance and medical insurance)	V	-	V
Social Insurance (including annuity, medical, unemployment, occupational injury, and maternity)	-	V	V

Item\Location	MSIT	MSIS	MSIK
Housing Allowances	-	V	V
Parental Leave	V	V	-
Maternity and Paternity Leave	V	V	V
Family care leave	V	-	-
Pension	V	-	-
Others	Employee Clubs	V	V
	Continuing Education	V	V
	Gifts for the three major festivals	V	V
	Massage Service	V	-

Flexible working hours

MSI makes humane work hour arrangements and offers a leave system that is more favorable than what the laws require. These systems are intended to help employees achieve balance between work, health and family life.

- Flexible work hours for office operations (office hours begin 8:30~09:00 and end 17:30~18:00).
- 3 days flexible paid leaves are offered.
- 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.

Appropriation for pension reserve

MSIT The employee pension benefit plans are constituted precisely 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 also applied to the seniority of those

who choose to fall under the Labor Standards Act after the implementation of Labor Pension Act. In the name of Supervisory Committee of Business Entities Labor Retirement Reserve, retirement accounts are opened in Bank of Taiwan.

- MSIS, MSIK
- In accordance with the old-age insurance system in the P.R.C., the MSIS and MSIK allocate pension premium for local workers based on a certain proportion of their payroll every month. The pensions of all staff would be made overall arrangements by the government.

Welfare Allowances

MSI has an "Employee Welfare Committee" in place and offers most comprehensive welfare system for employees' life, promote the healthy development of employee both physically and mentally, and maintain harmonic labor-management relations.

- Welfare item
- Employee benefits: MSI also offers welfare expenses for 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, maternity allowance, wedding cash gift, department gatherings, interdepartmental gatherings, and employee recreational facilities.
 - The employee health screening offers for free.
 - The external professional training is fully subsidized.

Physical and Mental Care

MSI has mapped out a good LOHAS policy to provide the employees with services and space for relaxation.

- We have set up 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, first aid training, health education, health promotion, epidemic prevention, and other health management related subjects.
- All the complexes are equipped with dormitories, mobile and motorcycle parking lots, employee cafeterias, multimedia TV, microwave oven, rice steamers, coffee bar etc.
- MSIT and MSIS offer of free massage service.

Excellent Work Environment

A safe workplace is closely associated with the occupational safety and health of the employees. To this end, MSI seeks to reduce the risks from the environment, sanitation, and safety and health through continued improvement, and provides related medical facilities to respond to emergency situations.

- MSI has an Occupational Safety and Health Committee and meetings are held at least once every quarter to implementation of workers' safety and health.
- Air conditioners, cooling towers and drinking fountains are being serviced and cleaned regularly to maintain office air quality and employee health.
- The office building implementation entrance guard control, and set up central monitoring system is controlled by security personnel monitoring 24 hours a day.
- Established the Automated external defibrillators (AEDs) for more people to respond to a medical emergency where defibrillation is required. CPR and first-aid knowledge is promoted among employees irregularly.



- MSI holds fire drills every six months, and performs "Fire Safety Equipment Checks" once a year to enhance employees' fire safety awareness.
- MSI has installed fire prevent manager personnel that will promote and implement fire safety education within the organization.

3.3 Employee development

MSI has established the management and assessment mechanisms to "choose," "use," "develop," "assess," and "keep" good people under the mindset of the overall human resources development strategy. MSI has long been investing its resources in human resources development to strengthen the competence of employees and provide a diversity of channels for the learning and growth of the employees in the technical and managerial systems of duties. Employees can continue their education through internal and external education and training programs, and have the opportunity of overseas assignment, seminars and conferences, speech meetings, and use of online learning system of the Company to enrich the knowledge in different areas of specializations. MSI will bear all the expenses incurred from employee learning.

List of management policy in the reporting period

Material topics	Training and Education(404)
Boundary	Employees can refine their work efficiency through voluntary learning and the availability of smooth channels for promotion. Employees are encouraged to align with corporate development to plan for their career opportunities for the free flow of good people in the Company.
Management policy	<ul style="list-style-type: none"> ■ Realization of on-the-job training and offering smooth channels of promotion for the employees to develop talents in the future. ■ Offering the channels for diversified learning to develop the potential of the employees and improve their work performance.

Management commitment	Provide a positive work environment and career development planning for employees, and upgrade the measures for the development of talents to create employee competitiveness at the workplace.
Management objective	<ul style="list-style-type: none"> ■ Provide sound career development planning. ■ Continue to provide training programs for the employees to upgrade their professional competence.
Management measures	
Management responsibility	Human Resources Division
Management methods	Establishment of the policies for the diversified development of human resources. Heterogeneous training and management will be provided for the employees in managerial and technical duties that gives the right people an appropriate environment for development.
Resources	Employee salaries, training expenses, human resources management
Grievance mechanisms	EAP Email at eaphelp@msi.com
Evaluation mechanisms	Performance evaluation, professional training evaluation
Evaluation result	<ul style="list-style-type: none"> ■ MSI continues to pay the full amount of on-the-job training for employees ■ 29 learning and development projects have been designed and implemented ■ Routine evaluation of employee performance and availability of promotion opportunity

3.3.1 Occupational Career Vision

Human resources development is a prime force driving sustainable development and innovative change of an enterprise. For this reason, MSI provides employees appropriate career development planning, including the advocacy of learning new knowledge, development of multiple professional skills and creativity



storming so as to prompt organizational learning and knowledge revolution and to upgrade the performance of employees at work and optimize the organizational structure, which will eventually guide MSI towards the right direction of development.

Occupational development blueprint



Occupational development planning

Development of workplace potentials	Basic training for new employees: All newly recruited MSI employees are required to complete the online of general knowledge course training before commencing duty. The course provides employees with a fundamental understanding of MSI's corporate culture and management policies including human rights, intellectual property rights, information security and occupational safety and health, which will shortens the time for manpower import.
	Specialized training: Training of special skills for the recruited duty, including online operation, quality management and skills pertaining to specific roles.
	In-service training: Employees can request external training and conducting external professional courses for employees improve skills.
	Language learning: The Company has contracted with foreign language centers and purchased learning materials from them to give employees the option of choosing the suitable foreign language institution to learn from.

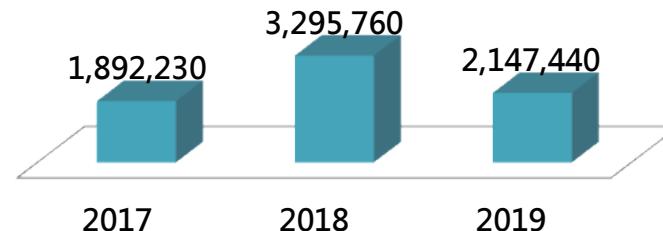
Professional capacity development	MSI University was established in 2009 with four main colleges, namely: Leadership Development, Research & Development, Technology and Sales & Marketing. The MSI university courses content combined with the company's overall strategy to carrying out focused, specialized and differentiated training for different job roles by limited resources utilization.
Tiered training management	Managers in the growth phase are subjected to training on corporate culture, corporate identity and value. Depending on their job roles, they also undergo different forms of knowledge transfer to become management successors.
Leadership training	For key business management talents, through a series of internal and external courses to train employees on market analysis, leadership, strategic management and business decision-making, and create a strong management team and ensure corporate good governance within the organization.

3.3.2 The Overview of Human Resources Development

MSI provides diversified learning at the workplace with the proper balance of family life so that the employees can be equipped with the professional skills and a nurtured way of life. In addition, MSI also provides an excellent work environment so that all employees can have the opportunity for self-development and grow hand-in-hand with MSI with the enhancement of the value for MSI and the employees. This will help to develop good quality people for MSI and upgrade the overall competitive power.

2017-2019 Accrued education training

Amount of expenses incurred from education and training (NT\$)





The average hours of annual training by gender and grade in the reporting period

Age\Gender\Grade	MSIT		MSIS		MSIK	
	Male	Female	Male	Female	Male	Female
Executive	4.94	5.81	60.97	63.29	13.30	0.00
Mid-level executives	5.17	6.92	51.97	49.02	22.33	26.19
Supervisor	25.87	23.84	13.52	14.60	22.71	22.71
General staff	6.62	7.51	21.96	21.66	32.21	34.61

Note:

1. Executive: including Assistant Vice President or above.
2. Mid-level executives: Section Manager or above
3. General staff: General administrative clerk (including Technician, DL, IDL, Contract employees, Interns)
4. There were no female senior executives at MSIK.

Information on new employees training in each plant in the reporting period

Item\Location	MSIT	MSIS	MSIK
Number of new employees	7,196	17,470	2,318
Total training hours	11,734.80	139,760.00	1,392.00

Information on employee training in human rights in the reporting period

Item\Location	MSIT	MSIS	MSIK	
The Non-discrimination, ethics(including anti-corruption), employee rights (including human rights), forced labor and sexual harassment training total hours (hours)	Management	18.67	382.50	0.00
	General staff	2.67	1,802.70	0.00
	New employees	529.00	8,735.00	682.00

Note:

1. Please refer to MSI's 2019 annual report for more details on corporate governance courses and training undertaken by board members and the senior management. The employee irregularly uses e-mails and the intra EIP system to promote the human rights. New employees need to complete the training course of human rights.
2. MSI hired contract labor from manpower agencies also need to do human rights training. Contract employees were entitled to the same rights as full time employees.
3. The management and all in MSIK were engaged in education of human rights via email in the reporting period without tracking the exact hours of education.

3.3.3 Performance review

MSI conducts employee performance evaluation twice a year, and conducts core competence evaluation based on the organizational goals set by each unit. To achieve fair performance evaluations, each employee is evaluated by at least two supervisors, including an interview with the direct supervisor to assist MSI in promoting labor-management communication.

Distribution of the employee performance review result by gender and grade in the reporting period

Age\Gender\Grade	MSIT		MSIS		MSIK	
	Male	Female	Male	Female	Male	Female
Executive	100.00%	100.00%	100.00%	100.00%	100.00%	0.00%
Mid-level executives	99.03%	100.00%	100.00%	100.00%	100.00%	100.00%
Supervisor	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
General staff	91.50%	88.32%	100.00%	100.00%	59.94%	75.38%

Note:

1. The total number of employees of year-end performance evaluation based in 2017. (Former employees and Taiwanese Staff are not included)
2. Executive: including Assistant Vice President or above.
3. Mid-level executives: Section Manager or above
4. General staff: General administrative clerk (including Technician, DL(Direct Labor)、IDL(Indirect Labor), Contract employees, Interns)
5. There were no female senior executives at MSIK.
6. Performance evaluation did not reach 100% at any MSI plants due to absence of employees on unpaid leave, newly recruited employees leaving before the end of the third month, and employees on personal and sick leave over 30 days.

3.4 Employee Care

Harmonious labor - management relations are the cornerstone of an enterprise for sustainable and stable development. MSI established a diversity of channels and transparent platforms to hear the true voices of the employees in the expectation of effective and barrier-free communication with the employees. MSI also keep the personal information on each employee in strict confidence so that each employee is fearless in expressing their opinions. MSI spares no effort in keeping and furthering its relations with the employees.

3.4.1 Open Channels of Communications

The EIP of the MSI intranet

MSI has established an EIP platform on its intranet so that the employees can access all important notices and the information on benefits of the Welfare Committee. This helps to augment the rights and benefits employees are entitled to. The EIP website also integrates several management service systems internally to provide employees several forms of care and concern. In addition, MSI also sends the employees clippings of important news, the MSI IT Daily News, on a daily basis via Outlook to allow the employees access to important news of the latest industry trend and the industry.



Employee Assistance Project (EAP)

The Employee Assistance Project (EAP) help employees can get help for the following issues: work stress, emotional problems, tax, legal affairs, medical care, and others. By combing internal and external services, EAP helps employees to solve related problems and release work stress and emotions to regain mental health, so that their family will not need to worry about their physical and mental condition.

The contact information of EAP	
MSIT	EAP email : eaphelp@msi.com EAP Hotline : 8585
MSIS	EAP Hotline : 8858
MSIK	EAP Hotline : 8085



3.4.2 Meeting Communications

Through different business groups, MSI engages employees in weekly、monthly and quarterly meetings to discuss the current state of business and issue major announcements. Employees are entitled to reflect opinions through available channels, and the communication provides the management with a better understanding of the current state of governance for more harmonic employment relationship.

The collective bargaining result in the reporting period

Item\Location	MSIT	MSIS	MSIK
Collective Bargaining	Quarterly	Quarterly	Annual
Labor Union	None*	Yes	Yes
Percentage of total employees covered by collective bargaining agreements (%)	N/A	100	100
Violation of the employee collective agreements	0	0	0

* MSIT has no employee unions and representatives established; employee communication can be conducted through multiple channels, such as the Occupational Safety and Health Committee, departmental meetings, and employee assistance project (EAP).



3.4.3 Channels for Employee Complaints

If unlawful practice, discrimination, environment, and health and safety at MSI become a concern, employees may engage in dialogue and communication with MSI through the Occupational Safety and Health Committee, Labor-Management Meeting, department meetings, EIP, and other channels for assurance of the protection of employee rights and improvement of labor-management harmony.

Channels for Employee Complaints	
Occupational and environmental safety email	esh@msi.com
Stakeholder email	080419864@msi.com

Prevention of sexual harassment at the workplace

To create a friendly work environment with peace of mind, MSI absolutely prohibits any form of sexual harassment at the workplace and has established the Gender Equality Committee, special hotline and exclusive email for complaints of sexual harassment, and assures the protection of the privacy rights of the parties concerned through the mechanisms of complaints. In addition, all new employees are required to receive education and training on the prevention of sexual harassment while all other employees are also required to receive education and training on gender equality from time to time so that each and every employee can develop a proper concept of gender equality at the workplace and understand how to handle the problem and where to seek assistance. No complaint pertinent to sexual harassment has been received in the reporting period.

Location	Channels for Sexual Harassment Complaints
MSIT	Hotline Internal Extension No.1333
	email: 113@msi.com.tw
	MSI Internal EIP website-Employee Relations

MSIS	Hotline Internal Extension No.8858
	email: carrieliu@msi.com
MSIK	MSIK Mobile APP

3.5 Healthy Workplace

A healthy workplace is essential to improving employees' mental state and strengthening the Company's human capital. At MSI, we view healthy employees to be the foundation of sustained business achievements, and therefore invest actively into employee care, welfare system and workplace safety to help employees adapt and adjust. Developing employee health self-management, cultivation of health occupational competence and a supportive working environment is how MSI rewards its growth partners in its pursuit for a sustainable future.

3.5.1 LOHAS MSI

MSI provides a great variety of hardware and software and activities to satisfy the diversity of interests of the employees so that they can enjoy the recreational facilities inside the plant sites to spend their leisure time. MSI also encourages the employees to take part in big events, group activities, games and cross-function benevolent gatherings at MSI with proper funding. Employees are discreet in choosing dynamic or vibrant activities to their interest for relaxation, and enjoy an abundant, healthy, and balanced recreational life after work.

Employee Assistance Project (EAP)

MSI introduced the Employee Assistance Project (EAP) in 2010 to provide a variety of assistance to the employees in emotional management, release of pressure at the workplace, and legal and medical services free of charge. The EAP helps the employees to solve the problems that may affect their individual performance at work and also yields positive effects of a healthy workplace at MSI.

Benefit to the organization: Solve the problems of a concern of the organization and which may affect productivity and competitive power.

Benefit to the employees: Assistance to the employees to find out and resolve the problems affecting individual performance at work such as: health, psychological problems, family, financial problems, addiction to alcohol and drugs, legal problems, emotional problems, stress, or other personal problems.

Employee Activities Center

MSI developed different forms of activities and facilities for the employees, including the venues for a variety of activities such as dance classroom, library, massage parlor, and gymnasium. Different kinds of sports training programs are also offered at regular intervals (such as yoga, fitness boxing, and street dancing) for employees so that they can choose the way and space for relaxation from the variety of choices to their preference.



Art and Literature Lectures

For the 2019 MSI Arts and Culture Festival, the MSI organized a series of seminars and invited prominent figures from various industries to share their views and experience. Through the stories of people from different backgrounds, we give employees an insight to the lives of others and encourage them to take control of their future.



3.5.2 Health Management

Maintaining the physical and psychological health of the employees is vital to the health development of the enterprise. MSI expresses its concern over the health and pressure of the daily lives of the employees. Through the improvement of health advocated by the professional medical staff of the Medical Room, MSI provides assistance to employees to keep track of their own health. MSI also advocates an environment with the installation of relevant facilities in support of health, and encourages the employees to participate. MSI promotes health in the following four aspects:





Health Management

Health education:

MSI arranges essays on health education on topics of disease epidemiology and a diversity of other health topics on the intranet system monthly. In addition, 22 lectures on health topics have also been organized in the reporting period. MSI provides free vaccination for the employees in the high season of influenza in October. Employees may get a vaccination on a voluntary basis to get a general idea of epidemic prevention. There were 760 employees who received vaccinations in the reporting period.

Psychological care:

MSI provides free psychological counseling services for the employees. Through the one-to-one interview with professional counselors in private, lectures for the release of psychological pressure, and the circulation of essays among the employees, MSI helps employees seek the channels for the release of pressure and solutions to free psychological disturbance.

Health management of employees of high risk:

MSI reminds employees to attend subsequent medical consultations at regular intervals and keep track of health data, and also gives health management advice to the employees, provides assistance for referral treatment, and maps out a plan for the prevention of diseases triggered by unusual workload. MSI also gives an evaluation prior to business trips and recommendations on health maintenance before departure, and recommends the employees taking overseas business trips to receive relevant vaccinations for international.

Protection of maternal health:

For the protection of the female employees during pregnancy and within a year after delivery from the hazardous factors at the workplace, MSI adopts the practice of risk management self-assessment and proceeds to management by level of duties after the evaluation of the physician. Where necessary, MSI will conduct fact-finding on the site and make available the measures for the improvement or adjustment of work.

Emergency rescue:

Rescuers are assigned to different floors equipped with first-aid kits. An AED is also installed at both plant sites for emergency use.

Employee Health Examination

MSI provides health examinations for employees once every other year and for expatriates and senior executives once a year. Items of examination varied with gender. The data of the employees from health examinations were tracked by the system for the employees to follow up with their health examination, health information and new medical knowledge for the convenience of employees in self-management of health. In addition, different plant sites may proceed to real-time communication on topics of health through their medical staff.

Item\Location	MSIT	MSIS	MSIK
Attendance to health examination	Employee health examination will be held once every other year. No employee health examination has been held in the reporting period.	77.3%	91.5%
Health examination items		Routine blood examination, routine examination in internal medicine and surgery (blood pressure, auscultation), liver function, x-ray, ultra-sound radiography.	
Items will vary with the age and ranks of the employees	None	Heart function, cardiorespiratory function, gynecology, cancer screening, bone density and digestive system.	

Note: MSIK has a lower attendance rate of health examinations mainly because of the high employee turnover rate. Employees absent from health examination (except the discharged personnel) will be tracked by the administration to ensure each employee completes the health examination.

Medical Clinic

For the proper prevention of occupational diseases, pursuit of health examination, health management by hierarchy, and promotion of health, the medical room at the plant sites of MSI housed an outpatient clinic attended by qualified physicians and professional nursing staff to provide health consultation services. Employees and the stationing contractors may prevent the problem of seeking medical attention elsewhere during regular work hours.





