



msi[®]

2024 MSI SUSTAINABILITY REPORT

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About the Report

Scope of the Report

- ◆ Report period
January 1st to December 31st, 2023.
- ◆ Entities included in the report information disclosure
Financial data covers the operating performance of all parent companies and subsidiaries in the overall financial statement. The non-financial performance indicator is based on MSI Zhonghe Plant (MSIT), MSIT1 Plant (MSIT1), MSI Computer (Shenzhen) Co., Ltd. (MSIS) and MSI Electronic (Kunshan) Co., Ltd. (MSIK). These four companies are hereinafter referred to as MSI or Us; When referring to the MSI Group, it broadly encompasses all legal entities included in the consolidated financial statements of MSI INT'L Co., Ltd. Business management, sales, and repair service location of subsidiaries in other countries are not represented in the Report, which is different from the consolidated financial statements of the Company. Please refer to the shareholders' meeting annual report of the Company for detail.
<https://tw.msi.com/about/investor/annualMeetingOfShareholders>
- ◆ Restatements of information
Compared to the previous report year, the scope has not been changed for the Report this year. Organization and supply chain of MSI have not been changed significantly. No information has been restated either.

Composition of the Report

- ◆ The content structure of the Report is based on the GSSB GRI Standards 2021. The Report is composed according to the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies. It discloses planning, strategy and management performance of relevant operating activities during the period of the Report. Refer to Appendix I for the GRI index in detail.
- ◆ The number of employees of MSIS and MSIK is not provided due to the restriction in the non-disclosure clause of customer contract.
- ◆ The amounts disclosed in the Report is in TWD; otherwise, it will be specified in the Report.

Report Certification

- ◆ Internal review
 - ✓ Sustainable Development Office conducts evaluation, and bears the responsibility for consolidation, planning, data compilation, internal communication, content editing and report verification.
 - ✓ The Environmental and Corporate Social Responsibility Committee and the executive of all departments examine the content and information accuracy of each chapter.
 - ✓ The Board of Directors authorizes the President to command all full-time and part-time units to examine the strategy goal and ESG (Environment, Social, Governance) performance.
 - ✓ The Report is signed and read by the Chairman and the President and then finalized and published.
 - ✓ Submit to the Board of Directors for approval upon completion of the report.

- ◆ External verification
 - ✓ The Report is verified by the BSI Pacific Limited, Taiwan Branch (BSI) based on the AA1000AS v3 Type 1, Moderate Assurance. Refer to Appendix V of the Report for the assurance statement.
 - ✓ Hardware index in the Report is disclosed according to the SASB (Sustainability Accounting Standards Board) index. Type 1 compliance assessment verification on the Report is conducted by BSI. The verification result is listed in Appendix II of the Report.
- ◆ Data quality and management system verification
Refer to the MSI Sustainability website [\[https://csr.msi.com/tw/management-system-certificate\]](https://csr.msi.com/tw/management-system-certificate) for management systems of environment, energy, occupational safety and health, hazardous substances and information security, and verification on management system of quality control, automobile industry quality, communication electronics industry, and laboratory quality.

Release History

Since the first corporate social responsibility report was released in 2008 (renamed the sustainability report since 2022), MSI still releases the report on the MSI Sustainability website and MOPS and publishes an English version, to disclose information to all stakeholders.

- ◆ Release time of the Report: August 2024
- ◆ Release time of the previous version: June 2023
- ◆ Release time of the next version: Expected to be in June 2025

Contact Information

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Words from the Chairman and President

In 2023, the global economy faced numerous financial and political challenges. In the first half of the year, central banks around the world continued their efforts to combat high inflation, implementing multiple interest rate hikes that led to debt crises in some countries and a reduction in consumer spending, resulting in a significant downturn in the PC market. The second half of the year was marked by renewed geopolitical tensions, including the Israel-Palestine conflict and the escalation of the Red Sea crisis. Despite these unfavorable economic conditions, there were positive developments, as the economies of Europe and the United States began to gradually recover in the latter half of the year. Inflation expectations are projected to return to normal levels, driving increased demand in the PC consumer market and a noticeable improvement in sales. Thanks to the dedicated efforts of our entire team, our company achieved revenue growth in 2023, despite the overall decline in the PC market, and significantly increased our market share in key countries, delivering strong results.

As we look ahead to 2024, the global economy continues to be shaped by significant uncertainties and challenges, including high interest rates, regional conflicts, a slowdown in China's economy, and ongoing technology disputes between the U.S. and China. Nevertheless, there is cautious optimism that the U.S. and Europe may begin to lower interest rates after the second quarter. We are also witnessing the emergence of the AI PC market, driven by the widespread integration of AI into various applications. With the replacement cycle for PCs purchased during the pandemic now underway, coupled with the launch of new AI PCs and Microsoft's end of support for Windows 10, we anticipate a surge in PC upgrades that could fuel growth in the global PC market by the second and third quarters.

In this evolving landscape, our company is poised to seize new opportunities in the AI era. We are committed to expanding our market share in the gaming sector through the introduction of AI PCs while also strengthening our presence in the commercial market. Additionally, we will continue to invest in and grow our operations in servers, automotive applications, AIoT, and charging station-related sectors. By leveraging the synergies of One MSI in technology development, product design, and marketing channels, we are confident in our ability to navigate these challenges and achieve continued success.

In addition, MSI remains steadfast in our commitment to sustainable development, guided by the United Nations Sustainable Development Goals (SDGs). We continue to work closely with our supply chain partners to minimize the use of high-energy-consuming and environmentally harmful materials. Our dedication to social responsibility is reflected in our active participation in various initiatives, where we integrate our core business with academic collaborations and direct employee involvement. We aim to amplify our corporate social impact, particularly in the areas of education, poverty alleviation, environmental protection, and community engagement, as we strive to uphold and further our commitment to corporate responsibility.

Green Economy and Sustainable Manufacturing

As we navigate the post-pandemic era, the global industry recovery has heightened the impacts of global

warming and climate change. At MSI, we are actively addressing these challenges by implementing solar energy systems and energy management solutions across our manufacturing facilities. We are also committed to reducing our energy and water usage and minimizing waste through smart management practices and behavioral changes. Our commitment extends to achieving a robust carbon reduction path aligned with the international 1.5°C target under the Science Based Targets initiative (SBTi). Furthermore, we are dedicated to advancing low-carbon transportation and smart living through the development of new energy-efficient products.

At the end of 2023 and the beginning of 2024, we have worked closely with our supply chain partners to establish environmental standards for our suppliers. By leveraging the MSI brand's influence, we are determined to partner with our suppliers to foster a new era of sustainable value chains.

Huang Chin Chung - President

Hsu Hsiang - Chairman



MSI's Significant Sustainable Accomplishments in 2023



Recipient of the Taiwan Enterprise Environmental Award for **2 consecutive years**



EV AI Electric Vehicle Charging Stations Honored with the Taiwan Excellence Award



Achieved **95% Renewable Energy Usage** at Major Manufacturing Facilities Starting Q4 2023
26% Overall Renewable Energy Usage for the Group in 2023



Awarded Over **20,300** Product Awards Globally



Committed to SBTi Science-Based Carbon Reduction Targets



95% of Laptops Feature Post-Consumer Recycled (PCR) Plastic



Around NT\$40 million was invested in the public welfare programs in Taiwan. The donation for global public welfare is **TW\$55.81 million**



Selected for the FTSE4Good TIP Taiwan ESG Index and TWESGHY30 in 2023



Recognized by CommonWealth Magazine's Temperature Rising Index for Pathways(TRIPs)
Aligned with the International 1.5°C Carbon Reduction Path

CH1. SUSTAINABLE DEVELOPMENT AND COMMUNICATION

1.1 MSI Sustainable Development Strategy and Commitment

MSI persists in the business philosophy of “innovative smart intelligence,” “becoming a corporate citizen” and “achieving win-win growth together.” MSI endeavors to fulfill the responsibility and mission for social care, environmental protection, employee care, shareholder commitment, and customer reliance, and accomplishes the ESG (Environment, Social, Governance) strategy of sustainable development. MSI fulfills and echoes the UN Sustainable Development Goals (SDGs) step by step through strategic actions “good governance structure,” “pilot environmental sustainability,” “diverse inclusive workplace” and “responsible production implementation.”

MSI also actively uses standards accepted globally to promote social and environmental responsibility and business ethics, such as the Responsible Business Alliance (RBA) and UN Guiding Principles on Business

and Human Rights. In compliance with local laws and regulations, we have developed the ‘Sustainability Code of Conduct’ to guide our corporate citizenship practices. We are dedicated to investing resources in improvements, setting environmental and energy efficiency targets, and managing resource use, emissions, and reductions through our environmental management system. This approach allows us to effectively address global climate change by incorporating climate considerations into our business decisions and actively working to mitigate the impacts of climate change.

Viable Governance Structure	Leadership Towards Sustainability	Diversified and Inclusive Workplace	Implementation of Responsible Production
 <p>MSI makes its corporate policy on the basis of integrity under the corporate philosophy of integrity, transparency, and responsibility to develop the mechanisms.</p>	 <p>MSI will continue to apply integrative and preventive environmental strategy to the production process, products, and services to enhance ecological benefits and reduce the hazards to mankind and the environment.</p>	 <p>MSI seeks to improve sustainable management of the supply chain, invest in the organization, the employees, and people with diversified skills and potential to achieve the goal of inclusive growth for common good.</p>	 <p>MSI makes use of its R&D and management capacity to mitigate the burden on the environment and perform its responsibility pertinent to the environment as a producer, and satisfy the development and survival needs of mankind.</p>

「 Innovation of Smart Technologies 」 「 Pursuit of Corporate Citizenship 」 「 Common Growth for Win-Win Situation 」

1.2 Identification and Analysis of Material Topics in 2023

MSI utilizes the GRI Standards (2021) materiality identification process to identify and evaluate the material sustainable topics affecting our business operations. In accordance with the EU’s Double Materiality Guidelines, we assess both impact materiality—reflecting the significance of issues to stakeholders—and financial materiality—reflecting their importance to investors. Our disclosures are based on both GRI Standards and Sustainability Accounting Standards Board (SASB) indicators.

Identification	Assessment	Sorting	Reporting
<ul style="list-style-type: none"> Organization context and topic identification <p>MSI belongs to the computer hardware and peripheral manufacturing industry, and actively spans AIoT and automotive business solutions. MSI’s manufacturing is in China and Taiwan, and sales are worldwide. Besides considering all kinds of sustainable standards (GRI, RBA, TCFD, CDP, SASB), Sustainable Development Goals (SDGs), and the UN Global Compact, we refer to benchmark competitor and market dynamics, collect various actual or potential positive and negative impacts and summarize them into 15 sustainability topics.</p>	<ul style="list-style-type: none"> Stakeholder identification <p>By referring to influence, tension, responsibility, dependency and diverse perspectives in AA1000 Stakeholder Engagement Standard (AA1000 SES), and considering international sustainable development trends and operational needs at the same time, MSI defines 7 types of stakeholders, investor/shareholder, customer, supplier, employee, media, government agency and NPO. MSI engages with these seven types of stakeholders through regular and occasional diverse communication channels, to find out and respond to the stakeholder’s opinion, need and expectation. MSI’s goal is to inspire corporate sustainable value, bear social responsibility and disclose information in corresponding chapters in the Report. In the meantime, MSI examines and confirms the types of stakeholders at the Environmental and Corporate Social Responsibility Committee every year, and adjusts them depending on the current industrial and international environment.</p>	<p>5 economic and governance topics</p> <ul style="list-style-type: none"> Corporate performance Ethical management and good governance Compliance Supply chain management Customer service management <p>5 environmental topics</p> <ul style="list-style-type: none"> Product responsibility Energy management Climate change Pollution control Water resource management <p>5 social topics</p> <ul style="list-style-type: none"> Talent cultivation Employee rights and friendly workplace Occupational health and safety Human rights management and labor relations Social engagement 	

◆ Stakeholder engagement

The stakeholder channels we built include shareholders’ meeting, Company’s official/shop/sustainability website, company email, service display flagship, service center, special internal contact, and customer satisfaction survey. They are listed below:

STAKEHOLDER	PURPOSE OF STAKEHOLDER ENGAGEMENT	COMMUNICATION CHANNEL
Investor/Shareholder	Investor/Shareholder is one of the stakeholders MSI cares the most. We operate business cautiously, guarantee shareholder rights, and create profits and values for MSI.	[Every year] Shareholders’ meeting and annual report [Occasionally] Company website or MOPS. The investor conference was held once in 2022. Contact: Jade Hung, Vice President, +886-2-3234-5599
Customer	MSI’s mission and goal are making sure that corporate customers and global consumers are satisfied with MSI’s products and have the best time when using them.	[Real-time] Company website and social media [Occasionally] Satisfaction survey [Specific time] Special internal contact, service display flagship, all service centers, 0800 customer service hotline. Customer service hotline: +886-800-018-880
Supplier	MSI keeps a close, good relationship with suppliers and continues to work with them. MSI and suppliers learn from each other, and create a sustainable value chain.	[Every year] Supplier survey, evaluation and survey [Occasionally] The supplier conference was held once in 2023. [Real-time] Green Product Management Platform (GPM) Contact: Maggie Chen, Vice President, +886-2-3234-5599
Employee	Talent is the most important capital at MSI. We encourage employees to think outside the box, take care of employee’s mental and physical health, and help employees build skills, broaden their vision, and grow with the Company.	[Occasionally] Satisfaction survey [Real-time] Suggestion box, information platform, app, Employee Assistance Program (EAP) Contact: Wayne Chien, Assistant Vice President, +886-2-3234-5599
Media	Media is a part of communication with the public. As a computer brand, MSI always interacts well with the media and conveys correct information through the media.	[Occasionally] Press conference and release Contact: Jade Hung, Vice President, +886-2-3234-5599
Government agency	Either for manufacturing or business management, MSI always complies with regulations, keeps a good relationship with the government, builds a collaboration mechanism based on mutual trust, and offers corporate resources to help society promptly.	[Every year] Sustainability report [Occasionally] Government project requirements, MOPS Contact: Jade Hung, Vice President, +886-2-3234-5599
NPO	Either for climate, environmental protection, public welfare, education or talent, MSI is always open-minded, collaborates with NPOs, improves the Earth’s environment, helps the disadvantaged groups in society, supports student education, closes the industrial-academic gap, and aims to create MSI’s sustainable value.	[Occasional] Company website, sustainability report, MOPS, program requirement application, MSI contacts the NPO voluntarily. Contact: Wayne Chien, Assistant Vice President, +886-2-3234-5599

Identification	Assessment	Sorting	Reporting
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Both the GRI Standards (2021) and GRI Perspective pointed out that impact significance must be assessed for the sustainability topic. That is, severity and possibility of negative impact and the scale, scope and possibility of positive impact, are identified by using risk management method.

CATEGORY	SUSTAINABLE DEVELOPMENT TOPIC	SIGNIFICANCE OF THE IMPACT	STAKEHOLDER AFFECTED	THE CHAPTER DISCLOSING THE INFORMATION
Economic and governance aspects	Corporate performance	●●●●●	Investor/Shareholder, customer, employee, government agency	CH2 About MSI
	Ethical management and good governance	●●●	Investor/Shareholder, customer, supplier, employee, media, government agency	2.5 Ethics and Compliance
	Compliance	●●●	Investor/Shareholder, customer, supplier, employee, media, government agency	2.5 Ethics and Compliance
	Supply chain management	●●●●●	Customer, supplier, employee	CH4. Responsible Manufacturing and Customer Service
	Customer service management	●●●	Customer, employee, media, government agency	4.3 Customer Service and Privacy
Environmental aspect	Product responsibility	●●●●●	Customer, supplier, government agency	3.3 Green Production and Manufacturing
	Energy management	●●	Customer, supplier, employee, government agency, NPO	3.2 Low Carbon and Sustainable Manufacturing
	Climate change	●●●●●	Customer, supplier, employee, media, government agency, NPO	CH3.Climate Action and Green Manufacturing
	Pollution control	●●	Supplier, employee, media, government agency, NPO	3.4 Pollution and Waste Management
	Water resource management	●●●●●	Customer, supplier, employee, government agency, NPO	3.2 Low Carbon and Sustainable Manufacturing
Social aspect	Talent cultivation	●●●●●	Employee, government agency, NPO	5.2 Cultivation and Development
	Employee rights and friendly workplace	●●●●●	Customer, supplier, employee, government agency	5.3 Communication and Care
	Occupational health and safety	●●●	Customer, supplier, employee, government agency	5.4 Health and Safety
	Human rights management and labor relations	●●●	Customer, supplier, employee, media, government agency, NPO	CH5. Talent Attraction and Development
	Social engagement	●●	Employee, media, government agency, NPO	CH6. Social Responsibility and Corporate Value

Identification | **Assessment** | **Sorting** | **Reporting**

MSI employees discussed the material topics. MSI refers to the information collected from communication channels with all stakeholders throughout the year. Top governance supervisors and the executives of the Sustainable Development Department examined and approved the material topics. After sorting, the material topics determined to be the most significant and which shall be reported with top priority are as follows:

Material topics of MSI Sustainability Report

<u>Economic and governance aspects</u>	<u>Environmental aspect</u>	<u>Social aspect</u>
Corporate performance Supply chain management	Product responsibility Climate change	Talent cultivation Employee rights and friendly workplace

Management of material topics ▼

CATEGORY	SUSTAINABLE DEVELOPMENT TOPIC	POSITIVE OR NEGATIVE IMPACTS	ACTION TAKEN (POSITIVE MANAGEMENT AND NEGATIVE PREVENTION AND MITIGATION)	REMEDIATION	RELEVANT GRI STANDARD
Economic and governance aspects	Corporate performance	Corporate performance directly affects earnings of MSI investors/shareholders and is essential to corporate sustainable development.	<ul style="list-style-type: none"> MSI continues to develop products, controls and manages inventory and sales strategies, controls the cost and expenditure rationally, creates profits and continues to grow. 	MSI responds to international regional risk and market change quickly and makes adjustments accordingly.	Economic Performance [201]
	Supply chain management	The branded corporation drives the upstream supply chain. This creates broader corporate values and elaborates influence for MSI.	<ul style="list-style-type: none"> MSI drives suppliers to conduct GHG inventory and keeps track of the progress of sustainable action of suppliers. MSI relies less on or eliminates the suppliers that pose negative impacts in economic, environmental and social aspects. 	MSI searches for potential negative impacts through supplier audit and proposes improvement and correction advice to suppliers.	None
Environmental aspect	Product responsibility	Consumers and customers are vital to MSI product sales. Both safety and environmental protection are our priority goals.	<ul style="list-style-type: none"> MSI products passed numerous tests in safety and health and met the regulations of all regions. Customers and consumers can bring up product risk through all service channels. Adopting packaging materials made from recycled and regenerated materials, along with sustainable forest management practices. 	MSI accomplishes climate change mitigation by establishing renewable energy power generators, improving the current efficiency of manufacturing processes and utility, and helping staff change behaviors for carbon reduction and energy saving.	Customer Health and Safety [416]
	Climate change	Climate change mitigation is imperative for governments and corporations around the world. MSI is also committed to climate change mitigation.	<ul style="list-style-type: none"> MSI accomplishes climate change mitigation by establishing renewable energy power generators, improving the current efficiency of manufacturing processes and utility, and helping staff change behaviors for carbon reduction and energy saving. 	MSI accomplishes climate change mitigation by establishing renewable energy power generators, improving the current efficiency of manufacturing processes and utility, and helping staff change behaviors for carbon reduction and energy saving.	Emissions [305]
Social aspect	Talent cultivation	Talent is the foundation for business innovation at MSI. We strive to recruit and cultivate the most outstanding talents.	<ul style="list-style-type: none"> Four academies have been founded and divided into professional and management skills. Awards for motivating R&D and innovation are provided to cultivate employees integrally. Over ten thousand employees were enrolled in the academies in 2023. Supporting rural, disadvantaged, and local communities to improve education quality and enhance industry-academia collaboration. 	Unlike other topics, no negative impact is incurred from talent cultivation. However, MSI always pays attention to company talent, potential talents in school, and social education to ensure good resource balance and avoid losing sight of anything.	Training and Education [404]
	Employee rights and friendly workplace	A corporation is composed of people. The good mental and physical health of employees and smooth, good communication channels help teams create synergy.	<ul style="list-style-type: none"> For years, MSI has been advocating the slogan "One MSI" to ensure that employees aim for the same goal, work together for the better good and communicate smoothly. MSI provides diverse employee complaint or opinion channels to help employees solve any problem at the workplace. 	If the employee's rights have been infringed, the labor agreement and occupational safety meeting, professional legal consultant and Employee Assistance Program (EAP) are available for support. If an employee's mental or physical health is damaged, the infirmary and occupational safety channels are provided for assistance.	Market Presence [202], Employment [401], Diversity and Equal Opportunity [405]

Material topics, prioritized by the MSI ESG Committee, are addressed through a comprehensive approach involving stakeholder feedback, regulatory assessments, and market and industry trend analysis to manage both positive and negative impacts. The MSI Corporate Sustainability Office ensures continuous engagement on sustainability topics and key issues through senior management meetings, internal sustainability training, subsidiary work sessions, and cross-departmental management meetings. This ongoing dialogue and collaboration enable us to effectively identify and respond to various impacts, implementing necessary actions and measures.

Identification | **Assessment** | **Sorting** | **Reporting**





Numerous issues in corporate sustainable development continue to require attention. To address the needs of specific stakeholders and manage material topics that may impact them indirectly, MSI provides detailed disclosures on how material topics and SDGs intersect in our report.

Through the publication of the Sustainability Report, MSI evaluates the actions taken and efforts made towards sustainable development. We also establish diverse communication channels with stakeholders to address their concerns and meet their expectations. Each reporting period, we reassess sustainability topics, plan stakeholder communications based on relevant issues, and determine whether adjustments are needed.



1.3 MSI and UN Sustainable Development Goals (SDGs)

MSI continues to pay attention to global topics, examines and responds to feasible SDG items, and reviews these items regularly for them to meet the current operating condition.

UN SUSTAINABLE DEVELOPMENT GOALS	TARGETS	MSI MEASURES RESPONDING TO SDGS	CHAPTER IN THE REPORT	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.	Continue to provide appropriate resources to disadvantaged groups: ● Goal: Invest in public welfare activities every year.	CH6. Social Responsibility and Corporate Value	71
 Good Health and Well-being	3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.	Reduce the environmental impact of substances. Properly manage the end-of-life product mechanism of product life, and ensure environmental safety and health. ● Goal: The percentage of halogen-free materials and parts must be over 85% by 2030.	3.3 Green Production and Manufacturing	35
 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.	Make sure that education is provided equally and to everyone; promote lifetime learning and facilitate contribution to sustainable development. ● Goal: Pay attention to education in remote areas, and continue to invest in education to close the learning gap for remote areas. ● Goal: Provide on-the-job training courses for employees, provide chances for overseas expatriation, and increase employee retention rate.	CH6. Social Responsibility and Corporate Value 5.2 Cultivation and Development	71 56
 Gender Equality	5.1 End all forms of discrimination against 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.	Eliminate all discrimination and fulfill gender equality: ● Goal: Comply with MSI CSR policies and Code of Conduct to ensure that there is no sexual discrimination. ● Goal: Ensure gender equality at the workplace through the governance policies and RBA assessment analysis.	2.5 Ethics and Compliance CH5. Talent Attraction and Development	24 50
 Decent Work and Economic Growth	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. 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. 8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular female migrants, and those in precarious employment.	Make sure that all men and women have an adequate job. Forbid and eliminate the employment of inadequate child labor. Prevent any worker from oppression. Protect the laborer's human rights. Facilitate safety at the workplace. ● Goal: Make sure that the disabling frequency rate is zero and there is no disaster at the workplace. ● Goal: Provide a motivating salary level. Make sure that the overall salary stays in the top 35% among competitors. ● Goal: Adhere to employment regulations applicable to all production factories, and guarantee employee working rights.	CH5. Talent Attraction and Development	50
 Sustainable Cities and Communities	11.6 By 2030, reduce the adverse environmental impact per capita of cities, including by paying special attention to air quality and municipal and other waste management.	Reduce environmental impact, and promote inclusion, safety and sustainability of the living environment. ● Goal: Monitor air quality every year to ensure the effectiveness of air pollution control measures. ● Goal: Reduce the impact incurred from sharing the water resource. Make sure that MSI's conduct of water pollution control meets regulatory requirements. ● Goal: Waste management – MSI's product equipment meets the requirement for labeling and waste recycling registration. Product recoverability rate is over 90%.	CH3.Climate Action and Green Manufacturing	28
 Responsible Consumption and Production	12.4 By 2030, 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 into the air, water and soil in order to minimize their adverse impacts on human health and the environment. 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	Reduce chemical usage and waste generation through the management methods, including prevention, reduction, recycling and reuse. Reduce adverse effect on human health and environment. ● Goal: Establish the green product management platform to carry out supplier management. Ensure that the product and material meet the regulatory requirements. ● Goal: Promote reduction measures during the design stage, such as packaging material reduction, energy efficiency management, and reduction of percentage of hazardous waste.	CH3.Climate Action and Green Manufacturing	28
 Climate Action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries. 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	Strive for energy saving and carbon reduction. Increase resilience to climate change impact. ● Goal: By 2030, reduce total GHG emission by 80% (compared to 2022) ● Goal: Production will not be interrupted by climate impact. ● Goal: Establish the BCP (Business Continuity Planning) management measures. Ensure continuous operation.	CH3.Climate Action and Green Manufacturing	28

CH2. ABOUT MSI

2.1 Company Profile

MSI stands as a global leader in AI PCs, e-sport, creator, business, and AIoT. With a strong foundation in advanced R&D and customer satisfaction, MSI has established a presence in over 120 countries worldwide. Our extensive product range—including laptops, graphics cards, monitors, motherboards, desktops, peripherals, servers, industrial computers, service robots, automotive electronics, and charging stations—has consistently garnered widespread admiration and praise from both consumers and clients. We endeavor to create digital luxuries with excellent quality, humane design and fashionable style, continue to create user value, and become an extensive technological leading brand. In 2023, product sales were distributed across regional markets as follows: 32% of the market share is from the Americas, 23% in Europe, 43% in the Asia-Pacific region, and 2% in other regions.