Medical Service Information

Service Item	MSIT	MSIS	MSIK
Medical service	NHI Clinic, Health Counseling, Preventing Ergonomic Related Hazards Management	Clinics and Psychological Consultation Room	Clinics
Employee physical examination	Common and special exams		
Health promotion activity	Speeches and Dynamic Information		
Medical professionals	Hospitalist	2	1
	Registered nurse	3	1
Number of medical service	1,847	896	2,594

3.5.3 Health Promotion Activities

MSI holds a great variety of health and medical care promotion schemes and activities every year to enrich the employees and the stationing contractors with knowledge in health and reduce their health risks. The plant sites in Mainland China launched the promotion of health through email and cell phone APP in the reporting period. In addition, MSI has held 22 events for health promotion with the participation of 1,117 persons by head count. The health promotion events are shown below:

Vaccine and Screening

Third dose of Hepatitis B vaccine
Second dose of Hepatitis A vaccine
Influenza vaccine (total 4 instances)
Cancer screening for females - smear examination

Lectures on wholesome food

Herbal recipes commonly seen in Taiwan and health preservation
The choice of ketogenic diet for those eating outside
Disclosure of food necessary for muscle building and fat burning
Analysis of the Recipes for Exercise Fans - How to eat before, during, and after exercise.

Lectures on health improvement

Emergency rescue -first-aid in daily life
Smoke-free MSI - Three Steps to Quit Smoking

Lectures on mitigation of stress

Stress release courses (4 classes)
Gardening Therapy - horticulture to help release pressure

Good for physical and mental health

Fitness test
Love at MSI, blood donation campaign (4 instances of blood donation with the participation of 258 blood donors and the donation of 421 bags of blood in the reporting period).



3.6 Occupational Safety and Health

People are fundamental to MSI in sustainable development and are also the precious intellectual capital of MSI. MSI implements effective occupational safety and health measures to improve the health and safety of all employees, create a healthy and friendly workplace, and to properly manage the contractors in order to create common value for the goal of common prosperity.



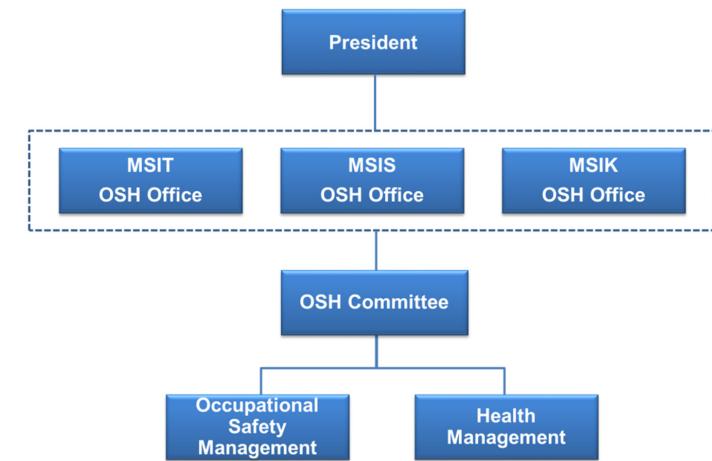
List of management policy in the reporting period

Material topics	Occupational Health and Safety(403)
Boundary	Prevention of occupational hazards, implementation of health management for the workers
Management policy	<ul style="list-style-type: none"> ■ Corporate activities are complying with applicable legal rules governing environmental protection, occupational safety and health and related requirements as the prerequisite. ■ Creation of a safe and healthy work environment, intensification in uncovering potential risks and reducing risks to a tolerable threshold. ■ Intensification of operation management and training of people to eradicate accidents, prevent pollution and avoid occupational injuries and diseases.
Management commitment	The offering of a safe work environment for the workers for the proper balance of physical and psychological development, and a sense of achievement at the workplace for well-being. Continued implementation of workplace improvement, education at the workplace and encouragement of health improvement. Safety and concern will be the standard of management for allowing better safety, comfort and health at the workplace.
Management objective	<ul style="list-style-type: none"> ■ Assurance of safe work environment ■ Application for ISO 45001 accreditation
Management measures	
Management responsibility	OSH office
Management methods	<ul style="list-style-type: none"> ■ Establishment of the Occupational Safety and Health Office to assure the workers understand the rules and regulations and their responsibilities of safety. ■ Identification of the items dictated for improvement with the setting of related objectives and mapping out the management plans. ■ Supervision of the effective operation of the occupational safety and health system. ■ Audit and review occupational safety and health incidents with the pursuit of appropriate measures to prevent recurrence.
Resources	Spending on the maintenance of the management system, education and promotion of occupational safety and health.
Grievance mechanisms	Email for communication with the stakeholders at 080419864@msi.com Occupational safety and health email: esh@msi.com

Evaluation mechanisms	<ul style="list-style-type: none"> ■ Acquisition of accreditation at regular intervals ■ Continuation of monitoring occupational safety data
Evaluation result	<ul style="list-style-type: none"> ■ Please refer to 3.6.5 Result of Occupational Safety and Health Management ■ Accredited with the ISO 45001 in occupational health and safety management

3.6.1 MSI Occupational Safety and Health (OSH) Organization Structure

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 management requirements of internal departments; compliance inspection is conducted regularly at the request of OSH laws, clients, or stakeholders. MSI is also constantly working to improve the OSH management at each operating site. The Employee Code of Practice and OSH Code of Practice describe worker's relevant health, sanitation, and safety rights and interest; the Occupational Safety and Health Committee is set up, in which labor representation accounts for more than one half of the committee. Through the supervision and implementation of the management system, the ISO 45001 Certification obtained to achieve the goal of continuous improvement.



Audits on legal rules governing occupational safety and health in the reporting period

Item	Implementing measures	Compliance
Legal rules identified	<p>Routine identification of applicable legal rules governing safety and health for assurance of compliance, including:</p> <ul style="list-style-type: none"> ■ Applicable legal rules governing safety and health management ■ Applicable legal rules governing fire safety management ■ Applicable legal rules governing food hygiene management ■ Applicable legal rules governing environmental protection 	Yes
Management system procedure	<ul style="list-style-type: none"> ■ Establishment of the safety and health management procedures with routine review annually. ■ ISO 45001 occupational safety and health management system: Completion of training and third-party accreditation. 	Yes
Education and training	<ul style="list-style-type: none"> ■ Advocacy of worker safety and health training in conformity to the requirements of applicable legal rules governing safety and health and response to emergency. ■ Training in fire safety, emergency evacuation, traffic safety and first-aid. ■ Orientation for the new employees in occupational safety and health. 	Yes
Identification of hazards	Identification of hazards to safety and health from work environment and content with 2,642 cases confirmed.	Yes
Management of change	Completion of 12 cases in management of change with 0 cases causing hazard or false alarm.	Yes
Contractor management	The contractors have accomplished 121 tasks in high risk operation with 0 cases causing hazard or false alarm.	Yes
Monitoring of operation environment	MSI adopts the concept of Similar Exposure Group (SEG) to divide the indoor areas that may cause hazards (such as laboratories, repair district, and office area) into separate groups and conducts physical and chemical tests on these areas annually. In addition, MSI also includes the testing of lead and tin to the list of inspection and testing further to the use of lead-free soldering wire for the protection of the health of the workers.	Yes

Proper corrective actions in response to audit defects	There were 772 audit defects recommended for corrective actions in the reporting period. Corrective actions have been taken in response to the recommendations and been completed by the deadline.	Yes
Prevention of occupational hazards	<ul style="list-style-type: none"> ■ Conduct analysis of the cause of injuries to the employees with further advocacy of the corrective actions taken for improvement to reduce the incidents of occupational hazards. ■ MSI was taken as an example in the reporting period. The main causes of injuries to the employees are traffic accidents. As such, MSI asked the Traffic Patrol of New Taipei Government to hold two lectures on road safety and inspection on the safety of the motorcycles used by the employees for a period of three days. 	Yes

Note:

1. Workers are those who are employed by MSI for work, including those who are given charge of administering occupational safety and health or persons who are not MSI employees.
2. Persons who are not MSI employees are contractors, including suppliers and outsourced service providers.

Scope of occupational safety and health management for the workers in the reporting period

Scope and categories of control		Categories of duties subject to MSI control				
OSH management system		ISO 45001				
Workplace controlled by MSI	Categories of workers	Employees		Contractors		
	Type of audit	Internal audit	3rd Party audit	Internal audit	3rd Party audit	
	MSIT	Population size of the month	2,231	2,152	80	66
		Ratio	96.54%	97.02%	3.46%	2.98%
MSIS	Population size of the month	-				
	Ratio	97.97%	97.30%	2.03%	2.70%	
MSIK	Population size of the month	-				
	Ratio	96.56%	96.47%	3.44%	3.53%	

— This plant site is bound by the confidentiality clause contained in contracts with customers such that the information on the number of employees and contractors is not available.



3.6.2 Risk Control and Disaster Prevention

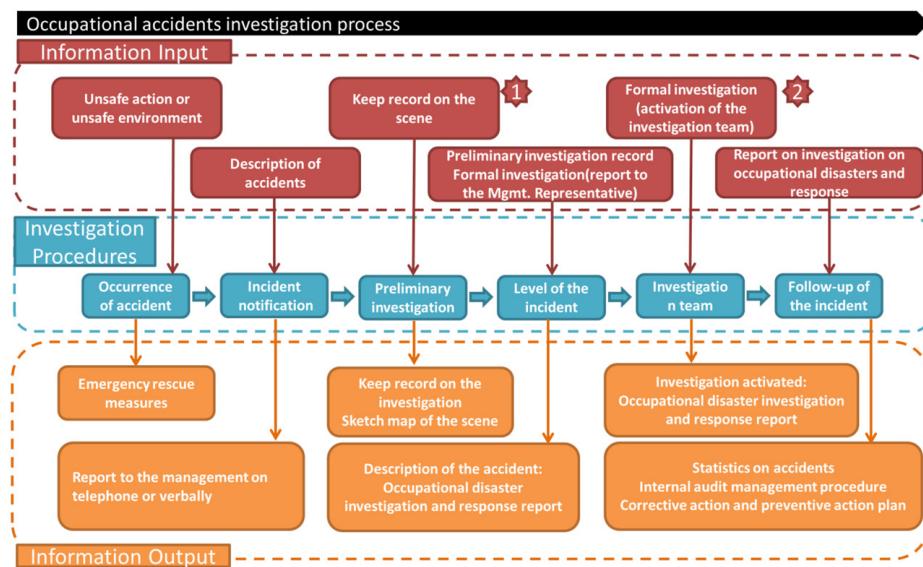
Qualified safety and health management staff will identify and evaluate the possibility, frequency and severity of the occurrence of each type of occupational hazard and also proceed to risk assessment of the hazardous factors at different levels of severity subject to the review of the environmental safety and health function. Unacceptable risks will be kept under control. Hazardous tasks bearing unacceptable risks will be subject to control with the setup of goals for improvement with routine tracking of the progress. This will help to eliminate the potential occupational hazards at the workplace.

MSI has instituted related rules and regulations for the investigation of any incidents of the workers pertinent to occupational safety and health at the workplace with follow-up actions after the incidents. MSI will determine damage and occupational injury on the basis of the content of the accidents and will launch corrective action plans after the report on the findings of the investigation. The environmental safety and health management function will continue to monitor and follow up the progress to reduce loss caused by the accident and prevent the recurrence of the same accident.

Control type	Control measures
Chemical substances	Selection of chemicals of low hazard and manage by origin for assurance of the safety of the plant site and the employees.
Occupational hazards	Propose suitable and qualified persons for this kind of duty and provide individual education and training by type of duty. Provide suitable personal protective gear, physical examination on occupational diseases, health management, and monitoring of the operation environment.
Machinery and equipment	Evaluate the safety and reinforce the protection measures of equipment.
Electrical equipment	Conduct inspection on electrical equipment from time to time to prevent non-conformity before it occurs.

Response to occupational incidents and investigation management

Workers may discover hazards and danger in the course of performing their duties, and may stop working and retreat to a safe place on condition that the safety of other workers remained unaffected, and shall report to the supervisors and occupational safety management function at once. Related incidents will be subject to investigation in accordance with laws effective at the locality of the plant. In addition, MSI will provide legal assistance to protect related workers and the persons reporting the incident will unlikely be confronted with unfavorable treatment.



① Identification of disasters:

1. **Occupational disasters:** Diseases, injuries, disability or death of the workers caused by the building, machinery, equipment, raw materials, materials, chemical substances, gas, steam, dust or operation, or other occupational causes.
2. **Damage-causing disasters:** Occupational causes as defined by the above occupational disasters without causing human injuries but causing property damage, and damage to the work environment.
3. **False alarm events:** Incidents that cause no property damage or human injuries, diseases, or death.

2 Risk Assessment Matrix

Risk level		Risk scoring	Countermeasures
Class 4	Extreme high risk	≥ 320	The OSH function shall determine if it is necessary to halt the operation depending on the status of work and launch a full review of the protection measures being taken and the hardware, and proceed to corrective action at once and put follow-up management on the list.
Class 3	High risk	160 ≤ scoring < 320	Establish corrective action plans, review the protective equipment and revise related work process. Intensify the training of personnel and refer to monitoring and control. Where necessary, put follow-up management on the list and keep track at regular intervals.
Class 2	Moderate risk	50 ≤ scoring < 160	Stay with current practice of operation or evaluate to introduce additional protection measures. Related functions should organize training for corrective action on their own.
Class 1	Low risk	< 50	Acceptable risks.

3.6.3 Education, Training and Promotion

MSI makes employees aware of the hazards at the workplace and know about the prevention of hazards through lectures, promotional posters, email, and the intranet on health and safety. Further to the routine education and training on health and safety and also fire safety, employees may also engage in communication with the management on safety and health through email and the channels for complaints on occupational health and safety to nurture the culture of safety.

Education and training in health and safety for the employees in the reporting period

Employees' health is critical to MSI, which is why we have taken the extra step to implement, maintain and manage our safety and health measures. The MSIT convenes "Occupational Safety and Health Committee" meetings whereas MSIS and MSIK organize "Employee Meeting" to promote employees' awareness. MSI employees involved in special, high-risk operations are required to undergo special health checks.

Item	Course title	Total hours			Objects
		MSIT	MSIS	MSIK	
Training in occupational safety and health and courses in common knowledge of hazardous substances	New employee consensus training	1,593	33,600	60,960	New employees
Education and training in safety and health for current employees	Occupational safety and health training	322	1,072	2,280	Employees
	Safety and health training for executives	58	756	240	Sales executives
Environmental education	Environmental education	185	1,820	1,080	Employees
Traffic safety	Lectures on promotion of new traffic laws	80	1,150	None	Employees
	Motorcycle safety across the plant site	125	2,250	None	Employees

Education and training in safety and health for the contractors in the reporting period

In addition, MSI has also instituted rules and regulations governing the safety and health and operation of the contractors, and requires all contractors to duly observe applicable legal rules governing occupational safety and health and the rules and regulations of MSI. Only the contractors who have completed the education or training of MSI Group may be admitted to the plant site for operation. There was no occupational hazard that claimed the lives of contractors in the key production location of MSI Group in the reporting period. Likewise, there was no disability, injury, or occupational diseases of contractors at the plant site.

As for onsite contractors, they all need to proceed with relevant insurance as required by the government and the legal regulations,



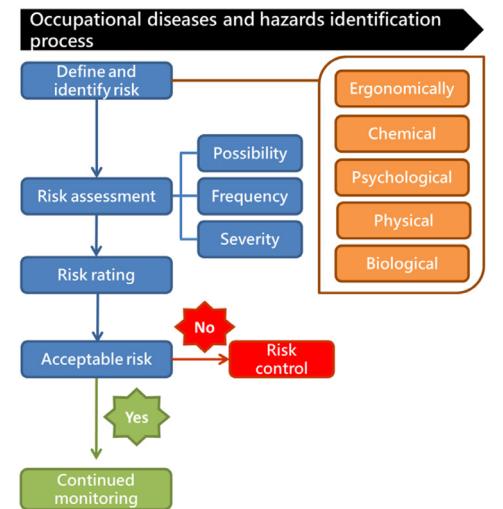
in addition to complying by various safety and health work rules from MSI. In addition, we will supervise that onsite contractor pay sufficient attention to the labor conditions of their workers so that they could also be in compliance with national labor standards.

Item	Course title	Number of the attendance			Total hours			Objects	
		MSIT	MSIS	MSIK	MSIT	MSIS	MSIK		
Safety, health and fire fighting training	Safety, health and fire fighting fire management educations	441	213	43	709	426	86	Resident contractor	
	Resident contractor education training	42	N/A		63	N/A			
	Resident contractor internal meeting	42			21				
Working safety promotion	Working safety promotion for worker	42	65	364	63	130	364	Special operation contractor	
Food sanitation and safety	Food sanitation and safety	11	76	41	11	152	164	Resident restaurants supplier	

3.6.4 Occupational Health Service

MSI started its transformation of health at the workplace in 2010 with the creation of a friendly and healthy workplace as the top priority. A medical room has been established at the plant site housing a clinic for employees. Qualified physicians from medical centers provide health consultation and medical attention services, and help to launch occupational disease prevention management, emergency rescue and first-aid, health education, health promotion, epidemiology and prevention, and related health management works to promote different

method of health promotion and create the culture of a healthy workplace. MSI also seeks to discover the possible causes of occupational diseases through the procedure for identification of occupational hazards and include the findings into health management. Employees and stationing contractors may seek related consultation at the medical room during working hours, and may also seek referral treatment once diagnosed by the resident physicians as needed.



3.6.5 Result of Occupational Safety and Health Management

MSI has established the "Occupational Safety and Health Committee" and the "Occupational Safety and Health Email" as the principal channels for communication with the workers participating in occupational safety and health management for the protection of the occupational safety of the workers and compliance with applicable legal rules governing environmental protection and labor safety and health. Workers may communicate with the management through the liaison window, email, employee representatives of their respective departments, or the committee. MSI has also established the procedures for the timely reporting of any hazards or false alarms in occupational safety by the workers. In the event of occupational accidents or an accident is imminent, workers may stop the operation and evacuate to a safe place in accordance with the procedures for responding to emergency and related requirements of MSI on condition

that the safety of other workers remains unaffected, and report to management at once. MSI will act in accordance with the Service Regulations, and thereby will not take any unfavorable actions against the workers who absent from their work for safety.

Work Safety Management in the reporting period

In an attempt to enhance safety and health and prevent occupational hazard in construction projects, we have assigned suitable supervisors, depending on the nature and size of the project involved, to supervise, audit, inspect and perform random checks on project, and thereby minimize chances of accident and pollution.

Principal items of work safety management:

1. Notice of operation hazards and review of application for work.
2. Special operation such as hot work, work at high altitude and confined space, with suspension devices, suspension cages. The safety of the above works must be confirmed in advance with on-the-site inspection from time to time.

Item/Location	MSIT	MSIS	MSIK
Number of internal audits at the plant	18	26	1,632
Number of nonconforming cases	14	26	115
Number of cases improved by corrective action	14	26	115
Improvement rate	100%	100%	100%

Number of cases of general occupational injuries and traffic accidents to the employees in the reporting period

The statistics on the result of occupational safety and health management in the reporting period indicated that there was no significant increase of occupational injuries as compared with the reporting period in the preceding year. MSI will continue to promote Level III safety training to enhance the awareness of the employees

on hazards. For traffic accidents, motorcycle accidents during the peak hours before and after work are more frequent at the MSIT. MSI will continue the education on safety for the employees (refer to 3.6.3 Education, Training and Promotion). Further to the reminder of specific road sections, MSI also reminds employees to maintain the tires and braking system of motorcycles in order to reduce the recurrence of accidents.