List of Major Shareholders

Statistics for the register of shareholders on the book closure date, April 16th, 2024.

NAME OF MAJOR SHAREHOLDERS	SHARES HELD	HOLDINGS RATIO
Hsu Hsiang	46,883,151	5.55%
Cathay Sustainability High Dividend ETF	43,988,000	5.21%
Yuanta/P-Shares Taiwan Dividend Plus ETF	32,254,800	3.82%
Lin, Wen Tung	25,672,499	3.04%
Huang, Chin Ching	20,937,377	2.48%
Lu, Chi Lung	18,650,835	2.21%
New Labor Pension Fund	18,580,750	2.20%
Hsu, Fen Lan	18,508,517	2.19%
Yu, Hsien Neng	17,892,824	2.12%
Nan Shan Life Insurance Co., Ltd.	17,383,000	2.06%

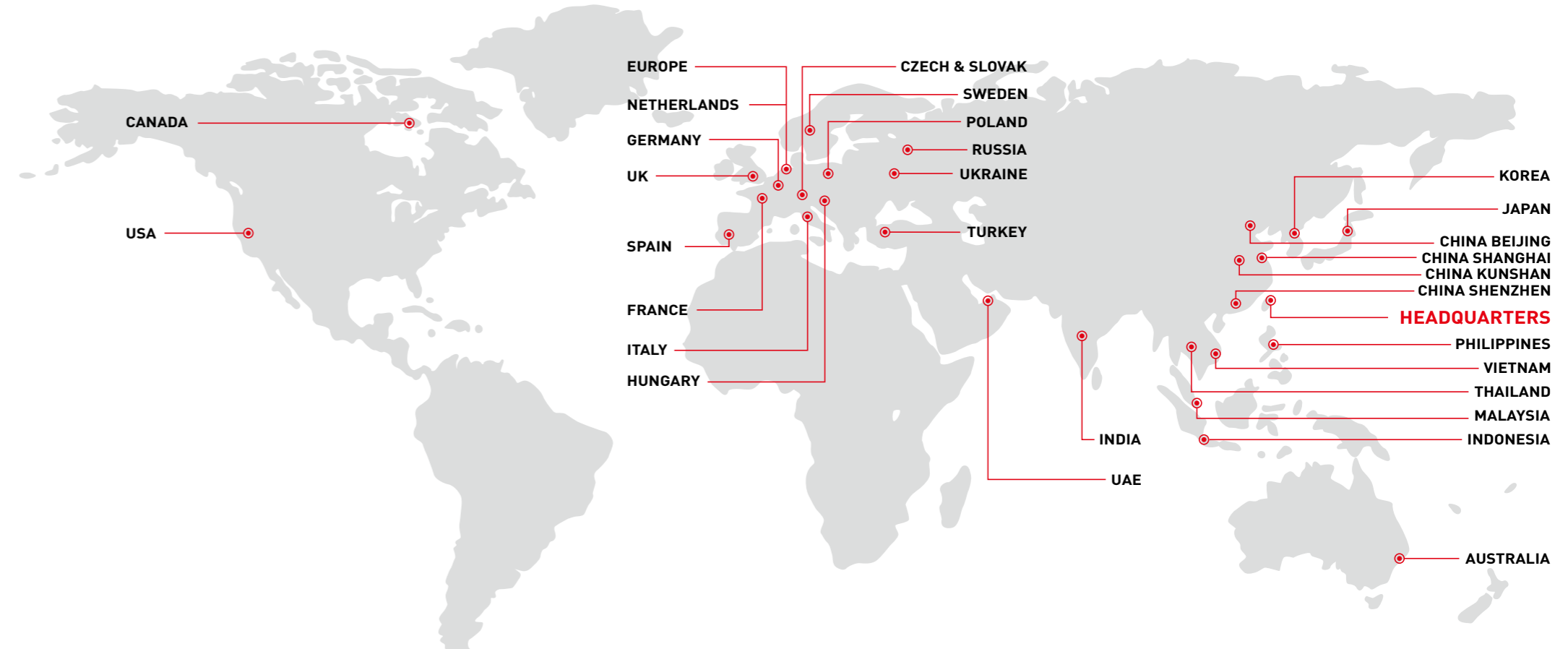
Company name	Micro-Star International Co., Ltd.
Date of company establishment	August 4, 1986
Stock symbol	2377
Industry category	Computer product manufacturing industry
Headquarter	No. 69, Lide St., Zhonghe Dist., New Taipei City, Taiwan
Business area	Globe
Paid-up capital (NTD)	8,448,561,990
Chairman	Hsu Hsiang
President	Huang Chin Ching

External Engagement Organization

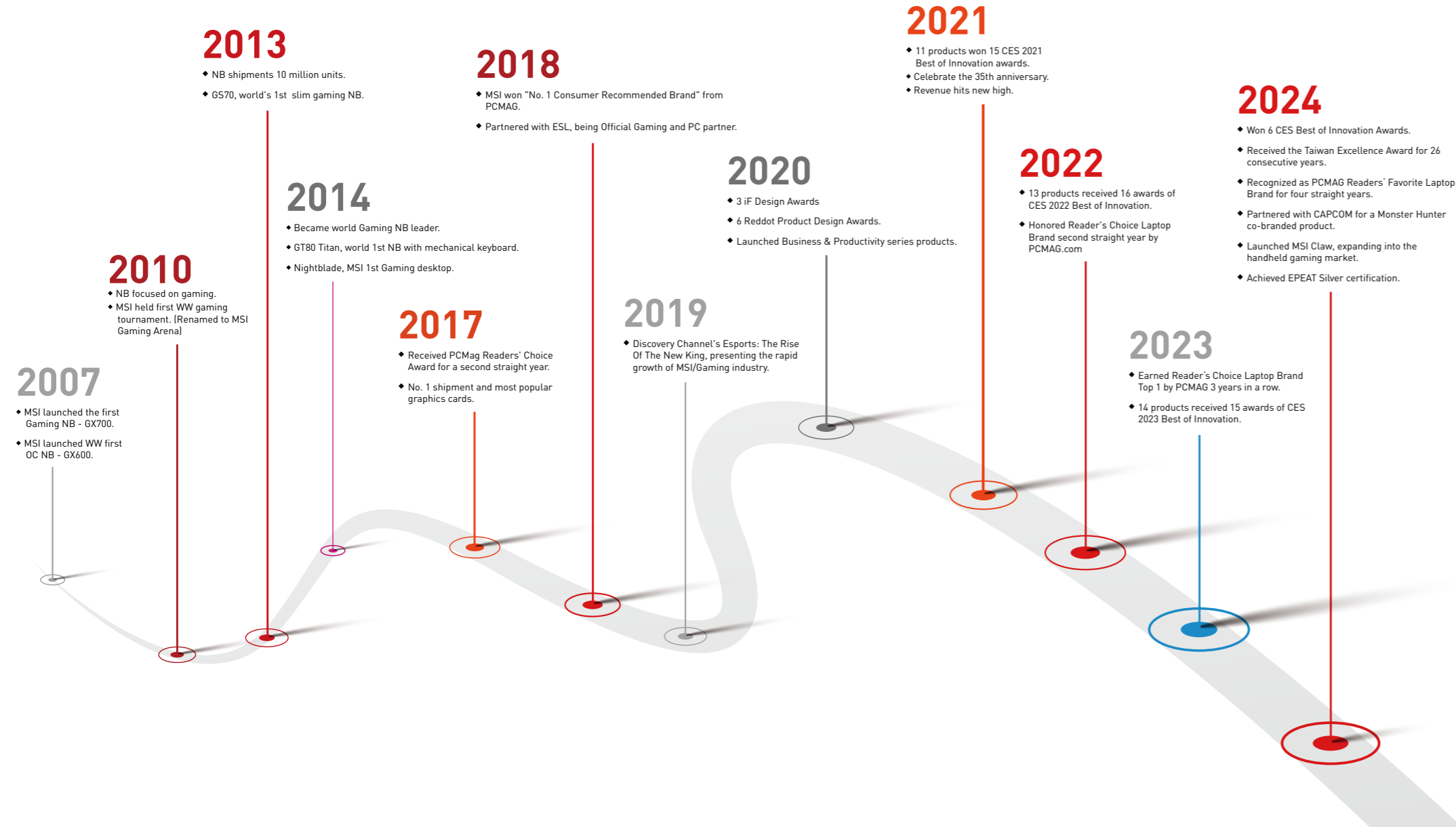
ORGANIZATION	FACTORY	IDENTITY
Taiwan Automation Intelligence and Robotics Association		
Northern Taiwan Information Electronics Industry Human Resource Supervisor Sodality		
Taipei Computer Association		
Taiwan Stock Affairs Association	MSI (HQ)	
Taiwan Printed Circuit Association		
Corporate Green Competitiveness Alliance		
Taiwan Climate Partnership		Member
Shenzhen City Integrity Alliance Association		
Aiwan Merchant Association Shenzhen Shiyan Sodality	MSIS	
Shenzhen Hi-Tech Industry Association		
Kunshan Human Resource Association		
Taiwan Compatriot Investment Enterprises Association of Kunshan	MSIK	
Kunshan Economic and Technological Development Zone Production Safety and Environmental Protection Association		

Global Business Locations

2024 MSI's Global Presence



Brand Development Overview



2023 Awards



Named as the Best Laptop Brand of 2023 by PC Mag and secured the Readers' Choice Award for three consecutive years.



The Stealth 14 laptop has won the prestigious iF Design Award, a renowned and highly influential design accolade.



At CES 2023, 14 products received awards in 15 categories, including "eSports," "Computer Peripherals and Accessories," and "Home Audio and Video Components." By the end of 2023, four products from different series were honored with the CES 2024 "Innovation Award."



reddot winner 2023

In 2023, 10 products won the Red Dot Design Award, highlighting MSI's dedication to providing luxury, innovative, and high-performance solutions.



The MSI MEG Z790 GODLIKE gaming motherboard, a CES® 2023 Innovation Award winner, has also earned the Best Choice Gold Award at COMPUTEX. Meanwhile, the MSI Creator Z17 HX Studio laptop received the Best Choice Category Award.



In 2023, MSI was named one of the top 25 brands in the "Branding Taiwan Value Survey."



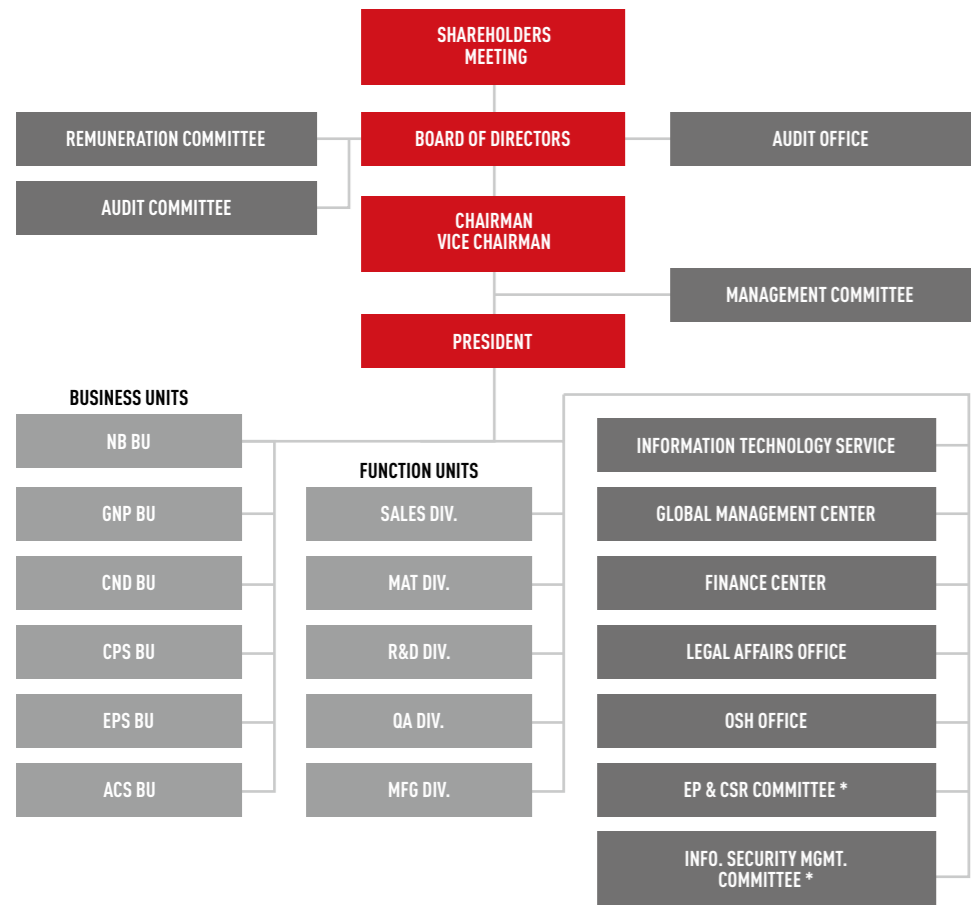
台灣精品 2023 TAIWAN EXCELLENCE

In 2023, five products won awards: "Content Creation Laptops," "Flagship Gaming Desktops," "Gaming Desktops," "High-Performance Gaming Motherboards," and "Smart Disinfection Robots."

2.2 Governance Structure

MSI cares about ethical management and good corporate governance and believes that good management and a robust, transparent board of directors shall be the foundation of good corporate governance. The Audit Committee assists the Board of Directors in implementing its supervisory tasks. Besides this, for promotion of corporate social responsibility, the Board of Directors carries out supervision regularly to ensure that corporate social responsibility has been fulfilled.

Corporate governance information has been released on the company's website, including organization structure, education and experience of governance members, the position and the board of directors concurrently served by governance members, participation in training and advanced studies of corporate governance topic, operation of functional committee, and contact information: <https://tw.msi.com/about/corporateGovernance>



2.2.1 Board of Directors

The Board of Directors is MSI's top governance unit and major operation decision-making center. The shareholders' meeting elects competent people for board members based on relevant regulations such as the Company Act. There are 11 current board members, including three independent directors. The composition of board members is diverse. The board members have different professional backgrounds and experience in different fields, such as operational judgment, operation management, crisis management, domain knowledge, international market perspective, leadership decision, financial accounting and law. The board members build a complete corporate governance system. Hsu Hsiang is the current President. Huang Chin Ching serves as the Vice President. Board members formulated the "Rules and Procedures of Board Meetings" in a cautious, self-disciplined, responsible and practical way. They shall avoid conflict of interest as required by the rules when executing the business in the Company's scope of business. The board meeting is held at least once a quarter according to the MSI "Rules of Procedure for Board of Directors Meetings." The MSI Board of Directors meeting was held 6 times during this reporting period, with an average attendance rate of 96.97% for all directors and 100% for independent directors.

Percentage of Board Members

AGE/GENDER	MEMBER OF GOVERNANCE UNIT	
	MALE	FEMALE
30 years old and below	-	-
31 to 50 years old	-	9%
51 years old and above	91%	-

Audit Committee

The MSI Audit Committee consists of three independent directors, responsible for helping the Board of Directors examine finance, audit, accounting, and major asset transactions, and ensure that MSI operation meets regulatory requirements. The meeting is held at least once a quarter based on the "MSI Audit Committee Articles of Association." The MSI Audit Committee held four meetings during this reporting period. The average attendance rate is 100%.

Remuneration Committee

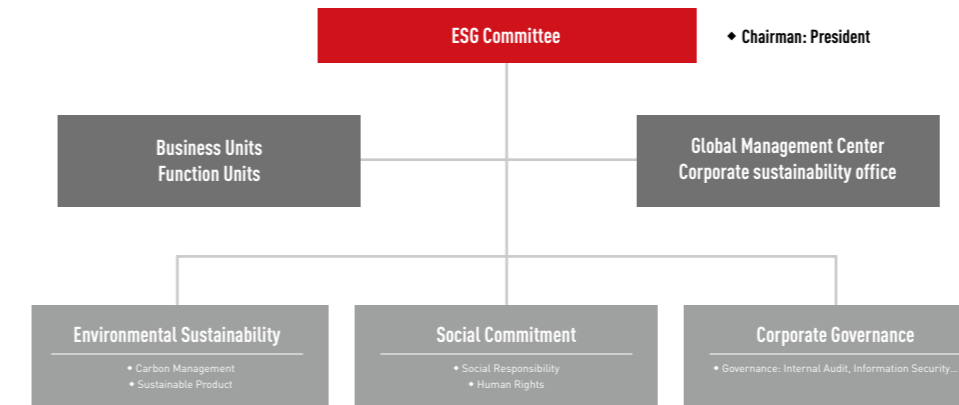
The MSI Remuneration Committee consists of three independent directors. They exercise due care of a good manager, show professionalism and independence, and reduce the risk of conflict of interest with the Company. The meeting is held at least twice a year based on the "MSI Remuneration Committee Articles of Association." The MSI Remuneration Committee held meetings six times during this report period. The average attendance rate is 100%.

*Refer to the shareholders' meeting annual report of the Company for operation of the Board of Directors in detail.

2.2.2 Environmental and Corporate Social Responsibility Committee (ESG Committee)

The MSI Environmental and Corporate Social Responsibility Committee is composed of multiple departments. The Chairman directs all specialized (concurrent) units for lateral communication. The Committee meets international guidelines, bears the responsibility for the promotion of environmental and sustainability topic strategy establishment, examines annual goals of economic, environmental, and social aspects, and supervises the progress of these goals regularly; according to the "Sustainability Code of Conduct", the Committee presents the report at the Board meeting depending on the topic at least once a year.

In the meantime, all departments and units provide feedback on relevant international regulations, industry dynamics or stakeholder opinions immediately, and report feedback to teams in the Committee. Information is conveyed quickly, and effectively, to respond to recurrent sustainable topics.



2.2.3 Information Security Management Committee

The Information Security Management Committee is responsible for management and supervision of information security operation at MSI, prevents theft, alteration, loss or omission of information, and confirms information confidentiality, integrity and accessibility. It expects that management, supervision and promotion of information security effectively enhance information security protection capability of the Company and employee's awareness of information security protection. We continue to introduce the ISO 27001:2022 Information Security Management System in the head office in Taipei. We accomplish protection of company information by examining confidentiality, integrity and accessibility of company information and technology top-down.



Social Engineering Drill

The social engineering drill for all employees was completed in July 2023. Physical or online education training for employees who opened the phishing email. The education training completion rate is 94.1%. MSI will keep conducting information dissemination and education for employees.

Website Penetration Test

Numerous information security hazard events have occurred in major companies these years. MSI scanned vulnerabilities and carried out penetration test for the website. After two test stages, all vulnerabilities or risks have been corrected or improved.

Hacker Event Description of April 7th 2023
 Parts of MSI's information systems were hacked at the beginning of April 2023. The Information Department activated relevant defense mechanisms and conducted recovery immediately after detecting network abnormality, and reported the abnormality to the enforcement department and information security unit. The affected system resumed operation in a day, having no material impact on finance or business. Refer to MSI's website – News for the relevant news description: <https://tw.msi.com/news/detail/MSI-Statement141689>

Information Security Protection for Product Development, Manufacturing and After-Sales Service

MSI products meet EU Radio Equipment Directive (RED). To avoid interference incurred from radio spectrum, and avoid information leakage occurring to the product in future, some of our notebook products undergo the CE certification test. Besides this, MSI treats product safety problems seriously. We evaluate and solve problems with all efforts quickly. After receiving the safety problem, MSI will invest adequate resources into analysis and verification, and provide solutions. We welcome and encourage developers and high-end users to disclose potential or confirmed security breaches in MSI products to MSI (Product Security Incident Response Team) PSIRT. After receiving the problem report, MSI will provide the tracking serial number to the reporter in three workdays, assign relevant units to the problem in 30 days, and provide solutions or relevant descriptions in 90 days.

You may report via the following.

✉ Email: psirt@msi.com.

🌐 Please refer to Sustainability MSI website for detail: <https://csr.msi.com/tw/product-security-advisories>

2.3 Operating performance

MSI focuses on its original business and develops competitiveness. Since MSI transformed itself to develop the e-sports industry, by focus on the market, resource integration and focused executive power, MSI continues to improve profitability, create good financial performance, and bring up explicit business objectives for investors/shareholders to understand MSI's investment value. Our market performance in the past few years proves that MSI is able to maintain good ROE and reveal capability of sustainable operation. MSI continues to develop more diverse electronic products, business solutions and AioT product services in the IoT era. While operation physique grows steadily, MSI takes the challenge to create economic performance to give back to stakeholders, and boost the Company's investment value. MSI financial information is summarized according to the International Financial Reporting Standards (IFRS) and attested by an accountant. All business locations comply with the local tax regulations where they are located and pay tax regularly.

Financial and economic value distribution data comes from annual financial statement. Information can be obtained through the following:

🌐 **MOPS** <http://mops.twse.com.tw> (Stock symbol: 2377)

🌐 **MSI investor information section** <https://www.msi.com/about/investor>

Financial performance

The consolidated financial statement of MSI Group is shown below:

ITEM/YEAR	2021	2022	2023
Operating revenue (million TWD)	201,810	180,411	182,966
EBT (million TWD)	20,631	12,284	9,177
EPS (TWD)	20.03	11.79	8.92
ROE (%)	40.96	20.87	15.28

Stakeholder economic value distribution

ITEM/YEAR	V	2022	2023
Operating cost	163,565,876	154,683,162	160,120,037
Employee salary and benefit	11,408,802	10,088,220	10,303,444
Cash dividend	8,870,990	5,576,051	4,562,223
Interest paid	19,392	39,627	27,437
Income tax expense	3,709,667	2,321,165	1,643,791
Community investment	78,174	80,831	55,812
Economic value retained (million TWD)	14,157.1	7,621.9	6,253.3

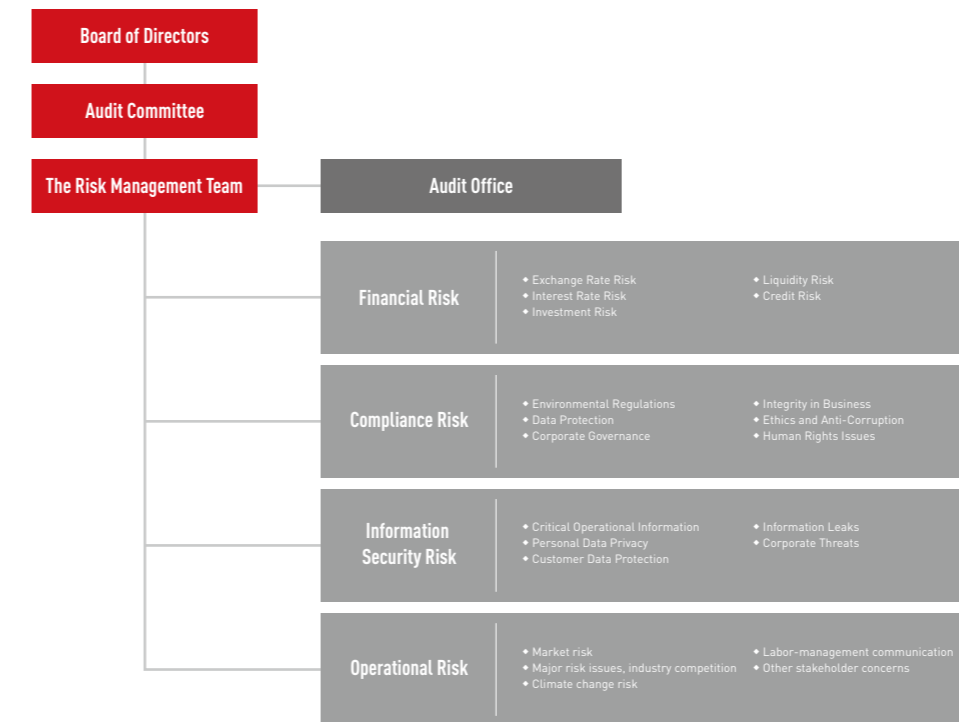
Note: Economic value retained = Operating revenue - Stakeholder economic value distribution.