Item/Location/Gender	MSIT		MSIS		MSIK	
	Male	Female	Male	Female	Male	Female
Number of accidents in general occupational injuries	0	1	9	3	3	1
Number of traffic accidents	9	4	0	0	0	1

Statistics of employee injuries and disabilities in the reporting period

The expected frequency of disability and injury and severity of disability and injury for management and the actual outcomes in the reporting period are shown in the table below:

Item/Location/Gender	MSIT	MSIS	MSIK
The targeted value of frequency of disability and injury (FR)	0.24	7.5	0.95
The targeted value of frequency of severe disability and injury (SR)	6	8	2
Disabling frequency rate(FR)	0.23	7.03	0.89
Disabling severity rate(SR)	1	1	7

Formula Notes:

- The record date for total number of employees was December 31, 2019.
- 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
- The SR of MSIK fell below standard mainly because of the occupational disaster to one employee (bone fracture) that required staying home for one month. This case has been referred to special treatment. Additional effort will be made to intensify the management of occupational safety and health.



Statistics of occupational injuries and fatalities and severe occupational injuries and fatalities of the workers

Item/Location	MSIT		MSIS		MSIK	
	Employees	Contractors	Employees	Contractors	Employees	Contractors
Number of fatalities caused by occupational injuries	0	0	0	0	0	0
Ratio of fatalities caused by occupational injuries	0%	0%	0%	0%	0%	0%
Number of severe occupational injuries (excluding the fatalities)	0	0	0	0	0	0
Ratio of severe occupational injuries (excluding the fatalities)	0%	0%	0%	0%	0%	0%
Ratio of occupational injuries that could be tracked on record (including the number of fatalities caused by occupational injuries)	0%	0.40%	1.42%	1.10%	0.53%	0.18%
Primary type of occupational injuries	Crushed		Crushed, scratched		Machine injury	
Total work hours (hour)	4,331,072		9,067,961		5,632,101	

Note:

1. The above data excluded traffic accidents.
2. High-consequence work-related injuries: The worker cannot recover, or does not or is not expected to recover fully to pre-injury health status within 6 months.

3. Standard of counting people: (Total number of persons of the month)/12 × annual average (round to the nearest integer).
4. Counting of total work hours: (Number of people in the month * number of working days in each month * 8 hours) × the sum of 12 times (annual total).
5. Rate of fatalities as a result of work-related injury: (Number of fatalities as a result of work-related injury/Number of hours worked) × [1,000,000]
6. Rate of high-consequence work-related injuries (excluding fatalities): (Number of high-consequence work-related injuries (excluding fatalities)/Number of hours worked × [1,000,000]
7. Rate of recordable work-related injuries: (Number of recordable work-related injuries/Number of hours worked) × [1,000,000]
8. The recordable work-related injury or ill health: based on the notified figures (inclusive irrespective of any number of day loss)

Statistics of occupational diseases suffered by workers in the reporting period

Item/Location/Gender	MSIT		MSIS		MSIK	
	Male	Female	Male	Female	Male	Female
Number of fatalities caused by occupational injuries	Employees		None	None	None	None
	Contractors					
Number of occupational disease cases that could be tracked on record	Employees		None	None	None	None
	Contractors					
Principal types of occupational diseases	Employees		None	None	None	None
	Contractors					

Note: No fatality caused by occupational injuries in the reporting period.

3.6.6 The Participation, Consultation, and Communication with the Workers Pertinent to OSH

MSI has established the "Occupational Safety and Health Committee (OSHC)" to maintain the environment, protect the safety of workers at the workplace of MSI, and meet the requirements of applicable legal rules governing environmental protection, labor safety and health. MSI encourages all employees the participate voluntarily and

implements all matters pertinent to occupational safety and health, and expects that each and every employee can assume the responsibility of environmental protection and make it an integral part of the environmental management system. MSI promises the entire operation process conforms to the requirements for the protection of employees, customers, and the surrounding environment. In addition, MSI also calls for the quarterly meeting of the OSHC for the effective evaluation of the performance of implementation, and also conducts internal and external audits every year. The management methods and enforcement strategy will be subject to adjustment on the basis of the audit findings to achieve the management performance objective of continued improvement of environmental protection, safety, and health.

Participation, consultation, and communication with the employees in the reporting period

Item/Location	MSIT	MSIS	MSIK
Labor union	- *	V	V
Union representatives	- *	Li, Fang	Yu, Sen-Sheng
Contact of union representatives	- *	Extension: 8890	Extension: 8061
Number of labor representatives at OSHC (A)	41	45	27
Total members of OSHC (B)	49	67	43
Ratio of labor representatives at OSHC (%) (A/B) * 100%	83.67%	67.16%	62.79%
Ratio of the rights of the freedom of association and collective bargaining (%)	100	100	100

Item/Location	MSIT	MSIS	MSIK
Number of violations against the employee freedom of association and collective bargaining	0	0	0
Health and safety topics	1. Workplace Monitoring 2. Traffic Safety Promotion 3. Safety and Health Risk Management 4. Health Promotion	1. Occupational Safety 2. Fire Equipment Management 3. Chemical Management 4. Machinery Equipment Protection	1. Electrical Safety 2. Fire Equipment Management 3. Chemical Management 4. Food and Beverage Sanitation
Accredited with the ISO 45001 in occupational health and safety management	V	V	V
Item/Location	MSIT	MSIS	MSIK
OSHC	V	V	V
Departmental meetings	V	V	V
Labor union	- *	V	V
EAP	EAP email: eaphelp@msi.com MSIT EAP Hotline: 8585 MSIS EAP Hotline: 8858 MSIK EAP Hotline: 8085		
Channels for complaints	OSH email at esh@msi.com		



Item/Location	MSIT	MSIS	MSIK
Labor-management consultation frequency	OSHC	Once quarterly	
	Departmental meetings	Irregular	
	Labor unions	- *	Irregular
	EAP	Any time	
	Channels for complaints	Any time	

- * There is no labor union and labor representatives at MSIT. Employees may communicate with the management through OSHC, department meetings, EAP and other channels.





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4. Product Value



4. Product Value

Material topics	Energy(302),Supplier Environmental Assessment(308),Supplier Social Assessment(414),Customer Health and Safety(416)
The meaning of the major topics to MSI.	In environmental management, MSI makes efforts in reducing the depletion of natural resources in the product life cycle, mitigates the possible impact of products on the environment, and follows the principles of reduction, recycling, regeneration, and reuse to mitigate the impact on the environment and strengthen the competitive power in market.

4.1 Product Sustainability

As countries become increasingly aware of the environmental impact of production activities and emphasize producers' responsibilities, companies must also take environmental protection into consideration while developing new technology. Therefore, MSI actively promotes environment-friendly product design and green supply chain management system, while at the same time taking the initiative to collaborate with business partners on green product development and in doing so mitigate or even improve environmental impacts throughout the product life cycle.

4.1.1 Adaptation to Environmental Impact

In recent years, there has been increasing attention from around the world towards environmental performance of the manufacturing industry, which manufacturers have responded by incorporating environment-friendly elements into product development. This ongoing call for lower resource consumption and lower environmental impact throughout the entire product life cycle has kept motivating MSI to systematically incorporate environmental concerns into product design and development. MSI has incorporated "Reduction Hazardous Substances Reduction", "Energy and Resources Saving", "Ease of Disassembly/Recycling" and "Waste Reduction" policies into the project

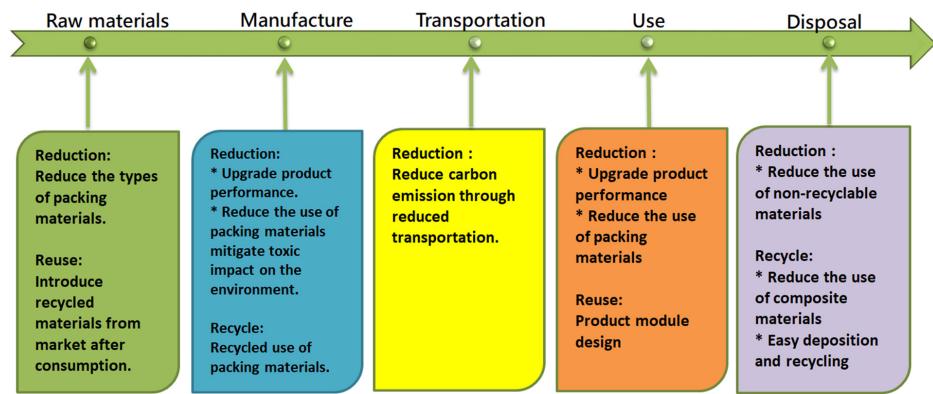
development workflow. By emphasizing on Reduce, Recycle and Reuse (3R), we aim to minimize environmental impact of our products and improve market competitiveness as a result.

Reduce	Recycle	Reuse
<ul style="list-style-type: none"> ■ Upgrade product performance ■ Reduce the types of packing materials ■ Reduce the use of packing materials ■ Mitigate toxic impact on the environment ■ Reduce carbon emission through reduced transportation 	<ul style="list-style-type: none"> ■ Introduce recycled plastics and pulp from market after consumption ■ Reduce the use of composite materials ■ Easy decomposition for recycling 	<ul style="list-style-type: none"> ■ Modular design of product ■ Repeated use of packing materials (e.g., pallets, transfer bins)

Eco-design thinking and analysis of product design

In consideration of economic and technical feasibility, MSI evaluates the life cycle of products under the mindset of product life cycle. The objective is choosing products and services that cause the least impact on the environment, and upgrade the friendliness of products to the environment and society as a whole.

Item	Raw materials	Manufacture	Transportation	Use	Disposal
Target	Reduction of hazardous substances	Optimize production technologies	Sound logistics management	Improvement of energy/material efficiency	Optimize the management of waste
Strategy	<ul style="list-style-type: none"> ■ Choose environment-friendly materials (e.g. halogen-free materials) ■ Use regenerated materials 	<ul style="list-style-type: none"> ■ Choose green production technologies ■ Simplify production steps ■ Reduce waste in production process 	<ul style="list-style-type: none"> ■ Reusable packing materials ■ Improve loading efficiency ■ Cargo flow carrier planning ■ Cargo flow distance adjustment 	<ul style="list-style-type: none"> ■ Reduce product energy consumption ■ Reduce use of materials and adopt modular design 	<ul style="list-style-type: none"> ■ Reduce packaging waste ■ Reduce product waste ■ Increase recycling percentage ■ Safe for incineration or landfill



Statistics of environmental impact management and measures in the reporting period

Goals	Aspect	Management measures	Goal achievements	Objective in the future
Reduction hazardous substances reduction	Reduction in the use of hazardous substances	All raw materials are subject to RoHS and REACH of prohibited and restricted substances management.	All meet the requirements.	Make continuous of restricted substances management.
		Conduct hazardous substance management on the MSI Green Product Management Platform (GPM).	11,629 approved parts has been completed.	Make continuous of hazardous substance management by GPM every year.
	Compliance with IECQ/QC 080000	The global waste/resource recycling regulations have been established, and the "MSI Standard for Environmentally Friendly Products-10th Edition" has been published and included in the requirements for management.	Identify and manage 355 hazardous substances; Obtain IECQ/QC 080000 certification.	Make continuous import the identification results into the MSI management specification by annually.

Goals	Aspect	Management measures	Goal achievements	Objective in the future
	Energy and resources saving	The product outer packaging box is only available in 5 sizes, avoiding over-packaging and increasing the carrying capacity by about 3%.	All meet the requirements.	Assess the possibility of optimizing the carrying capacity.
		Increase the average efficiency of external power supply conversion from 88% to 89%.	The external power supply compliance with efficiency level VI	Evaluate the possibility of optimizing the average active efficiency of the conversion.
		At least 80plus bronze medal products are adopted in internal power supply products, which is 2% more efficient than 80plus white power supply series.	All meet the requirements.	Make continuous use the 80plus specification's product.
	Resource recycling	Reducing the utilization rate of composite materials and use a single or compatible material plastics to increase the plastic recycling rate.	Plastic recycling rate of 90%	Improve plastic recyclability to 92%.
		The materials of plastic and paper packaging materials are labeled for recycling.	100% complete labeling.	Make continuous labeling.
		Reduction the proportion of parts in products, which are mainly treated by incineration or landfill.	The proportion of such materials has dropped from 5% of the total weight of a product to less than 2.5%.	Make maintaining incineration or landfill materials accounts for 2.5% of the total weight of the product.



Goals	Aspect	Management measures	Goal achievements	Objective in the future
Waste reduction	Regulatory impact	The global waste/resource recycling regulations have been established, and included in the requirements for management.	The "MSI Standard for Environmentally Friendly Products-10th Edition" has been published.	Make continuous update.
		Recycling rate of related electrical and electronic equipment of MSI during the reporting period which is superior to 80% set out in the EU WEEE Directive.	Recycling rate >90%	All meet the WEEE requirement.

4.1.2 Product Responsibility

As always, MSI aims at providing high quality products and services. Through the establishment of the internal procedures and review process, MSI spares no effort in advocating "Production Responsibility Management," thereby providing safe product liability guarantee with peace of mind through reliable quality and fortified protection of personal information. These measures allow for sustainable consumption and brand value upgrade.

List of management policy in the reporting period

Material topics	Energy(302),Customer Health and Safety(416)
Boundary	Provide customers green products and solutions for recycling, reduced use of energy in response to climate change and the risk of health and safety of the customers, and grasp the opportunity of improving the mode of operation.
Management policy	Energy Star standard V7.1, EU ErP Directive
Management commitment	Assure product performance management is in conformity with applicable standards with improvement of the level of product performance, and reduce carbon emission through reduced consumption of energy.

Management objective	Accredited with the Energy Star or in conformity with the CE standard of the EU.
Management measures	
Management responsibility	R&D division
Management methods	<ul style="list-style-type: none"> ■ Upgrade the average performance of external power supply. ■ Internal power supply conforms to 80plus Bronze accreditation or higher. ■ Introduce the energy saving circuit design of chip makers.
Resources	Capital investment in green product design, apply for accreditation of Energy Star
Grievance mechanisms	Stakeholder email: 080419864@misi.com Product service hotline (Taiwan) +886-800-018-880
Evaluation mechanisms	Energy Star energy consumption test, EU ErP ecodesign assessment
Evaluation result	<ul style="list-style-type: none"> ■ Accredited with Energy Star ■ Accredited with CE safety standard of EU

4.1.2.1 Evaluation of Product Safety

We address potential safety risks of our products in four steps: "Hazard identification", "Risk characterization", "Risk management" and "Risk communication".



4.1.2.2 Product Review Mechanism

Evaluation	Applicability	Management	Measures implemented	Result in the reporting period	Objective in the future
Safety	MSI products and components	New product design procedures			Continue to provide high-quality products characterized by "low pollution", "low energy consumption" and "high safety" to prevent products and services from being penalized.
Health		EMC & Safety & RFI Design & Verification procedures, Green new product development operation procedure, New Product Design procedures and Packaging approval operation procedure.	100% meets the requirements of customers and regulations in global regions, achieving the goal of enhancing product competitiveness.		
Environmental		GPM(Green Product Management) Platform			
Personal Information Protection	All customer service	Customer privacy and personal information protection measures	1. Announcement of privacy policy over the website 2. Establishment of breaches of personal information and processing control mechanism 3. Enforcement of information party's rights through enhanced procedures 4. Processing personal information legally with the Users' consent 5. Personal information handling and store requirements 6. Personal privacy protection measures 7. Signing of personal information contracts with 3rd-party information handlers 8. Appointment of accountable units	MSI did not receive complaints regarding violation of client's privacy right and/or loss of clients' information. Protect privacy and security of customers' information during processing and exchange, and thereby avoid possible lawsuit.	

Statistics of product safety assessment and performance in the reporting period

Impact Categories	Applicability	Assessment Item	Content	Result in the reporting period	Objective in the future		
Safety	Computer system	Safety	Electromagnetic, Safety, Radio Frequency	<ul style="list-style-type: none"> ■ Conformity to legal requirements. ■ Completion of product safety labeling. 	Continued conformity to legal requirements.		
	Equipment terminals	HDMI USB	Hardware Terminals Safety				
Health	Components	Hazardous substances management	Environmental hazardous substances management	<ul style="list-style-type: none"> ■ Conformity to legal requirements. ■ Continued reduction of hazardous substances. 	<ul style="list-style-type: none"> ■ Continued conformity to legal requirements. ■ Update "MSI Standard for Environmentally Friendly Products" 		
	Batteries	Waste batteries					
	Components	CSCL		<ul style="list-style-type: none"> ■ Conformity to legal requirements. ■ Declaration of dumps in conformity to local requirements of the place of production. ■ Completion of product materials and dump recycling labeling. 	<ul style="list-style-type: none"> ■ Continued conformity to legal requirements. ■ Continued registration and declaration of recycling of waste. 		
		REACH POPs					
	Package materials	PPW		<ul style="list-style-type: none"> ■ Conformity to legal requirements. ■ External accreditation of products. 	<ul style="list-style-type: none"> ■ Continued conformity to legal requirements. ■ Continued voluntary inspection and testing and declaration of product performance. 		
Environmental	Computer systems	WEEE	The waste disposal and recycle rate after product using.				
	Package materials	PPW					
	Batteries	Waste batteries labeling					
	Computer system	ErP Energy Star CEC DOE MEPS(GEMS)	Energy efficiency requirements	<ul style="list-style-type: none"> ■ Conformity to legal requirements. ■ External accreditation of products. 	<ul style="list-style-type: none"> ■ Continued conformity to legal requirements. ■ Continued voluntary inspection and testing and declaration of product performance. 		



4.1.2.3 Products Energy Efficiency

Through eco-design analysis and product carbon footprint inventory, we found that the main stage of carbon footprint in our products lies in energy consumption during user operation. Our response to this issue is to use 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 can be achieved through scenario-based power management. Effective management can not only reduce power consumption, but cut down product carbon footprint.

The table below exhibits the energy efficiency of MSI's ENERGY STAR-certified products, including notebook computers, desktop computers and all-in-one computers. The average energy efficiency performances are all higher than the standard 37.06%, 63.48% and 54.97%, respectively.

(Other MSI of ENERGY STAR certified products, please refer to the Energy Star website: <https://www.energystar.gov>)

Product Categories	Model	E _{TEC} * Calculation**		E _{TEC} _Max Calculation**		Average E _{TEC} saving (%)
		(kWh/yr per pcs)	(GJ/yr per pcs)	(kWh/yr per pcs)	(GJ/yr per pcs)	
Notebook Computer	MS-14B3	20.10	74.37	36.48	134.976	44.90%
	MS-1551	25.88	95.756	44.9	166.13	42.36%
	MS-17C8	44.18	163.466	58.08	214.896	23.93%
Desktop Computer	Cubi B183	36.14	133.718	187.48	693.676	80.72%
	Prestige B929	157.96	584.452	343.08	1269.4	53.96%
	Trident B926	140.46	519.702	317.48	1,174.68	55.76%
All in One Computer	MS-ACD1	103.21	381.877	230.59	853.183	55.24%
	MS-ACD2	126.13	466.681	230.4	852.48	45.26%
	MS-AEC2	84.69	313.353	238.05	880.785	64.42%

* Typical Energy Consumption (E_{TEC}): means the electricity consumed by a product over specified periods of time across defined power modes and states.