2.4 Risk Management

MSI prioritizes a pragmatic approach to management and places significant emphasis on risk assessment and control. To maintain sustainable business operations and minimize the impact of uncertainties, MSI has implemented a "Risk Management Policy and Procedures" as outlined in Article 3 of the Board's "Audit Committee Charter." This policy is designed to identify and manage potential risks, prevent losses, and protect the interests of employees, shareholders, partners, and customers. The policy also serves as a strategic reference, supporting MSI's commitment to the sustainable development of the economy, environment, and society.

Risk Management Organization Structure

The Board of Directors is the highest decision-making authority for risk management, responsible for approving the risk management policies and framework. The Audit Committee is authorized to supervise the effective operation of these mechanisms. The Risk Management Team, led by the President, consolidates risk assessments, management priorities, and response measures, guiding and approving risk control priorities, overseeing continuous improvement, and reporting to the Audit Committee.



The Risk Management Team is structured into sub-groups: Financial Risk, Compliance Risk, Information Security Risk, and Operational Risk. These sub-groups are tasked with identifying potential risks, assessing their operational impact, and implementing preventive and mitigation strategies.

Risk Alert and Control

MSI utilizes a continuous PDCA (Plan-Do-Check-Act) approach in its risk management cycle to assess various risk factors. This method enables MSI to implement management measures, including risk mitigation, transfer, avoidance, and retention, under controlled conditions. Continuous improvement actions are pursued, and resilience is fostered.

MSI categorizes its risks into four main areas: financial, compliance, information security, and operational risks. These risks are identified by dedicated Risk Management Teams and relevant departments through risk management meetings, which focus on identifying potential risks related to business operations.

- Risk Analysis:** The Risk Management Team conducts a thorough analysis after identifying risks, evaluating the potential impact and likelihood of occurrence to determine the level of risk.
- Risk Assessment:** The analysis results are compared against MSI's established risk appetite or acceptable risk levels. Risks are then prioritized, with the assessment outcomes guiding further risk response and control measures.
- Risk Response:** Following the evaluation and consolidation of risks, the Risk Management Team implements appropriate control and mitigation strategies to address the identified risks. This process ensures effective identification, clarification, evaluation, and response.

* For details on climate change-related risks, refer to Section 3.1 of this report.

Business Continuity Planning (BCP) Management

The purpose of setting up the BCP is to mitigate the impact of major emergencies in the Company and reduce the time for service termination. This aims to reduce operating loss, maintain corporate reputation, increase customer satisfaction, protect employees, and communicate in crisis. MSI may examine its emergency response plan and execution of response to the incident, and evaluate whether the emergency response plan is perfect, the strength of resilience, and whether the following benefits have been achieved:

- ◆ Protect the company’s reputation and investor rights.
- ◆ Reduce sudden information and communication interruptions, and ensure normal operation.
- ◆ Create a good workplace, and reduce environmental and operational hazard incidents.
- ◆ Build industrial supply chain management that responds quickly, and boosts market competitiveness.

2.5 Ethics and Compliance

MSI complies with the laws and market standards of all countries in which it operates, strictly avoiding any improper business conduct. This includes refraining from offering, promising, requesting, or accepting inappropriate benefits, as well as other unethical behaviors. MSI is committed to maintaining integrity in its operations and has established integrity-based policies, supported by robust corporate governance and risk control mechanisms, to foster a sustainable business environment.

Governance units regularly monitor regulatory changes and evolving risks, while each operational site conducts legal compliance assessments to ensure that global operations align with local laws. All MSI headquarters and operational manufacturing sites—including MSIT, MSIT1, MSIS, and MSIK—have undergone comprehensive corruption risk assessments. Internal control measures are in place to prevent unethical conduct, mitigate risks, and avoid improper actions.

2.5.1 Ethics and Human Rights

To fulfill ethical operation effectively, and create a business environment implementing sustainable development, the Company formulated the “Sustainability Code of Conduct”, “Corporate Social Responsibility Guidelines,” “Ethical Corporate Management Best-Practice Principles,” “Codes of Ethical Conduct,” “Work Rules” and “RBA Code of Conduct.” Dissemination and management are carried out regularly. Internal and external grievance channels are provided to listen to stakeholders’ needs and fulfill compliance and ethics of corporate management.

The primary spirit of RBA audit management is to ensure workplace safety for the electronics industry and its supply chain and make sure that employees are respected, business operations are environmentally friendly, and business management is ethical. MSI RBA’s development history is as follows:

- 2008: Introduced the Electronic Industry Citizenship Coalition (EICC).
- 2009: Published the “Corporate Social Requirements.”
- 2010: Conducted onsite audit for material suppliers.
- 2015: The VAP audit was executed for MSIS for the first time.
- 2020: MSIK and MSIT1 passed the VAP audit for the first time.
- Since 2021: MSI’s manufacturing facilities have continually passed RBA VAP audits.

Furthermore, at the end of 2023, MSI joined the RBA organization as a member. This membership is expected to facilitate better resource integration, strengthen supply chain management and requirements, and enhance employee knowledge and skills, ultimately increasing the company’s influence within the value chain.

Education Training

As for ethics and integrity promotion, besides new employees having to complete education training courses, we promote and declare the code of ethics and integrity on the internal website and in the contract document, and explain and clarify the concept of ethics and integrity by email occasionally. The concept of ethics and integrity is promoted to all staff of MSI Group, including information security protection, intellectual property protection, anti-corruption, responsible minerals, environmental protection, privacy, and retaliation prevention. We make sure that employees understand the code of ethics they must pay attention to at work and that the Company implements a zero-tolerance policy for ethics violations.

*Refer to 5.2 Cultivation and development in the Report for training outcome.

Ethics and Integrity Risk Evaluation

MSI assesses risks of corruption based on the nature of business. The assessment method is described below:

- ① The anti-corruption commitment letter is signed for the anti-corruption declaration and procurement agreement, ensuring that the business contact person and supplier abide by the code of practices.
- ② The management is required to perform an Internal Control Self-Assessment (CSA). The internal check is carried out for MSI and its subsidiaries based on the internal control system of the Company. Execution of the CSA is disclosed in the shareholders’ annual report. Refer to the 2023 MSI Annual Shareholders’ Meeting Report.
- ③ A corruption reporting channel has been set up to check and control any possible risk of corruption.
- ④ Regular identification and self-assessment of environmental, social, and economic regulations.

According to the anti-corruption commitment letter for anti-corruption declaration and procurement agreement during the report period, Internal Control Self-Assessment (CSA), corruption reporting channel, the result of identification of environmental/social and economic regulations, ethics and integrity risk for MSI has been controlled adequately. No significant risk has been discovered.

2.5.2 Compliance

MSI’s business and service locations are all over the world. To ensure that we comply with relevant regulations in different countries, we regularly pay attention to domestic and overseas policies and regulatory trends that may affect the Company’s operation and finance. We also report the latest regulations dynamics obtained to relevant departments to make sure that relevant departments of the Company implement the regulations, and set up relevant policies and guidelines via different regulatory requirements.

Relevant conducts include but are not limited to formulation of policies and regulations associated with the Fair-Trade Act, environmental protection, financial statement preparation/internal control/insider trading, labor standard, anti-harassment, anti-discrimination, anti-corruption, personal data protection, document management, ethics requirements, intellectual property rights, information security protection, and conflict minerals management. The management policy above is very important to MSI’s management of business ethics and compliance requirement. Besides satisfying the basic business requirements, all employees must understand regulations of the relevant business to make the correct moral judgment and business

decisions. Refer to the table below for the current condition of compliance to relevant regulations during the report period:

CATEGORY	REGULATION INDICATOR	OUTCOME OF CORPORATE SOCIAL RESPONSIBILITY GOVERNANCE
Social	Anti-corruption	There is no profiteering, including violation of the code of practices, or impairment of the Company’s rights or interests.
	Anti-competitive behavior	MSI was not involved in improper business activities, such as anti-competitive behavior, antitrust law or monopolistic behavior.
	Compliance	There is no heavy fine or non-economic sanction for violation of social regulations.
	Supplier social impact assessment	There is no occupational accident or economic loss due to the violation of operation directions by the contractor.
Human rights	Grievance mechanism for impact of social problem	There is no stakeholder filing any grievance about social impact issue through the reporting channel.
	Non-discrimination	There’s no major human rights violations, such as discrimination, human rights abuses, forced labor, or sexual harassment. However, one incident of labor-related overtime penalties occurred, which has since been resolved and management practices have been strengthened.
	Forced or compulsory labor	
	Human rights practice grievance mechanism	
Environmental	Child labor	No child labor was found to be hired at any business location or by any supplier.
	Effluents and waste	<ul style="list-style-type: none"> ◆ No waste was generated from international shipments or business activity. ◆ No substance leakage causing severe hazards occurred. ◆ All of the results of the wastewater inspection at the factory meet local regulations and no severe leakage occurred. ◆ There is no impact on the local ecological environment or relevant habitat.
	Compliance	There is no heavy fine or non-monetary sanction for violating environmental regulations.
	Total number of severe leakages and total leakage quantity	No severe leakage of chemicals occurred.
Product responsibility	Environmental problem grievance mechanism	There is no environmental impact grievance filed through the stakeholder grievance channel.
	Customer health and safety	No product or service violated health or safety regulations in different countries.
	Product service and labeling	There is no violation against product or service labeling during regulations.
	Marketing communication	<ul style="list-style-type: none"> ◆ There is no violation against advertising, selling or sponsor marketing regulations. ◆ No prohibited or controversial product has been produced. ◆ No product being sold in any specific market has been prohibited.
	Customer Privacy	There is no grievance about impairment of customer privacy or customer data loss.
	Compliance	There is no huge fine imposed for violating regulations due to service or product use.

2.5.3 Grievance Reporting Mechanism

The reporting and grievance response mechanism is established and implemented according to Article 20 of the MSI Ethical Corporate Management Best-Practice Principles and Article 49 of the Code on Corporate Governance. Protective measures are provided for bona fide reporters and relevant investigators to protect them from revenge due to whistleblowing or participating in an investigation. In addition, employees may apply for legal and taxation counseling services provided by professional counselors through the Employee Assistance Project (EAP). Employees may also file a grievance through external channels, to communicate in fairly, equally.

When receiving a grievance from a stakeholder, MSI sets up regulations about how the audit office should accept and handle the grievance. The audit executive will instruct subordinates on the way to handle the grievance in three days and report to the independent director according to the procedure. The number of cases and handling of the case are summarized and reported to the independent directors every year. Refer to the [MSI website for details](#).

Corruption reporting channel

Reporting number | MSIT&MSIT1: +886-2-3234-5599 ext. 1606; or +886-2-2227-1606
MSIS: +86-755-28101899 ext. 8802; or +86-755-27637600
MSIK: +86-512-57718888 ext. 1001; or +86-1836-1990252

Reporting mailbox | MSIT&MSIT1: audit@msi.com
MSIS: jubao@msi.com
MSIK: lianzheng@msi.com

Reporting address | MSI Internal Audit Office: No. 69, Lide St., Zhonghe Dist., New Taipei City 235030
MSIS Internal Audit Office: No. 37, Tangtou Avenue, Tangtou Community, Shiyuan Street, Shiyuan Sub-district, Bao'an District, Shenzhen City, China 518108
MSIK Internal Audit Office: No. 88, East Qianjin Road, Kunshan City, Jiangsu Province, China 215300

Stakeholder communication channel

Reporting number | (02)3234-5599

Reporting mailbox | 080419864@msi.com

Reporting address | No. 69, Lide St., Zhonghe Dist., New Taipei City 235030

A person is holding a white wind turbine model in a meeting. The background is a red-tinted image of a meeting with people around a table. The text 'CH3. CLIMATE ACTION AND GREEN MANUFACTURING' is overlaid on the right side of the image.

CH3. CLIMATE ACTION AND GREEN MANUFACTURING

Environmental Management During the Report Period

Achievements of environmental management in 2023 are as follows:

MANAGEMENT ITEM	SHORT-TERM GOAL	MID AND LONG-TERM GOAL	OUTCOME COMPARED TO THE PREVIOUS YEAR (2022)	
			ABSOLUTE EMISSIONS/USAGE/GENERATION CAPACITY	EMISSIONS/USAGE/GENERATION CAPACITY OF REVENUE PER MILLION
Scope 1+2 GHG reduction	At least 1% is reduced per year.	It is based on 2022 (46,724 ton CO ₂ e). By 2030, emissions will be reduced by 80%.	-9.45%	-26.9%
Scope 3 GHG reduction	Aligned with the SBTi, this follows the WB2°C pathway for science-based reduction targets.		-	-
Fossil fuel energy reduction	At least 1% is reduced per year.		+5.9%	+3.9%
Reduction of water resource usage	Total water consumption is 1% less than the previous report year.		-24.6%	-25.7%
Waste reduction	Total waste is 1% less than the previous report year.		-10.4%	-11.6%
Compliance	Make sure that all business activities at MSI subject to the environmental regulation meet the requirements of the area where the factory is located.	There have been no other violations of environmental regulations that have resulted in significant fines or non-monetary sanctions.		
Green power usage	Continue to assess the establishment of self-generated renewable energy and green power purchases.	The power used by the equipment for self-generated solar power is 4,939 MWh, 6.8% of the Group.		
Wastewater emissions	The wastewater emissions test meets the regulatory requirements of the area where each factory is located.			
Air testing	Test CO ₂ and PM _{2.5} air quality every quarter to see if they meet standards.	Carry out the test regularly and continue to meet regulations or standards.		
Surrounding air and noise pollution test	Routine annual inspections.			

Refer to the MSI Sustainability website for GHG and environmental management targets.: <https://csr.msi.com/tw/Environmental-Sustainability-Policy>

MSI is committed to sustainable operations, adhering to international environmental management systems. We implement annual improvement plans to reduce our operational impacts on the environment and communities. Our environmental management policy focuses on identifying risks and minimizing the environmental impacts of our operations and products while ensuring regulatory compliance. We conduct annual internal and external audits to verify adherence to established standards and sustainability goals. For more information on our management systems, including ISO 14001, ISO 50001, IECQ/QC080000, and ISO 14064-1 verification, please refer to the MSI Sustainability website: <https://csr.msi.com/tw/management-system> In 2023, MSI received the Taiwan Enterprise Environmental Protection Award from the Ministry of the Environment for its contributions to energy conservation, waste reduction, and green manufacturing.

3.1 Climate Change Response

3.1.1 Climate Change Risk Management and Response

With regard to the impact of climate change on the electronics industry, risk analysis and extreme event impact are material topics regarding the aspect of the disaster. We refer to the Task Force on Climate-Related Financial Disclosures (TCFD) released by the Financial Stability Board (FSB), and abide by the disclosure framework "Governance," "Strategy," "Risk Management" and "Metrics and Targets." We conduct impact analysis on vulnerability and risk assessment in climate and environmental change factors to examine the current protection. Therefore, we can control risk overview and further seek potential chances for development. Additionally, as a non-energy-intensive manufacturer, MSI is committed to regulating GHG emissions and has signed relevant agreements. We continuously monitor and implement strategies to reduce emissions from our operations and daily activities while developing measures to address environmental and operational impacts.

1 Governance: Governance of risk and opportunity related to organization and climate is disclosed.

MANAGEMENT APPROACH	MANAGEMENT ACTION
Board Oversight of Climate-Related Risks and Opportunities	The potential risks associated with climate change have been integrated into the company's risk management framework. The President leads the risk management structure, overseeing the implementation of the risk management program. Various business units are responsible for assessing and managing operational, production, environmental, OHS, cybersecurity, and climate-related risks, conducting daily risk management activities. The Audit Committee supervises risk management operations and reports to the board at least annually.
Management's Role in Re-Assessing Climate-Related Risks and Opportunities	An ESG Committee has been established as the highest management body for addressing climate change, chaired by the President. This committee coordinates communication among specialized units and oversees ESG initiatives, including climate change efforts. The Vice President of the Global Management Center convenes quarterly meetings to report on execution and outcomes to the President. The results of climate change initiatives are disclosed in the sustainability report and presented to the board at least once a year.

2 Strategy: Disclose actual and potential climate-related impact for organization business, strategy and financial planning.

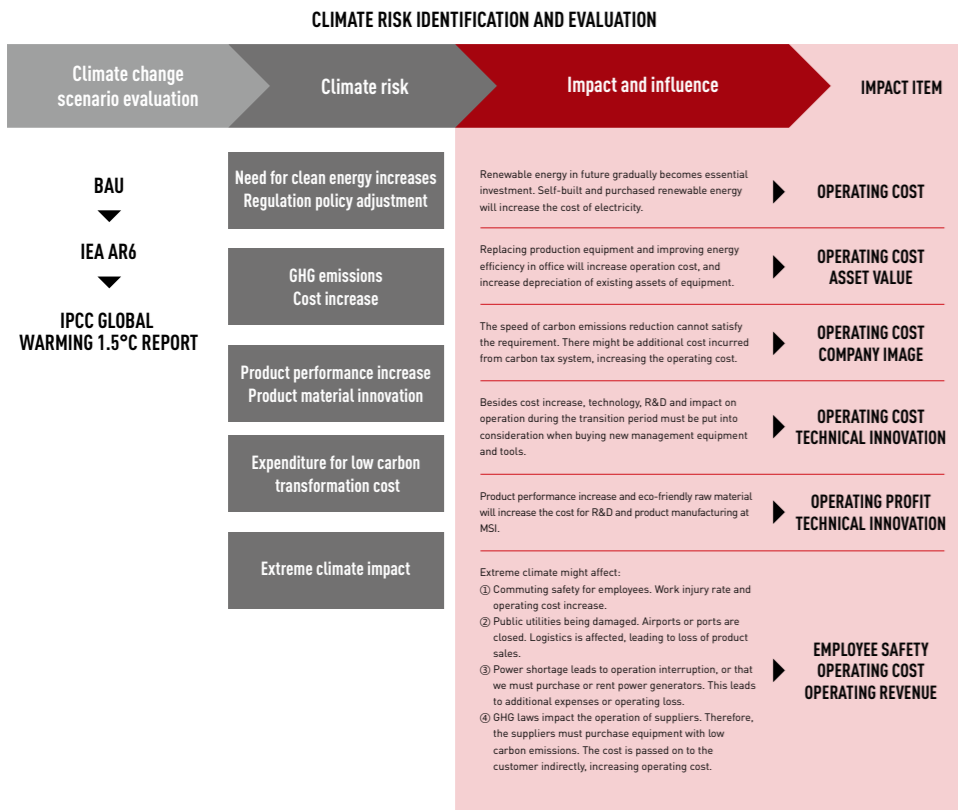
MANAGEMENT APPROACH	MANAGEMENT ACTION				
	Considering that it might take longer for the impact of climate-related risk on the organization to become apparent, MSI's target schedule for climate change management is hence five years for the short-term goal, five to ten years for the mid-term goal, and over ten years for the long-term goal.				
	CLIMATE CHANGE RISK AND OPPORTUNITY				ADAPTATION AND MITIGATION STRATEGY
RISK CONSIDERATION	RISK		OPPORTUNITY		
	IMPACT DESCRIPTION	SCHEDULE	INFLUENCE DESCRIPTION	SCHEDULE	
Total carbon emissions control	Capacity is limited.	Mid term	Mitigate industry expansion and improve industry nature.	Short term	① Pay attention to relevant changes of domestic and international regulations after the Global Climate Summit and evaluate the response within the corporation. ② Carry out communication and offer suggestions on bills to ensure fairness and rationality of the system. ③ Check and update MSI's carbon emissions regularly to achieve the goal for GHG emissions at the organization. ④ Evaluate feasible technologies and materials to design products and reduce energy consumption of the product. ① Save water, increase reuse of rainwater and wastewater, and establish the water resource emergency response measures. ② Evaluate the risk mitigation mechanism for natural disasters incurred from climate change. improve and reinforce factory facilities adequately. Urge the government to improve how public utilities respond to climate risk. ③ Reduce occurrence of natural disaster through business insurance and production emergency response procedure. ① Promote energy and carbon reduction at the workplace, set the annual goal for power saving, and continue to execute GHG inventory. ② Evaluate adequacy of supplier. Help the supplier build adaptability when necessary and include the adaptability into the procurement strategy evaluation of the Company. ③ Build a dialogue channel between the public sector and social media, and make goodwill communication.
Carbon economy (carbon tax/ carbon fee, etc.)	Increase in operating cost	Mid term	Reduce carbon footprint of product, facilitate development of green energy industry, and enhance energy saving technology of corporation.	Long term	
Voluntary reduction agreement.	Rise of investment cost in equipment.	Mid term	Speed up carbon emission reduction of corporation and strive for quota of carbon rights.	Short term	
Product efficiency standard.	Cannot meet corporate commitment or regulatory requirements.	Short term	Satisfy the customer's requirements for energy saving products and increase revenue.	Short term	
Drought		Mid term		Mid term	
Smog		Short term	Can increase production needs for high adaptation factory.	Short term	
Snowstorm		Long term		Long term	
High temperature/ Heat wave	Natural disaster occurrence and severity affect production and operation.	Short term		Short term	
Typhoon/ Torrential rain		Short term	Enhance protection of production factory. Reduce chance of business interruption and possible loss.	Short term	
Earthquake/ Tsunami		Short term		Short term	
Rise of energy prices	Pressure when facing the rising energy prices and increase in equipment performance will affect energy and resource use.	Mid term	Improve the production performance of equipment and reduce pressure from operating cost.	Mid term	
Supply chain management	The ability for mitigation and adaptability is poor. The operating cost becomes higher.	Short term	Mitigate industry expansion. Improve industry nature. Drive the growth of value chain. Enhance corporate image.	Short term	
Economic and political attention	Economic and political change affect corporate profitability.	Long term	Pay attention to climate change development and climate justice movement in the business area. Conduct operation response and adjustment as soon as possible. Mitigate impact on corporate operation.	Long term	
	③ Consider the potential impact of different climate scenarios on the organization regarding the operation strategy. Currently MSI refers to Assessment Report (AR6) released by (Intergovernmental Panel on Climate Change (IPCC) in August 2021, and evaluates all kinds of physical risks in the scenario of 1.5°C. Meanwhile, we continue to pay attention to the reduction goals, policies and regulations set by governments or regions around the world, and evaluate the impact of reduction goals, policies and regulations on MSI's operation.				

3 Risk management: The organization identifies, evaluates and manages the process of climate-related risk.

MANAGEMENT APPROACH

- ◆ Identification and evaluation process of climate-related risk
- ◆ Management process of climate-related risk
- ◆ Identify, evaluate and manage the process of climate-related topic to find out how to integrate the process into the overall risk management system.

MANAGEMENT ACTION



4 Indicator and objective: The indicators and objectives used by the organization to assess and manage climate-related topics

MANAGEMENT APPROACH

The organization assesses indicators for climate-related risks and opportunities as part of its strategy and risk management process.