** E_{TEC} Calculation and E_{TEC}_Max Calculation equation please reference Energy Star Computer V7.1.

4.2 Management of Hazardous Substances

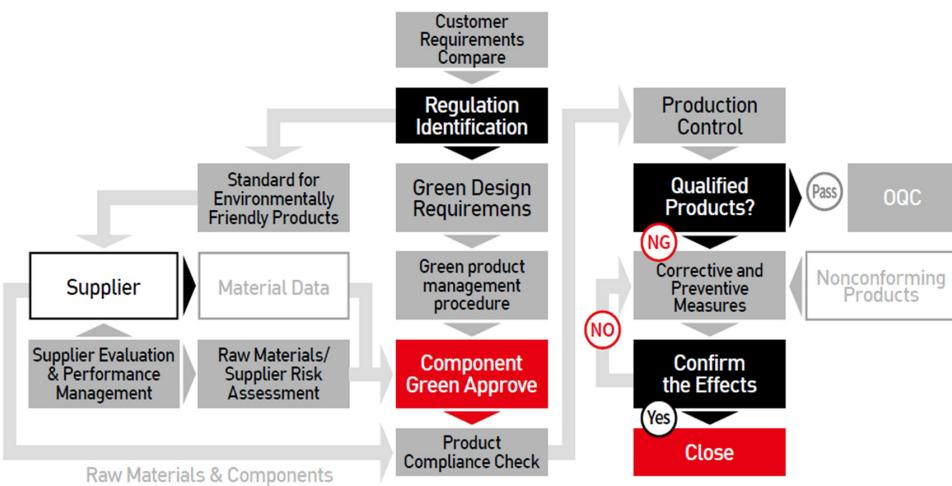
In consideration of the negative influence of production and operation on the environment, the commitment of using environmentally friendly materials, and the compliance with applicable legal rules and conformity to customer requirements, MSI requires all suppliers with business transactions and the Company to duly observe the MSI "Green Products Control Regulations". All suppliers are required to duly observe the rules and regulations governing environmental protection for the products and services supplied and inscribe the content in the purchase agreements. In the reporting period, there were "132 substances of prohibited/restricted use", "223 reported items (including the SVHC under REACH, substances under industry rules and regulations, and customer requirements)". Through the management of hazardous substances, MSI acts in concerted effort with the supply chain to duly observe applicable legal rules, assume the responsibility of mitigation of impact on the ecological environment with a view to supplying the consumers environmentally friendly products.

4.2.1 Green Product Management (GPM) Platform

MSI completed the installation of the Green Product Management (GPM) platform and has used this platform since 2010, and proceeds with the management and control of all substances in compliance with applicable legal rules, industry rules and regulations, and customer requirements through the information management system. With the timely feedback from suppliers, the management function of MSI will proceed to analyze the data and make judgements to confirm product conformity. Update information will be conveyed through this platform, which is included in the present management system (such as IECQ/

QC 080000) for operation to reduce imperfect control of data by manual labor and data repetition and processing time. This is also a channel for the communication with the customers and suppliers.

GPM system framework



GPM management performance during the reporting period:

- None of MSI's products has violated environmental laws, punished, no recalls were implemented and no customer complaints were received.
 - The supplier signs the Environmental Compliance Statement of MSI there were completed 985 suppliers sign the statement.
 - MSI accumulatively completed component qualification management for 147,980 parts/components.
 - Percentage of new suppliers that were screened using environmental criteria: 100%

4.2.2 Halogen-Free (HF) Flame Retardant Management

When choosing materials for product development, MSI not only ensures compliance with applicable hazardous substance laws, but also undertakes pro-active management over substances of potential environmental impact. Although the halogen-based flame retardants (BFR/CFR) are not prohibited or restricted by the current laws, they have certain negative impact on the environment, ecology and human body. Therefore, MSI has specifically created an HF (Halogen-free) category from its classification of material properties for better control, while continuously evaluated and enhanced the feasibility of using HF materials.

We have carefully evaluated the use of low-hazard raw materials since the beginning of our design to provide our customers with innovative, environmentally sustainable products. Based on the premise of the controllability and economic value of the product materials, we are planning and introducing HF flame retardants. We are dedicated to reducing harmful substances and providing customers with environmentally friendly product choices.

Halogen-Free Fire Retardant Agent Management in the reporting period

Management Item	Result in the reporting period	Objective in the future
The E-sports product bill of materials (BOM) does not use halogen flame-retardant materials.	Achievement rate: 75%	<ul style="list-style-type: none"> ■ Annually > 2% ■ Growth to 85% by 2025 (base year: 2018)
VGA cards and motherboards introduce into flame retardant materials on printed circuit boards	VGA card achievement rate: 18%	<ul style="list-style-type: none"> ■ Annually > 10% ■ Halogen-free materials for VGA card up to 78% by 2025 (base year: 2019) ■ Halogen-free materials for motherboard up to 65% by 2025 (base year: 2020)
All-in-one computers do not use halogen flame-retardant in plastic chassis.	Achievement rate: 100%	Continue to introduce annually.



4.3 Supplier Management

Conceived with the corporate philosophy of amity and goodwill, MSI takes the partners of the supply chain as an integral part of sustainable development, and sets an example of corporate social responsibility to require all partners to do the same. As such, MSI extends its strategy of sustainable development to the cooperation with the suppliers and wields the influence of a leader, guiding suppliers to the road of growth and transformation, and works together with the suppliers for the development of a sustainable supply chain.

List of management policy in the reporting period

Material topics	Supplier Environmental Assessment(308),Supplier Social Assessment(414)
Boundary	MSI emerged as a benchmark enterprise in the eSports industry, and proceeds to material procurement with a responsible attitude, transparency, and fairness. MSI also works in cooperation with suppliers to upgrade their product quality, understand their production, employees, and work environment, and wields a positive influence on suppliers so as to achieve the goal of economic, environmental, and social sustainable development together with them.
Management policy	Corporate Social Responsibility Code, Corporate Social Requirements and Conflict Minerals Management Measures
Management commitment	MSI takes the sustainable development indicators of environment, labor, human rights, and social impact as an integral part of the evaluation items for the screening and management of suppliers. Through encouragement and sharing, MSI drives the suppliers to assume responsibility of sustainable development and wields substantial influence.
Management objective	<ul style="list-style-type: none"> ■ Environmental and social audits on the suppliers from time to time. ■ Education of the suppliers in the requirements of corporate social responsibility with signing for confirmation. ■ Continued investigation and declaration of responsible minerals.
Management measures	
Management responsibility	Global Management Center, Corp. Supply Chain, Corp. Quality Assurance

Management methods	<ul style="list-style-type: none"> ■ Audits, visits, and questionnaire survey of the suppliers from time to time to identify the kinds of environmental and social risks they are exposed to. ■ Routine disclosure of responsible minerals investigation findings and signing of the declaration of conformity. ■ Requires all suppliers to make continued improvement of the indicators of concern in sustainable development.
Resources	Capital investment in keeping the GPM platform, and investment of human resources to conduct audits and investigation on suppliers in due diligence.
Grievance mechanisms	Stakeholder email at 080419864@msi.com
Evaluation mechanisms	<ul style="list-style-type: none"> ■ Installation of management system. ■ Supplier environmental and social audits. ■ Supplier signing to confirm the conformity to corporate social responsibility requirements. ■ Signing of the conflict minerals and cobalt minerals investigation sheets.
Evaluation result	<ul style="list-style-type: none"> ■ Complete the assessment and approval of new suppliers. ■ Entering into sustainability clause with new suppliers. ■ Complete the investigation and declaration of conflict minerals and cobalt minerals in due diligence. ■ No major non-conformity on environmental and social issues defected from the audits on the suppliers.

4.3.1 Sustainable Supply Chain Management and Goals



MSI develops its sustainable supply chain on the basis of its supply chain management in service, and identifies the environmental, governance, and social risks; management mechanisms; continued improvement; technical joint ventures; responsibility and accountability from the procedures of its management process to cultivate and communicate with new and old

suppliers to establish corresponding management measures, tracked by audits at any time for confirmation of the proper implementation of the system and create common growth where all are winners.

Targets	Implementing measures	Result in the reporting period	Objective in the future
No use of conflict minerals	<ul style="list-style-type: none"> ■ Investigation is conducted in accordance with the due diligence investigation under the OECD framework. ■ MSI uses the Responsible Minerals Assurance Process (RMAP) resources provided under the Responsible Minerals Initiative (RMI) to assist its suppliers in purchasing raw materials which are not conflict minerals. 	100% no use	
Conformity of suppliers to the requirements of MSI in corporate social responsibility	<ul style="list-style-type: none"> ■ Evaluation of suppliers by questionnaire survey ■ Education or training of suppliers ■ On-the-site inspection of key suppliers 	Full conformity	Continue
Management mechanism	Establishment of the mechanisms for reporting and complaints, with the internal audit office as the window for whistle blowing.	No related incidents of negative effect	
Continued improvement	In case the supplier is suspected of acting in defiance of the requirements of corporate social responsibility, MSI will demands corrective action accomplished by a designated deadline and accept audits of MSI from time to time.	No major defect discovered	

Targets	Implementing measures	Result in the reporting period	Objective in the future
Cognitive cooperation	<ul style="list-style-type: none"> ■ Sharing of training resources with the suppliers ■ Visits and exchanges to cultivate the relation of development through concerted effort 		Accomplished
	<ul style="list-style-type: none"> ■ Give recommendations to the suppliers on feasible corrective actions ■ Let the suppliers know the result of self-assessment through questionnaire survey on the suppliers and set up the goals for corrective action 		Continue Accomplished

4.3.1.1 Sustainable Supply Chain Guidelines

MSI regulates quality, cost, and delivery through supply chain management. In addition, MSI also instituted the standard and agreements for evaluation of suppliers and new suppliers in accordance with the international code of conduct and internal rules and regulations (such as RBA, International Labour Organization (ILO)) to demand suppliers for due diligence in management of labor, health and safety, environment, ethics, management system, and compliance with laws in conformity with the legal requirements of their places of operation. MSI will visit and audit the suppliers from time to time with follow-up action.

4.3.1.2 Identification of Suppliers Risk

To identify the risk issues related to MSI through the negotiation with the stakeholders, advocacy of the international organizations and customer demand, and on the basis of the supplier strategy, contractual performance, market, performance and needs, to evaluate the key suppliers in the five aspects of operation environment, corporate quality, service level, compatibility of cooperation, and status of supply.



Statistics of identification and assessment for high risk suppliers in the reporting period

Risk identification item	Economic		Environmental		Social
Risk assessment	Industry environment	Delivery status	Company total quality	Service quality	Compatibility
Purpose	To establish understanding of the current political, legal, social, economic, technological and geographic environment.	To investigate suppliers' response capabilities in terms of product quality, cost control, delivery timeline and quantity.	To investigate suppliers' managerial competence, including human resources, financial position, production equipment, R&D, reputation, environmental protection practice, emergency response, service satisfaction and communication.	To confirm the overall cooperative capacities, including suppliers' behaviors, common values, information disclosure practices and product specifications.	
Item	Safety of the environment, transportation, and technology standard.	Product qualification ratio, pricing, procurement cost, timing flexibility, and quantity flexibility.	Personnel competence, technical competence, and environmental impact throughout the product life cycle.	Supplier's service attitude, service details and standards, service response time, and quality of after-sale service.	Corporate culture, organization management, corporate strategy, system management and product standardization.

Identification and Assessment for High Risk Suppliers

We evaluate suppliers' risks using a number of factors including industry category, location and substitutability. Based on the outcome of the evaluation, we are able to develop a supplier risk grading system that identifies high-risk suppliers for regular and unscheduled audit/review, and follow up with counseling and improvements to reduce supplier management risk. Identification criteria for MSI key suppliers:

- High purchase (sale) percentage
- Ability to implement sustainable practices
- Highly pollute manufacturing
- Product exclusivity
- High technical barrier
- High labor intensity

Assessment item	Economic	Environmental	Social
Sustainability risks	Compliance Business Ethics Exclusive Product Quality, Delivery & Cost	Compliance Management System Climate Change Adaptation Waste Management	Health and Safety Human Rights Management Conflict Minerals Labor Practices and Working Hours
High risk supplier	Integrated Circuit	Panels、Cables、Plastic Parts	Printed Circuit Board (PCB)

Management Measures for High Risk Suppliers

Under the new economic environment, it is increasingly common for companies to adopt strategies such as global procurement, business outsourcing and centralized management. While these strategies are all based on cost savings, they inevitably increase the risk of supply chain management. As the supply chain becomes increasingly dependent upon cooperation, sharing, outsourcing, communication and globalization, MSI has responded with more flexible supply chain practices and tightened monitoring of suppliers' current state of business and materials supply in an attempt to minimize risk of supply shortage in the event of economic, environmental and social impact.

MSI supplier risk management measures	
Business continuity management	<ul style="list-style-type: none"> ■ Integrate the Company's requirements, require suppliers to develop contingency procedures and plans to address natural or man-made hazards that caused by suppliers' products and services, and thereby ensure business continuity. ■ Develop a flexible and diversified supply chain to prevent supplies from being monopolized to the point that threatens overall business operations. ■ Flexible contract management with optional terms and stage-by-stage execution to reduce business losses caused by changing market price.

MSI supplier risk management measures	
Environmental sustainability management	<ul style="list-style-type: none"> ■ Demand that suppliers establish an emergency reporting system for natural disasters, so that situation and recovery can be updated to MSI in a timely manner in the event of disaster. ■ Demand that suppliers implement contingent measures such as backup production and inventory reserve to mitigate operational impact in the event of natural disaster, violation or accident. ■ Comply with environmental laws, offer clean-produced products and services, and enforce the environment management system.
Code of conduct compliance	<ul style="list-style-type: none"> ■ Any act in defiance of the ethical norms is prohibited. A reporting system is established, and the identity of the informants will be kept in strict confidence. ■ Require that suppliers establish and enforce management guidelines based on international initiatives on labor and human rights (such as RBA, OECD Guidelines for Multinational Enterprises etc.), and ensure full compliance with local laws where production sites are located. ■ Ensure the confidentiality of business information and demand that suppliers respect intellectual properties of both parties. ■ Out of protection for human rights and compliance, suppliers are required to perform due diligence investigation to ensure that raw materials and products do not involve illegal minerals and smelters.

4.3.2 Supplier Management Mechanism

As a successful and leading business in e-sports, we purchase materials in a responsible manner and in the utmost transparency and fairness. We also work with suppliers to improve the quality of their products, and gain insight into their production, employee and environmental practices in order to ensure procurement of ethical, environment-friendly, responsible and high-quality supplies from them as part of our green purchase.

Supplier management measures in the reporting period

Item	Measures implemented	Goals	Goal achievements	Objective in the future
New suppliers that were screened and managed using social criteria.	<ul style="list-style-type: none"> ■ MSI evaluates supplier risk primarily based on product quality, delivery time, substance management, audit outcome (e.g. RBA) and their ability to enforce risk management. ■ We target high-risk and main suppliers for audit and improvement, and use questionnaires to survey suppliers' performance in terms of environmental, social and routine practices. The outcome enables us to identify potential risks in environmental, social and economic aspects. Through random on-site audit, counseling and collaborative training, we take steps toward reducing risks of supply disruption. 	<ul style="list-style-type: none"> ■ The labor standards and working environment in accordance with rules and regulations. ■ Conduct due diligence investigation based on OECD guidelines and prepare regular reports in compliance with Responsible Minerals Initiative (RMI) for higher transparency. 	<ul style="list-style-type: none"> ■ New supplier screening ratio: 100% ■ The reply ratio of Conflict Minerals Reporting Template (CMRT) statement: 90% 	<p>Continue to following goals:</p> <ul style="list-style-type: none"> ■ New suppliers that were screened and managed using social criteria. ■ The reply ratio of Conflict Minerals Reporting Template (CMRT) statement \geq 90%.
New suppliers that were screened and managed using environmental criteria.		<ul style="list-style-type: none"> ■ Establish a ESH, safety, hazardous substances management system of requirement. ■ Meet the "MSI Standard for Environmentally Friendly Products" management requirements. ■ There is improving using of hazardous substances in products and striving to reduce environmental impact substances. 	<ul style="list-style-type: none"> ■ New supplier screening ratio: 100% ■ Key suppliers obtain certification ratio as below: Environmental Management: 90% Quality Management: 100% Occupational Health Safety: 70% ■ Number of suppliers violate of local environmental regulations: 0 ■ There are 41 new supplier had meet the "MSI Standard for Environmentally Friendly Products" manage requirements. 	<p>Continue to following goals:</p> <ul style="list-style-type: none"> ■ New suppliers that were screened and managed using environmental criteria. ■ The high risk and key suppliers carry out key audits and improvements. ■ Meet the "MSI Standard for Environmentally Friendly Products" management requirements.



4.3.3 Responsible Minerals Management

The continued improvement in the performance of the moral, environmental and social aspects of MSI will be the fundamental elements for demonstrating its humanitarian government to the stakeholders. Through routine due diligence investigation under the RMI, MSI demands all suppliers to purchase non-conflict materials and avoid using conflict minerals, indirect acts in defiance of human rights, and violation of national and international laws.

Management of Conflict Minerals

In respect of international human rights and implement corporate social responsibility, MSI will take related measures to avoid using Conflict Minerals. Besides Conflict Minerals statements, we are also disclosure the information of conflict minerals due diligence measure and supply chain smelters list. MSI has completed the "Conflict Minerals Management Measures" in order to facilitate the investigation and control of conflict minerals.

MSI Conflict Minerals Statement website link: https://www.msi.com/html/popup/csr/sh_conflict.html

MSI conducts annual certified mineral surveys on suppliers based on the latest Conflict Minerals Reporting Template (CMRT) and follows up on the progress of the submit. This survey has been effective in managing supply chain and minimizing default risks. In the survey in 2019, there was a 90% response rate. More and more suppliers responded to the survey over time. Suppliers which declined to respond will be subject to supervision with follow-up actions by filling in related forms depending on the level of management risk, and urged to respond to the survey. The findings from the survey on smelting factories of tantalum, gold, tin, and tungsten indicated no violation of human rights.

MSI Conflict Mineral Control Measures

Item	Measures implemented	Goals	Goal achievements	Objective in the future
Supplier signing commitment	There are signing of Procurement Contract, Electronic Industry Code of Conduct Letter Agreement, MSI Standard for Environmentally Friendly Products, and Corporate Social Responsibility Requirements.	Supplier 100% completed	100% completed	New supplier was requested to sign management commitments.
Document management	Conflict Minerals Management Measures	Management approach has been established.	Completed	Continue to focus and survey whether the management item is updated.
Conflict minerals due diligence	Responsible Mineral Initiative(RMI)- The Conflict Minerals Reporting Template(CMRT) Survey	CMRT survey completed at the end of March each year.	Reply rate: 90%	Reply rate: $\geq 90\%$
	Due Diligence Analysis	There are analyses of smelter information from supplier feedback.	The metal mines used in our products from smelters that have received a "conflict-free" designation by the RMI.	Qualified Rate 100%
Due diligence information disclosure	CMRT company level report	The report is available in every April.	Information has been provided to customers in need at April.	Available every April
	The investigation results were revealed on the MSI website.	The report is available in every April.	The report has been disclosed on the official website in April.	
Unqualified supplier	Unqualified product management procedure	Management procedure has been established.	No unqualified suppliers found.	Continue to ensure product compliance with management

Investigation on Cobalt

Battery has emerged as the key component in the world's ongoing movement towards energy/carbon reduction and in new consumer and auto electronics. Since cobalt is an essential metal to making Li-ion batteries, the mining of which has become so aggressive that some even incorporate disputable means. About half of the world's cobalt supply is sourced from Republic of the Congo, where exploitation of workers and child labor has caught the attention of human rights organizations worldwide. MSI has required all suppliers of materials containing cobalt to disclose the smelting factories of the place of origin since 2018 to assure no violation of human rights of the sources of mineral supply. The findings from the investigation on cobalt smelting factories of suppliers indicated no violation of human rights.