MSI assesses climate-related risks using indicators such as the overall electricity intensity of product development and key production sites, direct and indirect energy consumption intensity, water usage intensity, and waste generation. MSI has connected the performance of members within the ESG Committee to ESG issues, incorporating these factors into the compensation allocation

Disclose GHG emissions and relevant risks in Scopes 1, 2, and 3.

- ◆ Check the organizational GHG emissions and accept external assurance based on the ISO 14064-1 standard and GHG Protocol annually.
- ◆ In 2023, expand the inventory to include Scope 3 emissions across MSI's upstream and downstream of the business chain.
- ◆ The inventory result is released on the MSI sustainability report and MOPS.

Manage the goal used for climate-related risks and opportunities, and implement the performance of the goal.

- ◆ The original goal to reduce Scope 1+2 carbon emissions by 60% from 2007 to 2030 was achieved in 2023.
- ◆ A new target has been set to reduce Scope 1+2 carbon emissions by 80% by 2030, compared to 2022 levels, exceeding the SBTi pathway.
- ◆ A Scope 3 reduction target has been set to reduce GHG emissions by 30% by 2030, using 2023 as the base year, specifically for 'Purchased Goods and Services(cat.1)' and 'Use of Sold Products(cat.11)'.
- ◆ Ongoing investments in energy-saving improvements and renewable energy installations have led to an annual renewable energy usage rate of approximately 25.7%.
- ◆ The performance of each target is disclosed annually in the Sustainability Report and on the MSI Sustainability website.

3.1.2 GHG Emissions

Since 2008, MSI has conducted GHG inventories and invested in energy-saving improvements and equipment upgrades. By the end of 2022, MSI achieved a 58.9% reduction in Scope 1+2 emissions compared to the base year 2007 (113,675.33 tons CO₂e). In mid-2023, MSI committed to the SBTi and set a new goal to reduce carbon emissions by 80% by 2030, based on 2022 levels (46,724 tons CO₂e). MSI continues to enhance manufacturing efficiency, manage carbon emissions, and increase renewable energy use, aiming for international net-zero targets.

From 2024 to 2025, MSI will align its GHG inventory boundaries with its consolidated financial statements, targeting full group-wide inventory completion by 2025-2026. The latest data and targets will be available on the MSI Sustainability website.

◆ GHG emissions in the past three years

GHG EMISSIONS MANAGEMENT ITEM/YEAR	2021	2022	2023	GOAL
Scope 1 Total GHG emissions (ton CO ₂ e)	2,003	1,097	1,533	
Scope 2 Total GHG emissions (ton CO ₂ e)	57,149	45,627	40,778	Aim to reduce Scope 1+2 GHG emissions by 80% (9,345 tons CO ₂ e) by 2030, based on 2022 as the base year.
Scopes 1+2 Total GHG emissions (ton CO ₂ e)	59,152	46,724	42,311	
Changes compared to the previous year (%)	+4.72	-21.01	-9.45	
Scopes 1+2 GHG emissions intensity (ton CO ₂ e /revenue per million TWD)	0.29	0.26	0.23	
Scope 3 GHG emissions (ton CO ₂ e)	6,099	4,903	1,403,962	Target a 30% reduction in greenhouse gas emissions for 'Purchased Goods and Services' and 'Use of Sold Products' by 2030, with 2023 as the base year. For the latest goals, please refer to the MSI Sustainability website.
Scope 3GHG emissions intensity (ton CO ₂ e /revenue per million TWD)	0.030	0.027	7.673	

Note:

- The total greenhouse gas emissions data has been verified by Bureau Veritas Certification (Taiwan) Co., Ltd. (BVC).
- Source of Global Warming Potential (GWP) values: IPCC Fifth Assessment Report (2013); the electricity emission factors follow a market-based approach, source of each site: Taiwan from the Ministry of Economic Affairs, MSIK from the Ministry of Ecology and Environment, and MSIS from China Southern Power Grid.
- TheGHG assessed include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃).
- The Scope 3 inventory for 2021 includes international business travel for headquarters employees, downstream goods transportation and delivery, waste disposal for factories in Taiwan, LPG usage of restaurant subcontractors of MSIT, and indirect energy emissions from rent space of factories in MSIK. The Scope 3 inventory for 2022 includes downstream goods transportation and delivery, waste disposal from factories in Taiwan, LPG usage of restaurant subcontractors of MSIT, and indirect energy emissions from rent space of factories in MSIK.
- For the Scope 3 inventory in 2023, please refer to the subsequent section titled "MSI Scope 3 GHG Emissions."

◆ MSI Scope 3 GHG Emissions.

In 2023, MSI conducted a reassessment of carbon emission sources that are significant to the company's operations, following the guidelines in the GHG Protocol, which consider factors such as significance, influence, data availability, and accuracy. This process involved identifying Scope 3 emission sources, focusing on select products and key operational activities at major manufacturing sites. MSI will continue to expand its inventory boundaries to align with international regulatory requirements and stakeholder expectations. The GHG emissions data has been verified by Bureau Veritas Certification (Taiwan) Co., Ltd. (BVC).

SCOPE 3 CATEGORY	EMISSION (TON CO ₂ e)
Cat. 1: Purchased Goods and Services	639,342
Cat. 2: Capital Goods	5,703
Cat. 3: Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	-
Cat. 4: Upstream Transportation and Distribution	1,006
Cat. 5: Waste Generated in Operations	5,105
Cat. 6: Business Travel	1,424
Cat. 7: Employee Commuting	2,186
Cat. 8: Upstream Leased Assets	-
Cat. 9: Downstream Transportation and Distribution	8,959
Cat. 10: Processing of Sold Products	N/A
Cat. 11: Use of Sold Products	727,668
Cat. 12: End-of-Life Treatment of Sold Products	6,258
Cat. 13: Downstream Leased Assets	5,755
Cat. 14: Franchises	N/A
Cat. 15: Investments	-

Note: "-" indicates non-significant, and N/A indicates not applicable. The coefficients are sourced from the Simapro v9.5.0.1 database and the Taiwan Carbon FootprintPlatform.

3.2 Low Carbon and Sustainable Manufacturing

3.2.1 Energy Use and Management

MSI Energy Saving Measures

ADJUST ENERGY USE	LIGHTING MANAGEMENT
<ul style="list-style-type: none"> At the factory dormitories, the solar water heater is used, and the thermal energy equipment of the heat pump and recycling air compressor have been built to provide hot water for employees. Control outlet temperature of ice water and reduce the time for using the ice machine, and reduce power consumption. Execute dynamic inspection regularly. Adjust the air conditioning temperature (set to 26°C). Introduce a smart energy management system to improve energy hotspot detection and enable variable frequency control for HVAC and manufacturing equipment. Self-develop and procure renewable energy source. 	<ul style="list-style-type: none"> Execute dynamic inspection regularly. Turn on unnecessary lighting facilities. Turn off the light during lunch break. Control lighting of the office after work (except for emergency exit lights).
PUBLIC FACILITY MANAGEMENT	ENHANCE PROMOTION OF ENERGY-SAVING
<ul style="list-style-type: none"> Use power saving mode for the printer. Turn off the printer after work and on holidays. Use power saving mode for the water dispenser. Turn off the water dispenser on holidays. Manage air conditioning in different areas separately. Turn on the air conditioning depending on usage needs. Plan to replace energy-saving equipment according to the schedule. 	<ul style="list-style-type: none"> The Company provides bonuses for improvement proposals and encourages employees to save power. Promote the concept to all employees (e.g. printed literature and email). Hold all kinds of environmental activities such as Earth day, to raise employee's awareness of sustainability.

Energy Use By MSI

At MSI, fossil fuel is only used for company cars, boiler, emergency power generators, and cooking at the cafeteria in all factories, not used for other business purposes.

◆ Direct energy consumption

FOSSIL FUEL MANAGEMENT ITEM/YEAR	2021	2022	2023
Fossil fuel consumption (GJ)	13,400.7	4,712.2	4,991.9
Changes compared to the previous year (%)	+96.17	-64.84	+5.94
Fossil fuel consumption intensity (GJ/Revenue per million TWD)	0.066	0.026	0.027

Description: Power supply for different regions was unstable in 2021. Diesel generators are often in operation, hence fossil fuel consumption is doubled. In 2022, fossil fuel consumption resumes to a steady, normal level.

◆ Indirect energy consumption

POWER CONSUMPTION MANAGEMENT ITEM/YEAR	2021	2022	2023
Power consumption (megawatt hour, MWh)	76,622	68,570	56,405
Power consumption (GJ)	283,501	253,709	208,700
Changes compared to the previous year (%)	+7.38	-10.51	-17.74
Power consumption intensity (GJ/Revenue per million TWD)	1.40	1.41	1.14

Renewable Energy Usage

MSI acknowledges that energy transformation is a vital challenge for the manufacturing sector. As a result, the company has been installing solar power equipment at its primary manufacturing sites since 2021. Beginning in 2023, MSI has also started procuring renewable energy through power purchase agreements to facilitate green, low-carbon manufacturing. The following achievements MSI's renewable energy usage over the past three years:

◆ Usage of owned renewable energy.

ITEM/YEAR	2021	2022	2023
Renewable energy generation (MWh)	2,988.3	3,303.7	4,939.47
Renewable energy generation (GJ)	11,056.71	12,223.54	18,276.05
Percentage out of the total power usage of the Group (%)	3.75	4.60	6.80

◆ The percentage of renewable energy in each facility's total electricity consumption.

FACTORY/YEAR	SOURCE	2021	2022	2023
MSIS	Self-generated solar power	6.81	8.05	7.58
	Procuring renewable energy	-	-	20.35
MSIK	Self-generated solar power	-	2.34	9.33
	Procuring renewable energy	-	-	26.87

Note: MSIK has been using its self-built solar power generation systems since October 1, 2022.

◆ Proportion of Total Renewable Energy Usage in the Group Over the Past Three Years

ITEM/YEAR	2021	2022	2023
Percentage of Group Renewable Energy in Total Electricity Consumption (%)	3.75	4.60	25.73

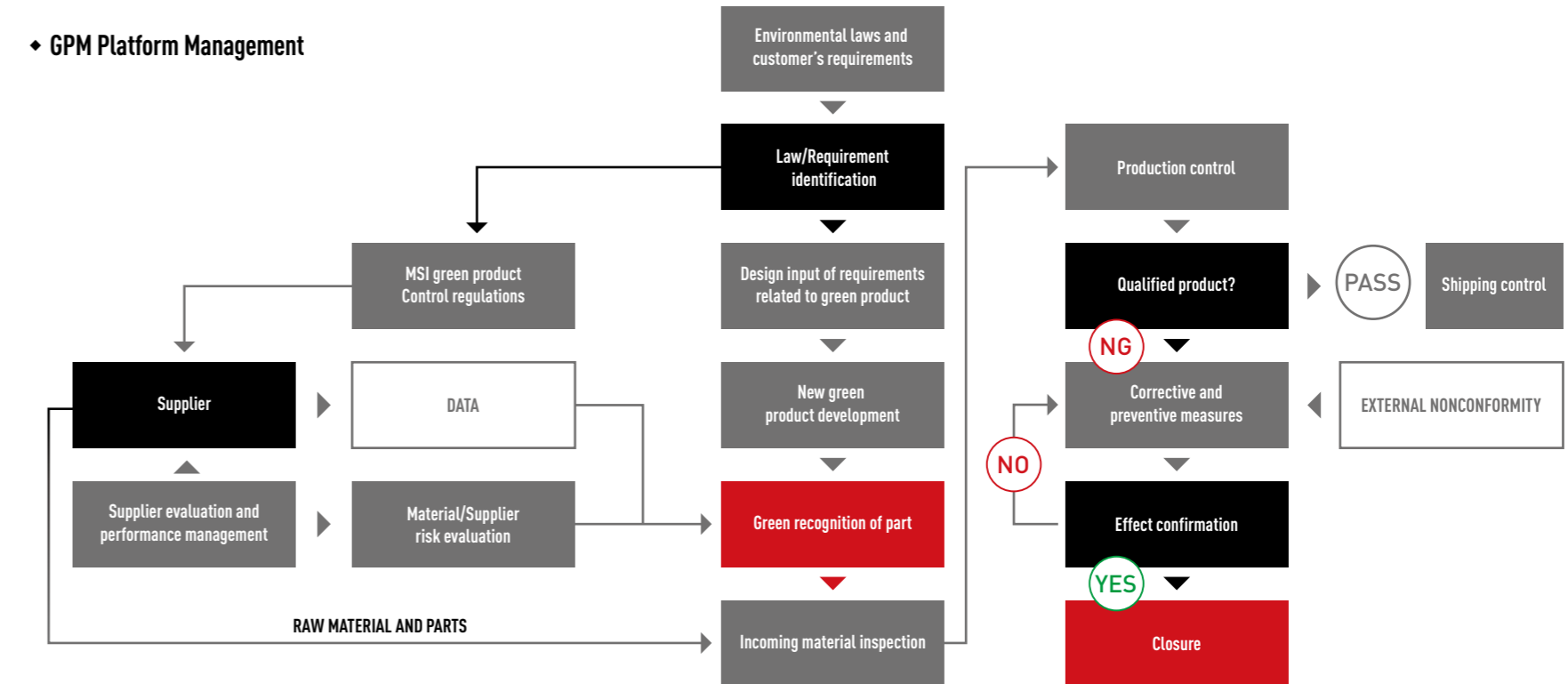
3.2.2 Product Hazardous Substance Management

MSI considers the negative environmental impact incurred from production and operation, and its commitment to eco-friendly material use, and conforms to regulations and customer requirements at the same time. We require suppliers and internal units to strictly abide by MSI's "MSI Green Product Control Specifications." In the procurement contract, it is explicitly specified that products or services provided by suppliers must comply with and fulfill relevant environmental requirement specifications. We expect to facilitate the responsibility for complying with regulations and mitigating the impact on environmental ecosystem. We expect to offer eco-friendly products to consumers. Since 2010, MSI has established the Green Product Management (GPM) platform. Suppliers can convey and declare hazardous substance information via this online management system. MSI's internal management units analyze and examine information to ensure final compliance of products. In the meantime, MSI conveys the latest international regulation information and MSI's green products to suppliers through this platform. In the internal units of the Company, the omissions occurred from data under manual control are reduced, and the time for repetitive work is reduced.

Achievement of GPM platform during the report period

- ✓ There was no penalty, fine, sales ban, return or complaint incurred from any product or service violating environmental regulations.
- ✓ Up to 1,101 suppliers promised to comply with environmental requirements and signed MSI's "Guarantee of Complying with Environmental Requirements."
- ✓ 191,504 entries of acknowledgement to part management were completed.
- ✓ Qualified suppliers completely executed management by using environmental standards.
- ✓ There are 416 substances in the report (including REACH Substances of Very High Concern (SVHC), standards in different industries, and substances required by customers).

◆ GPM Platform Management



3.2.3 Water Resource Management

Considering clean production and environmental protection, a no-water process is adopted for all products from all of MSI's factories. Primary water consumption is domestic water use of employees. Only domestic sewage will be generated. 100% of the water source for domestic water is municipal water supply (tap water). No water from rivers, lakes, underground water systems or oceans is used, hence there is no significant impact on water sources or community water use.

Water Resource Management Strategy and Commitment

MSI is committed to continuing to supervise water resource use and improve sewage discharge quality to avoid wasting water or impact on water resource. For the time being, MSI strives for optimization of water efficiency and water resource management measures. For evaluation of equipment replacement, water saving devices are prioritized to avoid wasting water. MSI also promotes water saving to employees.

Risk Identification and Response Measures For Water Resource

RISK IDENTIFICATION	RISK CONSIDERATION	RISK DESCRIPTION	RESPONSE MEASURES
Regulatory requirements	Management of wastewater discharge quality becomes strict.	Wastewater discharge quality is poor. Risks of penalties by the government and protests from stakeholders increase, impacting corporate image.	<ul style="list-style-type: none"> Test wastewater regularly and ensure that the water quality of wastewater meets requirements. Continue to evaluate the feasibility of introducing new wastewater treatment technology to factories.
	Water conservation charge	Excessive water consumption increases operating costs and affects corporate profits.	<ul style="list-style-type: none"> Popularize water-saving education. Water use during business activities in MSI is primarily domestic water. The water consumption is low and has an extremely small effect on operating costs.
Climate change	Water resource shortage	<p>The risk of infectious disease incurred from water resource shortage increases, affecting the operation of the Company.</p> <p>It's hard to allocate water resources, affecting the overall operation of the supply chain.</p>	<ul style="list-style-type: none"> Evaluate to introduce other water resources. Reinforce the promotion of public health. Evaluate the alert mechanism of water resources. Build the second or remote supply chain.
	Typhoon and torrential rain	Typhoons and torrential rain occur more often and become stronger, impacting the response and recovery of disaster prevention systems.	<ul style="list-style-type: none"> Build the water gate. Establish the emergency response plan and the response team. Check the location of the factory and evaluate information on nearby waters to reduce the risk of river flooding.
Market Requirements	Environmental certification requirements from customers and products	Company water extraction and usage must undergo third-party verification	<ul style="list-style-type: none"> Review the company's water resource usage and conduct annual external audits for verification.

Water Resource Management Information During the Report Period

As for sewage management, sewage control equipment is available at MSIT and managed by specialists. Discharge under supervision is executed regularly. Wastewater generated is discharged to the sewage management system. MSIT1 is a rented factory. Sewage treatment equipment is available at MSIT1 and passed the regulations by competent authorities. Eventually, sewage is discharged to the sewage treatment plant in Guishan Industrial Park. Sewage from MSIK is directly discharged to the sewage treatment plant in Kunshan. All sewage is treated by the sewage treatment plant. The reclaimed water system is available in MSIS. Recycled water is used for watering plants and restrooms. All MSI factories are in the industrial park, not in ecologically sensitive areas. All the results of the wastewater examination meet local regulations. Factories have no severe impact on local surrounding ecological environments or relevant habitats.

ITEM/FACORY	MSIT	MSIT1	MSIK	MSIS
Factory	Zhonghe District, New Taipei City	Guishan District, Taoyuan	Kunshan City, Suzhou City	Baoan District, Shenzhen City
Water resource	Feicui Reservoir (Xindian River)	Shimen Reservoir (Dahan River)	Taihu Lake	Dongjiang Lake
Quantity of water intake (tap water)	50.28	18.01	264.65	328.35
Quantity of water intake (underground water)		Unused		
Quantity of water intake (surface water)				
Quantity of recycled water	N/A	N/A	N/A	37.13
Discharge quantity	30.22	14.41	219.94	301.54
Quantity of water consumption ²	20.06	3.60	44.71	26.81
Overall water resource risk ³	Low [3]	Low [3]	Medium [5-6]	Medium [5]
Is this a risky factory? ⁴	No	No	No	No

Unit: Million liters.
 Note:
 ① In 2023, MSIK discharged wastewater directly to the local designated treatment facility, with discharge volume calculated based on water usage ratios from installed flow meters.
 ② Quantity of water consumption = Total quantity of water intake - Total discharge quantity.
 ③ The World Resources Institute's "Aqueduct Water Risk Atlas" classifies water source risks into 10 levels, with lower numbers indicating lower risk. Please refer to this for details <https://riskfilter.org/water/explore/map>
 ④ The risky area indicates the factory with water stress. Riskiness is judged based on reliability, overall water resource risk, and output value.

Water Usage During the Report Period

POWER CONSUMPTION MANAGEMENT ITEM/YEAR	2021	2022	2023
Total water consumption (million liters)	1,086.426	877.089	661.288
Changes compared to the previous year (%)	+8.01	-19.27	-24.60
Total water consumption intensity (Thousand liters/revenue per million TWD)	5.38	4.86	3.61

3.3 Green Production and Manufacturing

MSI always aims to provide high-quality products and services. By establishing the internal procedure and review process, MSI strives to promote product responsibility management, and sustainable green production. MSI offers safe, secure, sustainable products and increases brand value by good, reliable quality, and Earth-friendly ecology footprints. To ensure that MSI's products are healthy and safe, all of our main products, including motherboard, graphics card, desktop/laptop/AIO, have been managed according to the management measures below.

MANAGEMENT GOAL	CONSIDERATION	MANAGEMENT MEASURES	ACHIEVEMENT DURING THE REPORT PERIOD	FUTURE GOAL
Reduction of pollutant emissions	Reduce the use of hazardous substances	We continue to manage and announce all raw materials according to prohibited and restricted substances in RoHS, POP, and REACH regulations.	All requirements have been met.	Continue to manage and assess prohibited and restricted substances every year.
		Execute hazardous substance management of products at the Green Product Management (GPM) platform.	12,436 green parts have been reviewed. 191,504 entries have been completed in total.	We continue to maintain substance management at the GPM platform every year.
Energy Resource Efficiency	Meet the IECQ/QC 080000 Standard	Completed identification of hazardous substance regulation and put applicable requirements under management.	Identified and managed 416 hazardous substances. Obtained IECQ/QC 080000 certification. Carried out product conformity assessment and risk management according to EU EN IEC 63000:2018 harmonized specifications.	Continue to implement the identification result into specifications every year.
		The product box comes in only five sizes, reducing overpackaging and boosting carrying capacity by approximately 3%.	All requirements have been met.	In 2024, certain products will adopt packaging made from FSC-certified sustainable forest management materials.
Simplify disassembly and recycling	Reduce energy and resource usage, and lower carbon emissions	Implement Post-Consumer Recycled (PCR) plastics	95% of laptop products incorporate PCR plastics	Continued advancement
		Increase average conversion efficiency of external power supply from 88% to 89%.	Level VI efficiency level is used for all external power supplies.	Estimate the possibility of optimizing average conversion efficiency.
Waste reduction	Regulatory impact	1. Desktop power supplies now meet 80 Plus Bronze standards, increasing efficiency by 2% over non-branded options. 2. Laptops have achieved ENERGY STAR certification.	All requirements have been met.	Ongoing use of 80 Plus certified products. Sustained ENERGY STAR certification
		Reduce the use of composite material. Use a single or compatible plastic material. Increase plastic recycling rate.	Plastic recycling rate reaches 90%.	Increase plastic recycling rate to 92%.
Waste reduction	Regulatory impact	Label materials for plastic and paper packaging material for recycling and reproduction.	The labeling rate is 100%.	Continue to attach labels.
		Reduce the percentage of the parts and components of the product mostly treated by incineration or landfill.	The weight of the parts and components is reduced from 5% of total weight of product to 2.5% and below.	Make sure that the weight of the parts and components stays at 2.5% of the total weight of product.
Waste reduction	Regulatory impact	Identified global waste/recycling regulations. Released internal management regulations and included them into requirements for management.	MSI Green Product Control Specifications – ver.15	Continue to update regulations.
		The recycling rate of MSI's electrical and electronics equipment during the reporting period is higher than 80%, required by EU WEEE.	The recycling rate is higher than 90%.	Meet WEEE requirements.

Reclaimed Water Recycling During the Report Period

RECLAIMED WATER RECYCLING MANAGEMENT ITEM/YEAR	2021	2022	2023
Quantity of reclaimed water recycled (million liters)	92.58	90.61	37.13
Percentage of quantity of reclaimed water recycled to total water consumption (%)	8.52	10.33	5.61
Intensity of quantity of reclaimed water recycled (Thousand liters/revenue per million TWD)	0.46	0.50	0.20

Note: In 2023, water recycling decreased due to pipeline leaks at MSIS, which have been addressed through project inspections and improvements.

3.3.1 Sustainable Product Program

In recent years, there has been an increasing concern on environmental performance in the manufacturing industry. Integrating environmental considerations into product development has become a key trend. To address this, MSI is systematically incorporating environmental factors into the design and development process to reduce natural resource consumption and minimize environmental impact. MSI’s policies—aiming to reduce pollutant emissions, save energy and resources, simplify disassembly and recycling, and reduce waste—are applied across all programs. Our goal is to mitigate environmental impact and enhance market competitiveness by adhering to the 3R principles: Reduce, Recycle, and Reuse.

Ecological Considerations in Product Lifecycle

Considering economic and technical feasibility, MSI evaluates product lifecycle based on product lifecycle thinking. The goal is to help us choose the product and service minimizing environmental impact, and helping products become friendlier to the environment and society.