Item	Measures implemented	Goals	Result in the reporting period	Objective in the future
Cobalt mineral investigative action	RMI – Release of the Cobalt Reporting Template (CRT)	Completed for submission by the end of March of each year.	Response rate at 75%	Continued routine update

4.4 Customer Service and Satisfaction

MSI attention on building relationship with customers through brand, and considers product and service experience after purchase to be the ultimate testament for a brand's success. We recognize customers' encouragement/complaint, compliment and criticism as constructive feedbacks, and measure customers' satisfaction by "overall product value, service, environment and performance" to provide the basis for better service experience.

Vision: Realization of Customer Satisfaction through companywide participation in service management all through the process, and to provide sound quality and active customer service.

Goal: Build up and upgrade customer satisfaction and loyalty

Strategy	Service strategy	Trust in service	Efficiency of service	Diversity of service	Expertise of service
Service assessment		Take each instance of interaction with the customers seriously.	Provide timely solutions to the customers.	Provide customer service through physical shops, online or telephone.	Understand customer attributes to provide appropriate product information.
Strategic measures	<ul style="list-style-type: none"> ■ An exclusive service unit assigned to each channel of customer communication (e.g., email, fax, and telephone), which can propose the best solution quickly. 	<ul style="list-style-type: none"> ■ Provide real-time call and customer service via LINE by cell phone. ■ Pick-up Delivery Service(Taipei) 	<ul style="list-style-type: none"> ■ Service hotline ■ Internet customer service ■ Online customer service 	<ul style="list-style-type: none"> ■ Provide O2O for different needs of service 	

4.4.1 Customer Service

We engage customers closely in all of our services. By heeding their demands and making immediate responses, we strive to build long-lasting customer relations for strengthened loyalty, closer interaction reduced service cost and improved profitability.

Product 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.



Service Channels:

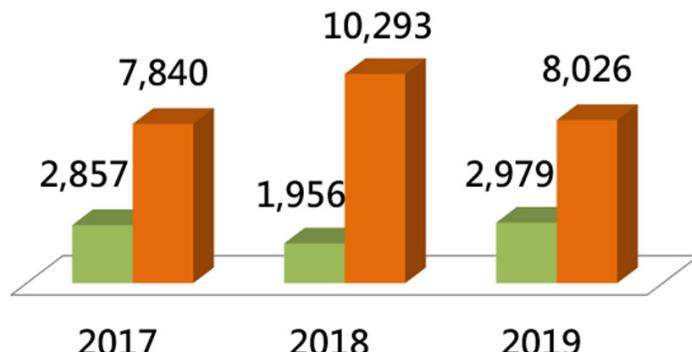
- 0800 Taiwan Customer Service
- Internet Customer Service System
- MSI Forum
- Authorized service locations
- MSI GameBot APP
- On line MSI Member Center

Pick-up Delivery Service (Taiwan area)

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 troubleshoot 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.

The Product After Sales Service in Taiwan

- Number of Family Mart delivery service
- Number of home pick-up delivery service



Real-Time Service

MSI has set up the call diversion system, instant call and information service through LINE with cell phones and service at the service centers of Taipei/Taichung/Kaohsiung to upgrade customer service quality and compress the waiting time. These arrangements help to access information on the repair lead-time and progress, contributes to the surrounding environment and customer satisfaction.



Call diversion service system



Instant call through LINE by cell phones



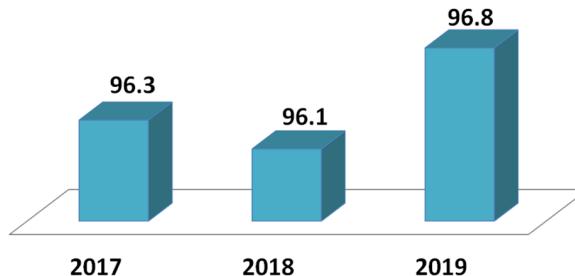
LINE information service with cell phones

4.4.2 Customer Satisfaction Survey

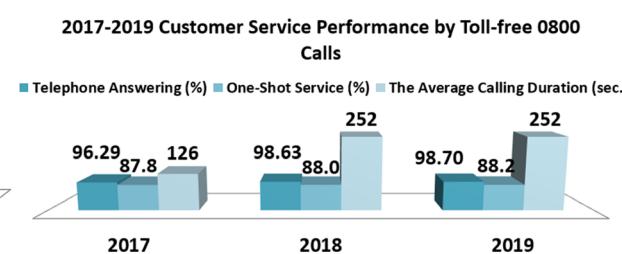
Depending on the sales location and product category, we provide online and in-store after-sale technical service and support to customers, and invite customers to participate in a voluntary satisfaction survey (the details of which are frequently adjusted depending on the current market condition) after each service. If a customer expresses dissatisfaction, the Company would immediately initiate follow-up and visit, while at the same time forward customers' opinions to relevant departments for review and improvement. Outcome of every case will also be analyzed and presented to sales units to provide reference for new product planning.

2017-2019 0800 Customer Satisfaction Survey (%)

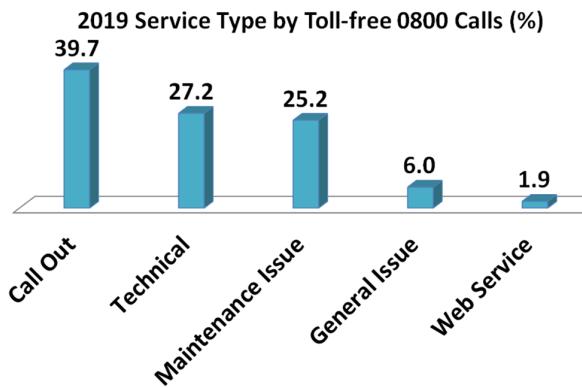
■ 2017-2019 0800 Customer Satisfaction Survey by Toll-free 0800 Calls(%)



2017-2019 Customer Service Performance by Toll-free 0800 Calls

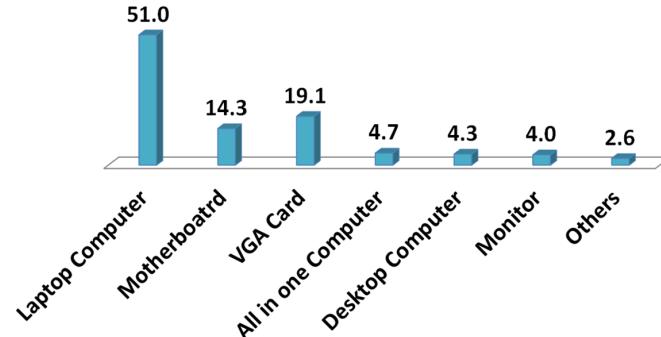


2019 Service Type by Toll-free 0800 Calls



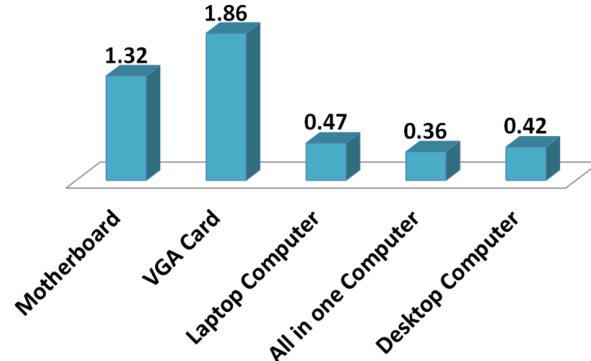
2019 Service by Product Categories Inquiry by Toll-free 0800 Calls

2019 Service by Product Categories Inquiry by Toll-free 0800 Calls



2019 The Average After-Sales Service Time by Each Kind of Products

■ The After-Sales Service (days) by Product Type in 2019





4.5 Protection of Privacy Rights and Personal Information of the Customers

Protecting customers' personal information and privacy has always been part of MSI's fundamental service principles. The Company complies with the Personal Information Protection Act and related laws with regards to privacy protection and the collection and confidentiality of personal information. We make limited and protected use of personal information, notify customers of their rights, and process information with their consent and in full compliance with laws. These practices provide customers with assurance to the products and services we offer. Please refer to MSI's privacy policy at <https://www.msi.com/page/privacy-policy> for more details on how we gather, make use and process your personal information. There were no complaints and litigations in respect of customer privacy violation in the reporting period. In the future, MSI will make further efforts to protect customer privacy in accordance with stricter standards.

Customer Privacy

For the protection of customers' confidential information, MSI would confirm the following with customers before providing product maintenance and service:

- Backup of computer data (including but not limited to account/password, photo and music files etc.)
- Reminder on risk of file loss
- MSI's privacy policy, service terms and conditions, and compliance notes
- Customers may decide whether to use MSI's products and services

MSI Personal Information Management Mechanism

Category	Strategy management
Organization management	<ul style="list-style-type: none">■ A personal information protection team has been assembled to execute tasks relating to personal information protection.■ An Data Protection Officer (DPO) has been appointed to oversee information and communication security within the organization.
Policy management	<ul style="list-style-type: none">■ Establish and implement personal information protection policies and rules, and publish on the corporate website; Review and revise on a yearly basis based on compliance and audit findings.■ Comply with the Personal Information Protection Act and provide consumers with the function to inquire、retrieve and delete personal information, and the option to unsubscribe marketing messages.
Procedure management	<ul style="list-style-type: none">■ Implement policies on internal/external privacy、Cookie and data storage/security.■ Internal data processing procedures.■ Data transfer protocol and record.■ Data leakage incident evaluation and reporting procedures.■ Procedures for exercising of information owners' rights.
Employee management	<ul style="list-style-type: none">■ Customers' profile is being treated as 、confidential 、document; All documents containing personal information is being held at designated locations, and access of which is strictly controlled.■ 100% of employees are required to undergo personal information protection training.■ Outsources are being required to sign confidentiality agreements.



msi[®]

5. Environmental Value



5. Environmental Value

Material Topic	Emissions(305)
The meaning of the major topics to MSI.	In responding to the irreversible influence of economic activities to the environment, MSI seeks to maintain proper balance of its products and services in environmental protection while making profits from its operation, and launch green and innovative services, save resources and ceaselessly advocate other things in environmental protection. The purpose is to allow for the development of coexistence and making substantial contributions through the joint efforts between environmental assets and MSI.

5.1 Environment Management Goals

MSI has set the environmental management objectives for the consumption of energy and resources and the management of hazardous substances. Environmental management is launched through the environmental management system, which is the guide for the pursuit of environmental policy and management with continued improvement through proper audits.

The environmental management approach as below list in the reporting period

Item	Goals	Goal Achievements	Objective in the future
Reduction of GHG emissions	4% average annual reduction of GHG emission compared to 2007 (baseline year)	Reduced by 5.77%	<ul style="list-style-type: none"> ■ Base year: 2007 ■ The total GHG emissions achieve 50% reduction in 2025.
Reduction of energy consumption	4% average annual reduction of energy consumptions compared to 2007 (baseline year)	Reduced by 4.81%	<ul style="list-style-type: none"> ■ Base year: 2007 ■ The total energy consumptions achieve 50% reduction in 2025.

Item	Goals	Goal Achievements	Objective in the future
Reduction of water resources	1% reduction of total water consumption compared to last year.	Reduced by 12.05%	Continued to reduce 1% compared to the previous reporting year.
Reduction of waste	1% reduction of total waste compared to last year.	Reduced by 6.70%	
Hazardous substance control	Increase the use of the Bill Of Material (BOM) of halogen-free materials in e-sport product by at least 2% per year by 2025 compared to 2018 (baseline year).	Achievement of 75%	<ul style="list-style-type: none"> ■ Base year: 2018 ■ The rate of HF materials of BOM list reaches to 85% in 2025. (Base year: 2018)
Reduction of hazardous substance	Increase the use of the halogen-free materials in VGA card and motherboard product by at least 10% per year as the target by 2025 compared to 2018 (baseline year).	<ul style="list-style-type: none"> ■ VGA Card: 18% ■Mother: 0% (2020 is the starting year of the project) 	<ul style="list-style-type: none"> ■ Base year: 2018 ■ The rate of HF materials of PCB reaches to VGA 78% / Motherboard 65% in 2025.
Compliance	MSI ensured that the operations activities were in compliance with environmental regulatory requirements at the factory site.	No substantial fines or non-monetary punishments were imposed on MSI for violation of environmental-protection laws.	Continue to meet regulatory requirements.

5.2 Environmental Management System

Out of respect for environmental protection, pollution control, green production and sound corporate management, MSI not only complies with environment and energy-related laws, but also incorporates international certified environment management systems and occupational safety and health management systems into its operation. These measures help promote environment protection, occupational safety and health awareness within the organization, support pollution

prevention efforts, and contribute to our goals as a hazard-free, zero-accident and sustainable business.

Continuous Improvements

"Pollution prevention and ongoing improvement" are the two main principles that MSI has adopted to enforce environment management. By undergoing annual internal and external audits, we ensure that our environment practices are Plan、Do、Check and Action to ensure the goal of achieving sustainable improvement.

Environment Safety and Health Management Performance

We devote attention to environment-friendly measures and make improvements on an ongoing basis. Management and action plans are devised annually to improve environmental safety and health performance, and mitigate impact of business operations on the environment and the community. MSI's commitment to environment safety and health is supported by robust management systems, policies and rules. Together, they help identify potential risks within the environment and minimize environmental impact of our business operations and products. By regularly checking existing practices for compliance, we ensure that our environment management system continues be effective.

Management Systems	MSIT	MSIS	MSIK
ISO 14001	V	V	V
ISO 14064-1	V	V	V
IECQ/QC 080000	V	V	V
ISO 50001	None	V	None

Item/Location	MSIT	MSIS	MSIK
Water footprint inventory	The total water consumptions achieve 129.145 ML reduction compared to last year.		

Item/Location	MSIT	MSIS	MSIK
Reduction of GHG emissions	The total GHG emissions achieve 3,622.25 tCO2e reduction compared to last year.		
Energy saving management	The total energy consumptions achieve 14,558.60 GJ reduction compared to last year.		
Air quality and noise measurement	We voluntary air quality and noise management commitment. No incidents of serious air and noise pollution were reported to MSI's operations were found.		
Waste water discharge	No incidents of serious leakage were reported and no impact to the local environment and wildlife habitats related to MSI's operations was found.		
Waste management	It was also not reported for serious incidents of hazardous substance leakage nor had fines imposed for violation of environmental protection laws.		
Compliance	No substantial fines or non-monetary punishments were imposed on MSI for violation of environmental-protection laws.		
Communication/grievance mechanisms	Occupational Health and Safety email: esh@msi.com		

Environmental Expenditure

MSI engages in an industry that is not involved in high-pollution and high-energy consumption. The relevant operations are mainly plant assembly and administrative operations, environmental management system (ISO 14001) have been established, and valid verification from an impartial third party has been obtained. The relevant environmental expenditure and investment during the reporting period are as follows:

Item	Expenditure (NT\$)	Purpose and benefits
The Total expenditure on environmental protection	20,629,333	<ul style="list-style-type: none"> ■ Benefits: Assuring the environmental protection activities and related treatment at MSI conform to related legal requirements and reducing the possibility of pollution to the environment. ■ Purpose: Including the treatment of waste, treatment of water pollutants with inspection and testing of wastewater, external service of environmental protection, and accreditation of management system by third parties.



Item	Expenditure (NT\$)	Purpose and benefits
The total amount of investments in environmental protection	247,474,000	<ul style="list-style-type: none"> ■ Benefits: Assuring the normal functioning of the environmental protection equipment and improving the performance of air-conditioning with the decommissioning of obsolete compressors and ice water devices of poor performance. ■ Purpose: Including the introduction of new facilities and equipment, equipment maintenance, equipment supplies, and education and training on environmental issues.

5.3 Climate Change Management

Risk analysis and the impact of extreme events are important topics regarding the impact of climate change on the electronic industry from the perspective of disasters. MSI has conducted analyses of the impact from the vulnerability of the factors of climate and environmental changes, and risk assessment to review the capacity for protection at present for the tracking and control of risks and search for potential opportunities of development. In addition, MSI is not in the industry of high energy consumption. Further to the proactive effort in the control of greenhouse gas emission through the establishment and signing of commitments, MSI also starts with daily lives and operation to develop the strategy for the reduction and control of greenhouse gas emission, and also maps out relevant countermeasures to tackle the impact on the environment and the operation.

Management Strategy and Control Measures

Management strategies	<ul style="list-style-type: none"> ■ Resilience to climate change: Implement risk identification, response and prevention measures in relation to climate change and avoid impact to operations. ■ Promote low-carbon production: Adopt optimized technologies to reduce greenhouse gas emission, and set reduction goals. ■ Evaluation of green energy equipment: Procurement of equipment fueled by regenerated energy, such as photovoltaic energy heaters, to reduce the dependence on electricity supply. ■ Improve energy efficiency: Devise energy and carbon reduction measures and enforce action plans for improved energy efficiency.

Control measures	<ul style="list-style-type: none"> ■ Identification、evaluation and analysis of impacts and risks associated with future climate. ■ Adaptation planning and review. ■ Energy/resource coordination. ■ New protection facilities or improved disaster prevention equipment. ■ Regular examination of asset and commercial insurance coverage to determine whether they are adequate for compensating losses caused by climate change.
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Adaptation to Climate Change

MSI supports UNFCCC and the Paris Agreement, which introduce the objective of keeping greenhouse gas concentration in the atmosphere at a level that would prevent dangerous anthropogenic (human induced) interference with the climate system. Such a level should be achieved within a time-frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened, and to enable economic development to proceed in a sustainable manner.

Climate Change Response Measures

Item	Aspect	Response measures	Goal achievements
Compliance	Voluntary GHG emission inventory declarations	Survey GHG emission and energy consumption	Completed GHG Inventory.
	Voluntary total GHG emission control	Promote low-carbon manufacturing and energy/carbon reduction measures	Achieve the GHG goals of reducing emissions.
	Low-carbon economy (carbon tax、carbon trading etc.)	Search for relevant laws using the management system; raise employees' awareness to laws and internal policies and thereby reduce chances of violation.	Completed establishment of carbon trading procedures for plants in China
	Product energy efficiency standards	Evaluate viable technologies and materials to be used for product design and reducing energy consumption.	<ul style="list-style-type: none"> ■ Improve the energy consumption efficiency in circuit design ■ Meeting the mandatory energy consumption requirements of products in all countries

Item	Aspect	Response measures	Goal achievements
Extreme climate	Natural Disasters probability of occurrence and severity level, affect production and operation.	<ul style="list-style-type: none"> ■ Assess mitigation measures for risks of natural disaster that are caused by climate change. Make appropriate improvements and enhancements to plant sites, and advise the government on making improvements to infrastructures in order to withstand climate risks. ■ Incorporate commercial insurance and emergency production procedures to reduce losses in the event of natural disaster. 	<ul style="list-style-type: none"> ■ Implemented Business Continuity Planning (BCP) and established emergency response procedures for natural disasters and fire ■ Commercial insurance coverage has been acquired ■ Production interruption for 0 days caused by natural disaster
Economic activity	Supply chain management	Evaluate suppliers' competence and help them adjust whenever deemed necessary.	No supplier was found to exhibit imminent risk.
	The consumption pattern was being changed and Increase the demand for environmentally friendly products.	Implement product life cycle environmental impact analysis; assess product eco-design to ensure reduce environmental impact.	Completed establishment of product eco-design procedures, and 100% of system products have completed the assessment.
Energy management	Identify weaknesses in energy consumption	Monitor energy usage at various factories and identify weaknesses that can be improved upon.	<ul style="list-style-type: none"> ■ Adopted ISO 50001 Energy Management System. ■ MSIT and MSIK adopt a voluntary management approach and replace energy-saving equipment according to schedule.