ITEM/SCOPE	DEVELOPMENT GOAL	STRATEGY
RAW MATERIAL ACQUISITION	Reduce hazardous substance	<ul style="list-style-type: none"> Use eco-friendly raw material (e.g. halogen-free material) Use renewable material Forbid the use of any halogen flame retardant in the shell and rack of electronic display.
MANUFACTURING	Optimize production technology	<ul style="list-style-type: none"> Choose green production technology. Simplify production procedures. Reduce waste during the production process.
TRANSPORTATION	Best logistics management	<ul style="list-style-type: none"> Reusable packaging material. Increase transportation efficiency. Logistics carrier planning. Logistics distance adjustment.
USE	Improve energy/material efficiency	<ul style="list-style-type: none"> Reduce the energy consumption of the product. Use fewer materials and execute modular design.
WASTE	Optimize waste management	<ul style="list-style-type: none"> Reduce waste for packaging material. Reduce waste for the body of the product. Increase recycling rate. Can be incinerated or buried in a landfill safely.

For more achievements of the Sustainable Product Program, please refer to <https://csr.msi.com/tw/green-products-and-service>

Packaging Reduction and Transportation Optimization

Carbon emissions from global shipping and transportation are closely connected to various industries. As a global operator, MSI is committed to minimizing transportation-related carbon emissions throughout our business chain.

◆ Container Loading Optimization

We have implemented an automated system for optimizing container loading, which calculates the most efficient loading configurations. This system enables real-time access to optimal loading options for our team and provides clients with accurate recommendations. Our shipping department can adjust pallet allocations for different products dynamically, ensuring full pallet and container utilization.

This approach effectively reduces the number of containers and trips, minimizes space and cost wastage, and lowers transportation-related carbon emissions. Since adopting this process in 2023, we have decreased container usage by 26% compared to the previous year.

◆ Land Transportation Adjustments

In August 2023, we revised our land transportation strategy in mainland Europe. We shifted from daily order processing and shipping to a fixed-time shipping schedule, improving efficiency and reducing the frequency of less efficient transport methods. Over the past four months, this adjustment has led to a 10% reduction in transportation costs and significantly lowered carbon emissions from truck transport, with shipping days reduced to 1-2 per week.

MSI'S GLOBAL TRANSPORTATION CARBON EMISSIONS ACHIEVEMENTS AND TARGETS		
2023 ACHIEVEMENT	CARBON EMISSION (TON CO ₂ E)	TRANSPORTATION CARBON EMISSION STRATEGIES AND OBJECTIVES
Land Transport	1,398	1. Prioritize transportation partners with established GHG reduction targets. 2. Continuously enhance vehicle and cargo loading designs to maximize efficiency and reduce costs and carbon emissions. 3. Increase cargo handling efficiency to minimize port dwell time. 4. Centralize freight operations to reduce empty miles and avoid unnecessary transport. 5. Regularly monitor and report carbon emissions from the transportation phase, and implement measures to drive continuous improvement.
Air Transport	6,082	
Sea Transport	1,479	
Total	8,959	
Emission Intensity (ton CO ₂ e per million USD in revenue)	1.52	

Note: MSI does not utilize inland waterway or rail transportation globally. Net revenue for 2023 is \$5,907 million USD.

Energy Saving Achievement

Through carbon footprint inventory of the product, we realized that energy consumption during use is a primary source of the carbon footprint of the product. Using existing feasible technologies to improve energy efficiency has become important when considering product design. As for hardware, choosing highly efficient materials and parts can increase the energy efficiency of the product. As for software and firmware, performance can be adjusted through different scenario settings, to satisfy the effective distribution of electrical energy. Besides reducing the user’s power usage, the carbon footprint of the product can be reduced effectively. The table below lists the efficiency of energy consumption for MSI’s laptop, desktop and AIO during the period.

PRODUCT CATEGORY	MODEL	ETEC*CALCULATED VALUE**		ETEC*MAXIMUM CALCULATED VALUE**		PERCENTAGE OF ETEC SAVED
		(KWH/YEAR/COMPUTER)	(GJ/YEAR/COMPUTER)	(KWH/YEAR/COMPUTER)	(GJ/YEAR/COMPUTER)	
Laptop	MS-13Q2	13.15	48.65	36.34	134.46	63.82%
	MS-14N2	25.38	93.92	71.18	263.37	64.34%
	MS-1596	23.36	86.42	75.59	279.68	69.10%
Desktop	Cubi B0A9	26.94	99.68	33.64	124.47	19.92%
	MS-B924	110.57	409.11	116.12	429.64	4.78%
	MS-A602	41.81	154.69	93.41	345.62	55.24%
AIO	MS-AE07	75.95	281.00	77.98	288.53	2.61%
	MS-AE10	91.23	337.54	99.42	367.85	8.24%
	MS-AF82	69.27	256.29	83.09	307.43	16.64%

* Annual ETEC (Typical Energy Consumption): This comes from measuring the power consumption during the theoretical average operating mode (kWh) in the typical usage mode [duty cycle].
 ** Please refer to the calculation formula of ENERGY STAR 8.0 standards for the formula of ETEC calculated value and maximum calculated value.

3.3.2 Product Safety and Hazardous Substance Management

Electronic products contain numerous advanced or rare substances. To facilitate product safety, we evaluate safety cautiously according to global regulations and advice from the industry:

Risk Identification	Risk Characteristics	Risk Management	Risk Communication
Analyze in accordance with the following hazard identification and product assessment: <ul style="list-style-type: none"> Legal requirements Voluntary industry requirements Influence of the impact of hazardous substances 	After the identification and analysis of risk, confirm the level of risk and risk exposure by product category, and describe the assessment of the potential hazards of products.	Basing on the result of the assessment on the characteristics of product hazards, we take appropriate risk management measures on relevant products.	The MSI provides various information sources for stakeholders to help them understand the potential risk of each category of products, including: <ul style="list-style-type: none"> SDS(Safety Data Sheet) Note to waste of products. Note to product safety.

During the reporting period, all of MSI’s products are evaluated as meeting laws and regulatory requirements in all countries. Specific labeling of safety, environmental aspects or substances has been completed. Meanwhile, we keep updating the “MSI Green Product Control Specifications.” MSI voluntarily tests or declares products to obtain external authentication to make sure that users feel secure.

Scope of application for the product safety evaluation:

IMPACT CATEGORY	SCOPE OF APPLICATION	EVALUATION ITEM	EVALUATION CONTENT
Safety	Computer system	Safety standard	Electromagnetics, safety standard, radio frequency
	Equipment ermental	High-Definition Multimedia Interface (HDMI) certification Universal Serial Bus (USB) certification	Safety for hardware terminal
Health	Parts and components of the product	Hazardous substance control	Environmental hazardous substance management
	Battery product	Waste battery management	
	Parts and components of the product	Chemical Substances Control Law (CSCL) Regulation on the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) Persistent Organic Pollutants (POPs)	
Environmental protection	Packaging material	Directive on Packaging and Packaging Waste (PPW) Packaging material labeling	Percentage of disposal and recycling of used item
	Computer system	Waste Electrical and Electronic Equipment (WEEE) Directive	
	Packaging material	Directive on Packaging and Packaging Waste (PPW)	
	Battery product	Labeling of waste battery	
Computer system	Energy efficiency of California Energy Commission (CEC) Energy efficiency of external power supply specified by the United States Department of Energy	Energy-relating Product (ERP) Directive Energy Star	Energy efficiency rating
		Minimum Energy Performance Standards (MEPS)	

Management of Halogen-Free Flame Retardant

While selecting materials for product development, besides complying with existing regulatory requirements of hazardous substances, MSI actively manages substances that potentially impact the environment. In addition, MSI is committed to using less SVHC and potential risk substances. Halogen flame retardant (BFR/CFR) is not a prohibited and restricted substance specified in the existing regulation, but it poses a certain degree of potential negative risk to the environment, ecology and humans. Therefore, MSI particularly divides the green feature of material into halogen and halogen-free (HF) material for control and continues to evaluate and increase the possibility for using halogen-free material. In the early stage of design, we has been cautiously evaluating and selecting low-hazard raw materials, and provided innovative, green sustainable products to customers. Currently we are starting to plan for and implement halogen-free flame retardant considering controllability of the material of the product, and economic value, endeavor to reduce hazardous substances, and offer diverse eco-friendly products to customers. As for now, all the circuit boards MSI has used contain halogen-free flame retardant. MSI also continues to use less hazardous substances for other products.

ITEMS FOR MANAGEMENT OF HALOGEN-FREE FLAME RETARDANT	OUTCOME DURING THE REPORT PERIOD	FUTURE GOAL
Use of halogen-free flame retardant in the Bill of Material (BOM)	Achievement rate: 83%	<ul style="list-style-type: none"> Higher than 2% every year Increases to 85% by 2025 (base year: 2018)
Implementation of circuit board that contains halogen-free flame retardant	Achievement rate for laptops: 100% Achievement rate for graphics card: 100% Achievement rate for motherboard: 70%	<ul style="list-style-type: none"> Continue the use of halogen-free materials in laptops and graphics cards Increase halogen-free PCB materials for motherboards to 100% by 2025
Halogen-free flame-retardant plastics are used for the shell of AIO and the shell/rack of the graphics card.	Achievement rate: 100%	Continue to implement annually

3.3.3 Sustainable Innovation and Initiatives

Sustainable Innovation of Product Sales

When planning marketing campaigns, MSI simultaneously prioritizes excellent service and environmental strategy. We primarily use online virtual social media platforms for cost efficiency and improved outcomes, minimizing the need for physical marketing materials. MSI maintains close and timely interactions with consumers to understand their needs and provide attentive service. Our green product design emphasizes a paperless policy, incorporating QR Code applications for catalogs and printed materials. Customers can quickly access product details and services by scanning the QR Codes on all products with their mobile devices. This approach significantly reduces paper and ink usage, supporting environmental protection and carbon reduction efforts, and helps establish an eco-friendly brand image.

Most product manuals are available electronically, reducing paper consumption and mitigating the impact of logging on greenhouse gas emissions. We also minimize ink usage by reducing full-color printing on graphic cartons and employing eco-friendly soybean ink to decrease environmental pollution. A monochrome watermark is now used on packaging for desktop, laptop, and monitor products, reducing paper waste and packaging volume. Additionally, 75–100% recyclable pulp is used as the base material for graphic cartons.



Supporting Climate Action - MSI Smart Charging Stations

MSI, a leading provider of PC, business, and AIoT solutions, has expanded into the electric vehicle (EV) market in response to increasing demand for charging infrastructure. Leveraging its expertise in smart living through AI, MSI has introduced a range of home and commercial smart charging stations and Energy Management Systems (EMS).

The "EV Life" station is designed for residential use and supports both Type 1 (SAE J1772) and Type 2 (IEC 62196) connectors, meeting the needs of various vehicle models. Users can manage charging schedules through a dedicated app, optimizing electricity usage and prolonging battery life. For commercial settings, MSI offers the "EV Premium" and "EV AI" solutions, which feature QR code payments and RFID card access. The "EV AI" model also includes license plate recognition to enhance parking management and improve the user experience. Additionally, MSI provides an EMS cloud management system and customizable API integration services, allowing operators to monitor and manage station performance remotely and explore new applications.

As a global leader in gaming and business technology, MSI has also made significant advances in the automotive sector. The new charging stations, proudly manufactured in Taiwan, offer a range of smart applications designed to provide EV owners with an easy, efficient, and high-quality charging experience. The MSI EV AI has been honored with the 2024 Taiwan Excellence Award, reflecting MSI's substantial progress in the renewable energy field.

For more information of MSI EVSE <https://evse.msi.com/>



3.4 Pollution and Waste Management

When MSI aims to develop high-quality, diverse electronic products, it also endeavors to enhance environment quality and solve pollution problems during operation. We continue to improve production technology, optimize treatment procedure, reduce the cost for environmental treatment, and abide by regulatory requirements for pollution control.

Air Pollution Control

Air pollution at MSI comes from VOCs generated from auxiliary materials during the production process (solder, flux, etc.) Exhaust gas during the production process is treated through the exhaust gas control equipment (e.g., activated carbon adsorption device). All the discharged gas complies with air pollution control laws and air pollutant emission standards. Air quality is monitored regularly to ensure the effectiveness of air pollution control measures. Furthermore, we did not use any ODS during the process. No gaseous pollutant such as nitrogen oxide or sulfur oxide was emitted.

MANAGEMENT GOAL	MANAGEMENT MEASURES	POLLUTION CONTROL
Optimize indoor air quality	<ul style="list-style-type: none"> Reduce storage and use of highly volatile and toxic material. Use alcohol for cleaning instead of cleaning naphtha. Use of products released from organic solvent in enclosed operating area and office area is restricted. 	<ul style="list-style-type: none"> Air interchange is executed at the process and office area regularly to maintain air quality. Walk around to monitor and manage the area occasionally (e.g., CO₂, PM_{2.5}) to maintain air quality. Clean and replace the filter regularly to maintain air quality.
Air pollutant emissions control for the surrounding of the factory	<ul style="list-style-type: none"> Use low-sulfur fuel for emergency generator. Improve pollution emissions process. 	<ul style="list-style-type: none"> The equipment for activated carbon adsorption treatment has been established. Regular ambient air test.

Wastewater Emissions Management

MSI processes domestic wastewater through a treatment system, using real-time monitoring to ensure it meets discharge standards. During the reporting period, water quality was compliant with regulations, with no significant impact on receiving water bodies or major leaks and overflows.

REGION	FACTORY	WASTEWATER EMISSIONS (MILLION LITERS)	STANDARD VALUE OF EFFLUENT DISCHARGE CONCENTRATION (MG/L) ¹			WASTEWATER TREATMENT PLANT	MAXIMUM TREATMENT CAPACITY (MILLION LITERS/DAY)	RECEIVING BODY	EMISSION IMPACT ²
			BOD	COD	SS				
Taiwan	MSIT	30.22	30	100	30	Bali Sewage Treatment Plant	1,530	Taiwan Strait	<0.1%
	MSIT1	14.41	30	100	30	Sewage Treatment Plant in Guishan Industrial Area	24	Taiwan Strait	<0.1%
China	MSIS	219.94	10	50	10	Gongming Sewage Treatment Plant	500	Maozhouhe	<0.2%
	MSIK ³	301.54	10	50	10	Everbright Water (Kunshan) Limited.	50	Taicangtang	<1.0%
Total		566.11	¹ : There is no processed wastewater at MSI. The discharge concentration standard value must meet the de jure standards of domestic water. ² : Emission impact = Maximum treatment capacity per year for sewage discharge quantity/wastewater treatment plant ³ : Wastewater from MSIK is directly discharged to the specified wastewater treatment plant in the local industrial park (no flow meter was established). The quantity of sewage discharge is estimated to be 80% of water consumption.						

Waste Management

To prevent pollution, fulfill producer responsibility, and satisfy international environmental requirements, MSI takes use, disassembly, recycling and low toxicity into consideration for product design, to reduce the quantity of waste treatment and recycling difficulty and improve environmental performance. Qualified local vendors are selected for each factory to execute the outsourced corresponding waste treatment. Waste generated from our operation is divided into general and hazardous business waste and managed according to the environmental management system. Generation, sorting and collection, recycling, removal and disposal of waste are managed and recorded properly.

WASTE ITEM	AMOUNT OF WASTE GENERATED IN 2023 (KG)	TREATMENT MEASURES
Non-recyclable waste	Hazardous business waste	208,282
	General business waste (non-recyclable household waste included)	2,481,800
Recyclable waste	6,024,878	We entrust qualified waste treatment companies to carry out recycling, heat treatment, incineration or landfill, to prevent secondary environmental pollution.

Note: Hazardous waste refers to business and medical waste.

Besides unpreventable natural disasters and unpredictable changes of operation, we will aim to adjust process and sorting management, reduce unnecessary waste, and manage waste products under controllable conditions to achieve our goal.

WASTE MANAGEMENT ITEM/YEAR	2021	2022	2023
Quantity of waste generated (kg)	8,478,178	9,723,690	8,714,960
Changes compared to the previous year (%)	+21.5	+14.7	-10.4
Intensity of the quantity of waste generated (kg/revenue per million TWD)	42.01	53.90	47.63

Surrounding Noise Control

MSI monitors and manages surrounding noise, and authorizes the testing unit to measure surrounding noise every year. Noise from the activity and equipment in the factory is monitored continuously to meet the legal surrounding noise level in the environment. All of our factories are in the industrial or science park. All of the test results meet the regulatory requirements. We can make sure that the nearby community remains quiet.

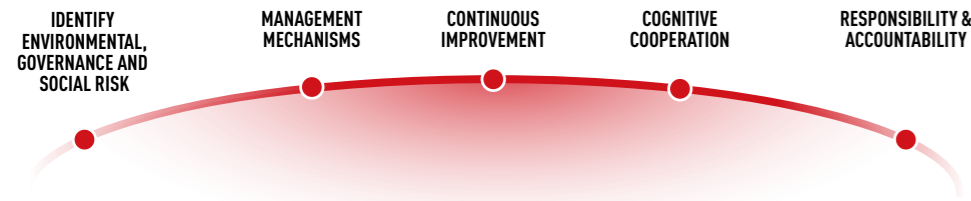


CH4. RESPONSIBLE MANUFACTURING AND CUSTOMER SERVICE

4.1 Supplier Management

MSI's products currently include motherboard, graphics card, server, desktop, laptop, automotive electronics, display, chassis, and AMR, covering numerous consumer electronics and professional computer peripheral products. These products are in the midstream and downstream sections of the supply chain. Upstream partners include the suppliers for semiconductor, metal and plastics elements, and software program. Midstream partners include the suppliers for power supply, heat sink devices, chassis, and other input and output equipment. Please refer to MSI's shareholders' meeting annual report for more information on the supply chain and industry.

MSI Sustainable Supply Chain Management



Sustainable Supplier Management

In supply chain management, MSI prioritizes not only quality, cost, and lead time but also adherence to international standards and regulations, such as the RBA and International Labor Organization (ILO) guidelines. We have established evaluation criteria and agreements for both current and new suppliers, requiring them to comply with local regulations and uphold standards in labor, health and safety, environmental protection, ethics, and management systems. We conduct periodic inspections and audits, hold supplier conferences, and utilize real-time GPM systems to monitor supplier practices and promote sustainability.

MSI is committed to developing a sustainable supply chain by integrating sustainability into existing management processes. This includes assessing environmental, governance, and social risks, implementing management mechanisms, fostering continuous improvement, and promoting technological collaboration. For both current and new suppliers, we establish corresponding management measures and conduct periodic audits to ensure compliance, driving mutual growth and success.

MANAGEMENT GOAL	MANAGEMENT MEASURES	OUTCOME DURING THE REPORT PERIOD	FUTURE GOAL
Avoid the use of conflict minerals.	<ul style="list-style-type: none"> Carry out an investigation according to the due diligence structure of the Organization for Economic Cooperation and Development (OECD). The resource from the Responsible Minerals Assurance Process (RMAP) provided by the Responsible Minerals Initiative is adopted every year to help MSI's suppliers purchase raw materials that are not conflict minerals. 	None of the conflict minerals is used.	
MSI's CSR requirements for suppliers	<ul style="list-style-type: none"> Supplier survey evaluation Supplier promotion or training Critical supplier onsite inspection 	Completely comply with requirements	
Promote a Sustainable Supply Chain	<ul style="list-style-type: none"> General Suppliers: Attain ISO 9001/14001/45001 certification by 2024; conduct and verify a GHG inventory by 2025; secure RBA VAP certification by 2026. Key Suppliers: Attain ISO 50001 certification by 2024; beginning in 2025, set carbon reduction targets, implement hazardous substance reduction plans, establish waste reduction goals, and transition to renewable energy. 	In 2023, we surveyed over 300 key suppliers, focusing on transaction value and industry, to collect data on sustainability certifications, GHG emissions, and renewable energy use. In January 2024, we host MSI's first Sustainable Supplier Conference.	Continue to promote carbon reduction in the supply chain, reduce emissions in Scope 3 for MSI, and set the sustainable goal for the supply chain.
Management mechanism	<ul style="list-style-type: none"> Execute management and communication through the procurement department and GPM system. Set up the complaint reporting mechanism. Set the internal audit office as the reporting contact. 	No relevant negative issue occurred.	
Continuous improvement	If there's a concern that the supplier might violate corporate social responsibility requirements, the supplier is required to make improvements within a limited time period and accept occasional inspections.	No material weakness was discovered.	
Perception collaboration	<ul style="list-style-type: none"> Share training resources with suppliers. Perform onsite inspection and interaction and achieve a co-development relationship. 	Completed.	
Responsibility and accountability	<ul style="list-style-type: none"> Offer improvement advice to suppliers. Provide surveys to suppliers for them to examine their implementation and set the improvement goal. 	Completed.	

Refer to MSI Sustainability website for policy and code of conduct of supplier: <https://csr.msi.com/tw/supplier-policy>

Supplier Risk Identification

We evaluate the business environment, corporate quality, service level, cooperation compatibility and supply availability for critical suppliers and identify risk issues related to MSI. Evaluation is carried out through stakeholder negotiation, international organization initiative and customer requirement, and based on strategy, agreement fulfillment, market, performance and needs of supplier. Based on the risk identification procedure, including the category of the supplier's industry, location and substitutability, we set up the risk ranking of the supplier via the identification result of the risk evaluation item. High-risk suppliers will receive regular and occasional audits or examinations. We will continue to guide them, track their improvement progress, and reduce the management risk of suppliers.

◆ Identification requirement for MSI's critical suppliers:

- ✓ Percentage of amount from high purchase and sales
- ✓ Product exclusivity
- ✓ Ability to fulfill sustainable operation
- ✓ High technical threshold
- ✓ Category of high pollution process
- ✓ High labor intensity

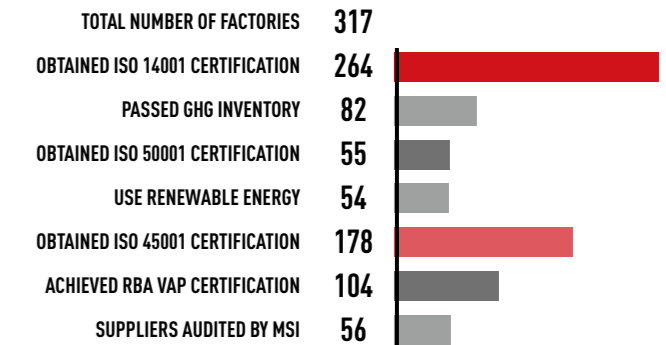
EVALUATION ASPECT	ECONOMY	ENVIRONMENT	SOCIETY
Sustainable risk	Compliance Ethics and integrity Product exclusiveness Quality, lead time and cost	Compliance Management system Climate change adaptation Waste management	Health safety Human rights management Conflict minerals Work hours of labor practice
Supplier category	<ul style="list-style-type: none"> Integrated Circuit Components (e.g., CPU, GPU, Memory, Chipset, etc.) Discrete Components I/O Components (e.g., Display Panels, Storage Devices, etc.) Mechanical Parts such as Heat Sinks, Liquid Cooling Systems, and Backplates Batteries Printed Circuit Boards (PCB) Power Supplies 		

◆ Management measures for high-risk critical suppliers:

MANAGEMENT MEASURES FOR HIGH RISK SUPPLIER	
Business continuity management	<ul style="list-style-type: none"> Integrate company needs. Require suppliers to set up the response procedure and plan for the natural or anthropogenic hazards incurred from product and service to ensure uninterrupted operation. Build a flexible multilateral supply chain to avoid exclusive supply channels threatening operation of overall supply. Implement flexible contract management. Negotiate flexible terms. Execute the contract in different sections. Reduce huge operating loss caused by market price fluctuation.
Sustainable environmental management	<ul style="list-style-type: none"> Suppliers are required to build the emergency reporting mechanism for natural disasters, to report the condition immediately and continue to update the recovery progress when a disaster occurs for MSI to keep track of recovery. Suppliers are required to prepare response measures, e.g. remote production and inventory increase, to reduce impact incurred from natural disaster, violation incidents and hazardous events. Adhere to environmental regulatory requirements. Provide product and services produced from clean production. Fulfill requirements for environmental management system.
Compliance with the code of conduct	<ul style="list-style-type: none"> Prohibit any conduct violating the code of practice, and establish the mechanism for confidentiality of the identity of the informant and respondent. Suppliers are required to formulate and fulfill the management standard by referring to international initiatives for labor and human rights (e.g. RBA, OECD Guidelines for Multinational Enterprises on Responsible Business Conduct). Their basic requirements must be the regulations of the location where their factory is located. Ensure business information confidentiality and storage. Suppliers are required to abide by business assets and intellectual property rights of both parties. In order to guarantee human rights and comply with regulation policies, suppliers shall fulfill their management responsibility and execute investigation, to make sure that raw materials and products are not from ore plants and smelters carrying out illegal mining.