5.4 Greenhouse Gas Management

MSI is not in the industry that emits massive volumes of greenhouse gases. MSIS was included in the carbon emission exchange pilot location program of Mainland China. Other locations have not been

regulated by laws or agreements governing greenhouse gases. As dictated by the needs of an OEM producer, this will help to attract the attention of the stakeholders. For this reason, MSI advocates carbon reduction. In addition, MSI also takes measures for carbon reduction of products and services with the expectation of environmental equilibrium and sustainable development.

List of management policy in the reporting period

Material topics	Emissions(305)
Boundary	In responding to the impact on the environment under global warming caused by climate change and extreme weather conditions, action for mitigating the impact on the environment is pressing. For this reason, MSI spares no effort in advocating greenhouse gas management for the assurance of tracking the emission sources and the intensity of the impact, and also engages in ceaseless discussions proposing plans and objectives to reduce the volume of greenhouse gas emission for the cause of environmental justice and mitigation of the impact of greenhouse gas on the environment.
Management policy	Corporate Social Responsibility Code, Regulations Governing Greenhouse Gas Inspection Data Quality
Management commitment	<ul style="list-style-type: none"> ■ MSI must stay on top of the current status of greenhouse gas emissions. ■ Continued advocacy of greenhouse gas reduction with efforts in the research and development of low energy consumption products. ■ Disclosure of greenhouse gas strategy at the right moment to set an example in the industry.
Management objective	<ul style="list-style-type: none"> ■ Average reduction of 4% of annual emission in total volume from 2007(base year). ■ The total GHG emissions achieve 50% reduction in 2025.
Management measures	
Management responsibility	Global Management Office、OSH Office
Management methods	<ul style="list-style-type: none"> ■ ISO audits and third party verification annually. ■ Designated goal of continued improvement ■ Planning for energy saving and translate the plan into action for better energy efficiency
Resources	Equipment modification, greenhouse gas inspection, education on energy saving



Grievance mechanisms	Stakeholder email: 080419864@msi.com OSH email: esh@msi.com
Evaluation mechanisms	GHG inventory (ISO 14064-1), GHG inventory report
Evaluation result	<ul style="list-style-type: none"> ■ The emission of greenhouse gas reduced by at least 48.02% in volume on average annually as compared with 2007(base year). ■ Accreditation of ISO 14064-1.

5.4.1 GHG Emissions

We have been executing GHG surveys since 2008, and in order to establish common grounds and reduction goals over the long term, all plant sites are required to conduct GHG survey in accordance with ISO 14064-1 and obtain 3rd-party verification once every year. Having established baseline data on GHG emission, we set 2007 as the baseline year (total GHG emissions 113,675.33 tCO2e) and aimed to achieve GHG reduction by 50% before 2025.

The GHG emissions approach as below list in the reporting period

Item	Goals	Goal Achievements	Objective in the future
Total GHG Emissions	4% average annual reduction of GHG emission compared to 2007 (baseline year)	<ul style="list-style-type: none"> ■ Total GHG emissions 5,9091.7 tCO2e ■ Reduced by 54,583.63 tCO2e of the total GHG emission as compared with 2007(base year). ■ The total volume of annual emission reduced by 5.77% on average and hit the goal of reduction. 	The total GHG emissions achieve 50% reduction in 2025. (56,837.67 tCO2e)
GHG Emission Intensity	Regular Disclosure	<ul style="list-style-type: none"> ■ Total GHG Emission Intensity 0.490 tCO2e/ million NT\$. ■ 1.116 tCO2e/million NT\$ of total GHG emissions in 2007(baseline year) , and decrease 56.04% decrease of volume compared to baseline year. ■ Reduced by 0.039 tCO2e/million NT\$ as compared with the last reporting year. 	Continuous annual regular disclosure.

Note:

1. The data of the total volume of greenhouse gas emission has been validated by Bureau Veritas Certification (BVC) Co., Ltd.
2. GHG inventory types: CO2, CH4, N2O, HFCs, PFCs, SF6

Emission Factor and Management

Except for power coefficient and fossil fuel calorific coefficient, all other coefficients cited during the reporting period were calculated using data published by IPCC in 2006.

Electricity emission factor	Taiwan	By Bureau of Energy, Ministry of Economic Affairs notice for "Electricity Emission Factor".
	China	By Nation Development and Reform Commission notice for Baseline Emission Factors for Regional Power Grids in China.
Fossil fuel emission factor	Taiwan	By Bureau of Energy, Ministry of Economic Affairs notice for "Energy Using Product Unit and Heating Value List".
	China	By China Energy Statistical Yearbook 2012.
Global warming potential (GWP)	GHGs are converted to CO2-equivalents based on Global Warming Potentials the IPCC 1995 Second Assessment Report. (Unit: Tonnes CO2e)	
The context for any significant changes in emissions that triggered recalculations of baseline year emissions.	Taiwan	None
	China	None
Setting organizational boundaries	Taiwan	MSI used the control approaches to consolidate GHG emissions. Under the control approach, MSI accounts for 100% of the GHG emissions from operations over which it has control.
	China	

2017-2019 GHG Emission Inventory Results

Year	2007 (base year)	2017	2018	2019
Scope 1 Direct emission (tCO2e)	6,383.20	1,865.96	2,349.55	1,814.96
Scope 2 Indirect emission (tCO2e)	107,292.13	67,691.00	60,364.40	57,276.74
GHG emissions intensity for per-million revenue (tCO2e/million)	1.116	0.654	0.509	0.490

GHG Emission and Carbon Reduction Measures

We adopt a multitude of reduction measures in daily operations. We also advocate for a low-carbon environment and encourage employees to adapt to more efficient ways of spend electricity in order to achieve carbon reduction goals.

Item	Management Measures
Energy management	<ul style="list-style-type: none"> ■ Plant dormitories partially use solar heating solutions for hot water supply, and additional heat pumps have been installed to recycle heat from air compressors. ■ Chiller outlet temperature and chiller operation time have been adjusted to reduce power consumption. ■ The temperature of air-conditioners in production line and offices is controlled at 26°C.
Lighting management	<ul style="list-style-type: none"> ■ The unnecessary lighting in the office area was shutdown. ■ Lights are turned off during lunch break. ■ Lighting control is applied in office areas after business hours.
Public facility management	<ul style="list-style-type: none"> ■ Photocopiers are being run on power-saving mode, and turned off after office hours and during public holidays. ■ Drinking fountains are being run on power-saving mode, and turned off during public holidays. ■ Air conditioner operations are managed area-by-area, turning on only when needed. ■ Replacement of energy efficient equipment as scheduled
Energy conservation promotion	<ul style="list-style-type: none"> ■ The Company offers proposal bonus incentives to encourage energy-saving solutions from employees. ■ Energy conservation dissemination to staff.(eg. Email、Posters ... etc.)

5.4.2 Direct and Indirect Energy Consumption

Direct Energy Consumption

MSI fossil fuels are only used for official vehicles, boilers, and emergency power generation equipment, and cooking at the employee cafeteria in various factories, and are not used for other operational purposes.

Item	Goal Achievements
Fossil fuels consumption	<ul style="list-style-type: none"> ■ Fossil fuels consumption 6,091.2 GJ ■ 20.71%* reduction of fossil fuels consumption intensity compared to last year.
Fossil fuels consumption intensity	<ul style="list-style-type: none"> ■ Fossil fuels consumption intensity 0.051 GJ/million NT\$ ■ 0.014 GJ/million NT\$ reduction of fossil fuels consumption intensity compared to last year.

*: The higher reduction was mainly attributed to increased revenues and Micro Electronics having purchased heat-exchanged hot water from vendors for use by employees.

Indirect Energy Consumption (electricity consumption)

Item	Goal achievements
Electricity consumption	<ul style="list-style-type: none"> ■ Indirect energy consumption 249,539.1 GJ ■ 5.51% reduction of indirect energy consumption compared to last year.
Electricity consumption intensity	<ul style="list-style-type: none"> ■ Indirect energy intensity 2.071 GJ/million NT\$ ■ 0.157 GJ/million NT\$ reduction of electricity consumption intensity compared to last year.

5.5 Pollution Prevention

While we commit ourselves to developing high-quality gaming products, we also strive to improve the local environment and control the level of pollution generated from our operations. In terms of pollution control, we continue to minimize treatment costs and comply with legal requirements by making improvements to production technology and treatment procedures.



AIR Pollution Prevention

MSI generates air pollutants mainly in the form of VOCs (Volatile Organic Compounds) emitted from auxiliary materials (such as solder、flux、alcohol etc.) used in the production process. We adopt exhaust prevention equipment (e.g. active carbon absorption) to treat the exhaust emitted from production, which is released into the environment in strict compliance with local air pollution control laws and emission standards. Air quality (including indoor and operating environment) is monitored regularly to ensure the effectiveness of air pollution control measures. Furthermore, no ozone-depleting substance is used during production and no NOx and SOx is released into the atmosphere.

Goal	Management Measures	Control
Optimize indoor air quality	<ul style="list-style-type: none"> ■ Reduce storage and use of materials characterized by high volatility and toxicity ■ Use alcohol instead of naphtha for product cleaning ■ Apply control over the use of organic solvent-based products (e.g. air fresheners) at confined spaces and office areas 	<ul style="list-style-type: none"> ■ Air in production and office areas is exchanged regularly to maintain air quality. ■ Random inspections (for CO₂, PM2.5 etc) are conducted to maintain air quality. ■ Filters are cleaned and renewed regularly to maintain air quality.
Peripheral boundary air pollution emission control	<ul style="list-style-type: none"> ■ Low-sulfur fuel is used in emergency power generators. ■ Improvement to pollute production procedures. 	<ul style="list-style-type: none"> ■ Installation of active-carbon absorption equipment. ■ Regular testing of air quality in peripheral boundary.

Wastewater Discharge Management

MSI complies with prevailing environmental standards. The Company generates wastewater mainly from living activities, and all wastewater is treated before discharge (for MSIK, wastewater is discharged to Kunshan water treatment plant for collective treatment through direct pipeline connection). The company has real-time monitoring equipment in place to check the quality of wastewater, and wastewater is discharged only when treated to standard. MSI is subjected to regular wastewater quality inspections of the authority, and has managed to meet the required standards.

The draining of wastewater at all plant sites conformed to legal requirements in the reporting period and under routine inspection through random sampling by the monitoring body from time to time. There was no significant impact on the waterbody accommodating the draining. In addition, there was no significant leaking or overflowing.

Location	Plant	Wastewater discharge (megaliters)	Concentration of effluent (mg/L)			Sewage treatment plant	Maximum processing volume (megaliters/day)	Receiving water	Impact ^{*1}
			BOD	COD	SS				
Taiwan	MSIT	34.605	30	100	30	Bali Sewage Treatment Plant	1,530	Taiwan Strait	<0.1%
China	MSIS	352.604	10	50	10	Shajing Sewage Treatment Plant	500	Maozhou River	<0.2%
	MSIK ^{*2}	166.028	10	50	10	China Everbright Water Limited	50	Taicang Pond	<1.0%
Total		553.237	*1: Impact = Wastewater Discharge / Maximum processing volume *2: MSIK wastewater is discharged to Kunshan water treatment plant for collective treatment through direct pipeline connection (no flow meter is installed on MSIK site) and the sewage discharge is estimated to be 80% of the water consumption.						

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 low toxicity 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. 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.

Statistics on the volume of wastes in the reporting period

Item	Weight (kg)	Treatment measures
Hazardous wastes	32,588	MSI commissioned a qualified waste treatment service provider for the recycling and reuse thermal treatment, incineration or burying for assurance of no second pollution of the environment.
Non-hazardous wastes	2,788,862	
Household wastes	3,226,187	

The performance of waste management in the reporting period

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 goals.

Item	Goals	Goal achievements	Objective in the future
Total Waste	1% reduction of total waste compared to last year.	<ul style="list-style-type: none"> ■ Total Waste 6,047,637 kg ■ 6.70% reduction of total waste compared to last year. The waste reduction target for 2019 was achieved. 	1% reduction of total waste compared to last year.

Waste intensity	Regular disclosure	<ul style="list-style-type: none"> ■ The Waste Intensity 23.15 kg/million NT\$ ■ 2.07 kg/million NT\$ reduction of waste intensity compared to last year. 	Continuous annual regular disclosure
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Peripheral Boundary Noise Prevention

MSI monitors and controls noises caused to the peripheral boundary. The Company engages external surveyors to measure noise levels each year, and keeps track of noises generated from plant activities and equipment on an ongoing basis to ensure compliance with legal requirements. All of our plants are located inside designated industrial zones or science parks and outcomes of the above tests have all conformed with legal requirements, meaning that no disturbance is caused to nearby communities.

5.6 Water Management

MSI focuses on clean production and environmental protection. The waterless manufacturing process is adopted at each plant to produce various products; no effluents are produced in the manufacturing process. The water consumption is mainly based on employees' use of water, and only domestic sewage is produced. 100% of the domestic water source comes from municipal water supply (tap water) and does not come from rivers and lakes, groundwater, or the ocean, which has no significant possible impact on water sources and community water.

Water resources management strategy

Strive for the most efficient use of water and optimize water resource management measures. In assessing the change in equipment, the purchase of water efficient equipment shall be the first priority to reduce waste. Related education and training has also been provided for the employees.



Commitment of water resources management

Climate change worldwide causes significant impacts on water supply. For the sustainable development of water resources, MSI promises to continue monitoring the use of water resources and make improvement in the discharge of water pollutants to avoid the waste of water and impacts on water resources.

Identify the risk inherent to water resources and countermeasures

Risk identification	Risk consideration	Description	Countermeasures
Legal requirements	The control of the quality of water pollutant discharge is becoming increasingly strict.	The poor quality of water pollutants will push up the amount of fines imposed by the government and run the risk of reciprocal protest from the stakeholders, which in turn causes damage to the corporate image of MSI.	<ul style="list-style-type: none"> ■ Conduct inspection and tests on water pollutants at regular intervals for assurance of conforming to requirements of water pollutant quality. ■ Continue the evaluation of the feasibility of introducing new technologies for the treatment of water pollutants at the plant site.
	Collection of surcharges for wasteful use of water	Excessive consumption of water will push up the cost of operation and affect the profit level of the enterprise.	<ul style="list-style-type: none"> ■ Universal education of the efficient use of water resources. ■ Water consumption at MSI is mostly for household use and not in large quantity. The influence on the cost of operation is minimal.

Risk identification	Risk consideration	Description	Countermeasures
Climate change	Scarcity of water resources	Shortage of water supply will intensify the risk of epidemics which in turn affect the operation of MSI.	<ul style="list-style-type: none"> ■ Evaluation for introducing other sources of water supply. ■ Intensify the education of public health.
	Typhoon and short-term heavy downpour	The difficulty of water allocation will affect the overall operation of the supply chain.	<ul style="list-style-type: none"> ■ Early warning mechanisms of the evaluation of water resources. ■ Establishment of the 2nd supply chain or alternate site supply.

Information on water resources management in the reporting period

MSIT has proper equipment for handling water pollutants and monitoring the discharge at regular intervals. The wastewater generated will drain into the sewage system designed for wastewater discharge. MSIK discharges its water pollutants directly into the pipe of the wastewater treatment plant at Kunshan, which will collectively handle the treatment. MSIS has installed an intermediate water recycling system. The recycled water will be used in irrigation and toilet flushing. All the plant sites of MSI are located in industrial zones which are not sensitive to ecological conservation. The results of inspection and tests on wastewater conform to the requirements of local laws. The discharge of water pollutants does not cause significant influence on the surrounding ecological environment and habitats.

Item\Location	MSIT	MSIS	MSIK	Unit: Megaliters
Address	Zhonghe	Shenzhen City (Baoan District)	Kunshan City	
Sources of water resources	Feitsui Reservoir(Xindian River)	Dongjiang River	Taihu Lake	
Surface water (no withdrawal for use)	No statistics kept by Taiwan Water Corporation	456,422 ^{Note2}	395,200 ^{Note3}	
Groundwater (no withdrawal for use)		629 ^{Note2}	110,300 ^{Note3}	
Seawater (no withdrawal for use)	0	0	0	
Water generated	0	0	0	
Volume of regional water supply	18,768 ^{Note1}	467,427 ^{Note2}	431,280 ^{Note3}	
Water withdrawals (running water)	72.158	663.136	207.535	
Water recycling	None	159.683	None	
Water discharge	34.605	352.604	166.028 ^{Note4}	
Water consumption ^{Note5}	37.553	310.532	41.507	
Water sources dependency ^{Note6}	0.0038	0.0014	0.0005	
Water sources and risks ^{Note7}	Low to medium risk (1-2)	Medium to high risk (2-3)	High risk (3-4)	
Risk plant site ^{Note8}	None	None	Yes	

Note1: Announced total water supply from each region in 2019 (latest information).

Note2: Announced total water supply from each region in 2018 (latest information).

Note3: Announced total water supply from each region in 2017 (latest information).

Note4: MSIK directly discharges wastewater to the designated wastewater treatment plant (no installation of flow meters). The volume of water discharge is based on 80% of the water consumption volume.

Note5: Water consumption=Water withdrawals-Water discharge.

Note6: Water sources dependency=Water consumption from each plant in the reporting period/Volume of regional water supply from each plant in the reporting period.

Note7: According to analyzed data of the "Aqueduct Water Risk Atlas" produced by the World Resources Institute.

Note8: Risk plant site refers to plant site under the pressure of water resources determined in consideration of dependence, overall risk of water resources, and production value.

Statistics on water consumption in the reporting period

Objective	Goals	Goal achievements	Objective in the future
Total water consumption volume	1% reduction of total waste compared to last year.	<ul style="list-style-type: none"> ■ Total water consumption at 942,829 m3(942.829 megaliters) ■ Reduced by 350,697 m3 as compared with 2015(base year). ■ Reduced by 12.05% as compared with the last reporting year, which is an attainment of the set goal. 	Water consumption at MSI is mostly for household use, which was a decrease of 1% by volume as compared with the last reporting year.
Total water consumption intensity	Regular disclosure	<ul style="list-style-type: none"> ■ Total water consumption intensity at 7,825 m3/million NT\$ ■ Reduced by 7.34 m3/million as compared with 2015(base year). ■ Reduced by 13.48% as compared with the last reporting year. 	Continue to disclose annually

Statistics on reclaimed water consumption by MSIS in the reporting period

Item	Goal achievements
Total reclaimed water consumption volume in MSIS	<ul style="list-style-type: none"> ■ Total reclaimed water volume at 159,683 m3 (159,683 megaliters). ■ Reduced by 1.63 % as compared with the last reporting year. ■ The water recycling ratio reached 13.48 %.
Total reclaimed water consumption intensity in MSIS	<ul style="list-style-type: none"> ■ The reclaimed water intensity at 1.325 m3/million NT\$. ■ Reduced by 3.27% as compared with the last reporting year.

TRUE GAMING





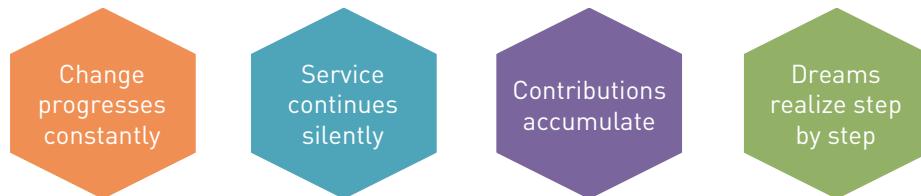
msi[®]

6. Love in MSI



6. Love in MSI

Based on the concept that "Change progresses constantly, Service continues silently, Contributions accumulate, Dreams realize step by step". MSI practices CSR commitments, provides the greatest support and assistance. We have long been coordinating with corporate employees to work with stakeholders (such as government agencies, schools etc.) on various charity programs including students' lunch, education, donation and care for socially disadvantaged; all of which are intended to create an equal society that is free of poverty.