Sustainable Suppliers Assessment

In 2023, we continued the previous year's supplier assessment to evaluate and track the performance of our key partners.



Between 2024 and 2026, MSI will integrate essential ESG requirements into our supplier criteria to drive progress in building a sustainable supply chain.

4.2 Responsible Minerals Management

MSI is committed to global regulatory compliance and upholding international human rights and corporate social responsibility. We continuously update our responsible mineral management practices each year. In 2023, MSI joined the Responsible Minerals Initiative (RMI) and supports RMI's and third-party audit programs for responsible mineral sourcing. We are dedicated to avoiding conflict minerals linked to armed conflict, illegal mining, poor working conditions, child labor, and human rights violations. MSI remains focused on responsible sourcing and management to prevent adverse practices in our supply chain.

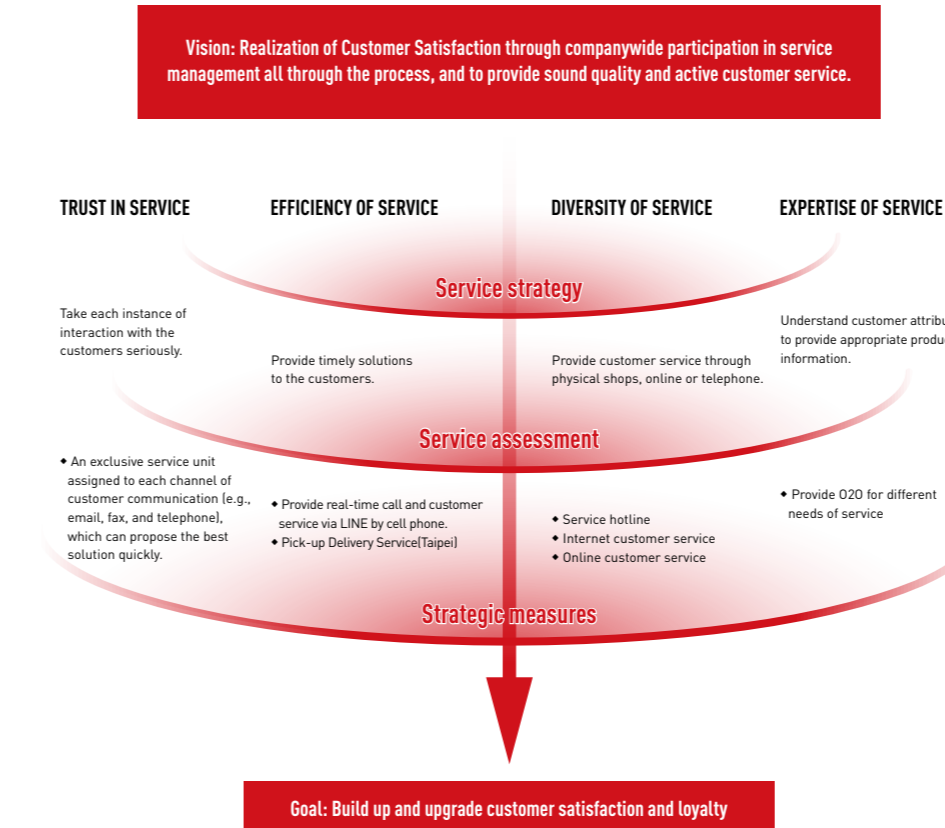
CONTROL ITEM	IMPLEMENTATION MEASURES	CONTROL GOAL	OUTCOME DURING THE REPORT PERIOD	FUTURE GOAL
Supplier Commitment Agreements	Procurement contracts and Supplier Code of Conduct with Responsible Mineral Procurement requirements	100% supplier commitment secured	100% Achieved	Future new suppliers will commit 100%
Management Documentation	Responsible Mineral Procurement Policy	Suppliers use certified smelters only	Completed	Ongoing monitoring and adjustments of management practices
	Conflict Minerals Management Guidelines	Management procedures in place	Completed	
Due Diligence and Audit Plans	Distribution of RMI CMRT and EMRT	100% conflict-free minerals ensured	100% Conflict-Free Minerals	100% avoidance of conflict minerals
	Annual Supplier Audits	Annual supplier spot audits	All suppliers are compliant and do not use conflict minerals.	Continuous audits to ensure supplier compliance with MSI's mineral requirements
Responsible Mineral Reporting and Disclosure	Annual Material Due Diligence	Annual report update in April	Information Provided	Annual reporting is provided every April
	Disclosure of Results on Official Website	The smelter list published on the MSI website in April	Disclosed on Website	
Non-compliant Suppliers	Suspension of Procurement for Suppliers using Conflict Minerals	100% conflict-free minerals ensured	Certified Smelters Used by All Suppliers	Suppliers maintain compliance
Training and Education	Supplier Conferences or RMI Online Training	Annual supplier conference and RMI training	One conference and ongoing online training sessions.	Continuous education and training to enhance supplier knowledge and close knowledge gaps

For additional information, please refer to the MSI Sustainability website (Responsible Mineral Policy and Responsible Mineral Report): <https://csr.msi.com/tw/Responsible-Minerals>

4.3 Customer Service and Privacy

4.3.1 Customer Service

Through feedback such as encouragement/complaint from customer service, and positive/negative opinions, we evaluate customer satisfaction based on product value, staff service, service environment, and overall performance to create a good service experience.



We focus on promoting customer engagement. Our services are highly connected to customers. By listening to customer needs, improving the process, and offering real-time response, we build a robust, lasting customer relationship, and increase customer loyalty. This helps drive customer engagement, reduce service costs and increase company profits.

Product After-Sales Service

MSI has over 6,500 service distribution locations in over 120 countries, offering convenient local product sales and after-sales service support to consumers. Our service locations offer excellent services such as

exchange, testing, technical counseling, accessory purchase, and free laptop health check-ups. Besides visiting local repair centers, global customers can search for information on technical problems, track repair progress, report repairs online, and fill out customer satisfaction surveys through the online repair information system.

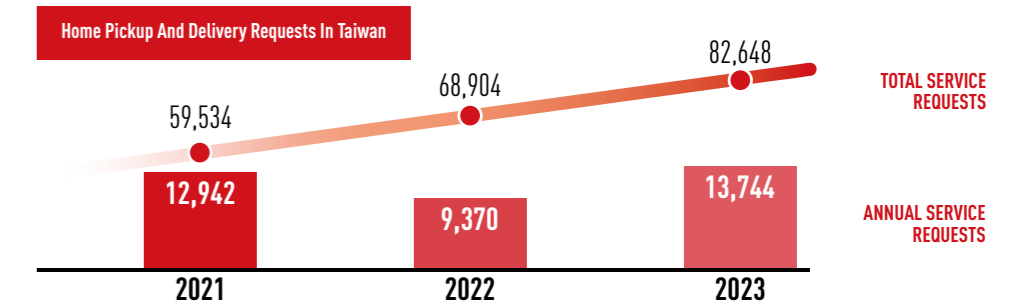
After-sales channel:

- ✓ Customer service hotline: +886-800018880
- ✓ MSI forum
- ✓ MSI member
- ✓ Online customer service system
- ✓ Service distribution location
- ✓ Real-time online customer service

Pick-Up Service in Taiwan

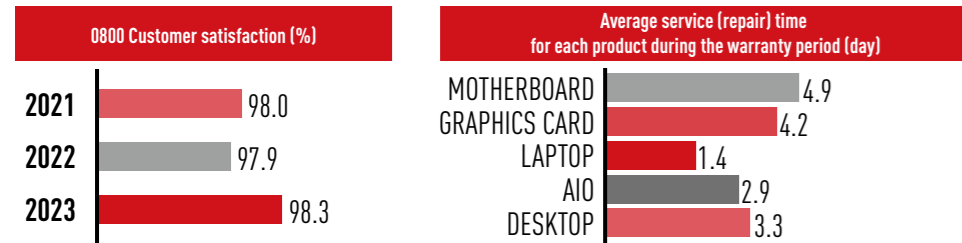
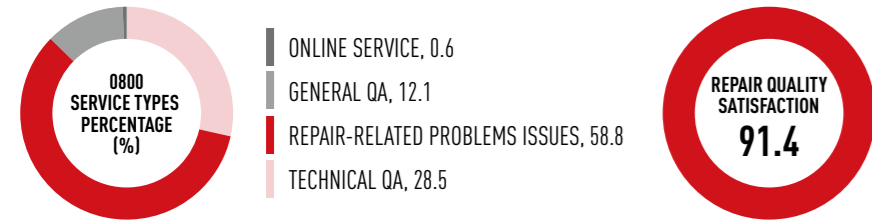
In Taiwan, we offer a home pick-up and delivery service for select products, allowing consumers to send items for repair without leaving their homes. After repair, we proactively update customers on the status, including completion notifications and follow-up calls to ensure satisfaction and address any issues. We also gather feedback to improve service quality. Since 2015, we have assisted 82,648 customers.

Our after-sales support includes both online and in-store services tailored to sales regions and product categories. We conduct customer satisfaction surveys after each service and adjust them based on market trends. Any dissatisfaction is addressed through prompt follow-up, with feedback shared with relevant departments for continuous improvement. Survey results also help guide new product development.



Performance of Online Customer Service

Online customer service calls are mostly about guarantee and repair. An MSI customer specialist checks the serial number of the machine and the location of the customer, and offers information orally or through messages. Besides this, we ask the customer whether he is satisfied with the customer service and continues to increase service efficiency. Relevant performance in 2023 is as follows:



To improve customer service, we have extended our operating hours in North America. On weekdays, excluding holidays, our hours are now from 07:00 to 24:00. We also provide remote software troubleshooting for laptop issues, aiming to deliver an exceptional after-sales experience. (*Actual hours may vary by region and product; please check the local official website for details.)

Computer Health Check-Up Service in Spring and Summer

Each March, MSI conducts a Computer Health Check, offering customers free diagnostics for laptops, desktops, and AIO systems at MSI service centers. Participants receive a complimentary gift and enjoy fan cleaning, thermal module maintenance, and basic functionality testing, with a 10% discount on repairs and 25% off additional parts. On-site pickup and delivery services are available for AIO and desktop computers, including in remote areas.

In August 2023, the Summer Health Check provides similar benefits, plus exclusive gifts like a "wool felt desk mat" and a chance to win a curved 4K gaming monitor. These events ensure customers can confidently use their MSI products year-round.



4.3.2 Customer Privacy Protection

Protecting customer information privacy is our basic service principle. We abide by the Personal Data Protection Act and relevant regulations for the protection, collection, and confidentiality of personal information and privacy. Based on the rules for personal privacy protection, we use personal information limitedly and handle personal information agreed by the customer legally, and further make sure that customers can use products and services provided by MSI at ease. Please refer to MSI's privacy policy <https://www.msi.com/page/privacy-policy> to find out how we collect, use, and handle personal information details. Customer rights were not impaired due to customer privacy violations or personal information leakage during the reporting period. We will aim to protect customer privacy based on high standards.

Customer Privacy

To ensure the storage of customer confidential information, MSI checks the information below before offering product repair or service:

- ✓ Computer data backup (including but not limited to account, password, photo or music file)
- ✓ Remind of the risk of data loss.
- ✓ Privacy policy, terms of service, and matters to be observed
- ✓ The customer decides whether to use MSI's product and service.

Personal Data Management Mechanism

CATEGORY	MANAGEMENT POLICY
Organization management	<ul style="list-style-type: none"> ◆ The personal data protection team has been set up to promote personal data protection and operation execution. ◆ A data protection officer is available for operation of information and communication security of the Company. ◆ The Head Office continues to pass the ISO 27001 information security management system certification to promote information security management of company operation.
Policy management	<ul style="list-style-type: none"> ◆ Formulate, issue and enforce personal information protection policies and specifications. Announce them on the company website. Examine and amend the policies and specifications based on compliance and discovered risk topics every year. ◆ To adapt to the Personal Data Protection Act, we provide consumers with protection functions, such as the rights to look up and browse their personal information, request to terminate marketing information, and delete their personal information.
Procedure management	<ul style="list-style-type: none"> ◆ Formulate the internal/external privacy, cookie, data storage/safety policy. ◆ Internal data processing procedure. ◆ Data transfer protocol and record. ◆ Data leakage incident evaluation and reporting procedure. ◆ Procedure for the owner of personal information to exercise rights.
Personnel management	<ul style="list-style-type: none"> ◆ Basic information of customers is listed as confidential documents. All personal information is stored in a planned, exclusive location and cannot be accessed by employees voluntarily. ◆ All employees received education training in personal data protection. ◆ The trustee entrusted with the operation must sign relevant NDA.





4.4 Product Disposal and Recycling

We put ecological design into consideration at the beginning of product R&D and design, and aim to mitigate environmental impact during stages of product lifecycle. We comply with the 3R rules, Reduce, Recycle and Reuse, to ensure that all products comply with four missions, "Low toxicity," "Product life extension," "Energy saving" and "Easily recyclable." MSI's instruction for electrical and electronic waste in different regions is shown below:

EU:

We join the recycling system or the plan for waste product recycling according to the EU WEEE Directive and local EU laws. Products sold in EU regions must join the local recycling system. A label of the WEEE recycle bin must be attached to the product to make sure that the product meet relevant specifications of EU WEEE Directive.

Users in EU regions must scrap MSI's electrical and electronic products. They must hand the products to local qualified recycling companies for disposal. The products must not be disposed of along with general domestic waste. Users must make sure that waste products are disposed of properly.

Refer to MSI Sustainability website for qualified disposal companies in all EU regions: https://csr.msi.com/global/pevn_ewaste

Taiwan:

Recycling of waste information products in Taiwan is organized by the Environmental Protection Administration. MSI pays for recycling, cleaning and disposal fee rates depending on the type of imported commodities every year. The Environmental Protection Administration will use this fee for recycling, distributing subsidies for disposal, auditing and certification of disposal quantity, management of recycling company, and administrative management.

Other regions:

For MSI products recycling in other regions, please ask MSI's service locations in each region. As for service location information, please refer to the web link for contact:

<https://www.msi.com/page/service-location-new>



CH5. TALENT ATTRACTION AND DEVELOPMENT

5.1 Attraction and Retention

MSI has consistently promoted a "people-centered" corporate culture, emphasizing unity, teamwork, and a collective mindset. By viewing employees as family and fostering strong connections, MSI upholds the "One MSI" philosophy, driving all members to move forward together in a unified direction.

5.1.1 Employee Overview

Total number (or percentage) of Permanent Employees During the Report Period

REGION/FACTORY	TAIWAN				CHINA			
	MSIT		MSIT1		MSIS		MSIK	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Full-time employee	1628	986	218	182	56.2%	31.0%	45.8%	30.7%
Part-time employee	30	8	0	0	-	-	-	0.1%
Non-guaranteed hours employee ¹	0	0	0	0	8.8%	2.5%	-	-
Temporary worker ²	0	0	3	0	1.0%	0.5%	17.2%	6.2%
Total	1,658	994	221	182	N/A	N/A	N/A	N/A
Total for factories	2,652		403		100%		100%	
Total for regions	3,055				N/A			

1: Non-guaranteed hours employee refers to intern and short-term worker.

2: Temporary workers include contract workers.

Description: The number of employees in China is not provided due to NDA in customer contracts. It is indicated by the percentage of the employees in "the factory." Employee numbers remained stable compared to the previous reporting period.

Total number of Non-employee Workers During the Report Period

TYPE/NUMBER OF PEOPLE/REGION	MSIT	MSIT1	MSIS	MSIK
Temp security guard	19	6	0	0
Temp cleaning worker	11	4	50	42
Temp kitchen worker	16	0	37	46
Contract/sub-contract onsite staff	27	3	342	21
Contractor/Construction worker	330	198	1,360	0
Volunteer	0	0	0	0
Subtotal	403	211	1,789	109
Total	2,512			

Age and Gender Distribution of Permanent Employees During the Report Period

REGION/FACTORY	TAIWAN				CHINA			
	MSIT		MSIT1		MSIS		MSIK	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
AGE DISTRIBUTION								
30 years old and below	10.6%	8.0%	14.9%	6.5%	34.3%	14.2%	42.4%	19.5%
31 to 50 years old	44.2%	26.5%	38.7%	36.2%	30.9%	19.6%	19.5%	17.5%
51 years old and above	7.8%	3.0%	1.2%	2.5%	0.8%	0.2%	1.1%	0.0%
Subtotal	62.5%	37.5%	54.8%	45.2%	66.0%	34.0%	62.9%	37.1%
Total	100%		100%		100%		100%	

Position and Gender Distribution of Permanent Employee During the Report Period

REGION/FACTORY	TAIWAN				CHINA			
	MSIT		MSIT1		MSIS		MSIK	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
AGE DISTRIBUTION								
Senior executive	1.8%	0.3%	-	-	0.2%	0.01%	0.4%	0.01%
General executive	13.3%	4.9%	5.2%	1.5%	11.4%	5.3%	8.8%	4.4%
General employee	47.4%	32.3%	49.6%	43.7%	54.5%	28.7%	53.6%	32.6%
Subtotal	62.5%	37.5%	54.8%	45.2%	66.0%	34.0%	62.9%	37.1%
Total	100%		100%		100%		100%	

Note:

1. Senior executive refers to associate vice president and above. General executive refers to the executives from foreman and section chief to senior manager. General employee refers to official employees who are not managers (including any staff under performance appraisal, with full pay and work full time).

2. There is no senior executive in MSIT1.

Number of Local-Hired Senior Executives During the Report Period

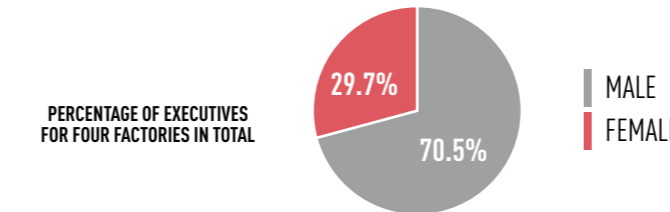
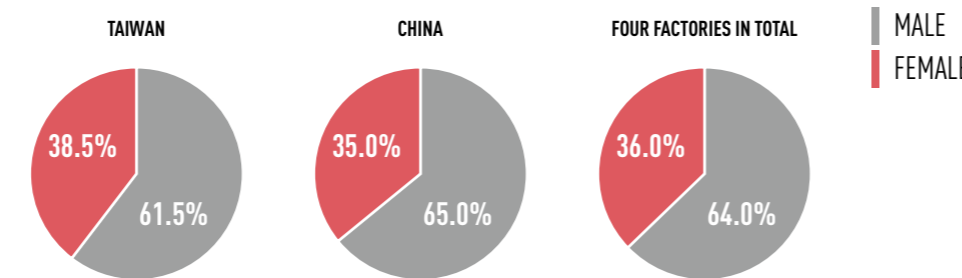
LOCATION	TAIWAN		CHINA	
	MSIT	MSIT1	MSIS	MSIK
MAJOR BUSINESS LOCATIONS				
Percentage of local-hired senior executives	100%		0%	23%

Description:

1. Definition of senior executive: Associate vice president and above.

2. Important business locations: About 90% of the employees are in major business locations in Taiwan and China. About 10% of the employees are in subsidiaries in other regions. Therefore, the number is subject to the scope disclosed in the report.

Gender Distribution of Permanent Employee During the Report Period – Disclosed by Region



Diverse Employment During the Report Period

TYPE/FACTORY/GENDER	MSIT		MSIT1		MSIS		MSIK	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Percentage of disadvantaged employee	0.46%	0.27%	0.43%	-	-	-	6.75%	3.39%
Percentage of foreign worker	0.46%	0.31%	3.03%	3.90%	-	-	1.31%	0.20%

Description:

1. No disadvantaged employee or foreign worker is hired at MSIS.

2. Disadvantaged groups include people with physical and mental disabilities and ethnic minorities.

Zero Tolerance for Child Labor

MSI holds fast to the corporate spirit of good operation, is subject to international human rights initiatives and specifications, and strictly abides by relevant regulations in local labor laws in Taiwan and China. MSI keeps track of the risk of child labor at business locations through a transparent recruitment system. It is prohibited to hire children under 15 or require children under 18 to perform heavy or dangerous work. Meanwhile, MSI actively creates a sustainable supply chain with suppliers through a business ethics initiative. In addition, if the employee provides a fake certification and the employer hires child labor by mistake, MSI will execute further handling measures according to the regulatory requirements or management guidelines formulated where the factory is located. (Refer to the table below.)

ITEM/FACTORY	MSIT AND MSIT1	MSIS	MSIK
Child labor relief measures	Labor Standards Act	Child labor relief and underage worker management procedure	Child labor relief and underage worker management procedure

5.1.2 New Hired and Resigned Employee

We emphasize the spirit of "One MSI," and endeavor to increase employee recognition and implementation of core values. In the meantime, we plan for a remuneration and welfare system that meets employee's needs. By optimizing human resources, and creating an environment of transparent communication, employees can reach their potential freely. Both ourselves and our employees can forge ahead to the same goal and create a win-win growth value. Meanwhile, we build an open, fair, and equal workplace. New employees can adapt to the environment and become proficient in work quickly. Employees and executives of the human resource department communicate and visit new employees occasionally to prevent them from resigning because they cannot adapt to the workplace.

Percentage and Distribution of New Employees by Age and Gender During the Report Period

AGE DISTRIBUTION	MSIT		MSIT1		MSIS		MSIK	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Number of employees	175	95	52	19	Employee numbers are withheld due to a customer contract's non-disclosure clause.			

Percentage of new employees in the factory								
30 years old and below	4.2%	2.8%	5.5%	1.5%	129.6%	33.0%	99.8%	48.1%
31 to 50 years old	2.2%	0.8%	7.2%	3.2%	50.8%	13.0%	11.9%	10.1%
51 years old and above	0.2%	0.1%	0.2%	-	0.1%	-	-	-

Distribution of new employees out of total number of new employees in the factory								
30 years old and below	41.5%	27.0%	31.0%	8.5%	57.2%	14.6%	58.8%	28.3%
31 to 50 years old	21.5%	7.4%	40.8%	18.3%	22.4%	5.7%	7.0%	5.9%
51 years old and above	1.9%	0.7%	1.4%	-	<0.1%	-	-	-

Note:
 1. "-" refers to no new employee in this age group during the reporting period.
 2. New Hire Rate = Total Number of New Hires / Total Number of Employees at Year-End
 3. The percentage of new employee is higher at MSIS and MSIK is primarily because frontline operators resigned and new employees must be appointed to the production unit accordingly.

Percentage of new employees regardless of age during the report period

AGE DISTRIBUTION	MSIT		MSIT1		MSIS		MSIK	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
By gender	6.6%	3.6%	12.9%	4.7%	180.6%	46.0%	111.7%	58.2%
By factory	10.18%		17.62%		226.55%		169.87%	
By region	11.16%				202.09%			

Note: New Hire Rate = Total Number of New Hires / Total Employees at the Facility

Percentage and distribution of resigned employee by age and gender during the report period

AGE DISTRIBUTION	MSIT		MSIT1		MSIS		MSIK	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Number of resigned employees	111	88	76	51	Employee numbers are withheld due to a customer contract's non-disclosure clause.			

Percentage of resigned employees in the factory								
30 years old and below	2.8%	1.7%	4.7%	3.7%	141.7%	37.2%	98.9%	50.4%
31 to 50 years old	1.2%	1.4%	13.9%	8.9%	43.9%	11.5%	11.3%	9.0%
51 years old and above	0.2%	0.2%	0.2%	-	0.1%	0.1%	0.04%	0.04%

Distribution of resigned employees out of total number of new employees in the factory								
30 years old and below	36.7%	23.1%	15.0%	11.8%	60.42%	15.86%	58.3%	29.7%
31 to 50 years old	16.6%	18.1%	44.1%	28.3%	18.71%	4.92%	6.6%	5.3%
51 years old and above	2.5%	3.0%	0.8%	-	0.04%	0.04%	0.02%	0.02%

Note:
 1. "-" refers to no resigned employee in this age group during the reporting period.
 2. The resignation rate is higher for MSIT1, MSIS, and MSIK is primarily because frontline operators resigned due to labor shortages in the local environment, industry competitiveness, and job content. The management unit of the factory continues to pay attention to the resignation rate and makes sure that it has no significant impact on production and operation at MSI.