MSI public care services and donations item as below table in the reporting period



The number of public welfare programs: 30	The number of employees participation: 4,850
School Lunch Fund The number of benefit students: 6,510 The number of benefit schools: 62	Education Care The number of benefit students: 8,811 The number of benefit schools: 52

6.1 Remote Locations Care-School Lunch Fund

Students in remote locations are often financially disadvantaged to the point that prevents them from having the same meal privileges as ordinary students. Furthermore, schools in remote areas tend to be so under-funded that even lunch preparation becomes a heavy burden to bear. Given the lack of resources in the public sector, MSI has stepped in and contributed resources to assure students of their rights to healthy and abundant food even in remote areas.

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

MSI understands the difficulty confronting the remote locations and has provided long-term funding to improve the quality of food for the students in these areas. With adequate nourishing foods for lunch, the students will no longer suffer from malnutrition and being underweight. The warm-heartedness to the students from society will help the students to nurture a sense of thanksgiving to society. In addition, MSI has funded elementary schools and junior high schools in remote areas to procure certain Taiwanese own rice or vegetables on a regular basis to promote local rice farming while subsidizing the food ingredients for the schools' lunches, enabling the schools to feel the warmth of society.

Content of donation in the reporting period





Donation Item	Donation Amount (NT\$)	Number of Beneficiary Students	Number of Beneficiary Schools
School Lunch Fund	340,245	6,510	2
Purchase Locally Produced Vegetables or Rice	5,123,865	8,811	60
★ Amount of donation for school lunch so far (since 2010): NT\$6,417,026			
★ Amount of donation for purchase locally produced vegetables or rice so far (since 2010): NT\$16,507,900			

6.2 Pluralistic Educational-Supporting Education

Education is critical to the progress of a society, and although people may differ in terms of genetics and background, everyone should have fair, reasonable and equal opportunity to quality education. By providing educational resources, MSI hopes to reverse the adverse environment that disadvantaged students are subjected to, and narrow the learning divide at the starting line.

6.2.1 Education care for disadvantaged students

Public Welfare Scheme: Tutor Service for Disadvantaged Students

Social resources are utilized to implement MSI's "Love from MSI" help to students remedial program for disadvantaged students, which cultivated students' basic learning ability, helped disadvantaged students build self-confidence to develop their potential and create a new society of mutual care and mutual assistance.

Content of donation in the reporting period

Donation Item	Donation amount (NT\$)	Number of beneficiary students	Number of beneficiary schools	Number of classes held	Number of lessons held
"Love from MSI" Education Assistance Program - Tutor Service for Disadvantaged Students	2,881,149	1,873	34	112	8,155
★ The amount of donation so far (since 2014): NT\$9,503,619					

Public Welfare Scheme: MSI English Enhancement Program for Students from Disadvantaged Families

MSI English Enhancement Program for Students from Disadvantaged Families has been launched with social resources to bridge the English ability gap caused by the urban and rural gap, the amount of resources, and the differences in family social and economic conditions, so as to flip education in remote areas.



Content of donation in the reporting period

Donation Item	Donation amount (NT\$)	Number of beneficiary students	Number of beneficiary schools	Number of lessons held
MSI English Enhancement Program for Students from Disadvantaged Families	1,500,000	6,938	18	2,005
★ The amount of donation so far (since 2016): NT\$4,500,000				



6.2.2 Science Education Assistance

Public Welfare Scheme: MSI 2019 PowerTech Creative Technology Program for Youth

In response to the rise of Makers and "STEAM"-the educational purpose of science, technology, engineering, arts, and mathematics; young people are guided to explore their interest in science and develop their popular science potential through hands-on and popular science creation learning approaches to cultivate new generations of technological talents. In response to the rise of Makers and "STEAM"-the educational purpose of science, technology, engineering, arts, and mathematics; young people are guided to explore their interest in science and develop their popular science potential through hands-on and popular science creation learning approaches to cultivate new generations of technological talents.

Content of donation in the reporting period

Donation item	Donation amount (NT\$)	Achievements
Subsidized elementary schools and junior high schools in New Taipei City for the organization of summer camps and PowerTech clubs, and organized group training, courses and events in New Taipei City and on a nationwide scale.	1,250,000	<ul style="list-style-type: none"> ■ Promoted juvenile technological creation contest as a means to improve hands-on practice and basic science knowledge for students and teachers. ■ Livened up courses taught at schools and aroused students' interest to basic science knowledge and hands-on practice.

★ The amount of donation so far (since 2016): NT\$4,000,000



Public Welfare Scheme: MSI sponsored to school e-sports Camp

There are more than 60 schools in Taiwan that offer the classes or programs of eSports. To speed up the professional development of eSports on campus, MSI has held eSports on campus at 10 schools of higher education in the



reporting period to assist the schools in furthering the education in the area of eSports more profoundly so that students who have an interest in eSports can understand the hardware and software necessary for the setting of an ideal environment for eSports and other experience in the industry. This also allows the students to understand eSports-related career development.

Content of donation in the reporting period

Donation item	Number of beneficiary students	Number of beneficiary schools	Achievements
MSI eSports on Campus	1,200	10	Students were educated on the eSport industry and possible career development.

6.3 Flip Life-Disadvantages Groups Help

The underprivileged tend to be the most non-influential and neglected group of people in the society, and their basic rights can be easily sacrificed over the course of social changes. This group of people requires timely and adequate support in terms of social security, healthcare, education and employment in order to break free of the prevailing vicious cycle for a life of hope.

Public Welfare Scheme: Flight with Dreams Fund for Students from Disadvantaged Families

Founded in 2005, the Dreams Foundation has paid out NT\$140 million of

tuition aid to date, and subsidizes an average of 300 students registered in New Taipei City per year. MSI has been a long-term member of the Committee of New Taipei City Flight with Dreams Fund. This committee, formed by a panel of representatives from the industrial, public and academic sectors, selects

students with high performance from disadvantaged families and sponsors the students with scholarships so that they can focus on learning, complete their education and have enjoyable years on campus without having to worry about tuition fees and living expenses. This scholarship aims to improve the lives of students with good academic performances from rural areas of New Taipei City.

Content of donation in the reporting period

Donation item	Donation amount (NT\$)	Number of beneficiary students
New Taipei City Flight with Dreams Fund	3,000,000	300

★ The amount of donation so far (since 2012): NT\$13,590,000



Public Welfare Scheme: New Taipei City Government Family Day for Children in Special Education

To enable students in special education to have diverse life experiences, the Education Department, New Taipei City Government, holds Family Day education days for students in special education in the second semester, allowing these children who seldom travel far away to have the opportunity to have different life experiences.



Through the activities and shuttle bus services arranged by the Education Department, parents' burden is alleviated and the children are more willing to go outdoors. This program helps these little angels to study and grow up happily. MSI has sponsored this program for fifth consecutive years and has joined forces with the public group of Taiwan Taxi Public Group to help these young angels to experience life through different activities.

Content of donation in 2016-2019

Year	2016	2017	2018	2019
Organizer	Education Department of New Taipei City Government			
Sponsor	Taiwan Taxi Public Group			
Co-organizer	MSI			
	Ching Yang Aqua Marine Enterprises Taipei Philharmonic Orchestra- Sistema Taiwan —Museum of Marine Science & Technology	Green World Ecological Farm	LEOFOO Village	Window on China
Sponsorship fee (NT\$)	170,000	231,550	246,470	320,000
The number of participants	400	400	400	600
The number of participating families	80	80	80	100

Public Welfare Scheme: Strategic Alliance Cooperation Program

Currently, the society's attention on long-term nursing has been largely focused on caring for disabled persons, while long-term stress and



issues concerning caregivers tend to be overlooked. Having recognized caregivers as a hidden risk amidst an aging society, MSI specifically finances local caregiving institutions so that they may recruit staff in greater diversity (nurses, volunteer workers, local/foreign nursing staff) to accommodate the needs of high-risk caregivers and support them multiple times a day, over a short period of time, on flexible occasions and within small areas. With this additional support, we hope to cover the shortfall of long-term nursing resources provided by the government.

Content of donation in 2017-2019

Year	2017	2018	2019
Donation item	<ul style="list-style-type: none"> ■ All In One Services ■ Family Caregiver Services ■ Respite Care Services ■ Holiday Care and Supportive Services for the Family Caregivers 		
Long-Term care facilities	Hondao Senior Citizen's Welfare Foundation		
Number of service people (monthly)	365	369	361
Donation amount (NT\$)	826,440	495,400	508,660

Public Welfare Scheme: Sistema Taiwan Cooperation Program

The mission of Sistema Taiwan is mainly to provide musical education for disadvantaged children, and inspire new possibilities through art. Through this program, we are able to discover musical talents spawning within children, which provide us



with the motivation to continue what we do. MSI introduced "music as a life-changing opportunity" and launched a series of musical education of charitable nature. Through music, we hope to enrich the minds of children and help them develop positive attitudes to withstand the hardship in life.

Content of donation in 2017-2019

Year	2017	2018	2019
Donation item	Sponsored Sistema Taiwan for musical instruments and teaching staff.		
Donation amount (NT\$)	300,000	350,400	382,400

Public Welfare Scheme: MSI public welfare lotto activities

In recent years, there has been competition among businesses in hosting lavish year-end banquets featuring renowned celebrities as a means to reward employees.



Contrary to this approach, MSI began exploring different elements that would make year-end banquets as joyful as they are meaningful, and thus the idea of "charity banquet" started to emerge in MSI. Since 2016, we have been inviting employees to join us in charity during year-end banquet by purchasing scratch cards and lottery tickets. One lucky winner would be drawn at the end of the event to claim 50% of the prize pool, while the other 50% is donated to charity organizations.

Year	2017	2018	2019
Donation Item	Cash donated to charity organizations.		
Donation amount (NT\$)	99,505	136,050	156,650

Recipient Unit	Eden Social Welfare Foundation	Eden Social Welfare Foundation	<ul style="list-style-type: none"> ■ Taiwan Fund for Children and Families ■ Help Save A Pet Fund Taiwan ■ Genesis Social Welfare Foundation
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6.4 Power to Change Society-Corporate Volunteers

Driven by the mission to "promote decency in the society", MSI fulfills its duty as a corporate citizen through programs including "corporate volunteer" and "community feedback"; both of which are aimed to direct corporate resources and employees' attention towards the environment, the community and charity where we are able to contribute influence to good deeds.

Public Welfare Scheme: Diversity Service of Corporate Volunteers

Volunteer Club

The 27th Northern Taiwan Special Cheerleading Tournament for Children with Intellectual Disabilities

The Cheering Team Contest for the mentally handicapped is a combination of music and dancing therapies aimed at motivating the mentally handicapped students to learn. Through this activity, they can improve their confidence. This also gives a boost to their parents. MSI volunteers also participated in the event and played the role as the supervisory team and helpers of the team to provide assistance to the contestants all through the contest. MSI has provided services for some 5,000 mentally handicapped children at present.

Potted Plant Auction

The Horticulture Club of MSI organized the invoice donation for narcissus bulbs campaign to help colleagues relax from their tense work and enhance fraternal interaction. This invoice donation for narcissus bulbs campaign helps to provide a green living space for individual colleagues and for charity purposes at the same time. Those who donated five invoices will get a pot of narcissus bulbs. The Horticulture Club of MSI rallied for the support from its members and all other employees with the donation of 260 invoices in the campaign and planted the bulbs to help the Genesis Social Welfare Foundation.

Design Badge Charity Auction

The Photography Club of MSI asked all at MSI to serve the cause of charity. Employees may prepare a magnetic badge through DIY to wear on the chest or use as a magnet. The badge may also be stuck on the OA screen, documents cabinet, or refrigerator at home as a souvenir. Each bit of love yields enormous benefits. The magnetic badges sold for NT\$8,000, which was donated to the Principle Hsu Animal Life Protection Association.

Yoga Club

Fund Fair with Love from Taiwan Fund for Children and Families

Kind-hearted people from all walks of lives in society are invited to share the cause with the Taiwan Fund for Children and Families in holding a Love Fund Fair to bring joy and laughter to some 2,000 children of underprivileged families for the whole day! The Yoga Club has pledged to donate NT\$20,000 for a stand in the 2019 year-end charity event and NT\$7,000 of vouchers for the fund fair to the Children and Families Center. This event not only helps the center and many physically impaired children but also demonstrates the spirit and philosophy of MSI in serving the public and society.

Dance Club

Guide Dogs Charity Lecture

The Dancing Club of MSI invited Taiwan Guide Dog Association to present a charity lecture to give a proper concept related to guide dogs. MSI has purchased NT\$20,000 worth of items from rummage sales and donated NT\$10,000 in favor of the association in the reporting period.



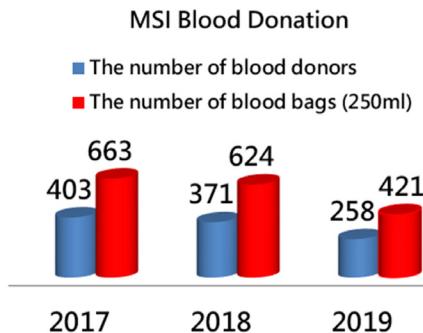
Public Welfare Scheme: Medical Support-Blood Donation

The statistics compiled by the Red Cross indicated that donation of blood one time on average helps to save the lives of three people!

Blood donation is an act of philanthropy to help the ailed and wounded. MSI started the blood donation campaign in 2002 and has continued consecutively. The plant sites in Mainland China have also organized blood donation campaigns from time to time to share the cause of philanthropy. The Medical Room of MSI works in conjunction with the Blood Donation Center every year to arrange for blood donation at the



facilities of MSI. Function heads and staff respond to the cause positively in order to save the lives of the ailed and wounded. There were 258 blood donors by head count donating 421 bags of blood at MSI in the reporting period.



6.5 Community Action-Feedback and Safeguard

MSI is an international brand manufacturer in eSports and has developed business in the global market. MSI holds that it is our onus to do good in the communities where we run operations. For this reason, MSI works in conjunction with the communities to strive towards this goal and is dedicated to bringing about well-being to others with what they have.

6.5.1 Feedback to Community

Public Welfare Scheme: Strengthening Community Cohesiveness



Community Cohesion

Zhonghe Village Deity Cultural Festival

The village deity had most followers and safeguard local communities. The Zhonghe district has many distinctive village deity temples, including the well-known Hongludi and Lixing village deity temples. As a local enterprise based in Zhonghe, MSI offered sponsorships to distinctive local cultural festivals and ceremonies to share the blessings with local people and pray for the peace and prosperity of the country. A total of NT\$350,000 was donated during the reporting period.

Greening maintenance of Huazhong Bridge Slope Green Space and Zhonghe Qiaohe Rd.

MSI is headquartered in Zhonghe District, New Taipei City. The vicinity is dominated by industrial areas. Frequently, large and small vehicles enter and exit, and the surrounding environment does not have too much green beautification. Therefore, MSI Technology proposes to adopt the Zhonghe Qiaohe road to the Zhonghe District Office. The tree plan hopes to enhance the beauty and safety of the street tree and benefit the community. A total of NT\$1,000,000 was donated during the reporting period.

Donation of Police Equipment

According to the statistics presented in the annual report of New Taipei Police in 2018, there were a total of 34,748 traffic accidents on the roads of New Taipei and the police have to handle an average of 95 cases of traffic accidents daily. The statistical figures are skewed at roads with heavy traffic. The police have to sketch out the map at the scene of traffic accidents manually, which is time-consuming and labor-intensive. For this reason, MSI donated a set of police equipment (equipment for aerial photography over the scene of the accidents). The police can gather evidence on the scene of the accident very quickly through aerial photography. The high resolution equipment provides sharp visuals on the traits of the accidents and related evidence in the surrounding area. Related information will be marked on the photographs through the software interface. This can help to obtain photographs of the scene of traffic accidents accurately, thoroughly and quickly to serve as evidence in handling the cases.

6.5.2 Defending Our Environment

Environmental friendliness arises from mankind's respect for nature, and could only be inspired through advocacy of environmental culture and civilized values. This awareness enables us to find the right balance between economic gains and sustainability that facilitates the perpetual renewal of natural resources.

Public Welfare Scheme: Environmental Protection Action

Environmental Protection

Forestation at Jinshan Coast

"Planting a tree is just the beginning, it is far more important to protect the tree." It is even more difficult to keep young trees along the coastline. MSI started the "Afforestation Along the Coast of Jinshan Campaign" in 2016, and has planted 5,200 trees so far. MSI will continue to plant and protect trees. More than 400 employees have participated in afforestation. This helps them be aware of the protection of the environment and plant trees to protect their homeland.

Ecology Conservation Program at Wugu Wetland

The wetland at Wugu has the largest population of migratory birds in the north, and has been granted the title of essential wetland zone by the government through the effort of the Society of Wilderness. MSI recognized the effort made by the society and has donated NT\$500,000 to them in the reporting period supporting the planning of conservation of the wetland at Wugu. Further to the fostering of the wetland at Wugu, MSI also holds lectures on the education of ecological conservation to let everyone make conservation a habit incrementally and care about the environment.

Fostering of Natural Fields in Nanao for Growing Rice under Community-supported Agriculture

MSI shares the idea of the plantation of natural fields in Nanao and fostered 0.5 hectare of farmland. The natural fields in Nanao are responsible for rice milling and growing. The harvest in excess of the required quantity will be shared by the participating partners of the community who actually grow the rice. Yet, MSI just donated all the rice from the harvest to the food bank of New Taipei Government Bureau of Social Affairs to share the "Well-Being Around with Abundant food Bank" with those from all walks of life. MSI continued to foster natural fields for CSA in the reporting period, and spent NT\$250,000 to foster the fields and donated 1,500 kg of rice to the food bank of New Taipei Government.



6.6 Community Relations-Donation of Resources

"Giving back to the society" has been an important part of MSI's CSR efforts, and by donating computers to communities in need, we demonstrate our resolve to help move the society forward and send the message that everyone has the ability to contribute to charity one way or another.

Donation of Computers

World Vision Taiwan Yuli Center

World Vision Taiwan has served the tribes located at remote rural districts for a long time, and has the experience of keeping children and youths company for more than 50 years. They hope to allow the youths a place for learning and growing up through the "Hualien County Yuli Youth Development Center" for a healthy upbringing of the youths. After understanding the needs, MSI donated 15 AIO desktop computers to the Hualien County Yuli Youth Development Center of World Vision Taiwan and made the center the base for the activities of the youths and keeping the youths company. Through the update of the computer peripherals, MSI helps to improve the return rate of the students of high schools to the center. This place is also available for the pupils of primary schools to learn computer skills every Wednesday after school after doing their homework.

Taipei Waldorf Education

Taipei Waldorf Education started to admit students for the first time in August 2013, and has increased the population from 33 students to more than 150 students and teachers. In the 7th year of its operation, Waldorf Education moved to the new campus. This also happened to be the centennial anniversary of Waldorf Education, which is very meaningful as a milestone of education with metamorphic change and development. MSI donated 17 AIO desktop computers in 2019 to assist the installation of a computer classroom, which demonstrates the concern of MSI for digital learning and education and the community.