Percentage of resigned employees regardless of age during the report period

AGE DISTRIBUTION	MSIT		MSIT1		MSIS		MSIK	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
By gender	4.2%	3.3%	18.9%	12.7%	185.6%	48.8%	110.2%	59.4%
By factory	7.50%		31.60%		234.47%		169.59%	
By region	10.67%				206.47%			

Note: Resignation rate = Total Number of Departures / Total Number of Employees at Year-End

Care for resigned employee

When an employee resigns, the HR department conducts interviews and surveys to identify the underlying reasons for the departure. If the employee is open to it, they may be offered other internal positions to help improve retention rates. In 2023, 256 exit interviews were conducted across Taiwan, leading to a decline in the overall turnover rate across various facilities and age groups. MSI remains proactive in reviewing and discussing salary, job responsibilities, and interview criteria with managers to minimize the impact of future recruitment. Additionally, during the hiring process, detailed explanations of job responsibilities and work environments are provided to candidates to reduce potential mismatches and ensure smoother transitions into their roles.

5.1.3 Parental and Paternity Leave

MSI offers parental leave, maternity leave and paternity leave based on the regulations of the location where the factory is located for employees to balance work and family. A complete employee resumption system is planned, including arrangements for leave without pay, and support for career path. Maternity pension and welfare measures are provided for employees to feel care and warmth from the Company.

A list of Parental Leave Without Pay During the Report Period (Taiwan)

DESCRIPTION	MSIT		MSIT1	
	MALE	FEMALE	MALE	FEMALE
The number of employees qualified for parental leave (without pay) in 2023 ^{note1}	42	20	11	2
The actual number of employees applying for parental leave (without pay) in 2023	1	9	1	3
The number of employees expecting to resume the work in 2023 (A)	2	8	1	3
The number of actual employees returning to work in 2023 (B)	1	4	0	3
The number of employees on active duty for a year after returning from parental leave (without pay) in 2022 (C)	1	12	1	1
The number of actual employees returning to work in 2022 (D)	2	14	1	2
Percentage of employees returning from parental leave (without pay) (B/A)%	50.00%	50.00%	0.00%	100.00%
Percentage of employees retained after returning from parental leave (without pay) (C/D)%	50.00%	85.71%	100.00%	50.00%

Note:
 1. Refers to the number of employees applying for parental, maternity and paternity leave. An employee applying for more than one type of leave is not counted repetitively.
 2. Resumption Rate = Number of Employees Returning from Parental Leave in 2023 / Total Employees Expected to Return in 2023.
 3. Retention Rate = Number of Employees Still Employed 12 Months After Returning from Parental Leave / Total Number of Employees Who Returned from Parental Leave in 2022.

A List of Maternity and Paternity Leave Without Pay During the Report Period (China)

DESCRIPTION	MSIS		MSIK	
	MALE	FEMALE	MALE	FEMALE
Number of employees qualified for maternity and paternity leave in 2023 ^{note1}	31	52	20	37
Number of actual employees applying for maternity and paternity leave in 2023	31	52	20	37
The number of employees expecting to resume the work in 2023 (A)	31	35	20	24
The number of actual employees returning to work in 2023 (B)	31	32	20	24
The number of employees on active duty for a year after returning from maternity and paternity leave in 2022 (C)	31	26	20	21
The number of actual employees returning to work in 2022 (D)	38	56	22	25
Percentage of employees returning from maternity and paternity leave (B/A)%	100.00%	91.43%	100.00%	100.00%
Percentage of employees retained after taking maternity and paternity leave (C/D)%	81.58%	46.43%	90.91%	84.00%

Note:
 1. Number of employees applying for maternity and paternity leave.
 2. Returning Rate = Number of Employees Returning from Maternity (Paternity) Leave in 2023 / Total Number Expected to Resume in 2023.
 3. Retention Rate = Number of Employees Still Employed 12 Months After Returning from Maternity (Paternity) Leave / Total Number Who Returned in 2022.
 4. Please note that in China, longer statutory maternity leave often means reinstatements may extend beyond the reporting year, causing a significant discrepancy between applicants and returns within the year.

5.1.4 Remuneration and Welfare

MSI offers a complete remuneration system and combines it with numerous welfare superior to those specified in regulations. Besides satisfying worker’s work and life needs, this actively facilitates corporate operation and development. We check the salary level and fairness in the market every year and offer competitive remuneration to employees, to ensure that internal excellent employees are retained and external talents are attracted effectively.

The Mean and Median Salary of Full-Time Non-Managerial Employees in Taiwan During the Report Period

ITEM/FACTORY/YEAR	MSIT & MSIT1
Number of general employees (A)	2,873
The difference between the number of general employees in the current and previous report period	-89
The total amount of full-time pay during the reporting period (thousand TWD) (B)	4,006,725
Growth of total full-time pay compared to the previous report period (%)	-21%
Mean salary during the reporting period (thousand TWD) (C=B/A)	1,395
The difference between the mean salary of the current and previous report period (thousand TWD)	-317
Median salary during the report period (thousand TWD)	1,213
The difference between the median salary of the current and previous report period (thousand TWD)	-265

Note:
 1. Annual salary: Including annual minimum wage and annual bonus.
 2. General employee: General employee refers to the executives from foreman and section chief to senior manager. General employee refers to official employees who are not managers (including any staff under performance appraisal, with full pay and work full time).

Ratio of Standard Entry-Level Wage Compared to Local Minimum Wage During the Report Period

We determine the remuneration standard and reward system depending on the employee’s education and experience, professional knowledge, seniority and personal performance through regular performance appraisal. The starting salary of all new full-time employees of all factories is higher than the local minimum wage. It is not varied by human rights requirements, such as gender, marital status, religion or political stance. Besides this, we adjust the salary and offer a salary higher than the market level by regularly examining compensation level and taking marketing competitiveness into consideration.

As for non-employee workers (e.g. contractors), MSI requires the employer of contractors to meet regulations when signing the contract based on ethics and the code of conduct. Non-employee workers must not violate regulations or MSI contractor guidelines.

ITEM/FACTORY/GENDER	MSIT/TAOYUAN		MSIS		MSIK	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Ratio of standard entry-level wage compared to local minimum wage	1.00	1.00	1.02	1.02	1.14	1.14

Note: The scope of disclosure for the basic staff in this table includes permanent employees.

List of MSI Employee Welfares

MSI’s welfare is allocated regularly from revenue and employee salary. It is used for annual large events, year-end parties, arts and culture seminars, cash gifts/gifts for New Year, Dragon Boat & Mid-Autumn Festival, club allowances, travel subsidies, employee birthday cash gifts, employee emergency assistance, maternity pension, marriage allowance, department gathering, cross-departmental matchmaking event allowance, and employee recreational facility. All kinds of financial information is posted on the internal website transparently, openly, and for employees to understand the purpose of welfare. Refer to the Company’s shareholders’ meeting annual report (page 157) for welfare expenses at MSI.

WELFARE ITEM/FACTORY	MSIT	MSIT1	MSIS	MSIK
Bonus	√	√	√	√
Employee insurance(including life, accident and medical insurance)	√	√	-	-
Social insurance(including pension, medical treatment, unemployment, work injury, maternity)	-	-	√	√
Housing provident fund	-	-	√	√
Priority Parking for Pregnant Women	√	√		
Parental leave	√	√	√	√
Maternity and paternity leave	√	√	√	√
Family care leave	√	√	-	-
Pension	√	√	-	-
Club activity	√	√	√	√
On-job-training	√	√	√	√
Gift for New Year, Dragon Boat & Mid-Autumn Festival	√	√	√	√
Massage service	√	√	-	-

Welfare Subsidy

MSI established the Employee Welfare Committee, and offered an excellent, complete welfare system to take care of employee’s life, and facilitated mental and physical health and welfare.

WELFARE SUBSIDY ITEM	
◆ Personal welfare item: Festival bonus, birthday bonus, travel subsidy, maternity pension, marriage allowance, funeral allowance, etc.	
◆ Group welfare item: Club allowance, department gathering, cross-departmental matchmaking event allowance, etc.	
◆ Free employee health check-up	
◆ Full subsidy for external vocational training	

Flexible Work Hours

MSI organized a friendly system, arranged work time, and offered the number of days of leave higher than the one specified in the regulations, expecting each employee to achieve work and family balance.

- ✓ Flexible work hour system for non-factory operation
- ✓ Offer full-pay leave with three days of flexible leave
- ✓ Employees may get off work a half hour earlier by working 7.5 hours on Friday. On the workday before a three-day weekend or longer, employees may get off work one hour earlier by working 7.5 hours.

Pension Appropriation

FACTORY IN TAIWAN	The Labor Pension Act implemented on July 1, 2005 is applicable to seniority of all full-time employees, and the further seniority of the employees decided that they will continue to choose the seniority rules in the Labor Standards Act. The pension is deposited to the special account in Taiwan Bank by the Supervisory Committee of Business Entities’ Labor Retirement Reserve.
FACTORY IN CHINA	Pension insurance payment is appropriated according to a certain percentage of gross salary of local employee monthly based on the pension insurance system as required by law. The pension of each employee is managed, organized and arranged by the government.



5.2 Cultivation and Development

MSI is deeply committed to a holistic talent development strategy that spans the selection, employment, education, appraisal, and retention of talent, with a well-established management assessment system in place. We have consistently invested in developing our workforce by offering a range of opportunities for learning and growth, including internal and external training, international assignments, seminars, lectures, and the “MSI University” e-learning platform, all aimed at enhancing both technical and managerial skills. The company fully supports these educational endeavors by covering the related costs.

Talent development is a cornerstone of MSI’s sustainable growth and innovative evolution. We provide tailored career development plans that encourage continuous learning, skill diversification, and creative thinking. This strategy not only fosters organizational learning and knowledge transformation but also enhances employee performance, optimizes organizational structure, and propels MSI’s ongoing progress.

MSI has implemented a unified Human Resources system and individual development plans across its global operations, including the Taiwan headquarters and regions in Europe, the Americas, China, and the Asia-Pacific. We promote a consistent performance management model within our six major business groups, fostering an open, diverse, and fair workplace that supports talent retention and development. Amid rapid industry changes, senior employees are also encouraged to expand their expertise into new fields, enabling smooth professional transitions.

5.2.1 Training and Development Career Development Planning

WORKPLACE POTENTIAL DEVELOPMENT	On-job-training, language training, general education, professional training	New employee general education: The online general course at “MSI University” started immediately right after onboarding, for employees to take courses on company culture and management to understand relevant human rights, intellectual property rights, information security, and occupational safety and health management. This helps implement labor quickly.
		Professional training: Basic professional training is executed based on the position, including the operation of an online system, quality management, and specific operating training of professional position classification.
		On-job-training: Employees may raise the request for external training depending on their needs, and take external professional courses to improve their own skills.
PROFESSIONAL FUNCTION CULTIVATION	Leadership Institute, Sales Marketing Institute, R&D Institute, Technical Institute	MSI University was founded in 2009, including four institutes, Leadership Institute, R&D Institute, Technical Institute, and Sales Marketing Institute. The training is integrated with the overall company strategy. Critical training, professional categorization, and differential talent management are executed by using limited resources, to build different professional functions.
LAYERED TRAINING MANAGEMENT	Corporate culture, experience inheritance, core value	Corporate identity training for deepening corporate culture and building the core value is executed for managerial staff in the growth period. These staff engage in experience inheritance learning depending on the position and academic aptitude, to learn further in company operating management.
LEADERSHIP ABILITY TRAINING	Operating management, leadership, market analysis, strategy management	Critical operating and managerial talents engage in decision-making training, including market analysis, leadership, strategic management and operating management through internal and external course and feedback. The Leadership Institute exclusive to managerial employees has been established to shape the company culture and enhance management function, in order to create a good operating team, and ensure good corporate governance.

MSIU – MSI University

The four academies focus on management, R&D, technology, and business, offering specialized training aligned with different job roles and functions. Vertical training is tailored to specific positions and responsibilities, while horizontal support is provided based on departmental needs or career development goals. Additionally, business units and departments can request customized internal training from HR, resulting in ad-hoc courses that help employees reinforce and update their skills. Courses may also be supplemented with additional, specific topics as needed. Here is an overview of each academy’s offerings:

- ◆ Leadership Institute: Focuses on industry trends, management skills, business goal setting, and budget management. In 2023, 38 courses were conducted, with 2,419 participants.
- ◆ Sales Marketing Institute: Covers presentation techniques, competitive business ecosystems, and more, with 974 participants in 2023.
- ◆ R&D Institute: Centers on new technology sharing and workshops for critical thinking and problem-solving, with 510 participants in 2023.
- ◆ Technical Institute: Includes courses on innovative services, sales communication, stress management, and emotional management. In 2023, 8,361 participants attended these sessions.

MSI Salon

MSI occasionally invites experts or famous people in the industry to work with MSI’s executives to guide employees to study. They share general business knowledge, communication method, thinking mode, digital transformation, marketing, industry dynamics and metaverse through online book club. The discussion topics are not limited. The perspective and sharing from experts and executives are included in the book review. Employees in any function and position may learn the essence of good books, broaden their horizons, and strengthen soft and hard skills online.

MSI Salon in 2022, drawing 220 employees. It is recognized by most of the employees.

Leadership ability training

Courses of three topics are held for executives on different levels to build critical talents in operating management for the Company. The topics are “Industry trend and company direction,” “Management skill and essential knowledge” and “Emotion management and communication skill.” They help executives understand the key core of downward communication and upward management. To help junior executives change roles, we particularly help them transform and upgrade their way of thinking. While leading the team to achieve the goal, junior executives will possess observation, listening, guidance, and motivation skills, to create more great talents, build a team with better collaboration, and express the spirit of “ONE MSI” for the Company.

INDUSTRY TREND AND COMPANY DIRECTION	Political and economic incidents and pandemics around the world pose a great impact on the economy, and supply and demand of industry. An executive must understand global market change, how the Company responds to the impact and makes development and the role the Company expects him to play in an ever-changing, competitive business environment.
MANAGEMENT SKILLS AND ESSENTIAL KNOWLEDGE	<ul style="list-style-type: none"> ◆ Management responsibility and skill ◆ Selection and interview skill ◆ Talk about finding the right person, doing the right thing, and doing things right from the CPAS test tool. ◆ Labor regulation practice ◆ Organize effective performance of OKR and KPI ◆ Work guidance and subordinate training ◆ Coaching-based organization workshop ◆ Highly efficient successful workplace habit workshop ◆ Financial statement and cost control, and utilize financial data to increase business performance
EMOTION MANAGEMENT AND COMMUNICATION SKILLS	<ul style="list-style-type: none"> ◆ Stress relief and emotion management ◆ Employee care and guidance skill ◆ Listening and asking – Coach-based guidance



The Average Number of Training Hours Divided by Gender and Position During the Report Period

POSITION/FACTORY/GENDER	MSIT		MSIT1		MSIS		MSIK	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Senior executive	18.10	31.80	-	-	56.60	0	27.00	73
General executive	17.54	19.69	21.05	34.50	26.36	35.87	30.97	41.48
General employee	14.74	13.82	9.12	8.27	9.21	12.05	17.69	19.40

- Note:
1. Senior executive refers to associate vice president and above. General executive refers to the executives from the foreman and section chief to the senior manager. General employee refers to official employees who are not managers (including any staff under performance appraisal, with full pay and work full time).
 2. The MSIT1 office has no senior management roles, and there are no training records for female senior executives at MSIS and MSIK.
 3. This table excludes training hours for mandatory human rights education.
 4. Zero training hours are due to new employees who have been with the company for less than three months.

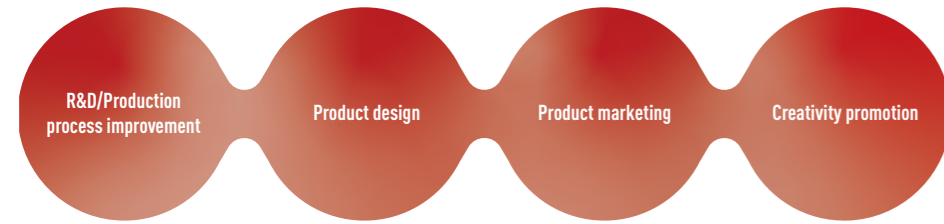
Human Rights Training Information of Employees During the Report Period

ITEM/FACTORY	MSIT	MSIT1	MSIS	MSIK
Percentage of employees receiving education on anti-discrimination, ethics (including anti-corruption), employee rights (including human rights) promotion, forced labor and sexual harassment promotion during the reporting period	100%	100%	100%	100%
Management level	100%	100%	100%	100%
General employee	100%	100%	100%	100%
New employee	100%	100%	100%	100%

- Note:
1. Please refer to the 2023 MSI Annual Shareholders’ Meeting Report for advanced studies and training regarding courses on corporate governance for board members and senior managers.
 2. We promote the human rights concept to full-time employees by sending emails occasionally and posting the concept on the internal website. All new employees must complete the relevant education training.
 3. Factories in China recruited contract workers from the labor service company. These workers must also receive human rights training.
 4. Management level: From foreman and section chief to vice president General employee: General employee refers to official employees who are not managers (including any staff under performance appraisal, with full pay and work full time).

5.2.2 R&D and Innovation

In a rapidly changing technological industry, it is very important to keep going. MSI encourages employees to come up with creative designs, ideas, courses or any helpful opinion, and holds the "R&D innovation motivation activity" every half year. This incentive event is divided into four types, "R&D/Production process improvement," "Product design," "Product marketing" and "Innovation promotion." The bonus is from NT\$5,000 to 40,000, depending on the type. After employees bring up proposals, executives of relevant units are invited for evaluation. A bonus will be awarded for selected proposals. A reward will be granted if the design idea has been adopted by the new product to encourage employees to be devoted to creative ideas. The outcome of the R&D innovative motivation event in 2022 is shown below:



- BEST KNOWLEDGE DOCUMENT CONTRIBUTION
- BEST KNOWLEDGE DOCUMENT APPLICATION
- BEST PRODUCT INNOVATIVE CONTRIBUTION
- BEST PRODUCT INNOVATIVE APPLICATION
- CREATIVITY PROMOTION COURSE

Total number of proposals of the year: **191 proposals**
 Number of proposals awarded: **78 proposals**
 Total prize: **TWD 541,000**

5.2.3 Performance Appraisal

MSI executes a performance appraisal of employee management every year and carries out core function appraisal based on the organization goal specified by each unit. MSI checks the work goal achievement and performance outcome of the employee, and use them as the reference for promotion, bonus and remuneration, and education training. Each employee is evaluated by at least two executives, including an immediate supervisor interview mechanism, to improve work performance and facilitate labor-management communication accordingly.

Percentage of Distribution of Performance Appraisal by Gender During the Report Period

POSITION/FACTORY/ GENDER	MSIT		MSIT1		MSIS		MSIK	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Senior executive	100%	100%	-	-	100%	0%	36%	100%
General executive	97%	100%	84%	100%	21%	34%	88%	99%
General employee	83%	86%	79%	78%	90%	95%	61%	77%

Note:
 1. The number is based on the number of employees receiving the year-end KPI appraisal (including resigned staff. The Taiwanese managers in the factory are excluded from MSI).
 2. Senior executive refers to associate vice president and above. General executive refers to the executives from the foreman and section chief to senior manager. General employee refers to official employees who are not managers (including any staff under performance appraisal, with full pay and work full time).
 3. There is no senior executive in MSIT1. There is no female senior executive in MSIS. MSIS female senior executives have not completed year-end KPI evaluations.
 4. Not all employees received performance appraisals because some employees were on leave without pay, new employees that have been on board for less than 3 months, or on personal or sick leave for over 30 workdays. The 0% figure for MSIS female senior executives is due to new hires with less than three months' tenure.



5.3 Communication and Care

A harmonious labor-management relationship is a foundation for continuous stable development for the Company. To hear true opinions from employees, MSI established a diverse channel, and an open, transparent platform for effective, boundary-less communication between the Company and employees. Meanwhile, the Company absolutely keeps employee's personal information confidential for all employees to express opinions bravely, and actively maintain and facilitate employee relationship.

5.3.1 Communication channel and employee interaction

An internal website platform is available at MSI for employees to receive important notice from the Company and all kinds of welfare information from the Welfare Committee immediately, to enhance the rights and well-being of employees. The internal website integrates numerous internal management service systems for employees to enjoy all kinds of care. Besides this, the Company sends important news, MSI IT Daily News, to employees by Outlook every day for employees to understand the latest industry trends and major news in the industry.

In addition, responsibility is divided and planned for different business groups. Different meetings are held every week, month, and quarter (Occupational Safety and Health Committee, labor-management meeting, department meeting, management meeting). The meeting covers the current operating conditions, major announcements, and labor-management communication. Employees can raise opinions through relevant channels for the management to understand the current governance situation, communicate with employees, and build consensus to facilitate harmony in the labor-management relationship.

Employee Communication Achievements During the Report Period

ITEM/FACTORY	MSIT/TAOYUAN	MSIS	MSIK
Collective bargaining agreement	Held every quarter	Held every quarter	Once a year
Occupational Safety and Health Committee	Held every quarter	Held every quarter	Held every quarter
Department meeting	Occasionally	Occasionally	Occasionally
Employee labor union	No	Yes	Yes
Percentage of number of employees who are union members (%)	Not applicable	100	100
Number of negotiated disputes	0	0	0

Satisfaction survey type	<ul style="list-style-type: none"> ◆ New employee orientation check ◆ Administrative service ◆ Welfare Committee activity ◆ Surrounding living environment (Taoyuan) 	<ul style="list-style-type: none"> ◆ New employee orientation check ◆ Employee seminar (MSIK) ◆ Restaurant meal ◆ Renovation noise 	
2023 Satisfaction Survey Results	With a 79% response rate, the survey on company image, dining, environment, and organizational appeal highlighted common concerns related to dining and environmental improvements.	Monthly surveys gauge employee satisfaction with dining, management services, and overall company experience, with a 92% response rate. This helps monitor trends and address issues promptly.	Employee surveys identified dining and renovation noise as key issues, which are being addressed. Training materials for new employees have been made more accessible. Two surveys conducted during the year achieved an 88% response rate.

Note: There is no employee labor union or representative in MSIT or MSIT1. Employees may communicate with the Company through diverse channels such as the Occupational Safety and Health Committee, department meetings or employee assistance programs. MSIS and MSIK did not sign any written agreement for a collective bargaining agreement. They made negotiations at regular meetings and created a record.

Engagement, Counseling, and Communication of Occupational Safety and Health of All Workers

We encourage all employees to participate in and fulfill occupational safety and health items. We expect all employees to take responsibility for occupational safety and health, and integrate themselves into the occupational safety and health management system. MSI promises that all operations meet protection requirements for employees, customers and surroundings. In addition, to evaluate executive performance effectively, we hold the meeting of Occupational Safety and Health Committee every quarter, execute internal and external audit annually, and modify the management method and execute policy based on the audit result. We further achieve the goal of continuing to improve performance of occupational safety and health management.

ITEM/FACTORY	MSIT	MSIT1	MSIS	MSIK
Labor union representative	N/A	N/A	Ms. Li Fang	Mr. Yu Shen Sheng
Contact for a labor union representative	N/A	N/A	Factory ext. 8890	Factory ext. 8061
Number of labor representatives from the Occupational Safety and Health Committee	35	9	46	27
Total number of members of the Occupational Safety and Health Committee	42	27	87	43
Percentage of employee representatives in the Occupational Safety and Health Committee	63.77%		53.87%	62.79%
Percentage of the rights for freedom of association and collective bargaining	100%	100%	100%	100%
Number of cases violating freedom of Association and collective bargaining	0	0	0	0
Critical topics of health and safety	① Operating environment monitoring ② Traffic safety promotion ③ Health and safety risk management ④ Health promotion ⑤ Machinery equipment protection	① Occupational safety ② Firefighting equipment management ③ Chemicals management ④ Machine tool equipment protection	① Occupational safety ② Firefighting equipment management ③ Chemicals management ④ Restaurant hygiene	
Obtained ISO 45001 certification.	√	√	√	√

Note: The union agreement covers labor disputes, rewards, and disciplinary matters. MSI also provides legal services for employee consultations.