New Taipei Government Nice Day and Love Platform

The New Taipei Government established the "Nice Day and Love Platform" on June 17, 2019 and put together the needs of the underprivileged in society through the internet platform. The public can register online to make donations in cash, in kind or providing services to their wish so that love can quickly be conveyed to those who in need. According to the New Taipei Government Bureau of Social Affairs, the food bank of New Taipei have successfully matched the donation in kind amounting to some NT\$1,760,000,000 over the past eight years and contributed to a population of more than 265,000. Through the New Taipei Government Nice Day and Love Platform, MSI donated 24 desktop computers and 1 notebook computer to the young children from underprivileged families so that these children can learn to use computers and strengthen their computer literacy, upgrade their value and achieve self-actualization.

Cheng Kung University

MSI has not just worked closely with the academe with its advantages in the specialization of eSports products in order to develop good people among the students as professionals in the eSports industry, but also established industry-academia collaborative education relations with National Cheng Kung University in 2019. Under this relation, MSI provided ten notebook computers for the professional workstations in the education program of computer graphic design. Through the entry of the workstations from MSI, students in the Department of Architecture could enjoy a high quality and stable learning environment. The experience of the students in using the devices could serve as a reference for MSI in the research and development of products in the future, which brings products closer to the needs of users.

Taiwan University of Science and Technology

MSI works closely with universities and has established industry-academia collaborative education with National Taiwan University of Science and Technology in 2019. MSI has provided ten professional mobile drawing workstations to the research classroom of the Department of Architecture of the university so that the students of the department can practice drawing and design, 3D modeling and other practical works more efficiently. MSI wishes the sharing of resources between the industry and the academe can help to create win-win situations.





Annex I. GRI Standards Content Index

GRI 102: General Disclosures

Topics	GRI Standards	Disclosure Items	Related Report Sections	Page	Note/Omissions
	102-1	Name of the organization	2.1 Company Overview	16	
	102-2	Activities, brands, products, and services	2.1 Company Overview	16	
	102-3	Location of headquarters	2.1 Company Overview	16	
	102-4	Location of operations	2.1.3 Operations Worldwide	17	
	102-5	Ownership and legal form	2.1 Company Overview	16	
	102-6	Markets served	2.1 Company Overview	16	
	102-7	Scale of the organization	2.1 Company Overview	16	
1. Organization Profile	102-8	Information on employees and other workers	3.1 Overview of the Employee 3.6 Occupational Safety and Health	32 47	
	102-9	Supply chain	1.3 Stakeholder Engagement and Analysis of Material Issues 4.3 Supplier Management	11 64	
	102-10	Significant changes to the organization and its supply chain	About this report	-	No significant changes.
	102-11	Precautionary Principle or approach	2.4 Risk Management	22	
	102-12	External initiatives	-	-	•Comply with the requirements of Taipei Exchange Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TPEx Listed Companies and Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies. •Respond to external initiatives such as the UN SDGs, RBA Guidelines, ISO 26000, Responsible Minerals Initiative (RMI).
	102-13	Membership of associations	2.1.2 Relations with Associations	16	
2. Strategy	102-14	Statement from senior decision-maker	Letter from the Chairman and President(CEO)	-	
3. Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	2.5 Business Ethics 2.6 Legal Compliance	25 28	
4. Governance	102-18	Governance structure	2.2 The Framework of Corporate Governance	18	

5. Stakeholder Engagement	102-40	List of stakeholder groups	1.3 Stakeholder Engagement and Analysis of Material Issues	11	
	102-41	Collective bargaining agreements	3.4.2 Meeting Communications 3.6.6 The Participation, Consultation, and Communication with the Workers Pertinent to OSH	44 54	
	102-42	Identifying and selecting stakeholders	1.3 Stakeholder Engagement and Analysis of Material Issues	11	
	102-43	Approach to stakeholder engagement	1.3 Stakeholder Engagement and Analysis of Material Issues	11	
6. Reporting Practice	102-44	Key topics and concerns raised	1.3 Stakeholder Engagement and Analysis of Material Issues	11	
	102-45	Entities included in the consolidated financial statements	About this report	-	
	102-46	Defining report content and topic Boundaries	About this report	-	
	102-47	List of material topics	1.3 Stakeholder Engagement and Analysis of Material Issues	11	
	102-48	Restatements of information	-	-	Update of historical data.
	102-49	Changes in reporting	-	-	"Occupational health and safety" is new additions to the material topics compared to last reporting year.
	102-50	Reporting period	About this report	-	
	102-51	Date of most recent report	About this report	-	
	102-52	Reporting cycle	About this report	-	
	102-53	Contact point for questions regarding the report	About this report	-	
	102-54	Claims of reporting in accordance with the GRI Standards	About this report	-	
	102-55	GRI content index	GRI content index	-	This table
	102-56	External assurance	Third Party Assurance Statement	99	Refer to Annex 4

Material Topics

GRI Standards	Disclosure Items		Related Report Sections	Page	Note/ Omissions	GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its boundary	1.3 Stakeholder Engagement and Analysis of Material Issues 2. About MSI	11 16	1.3 Stakeholder Engagement and Analysis of Material Issues 4. Product Value	11 58
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its boundary	1.3 Stakeholder Engagement and Analysis of Material Issues 2. About MSI		11 16	GRI 103 Management Approach 2016	103-2 103-3	The management approach & its components Evaluation of the management approach	2.3 Operation Performance	21	4.3 Supplier Management 64	
	103-2 103-3	The management approach & its components Evaluation of the management approach	2.3 Operation Performance		21		103-2 103-3	The management approach & its components Evaluation of the management approach	4.3 Supplier Management	64		
GRI 201 Economic Performance 2016	201-1	Direct economic value generated and distributed	2.3.1 Financial Performance 2.3.2 Distribution of Economic Value to Stakeholders		21 22	GRI 308 Supplier Environment Assessment 2016	308-1	GRI 308 Supplier Environment Assessment 2016	4.3.1 Sustainable Supply Chain Management and Goals 4.2.1 Green Product Management [GPM] Platform	64 62		
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its boundary	1.3 Stakeholder Engagement and Analysis of Material Issues 2. About MSI		11 16	GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its boundary	1.3 Stakeholder Engagement and Analysis of Material Issues 3. Employee Value	11 32		
	103-2 103-3	The management approach & its components Evaluation of the management approach	2.5 Business Ethics		25		103-2 103-3	The management approach & its components Evaluation of the management approach	3.1 Overview of the Employee	32		
GRI 205 Anti-Corruption 2016	205-1	Operations assessed for risks related to corruption	2.5 Business Ethics		25	GRI 401 Employment 2016	401-1	Average hours of training per year per employee	3.1.2 Employment	33		
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its boundary	1.3 Stakeholder Engagement and Analysis of Material Issues 4. Product Value		11 58	GRI 401 Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	3.2.2 Magnanimous Benefits	38		
	103-2 103-3	The management approach & its components Evaluation of the management approach	4.1.2 Product Responsibility		60		401-3	Programs for upgrading employee skills and transaction assistance programs	3.1.3 Retaining Employees	35		
GRI 302 Energy 2016	302-4	Reduction of energy consumption	4.1.2.3 Product Energy Efficiency		62	GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its boundary	1.3 Stakeholder Engagement and Analysis of Material Issues 3. Employee Value	11 32		
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its boundary	1.3 Stakeholder Engagement and Analysis of Material Issues 5. Environmental Value		11 74	GRI 103 Management Approach 2016	103-2 103-3	The management approach & its components Evaluation of the management approach	3.6 Occupational Safety and Health	47		
	103-2 103-3	The management approach & its components Evaluation of the management approach	5.5 Pollution Prevention		79		403-1	Occupational health and safety management system	3.6.1 MSI Occupational Safety and Health (OSH) Organization Structure	48		
GRI 305 Emissions 2016	305-1	Direct [Scope 1] greenhouse gas (GHG) emissions				GRI 403 Management Approach 2018	403-2	Hazard identification, risk assessment, and incident investigation	3.6.2 Risk Control and Disaster Prevention 3.6.5 Result of Occupational Safety and Health Management	50 52		
	305-2	Energy indirect [Scope 2] greenhouse gas (GHG) emissions	5.4.1 GHG Emissions		78		403-3	Occupational health services	3.6.4 Occupational Health Service	52		
	305-4	GHG emissions intensity					403-4	Worker participation, consultation, and communication on occupational health and safety	3.6.6 The Participation, Consultation, and Communication with the Workers Pertinent to OSH	54		
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its boundary	1.3 Stakeholder Engagement and Analysis of Material Issues 2. About MSI		11 16	GRI 403 Management Approach 2018	403-5	Worker training on occupational health and safety	3.6.3 Education, Training and Promotion	51		
	103-2 103-3	The management approach & its components Evaluation of the management approach	2.6 Legal Compliance		28		403-6	Promotion of worker health	3.5.2 Health Management 3.5.3 Health Promotion Activities	45 47		
GRI 307 Environmental Compliance 2016	307-1	Non-compliance with environmental law and regulations	2.6 Legal Compliance		28	GRI 403 Management Approach 2018	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.5.2 Health Management 3.6 Occupational Safety and Health	45 47		
							403-8	Workers covered by an occupational health and safety management system	3.6.1 MSI Occupational Safety and Health (OSH) Organization Structure	48		



GRI 403 Management Approach 2018	403-9	Work-related injuries	3.6.5 Result of Occupational Safety and Health Management	52	
	403-10	Work-related ill health	3.6.5 Result of Occupational Safety and Health Management	52	
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its boundary	1.3 Stakeholder Engagement and Analysis of Material Issues 3. Employee Value	11 32	
	103-2 103-3	The management approach & its components Evaluation of the management approach	3.3 Employee development	40	
	404-1 404-3	Average hours of training per year per employee Programs for upgrading employee skills and transaction assistance programs	3.3.2 The Overview of Human Resources Development 3.3.3 Performance review	41 42	
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its boundary	1.3 Stakeholder Engagement and Analysis of Material Issues 4. Product Value	11 58	
	103-2 103-3	The management approach & its components Evaluation of the management approach	4.3 Supplier Management	64	
	414-1	New suppliers that were screened using social criteria	4.3.2 Supplier Management Mechanism 4.3.3 Responsible Minerals Management	67 68	
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its boundary	1.3 Stakeholder Engagement and Analysis of Material Issues 4. Product Value	11 58	
	103-2 103-3	The management approach & its components Evaluation of the management approach	4.1.2 Product Responsibility 2.6 Legal Compliance	60 28	
	416-1 416-2	Assessment of the health and safety impacts products and service categories Incidents of non-compliance concerning the health and safety impacts of products and services	4.1.2.1 Evaluation of Product Safety 2.6 Legal Compliance	60 28	
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its boundary	1.3 Stakeholder Engagement and Analysis of Material Issues	11	
	103-2 103-3	The management approach & its components Evaluation of the management approach	2.6 Legal Compliance	28	
	419-1	Non-compliance with laws and regulations in the social and economic area	2.6 Legal Compliance	28	

Other Concerns Topics

GRI Standards		Disclosure Items	Related Report Sections	Page	Note/Omissions
GRI 202 Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	3.1.2 Employment	33	
GRI 303 Water and Effluents 2018	302-2	Proportion of senior management hired from the local community	3.1.2 Employment	33	
GRI 303 Water and Effluents 2018	303-3	Energy consumption within the organization	5.6 Water Management	81	
GRI 303 Water and Effluents 2018	303-4	Energy intensity	5.6 Water Management	81	
GRI 303 Water and Effluents 2018	303-5	Reductions in energy requirements of products and services	5.6 Water Management	81	
GRI 306 Effluents and Waste 2016	306-1	Water discharge by quality and destination	5.5 Pollution Prevention-Wastewater Discharge Management	79	
GRI 402 Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	3.1.2 Employment-Minimum Notice Periods Operational Changes	33	
GRI 405 Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	3.1.1 Employee Structure	32	
GRI 406 Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	2.6 Legal Compliance	28	
GRI 407 Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	4.3.2 Supplier Management Mechanism 4.3.3 Responsible Minerals Management	67 68	
GRI 408 Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	3.1.2 Employment-No employment of child labor 4.3.1 Sustainable Supply Chain Management and Goals	33 64	
GRI 409 Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	2.6 Legal Compliance 4.3 Supplier Management	28 64	
GRI 417 Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	4.1.2.2 Product Review Mechanism	61	
GRI 417 Marketing and Labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	2.6 Legal Compliance	28	
GRI 418 Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.5 Protection of Privacy Rights and Personal Information of the Customers 2.6 Legal Compliance	72 28	

Annex II. ISO 26000 Index

Core Subjects and Issues		Related Report Sections	Page	Note
Organizational Governance	Decision-making processes and structures	2.2 The Framework of Corporate Governance	18	
	Due diligence	2.6 Legal Compliance 4.3 Supplier Management	28 64	
	Human rights risk situations			
	Avoidance of complicity	2. About MSI	16	
		2.5.3 Complaints and Report Mechanisms	28	
	Resolving grievances	2.6 Legal Compliance 3.4.3 Channels for Employee Complaints	28 44	
	Discrimination and vulnerable groups	—	—	All MSI operating policies and systems are not subject to the influence of gender, religion, race, nationality, or political parties.
	Civil and political rights	4.3 Supplier Management 3.6.6 The Participation, Consultation, and Communication with the Workers Pertinent to OSH	64 54	
	Economic, social and cultural rights	3. Employee Value	32	
	Fundamental principles and rights at work	3. Employee Value	32	
Human Rights	Employment and employment relationships	3.1.2 Employment 3.2 Remuneration and Benefits 3.3.3 Performance review	33 32 42	
	Conditions of work and social protection	3.1.2 Employment 3.2.2 Magnanimous Benefits 3.6 Occupational Safety and Health	33 38 47	
	Social dialogue	1.3 Stakeholder Engagement and Analysis of Material Issues	11	
	Health and safety at work	3.5 Healthy Workplace 3.6 Occupational Safety and Health	44 47	
	Human development and training in the workplace	3.3 Employee development	40	

The Environment	Prevention of pollution	5.5 Pollution Prevention	79	
	Sustainable resource use	4.1 Product Sustainability 4.2 Management of Hazardous Substances	58 62	4.1 Product Sustainability 4.2 Management of Hazardous Substances
	Climate change mitigation and adaptation	5.3 Climate Change Management	76	
	Protection of the environment, biodiversity and restoration of natural habitats	—	—	The MSI operating plants are all located in industrial parks, all of which have passed the EIA and have no relevant impact or influence on the surrounding organisms.
Fair Operating Practices	Anti-corruption	2.5 Business Ethics 2.6 Legal Compliance	25 28	
	Responsible political involvement	—	—	MSI maintains a neutral stance on politics, does not engage in any political donations or lobbying, and does not participate in relevant political activities.
	Fair competition	2.6 Legal Compliance	28	
	Promoting social responsibility in the value chain	4.3 Supplier Management	64	
Consumer Issues	Respect for property rights	2.5 Business Ethics	25	
	Fair marketing, factual and unbiased information and fair contractual practices	2.5 Business Ethics	25	
	Protecting consumers' Health and safety	4.1.2 Product Responsibility	60	
	Sustainable consumption	4.3.1 Sustainable Supply Chain Management and Goals	64	
	Consumer service, support, and complaint and dispute resolution			
	Consumer data protection and privacy	4.4 Customer Service and Satisfaction	69	
Access to essential services				



Consumer Issues	Education and awareness			<p>Through digital forums, such as technology forums and online communities, MSI combines the experiential marketing of key stores with business partners in different sectors to allow users to understand the industrial development and technological exchanges. For relevant information, please visit the MSI official website: https://www.msi.com/index.php</p>
	Community involvement	6.5 Community Action-Feedback and Safeguard	92	
	Education and culture	6.2 Pluralistic Educational-Supporting Education 6.3 Flip Life-Disadvantages Groups Help 6.5.2 Defending Our Environment	87 88 92	
Community Involvement and Development	Employment creation and skills development	3.3 Employee development	40	
	Technology development and access	2.1 Company Overview	16	
	Wealth and income creation	2.1 Company Overview 2.3 Operation Performance 3.2 Remuneration and Benefits	16 21 36	
	Health	3.5 Healthy Workplace 3.6 Occupational Safety and Health	44 47	
	Social investment	6. Love in MSI	86	

Annex III. United Nation Global Compact Comparison Table

Category	10 Principles	Related CSR Report Section	Page
Human Rights	<p>Businesses should support and respect the protection of internationally proclaimed human rights;</p> <p>Make sure that they are not complicit in human rights abuses.</p>	2.5 Business Ethics 2.6 Legal Compliance	25 28
Labor	<p>Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p> <p>The elimination of all forms of forced and compulsory labor;</p> <p>The effective abolition of child labor; and</p> <p>The elimination of discrimination in respect of employment and occupation.</p>	MSI conducts collective bargaining agreements in accordance with local laws and regulations.	-
Environment	<p>Businesses should support a precautionary approach to environmental challenges;</p> <p>Undertake initiatives to promote greater environmental responsibility; and</p> <p>Encourage the development and diffusion of environmentally friendly technologies.</p>	5. Environmental Value	74
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery.	2.5 Business Ethics 2.6 Legal Compliance	25 28

Annex IV. Assurance Statement



By Royal Charter

INDEPENDENT ASSURANCE OPINION STATEMENT

2020 Micro-Star Corporate Social Responsibility Report

The British Standards Institution is independent to Micro-Star International Co., Ltd. (hereafter referred to as Micro-Star in this statement) and has no financial interest in the operation of Micro-Star other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of Micro-Star only for the purposes of assuring its statements relating to its corporate social responsibility (CSR), more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by Micro-Star. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to Micro-Star only.

Scope

The scope of engagement agreed upon with Micro-Star includes the following:

1. The assurance scope is consistent with the description of 2020 Micro-Star Corporate Social Responsibility Report.
2. The evaluation of the nature and extent of the Micro-Star's adherence to AA1000 Accountability Principles (2018) in this report as conducted in accordance with type 1 of AA1000 Assurance Standard (2008) with 2018 Addendum assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the Micro-Star 2020 Corporate Social Responsibility Report provides a fair view of the Micro-Star CSR programmes and performances during 2019. The CSR report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the Micro-Star and the sample taken. We believe that the 2019 economic, social and environmental performance information are fairly represented. The CSR performance information disclosed in the report demonstrate Micro-Star's efforts recognized by its stakeholders.

Our work was carried out by a team of CSR report assurers in accordance with the AA1000AS (2008) with 2018 Addendum. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Micro-Star's description of their approach to AA1000AS (2008) with 2018 Addendum and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a review of issues raised by external parties that could be relevant to Micro-Star's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 8 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018).

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and GRI Standards is set out below:

Inclusivity

This report has reflected a fact that Micro-Star has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the Micro-Star's inclusivity issues.

Materiality

Micro-Star publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of Micro-Star and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the Micro-Star's management and performance. In our professional opinion the report covers the Micro-Star's material issues.

Responsiveness

Micro-Star has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for Micro-Star is developed and continually provides the opportunity to further enhance Micro-Star's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the Micro-Star's responsiveness issues.

Impact

Micro-Star has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. Micro-Star has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the Micro-Star's impact issues.

GRI Sustainability Reporting Standards (GRI Standards)

Micro-Star provided us with their self-declaration in accordance with GRI Standards: Core option (For each material topic covered by a topic-specific GRI Standard, comply with all reporting requirements for at least one topic-specific disclosure). Based on our review, we confirm that social responsibility and sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the Micro-Star's social responsibility and sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000AS (2008) with 2018 Addendum in our review, as defined by the scope and methodology described in this statement.

Responsibility

The CSR report is the responsibility of the Micro-Star's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Statement No: SRA-TW-2019068
2020-05-31

Taiwan Headquarters: 2nd Floor, No. 37, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.

Peter Pu, Managing Director BSI Taiwan

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