Shortest Notice Period of Significant Operational Change

If the employment relationship must be terminated due to significant operational change or employee incompetence, the employee will be notified in advance as required by law or execute collective bargaining to explain to the employee specifically. Besides this, severance pay is paid and a relevant certificate is provided to the employee to make sure that his right to work is not affected.

Description:

- The affected employee will be informed of the labor contract termination at least 10 days ahead according to Article 17 in Chapter 2 of MSI's Work Rules.
- If the company policy or resolution (e.g. salary adjustment, expatriate) will pose a material impact on employee's rights, the affected employee will be notified at least 10 days in advance.
- If there's any material impact on shareholder's rights or securities price, material information is explained within a specific time period as required by TWSE.
- The rest of the notification period of material operating changes is handled according to local laws.

Employee Grievance Channel

For concerns on illegitimacy, discrimination, environment and health and safety, employees may communicate with the Company through diverse channels such as the Occupational Safety and Health Committee, labor-management meetings, department meetings, and employee assistance programs, to guarantee the employee's rights and facilitate labor-management harmony.

EMPLOYEE GRIEVANCE CHANNEL CONTACT	
Occupational, environmental safety and health management mailbox	esh@msi.com
Stakeholder communication mailbox	080419864@msi.com

Workplace sexual harassment prevention

To create a friendly, safe workplace, MSI forbids any form of sexual harassment at the workplace. Gender Equality Committee and sexual harassment grievance hotline and email are available to ensure the privacy of the subject for the grievance mechanism. Besides new employees having to receive sexual harassment prevention promotion, current employees receive occasional gender equality promotions. Therefore, we make sure that each employee learns the right knowledge for workplace equality and understands the proper way to handle sexual harassment and seek help. There was no sexual harassment grievance during the reporting period.

FACTORY	SEXUAL HARASSMENT GRIEVANCE CHANNEL
MSIT/Taoyuan	Hotline: Ext. 1333 Email: 113@msi.com.tw Sexual harassment prevention website: Employee section on the internal website
MSIS	Hotline: Ext. 8858 Email: carrieliu@msi.com
MSIK	MSIK APP

The aforementioned handling of the employee grievance channel is the same as the one for 2.5.3 Grievance reporting mechanism.

5.3.2 Physical and Mental Employee Care

We organized good health and leisure welfare measures to offer service and space for body and mind relaxation:

- ✓ The clinic and onsite physician are available for counseling and medical services.
- ✓ The employee care nurse is available to take care of the employee's health voluntarily and offer health counseling services.
- ✓ The cafeteria and coffee shop are available to provide diverse dining choices and leisure space.
- ✓ Free massaging service is provided at MSIT and MSIS.
- ✓ Friendly parking space for employees who are pregnant or with a physical disability is provided.



Employee Assistance Program (EAP)

MSI introduced the employee assistance program in 2010. By combining internal and external resources, MSI offers systematic Employee Assistance Programs (EAP), and offers free, diverse assistance to employees, such as emotion management, workplace pressure, law service and medical treatment. This aims to prevent and improve troubles and stress in employee's life and at work. The services include work stress, relationship issues, finance and tax, law, and medical care. Employees can dedicate themselves to work without being affected by individual or organizational factors. MSI's dependents can feel at ease for the mental and physical health of the employee. The services help the employee solve issues affecting work performance and bring benefits to MSI's workplace.

FACTORY	CONTACT OF EMPLOYEE ASSISTANCE PROGRAM (EAP)
MSIT/Taoyuan	Email: eaphelp@msi.com Hotline: Ext. 8585
MSIS	Hotline: Ext. 8858
MSIK	Hotline: Ext. 8085

5.4 Health and Safety

5.4.1 Happiness at the Workplace

The mental and physical health of employees are one of the most important cores of corporate sustainable development. Numerous health management and promotion events improve the health of employees. They prevent diseases and enhance the personal health of employees. They work with all departments to enhance workplace quality, help employees work at ease and healthily, and create a happy, healthy workplace. Therefore, we continue to improve environmental, hygiene, safety and health risks at the workplace and offer medical measures for emergency aid.

- ✓ Establish the Occupational Health and Safety Committee, hold meeting every quarter, and implement labor safety and health issues.
- ✓ Perform regular maintenance and care for air conditioning, and clean the cooling water and water dispenser, to maintain air quality of the office and ensure employee's health.
- ✓ Access control is implemented for the building. The central surveillance system is available and monitored by security for 24 hours every day.
- ✓ The AED device is available to respond to sudden heart disease. Promote first aid knowledge such as CPR occasionally.
- ✓ Hold fire drill every half year. Perform "application for inspection and repair of fire safety equipment" every year. Promote common firefighting knowledge to employees.
- ✓ Firefighting management personnel is available to promote and implement fire safety education.

Employee Activity Center

MSI provides a wide range of activities and facilities for employees, including dance studios, libraries, massage rooms, and fitness areas. Regular classes in activities like yoga, boxing aerobics, and street dance are offered, giving employees excellent options for stress relief and a variety of engaging activities.



5.4.2 Workplace Health Management

The goal of health management is to improve employee’s awareness on health, help employees build correct idea of health, and further help employees learn more about health. Meanwhile, we help employees become more interested in health and improve their own concept of self-health management. MSI aims to prevent disease through three sections and five levels and help employees stay healthy. MSI adopts the health guidance and measures based on HBM, and helps employees to learn about perceived benefits, perceived susceptibility and perceived severity to conduct health behaviors. The infirmary and specialized full-time nurses are available in all of MSI’s factories to help promote and arrange diagnosis and treatment services. They cooperate with the labor safety unit to execute ergonomic injury prevention, and prevention of abnormal disease stimulated by work. Besides this, we also have been focusing on health seminar, maternity protection, health promotion event and blood drive for a long time. All kinds of achievements in 2023 are shown in the table below:

ITEM	PURPOSE AND EXECUTION METHOD	RESULT
Health promotion	Provide the latest epidemiology information through email, BBS in the factory, and the mobile app of the factory in China for employees to read and enhance their health knowledge. We hope that employees understand more health information subtly. We introduce the idea of preventive healthcare. We build a healthy lifestyle and behavior for all employees through active health education promotion, to help employees in the factory to learn more about health conditions. Besides this, we organize relevant health education promotion events and workplace health seminars to adapt to changes in epidemiology every quarter, to provide relevant health education promotion, and the latest knowledge on disease change.	<ul style="list-style-type: none"> ◆ The Company’s infirmary and Welfare Committee held 21 seminars and 1,233 people joined the seminar. ◆ 77 health promotion emails
Clinic and medical service	To implement occupational disease prevention, health check-ups, health rating management and health promotion, a clinic is available at the factory infirmary with qualified physicians and professional nurses to provide health counseling services. It is convenient for employees and onsite contractors to seek medical attention at work without leaving the factory.	<ul style="list-style-type: none"> ◆ 3,140 people visited the clinic. ◆ 252 people received mental and physical health counseling (physical and online in total).
Workplace maternity protection plan	To take care of maternity protection at the workplace and enhance medical care performance, professional health counseling and evaluation interview by the physician is provided to female employees who are pregnant or delivered a baby within a year. Work suitability advice is also arranged for them. In addition, the breastfeeding room is also available in the infirmary, providing a hidden, comfortable environment for breastfeeding moms. This service has won the good breastfeeding room certification in the Friendly Workplace Section of New Taipei City. We provide an “MSI Pregnant Gift” containing baby care products, small food scissors and a safe spoon.	33 female employees at MSI in Taiwan have been helped.
Employee health check-up and risk rating management	<p>A general health check-up is provided for all employees at MSI every two years. A certain time for health check-ups is also available for temp workers and senior executives.</p> <p>Employees check their health check-up reports in all years and health promotion event information through the system and participate in health event sign-ups. They can use the personalized account to check and download the annual health check-up report and provide articles on popular medical knowledge to enhance the self-health management concept. Provide relevant health management measures based on risk rating.</p> <ul style="list-style-type: none"> ◆ Low – Health education guidance ◆ Medium – Health education guidance, suggest regular follow-up depending on the case, continue to care for the employee ◆ High – Health education guidance, requires the employee to seek medical advice and recheck condition, arrange an interview with a physician, and continue to track the follow-up condition 	Although there were no routine health checks in 2023, we continued to monitor and follow up on previous results, conducting 1,321 consultations and 666 health education sessions and interviews.
Health promotion event	Actively implement health promotion, create a healthy atmosphere, and organize activities meeting the needs of employees based on the data analysis after health check-ups. Besides this, a free flu shot is provided during the flu season every October. Employees can feel free to take the shot. Employees are prioritized to take the shot to achieve secondary preventive protection. The flu shot event is integrated with the four-cancer screening activity and blood drive held by communities and all parties. MSI has been honored with healthy workplace certification – health promotion badge extension by the Ministry of Health and Welfare for years.	<ul style="list-style-type: none"> ◆ 1,321 people took the flu shot in Taiwan. ◆ 157 people took part in the four-cancer screening event. ◆ 373 people joined the blood drives in total in Taiwan and China. 620 bags of blood were collected, 18,400 CC.

Medical Service Information

SERVICE	MSIT	MSIT1	MSIS	MSIK
Medical service	Health insurance clinic, health advisory, ergonomic hazard prevention management	Health advisory, ergonomic hazard prevention management	Clinic, psychological counseling	Clinic
Employee health check-up	General, special operation			
Health promotion event	Speech, dynamic notification	Dynamic notification	Dynamic notification	Dynamic notification
Professional physician and nurse	Onsite clinic physician	2	1	1
	Nurse	3	1	1
Number of employees served during the report period	2,569	242	697	301

Note: There is no clinic at MSIT1.

MSI Employee Health Check-Up

We offer health check-up to employees every two years, and temp workers and senior executives every year, and offer different health check-up items for male and female employees. A system is used to manage health check-up information of employees track health check-up information, and provide health information and new medical knowledge for employees to manage this information themselves. Medical specialists in all factories can communicate with employees about health immediately.

ITEM/FACTORY	MSIT	MSIT1	MSIS	MSIK
General health check-up attendance rate	MSI hadn't conducted a health check-up in the 3 factories in 2023			100%
General health check-up item	Blood routine examination, general medical and surgical routine (blood pressure, auscultation), liver function, X-ray, B-scan ultrasonography. More Health check-up items are provided by MSIK based on age and job level: Cardiovascular function, cardiopulmonary function, gynecology, tumor screening, bone mass density and digestive system.			
ITEM	SENIOR EXECUTIVE HEALTH CHECK-UP	HEALTH CHECK-UP FOR TEMP WORKER BEFORE ON-BOARD	TEMP WORKER HEALTH CHECK-UP	SPECIAL HEALTH CHECK-UP*
Number of employees	120	No	75	78

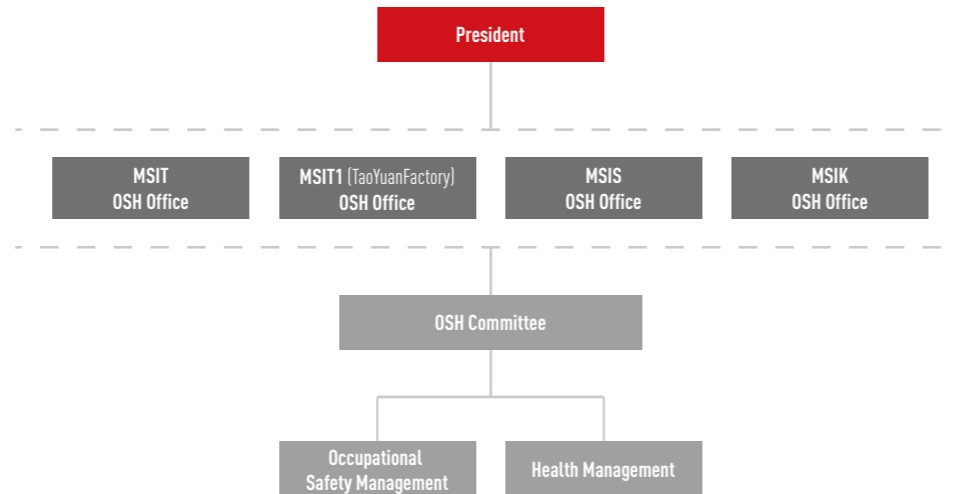
Note: Health check-up is based on items specified in China's Technical specifications for occupational health surveillance. The employees who work in areas with noise, dust, and radiation will receive special health check-ups. No abnormality was found in the result of the health check-up.

5.4.3 Occupational Health and Safety Management

The employee is essential to the sustainable operation of MSI and the valuable intellectual capital of MSI. We fulfill good occupational health and safety measures to enhance the health and safety of all employees, and create healthy workplace and friendly environment. We implement contractor management and create the goal of co-prosperity, reciprocity, and value sharing.

MSI Occupational Health and Safety Organization

MSI is committed to advancing occupational safety and health management through comprehensive internal controls that enforce safety regulations and departmental requirements. We regularly conduct compliance audits based on site-specific safety standards and stakeholder demands, such as those from the RBA. Our ongoing efforts aim to enhance safety management across all operational sites. Employee Work Rules and safety protocols clearly define rights related to health, hygiene, and safety. We have also established an OHS Committee, with employee representatives making up more than half of its members. By rigorously enforcing our management systems, we have earned ISO 45001 certification, reflecting our dedication to continuous improvement.



Executive Items of Safety and Health Management During the Report Period

ITEM	IMPLEMENTATION MEASURES
Regulation identification	Identify regulations regularly to confirm compliance: ✓ Laws applicable to safety and health management regulations: 268 ✓ Laws applicable to fire management regulations: 36 ✓ Laws applicable to food health management: 28 ✓ Regulations applicable to environmental protection: 226
Management system procedure	✓ Established 1,789 documents of health and safety management procedures. Perform review every year. ✓ ISO 45001 occupational safety and health management system: Relevant occupational safety and health staff fully complete education training and third-party assurance.
Education training	✓ Promote safety and health training of worker to meet safety and health laws and emergency response needs. ✓ Perform firefighting, evacuation, traffic safety and first aid training. ✓ New employees take occupational safety and health education courses.
Hazard identification	Perform safety and health hazard identification for the operating environment and content. 2,944 cases have been handled.
Change operation management	Completed 39 cases of change management. There was no hazard or false alarm incurred from the change operation.
Contractor management	The contractor completed 147 high-risk operations. There was no hazard or false alarm incurred from a high-risk operation.
Operating environment monitoring	Use SEGs to group areas with possible hazards (e.g. laboratory, repair area, office area) for indoor workplaces. The physical and chemical test is performed every year. Although lead-free solder wire is used for the products of the Company. To ensure the health of workers, the environment test of lead and tin is still included in test items.
Implement audit improvement	338 suggestions are proposed during the reporting period. All of them were improved in the required time.
Occupational disaster prevention	The analysis of employee injuries identified traffic accidents as the leading cause at MSI Technology. To reduce occupational accidents, tire wear inspections were conducted, and a traffic safety seminar was held by year-end. In 2023, the MSI Taipei Motorcycle Safety Project inspected 1,533 motorcycles and recommended maintenance for 26 of them.

Note:
 1. Worker refers to people doing work, including employee and non-employee workers responsible for their own occupational safety and health.
 2. Non-employee worker generally refers to the contractor, composed of supplier, subcontractor, and contractor.

Scope of Occupational Safety and Health Management of Workers During the Report Period

ITEM/CONTROL TYPE	THE TYPE OF POSITION CONTROLLED BY MSI	THE TYPE OF POSITION NOT CONTROLLED BY MSI
Scope of workplace controlled by MSI	Employee, contractor (vendor entering the factory)	Contractor (Engineering)
The type of workplace not controlled by MSI	Employee (business trip, WFH), contractor (exhibition vendor)	Supplier (Peripheral manufacturer), Contractor (Engineering)

Note: 1. This refers to the position or workplace not directly associated with MSI or without a contract with MSI. 2. Contractors include cleaning, security and workers who perform construction in the factory.

Number and percentage of and total work hours of workers in the scope of the OHS Management System during the Report period

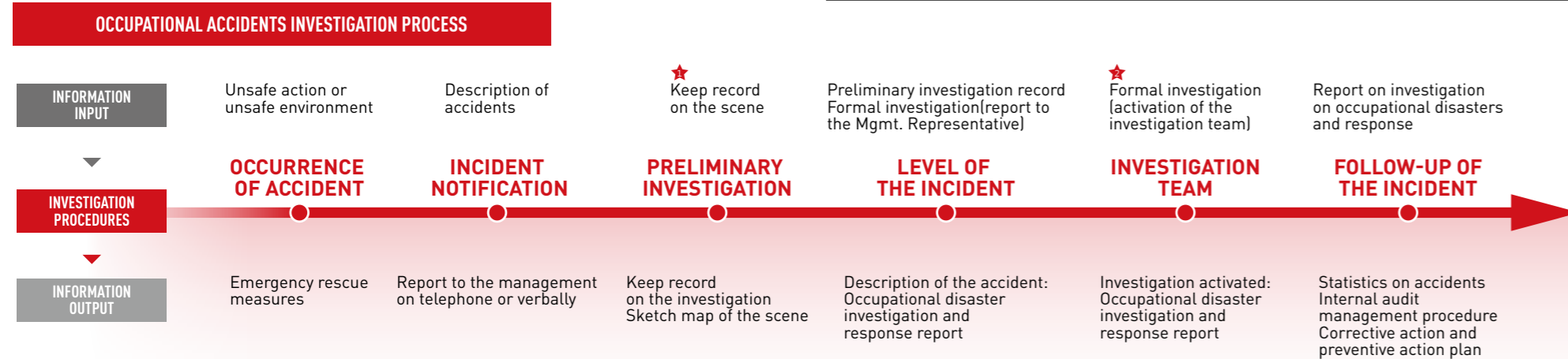
ITEM/FACTORY/GENDER	MSIT				MSIT1			
	EMPLOYEE		CONTRACTOR		EMPLOYEE		CONTRACTOR	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Number of people as the basis of calculation	1,512	944	364	39	250	214	332	22
Percentage of these people in the factory	61.56%	38.44%	90.32%	9.68%	53.88%	46.12%	93.79%	6.21%
Total number of work hours	1,671,856	3,105,800	165,376	55,152	515,614	442,224	9,616	20,112
ITEM/FACTORY/GENDER	MSIS				MSIK			
	EMPLOYEE		CONTRACTOR		EMPLOYEE		CONTRACTOR	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Number of people as the basis of calculation	N/A		194	94	N/A		274	133
Percentage of these people in the factory	69.16%	30.84%	67.36%	32.64%	58.25%	41.75%	67.32%	32.68%
Total number of work hours	6,045,936	2,902,010	405,072	196,272	410,544	284,472	555,864	267,704

Note:
 1. Number of people as the basis of calculation: [Total of people per month] / 12. Take the average of the entire year [rounded to integers]. It is calculated differently from the number of people in [5.1 Attraction and retention].
 2. Calculation for total work hours: [Number of people per month * Number of workdays per month * 8 hours]. Take the sum of the 12 results obtained for the formula (sum of the entire year).
 3. MSIS and MSIK do not disclose employee numbers due to confidentiality agreements with their clients.

Risk Control and Disaster Prevention

To prevent occupational disasters, we identify hazards through trained safety and health management staff to evaluate the occurrence, frequency and severity of each occupational disaster, and evaluate risk based on the hazard factor in different degrees. The HSE management unit examines risks. We control unacceptable risks and hazardous operations that cannot accept any risk, and improve setting of the goal. We record and track the risks and hazardous operations to continue to minimize occupational hazards in the operating area. For any occupational safety and health incident that occurs at the workplace, we formulate incident investigation regulations and visit and track the incident after it occurs. We judge damage and work injury based on the incident and implement the improvement plan after the incident investigation report is completed. The HSE management unit continues to supervise and track improvement to reduce incident loss and prevent the reoccurrence of similar incidents.

TYPE OF CONTROL	TYPE OF MEASURES
Chemicals	Select low-hazardous chemicals, control the source, and ensure factory and employee safety.
Operation hazard	Report the staff of the unit for this operating type and provide individual education training depending on the type of operation, and offer adequate PPE, occupational disease health check-up, health management, and operating environment monitoring.
Machinery equipment	Evaluate safety and install more equipment protection measures.
Electrical equipment	Check electrical equipment occasionally and prevent abnormality as early as possible.



1 IDENTIFICATION OF DISASTERS

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.
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.
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.

The table on the right shows the result of the operational risk evaluation inventory in 2023. Factory areas with high or extreme high risks refer to the large soldering machine, reflow oven, chemicals warehouse, switchboard room

FACTORY/RATING OF OPERATIONAL RISK	LOW	MEDIUM	HIGH	EXTREMELY HIGH
MSIT	511	144	0	0
MSIT1	546	300	0	0
MSIK	561	138	31	0
MSIS	1,774	128	64	0

Occupational Safety Education Training

◆ Employee Safety and Health Education Training

We hold the safety and health seminar, post posters, send emails and post information on the internal webpage to help employees become aware of workplace hazards and learn about prevention. Besides regularly providing safety and health education training and firefighting training to in-service employees, these staff may also communicate on safety and health through the suggestion box and occupational safety and health grievance channel, and enhance the safety culture. Education training is held regularly in factories in Taiwan through the Occupational Safety and Health Committee and in factories in China through the employee seminar. The relevant outcomes are shown below:

ITEM	COURSE NAME	TOTAL NUMBER OF HOURS				SUBJECT
		MSIT	MSIT1	MSIS	MSIK	
Occupational safety and health education training and hazardous substance general education course	New employee consensus training	5,849	636	7,322	105,456	New employee
In-service employee safety and health education training	Occupational safety education training	4,929	139	6,597	27,956	Internal employee
	Executive safety and health education training	66	63	82	88	Sales Supervisor
Environmental education	Environmental education	10	-	191	3,068	Internal employee
Traffic safety	Traffic Law Promotion Seminar	29	-	3,400	-	Internal employee
	Safety protection for scooters of the entire factory	127.75	-	-	-	Internal employee

◆ Contractor Safety and Health Education Training

We formulate the contractor safety, health, and operation directions. Contractors who enter the factory must comply with occupational safety and health laws and MSI's rules. They may enter the factory to perform operation after completing MSI's promotion or education training. For onsite contractors, we also arrange occupational safety and health courses for them and urge the employer of the onsite contractor to pay attention to labor condition of the employee to make sure that it meets the local labor regulations. The onsite course is canceled to adapt to health-competent authorities in all locations during the pandemic. An online course is held instead for some factories. The table below shows the contractor HSE education training during the report period:

ITEM	COURSE NAME	NUMBER OF EMPLOYEES				TOTAL NUMBER OF HOURS				SUBJECT
		MSIT	MSIT1	MSIS	MSIK	MSIT	MSIT1	MSIS	MSIK	
Safety and health/firefighting training	Safety and health and firefighting management education training	330	108	21,044	368	165	108	19,397	368	Onsite contractor
	Permanent vendor education training	0	15	-	-	0	8	-	-	
Operation safety promotion	Construction worker operation safety rule promotion	330	16	238	1,466	165	8	238	1,466	Special operation contractor
Food hygiene education	Food hygiene and safety	12	-	168	48	0	-	168	192	Catering contractor

Note: There is no restaurant in MSIT1. A food hygiene and safety course is not required. MSIS and MSIK have no permanent vendors.

5.4.4 Outcome of Occupational Health and Safety Management

To ensure a safe working environment and regulatory compliance, MSI has established an "Occupational Safety and Health Committee" and an "Occupational Safety and Health suggestion box" for staff communication. Employees can communicate with management through various channels, including designated contacts, email, department representatives, or directly through the committee. In the event of a hazardous incident, the company provides a reporting procedure for employees. If an immediate danger occurs, employees should follow emergency procedures, stop work, evacuate to a safe area, and immediately report to management. MSI's policy ensures that no blame or penalties are imposed for taking safety-related actions.

Construction Safety Management During the Report Period

To reinforce construction safety and health of public works, and prevent occupational disaster, we appoint appropriate staff for supervision, monitoring, audit, check or spot check of construction safety and health depending on the nature and scope of construction, to prevent accidents and environmental pollution.

PRIMARY ITEMS OF CONSTRUCTION SAFETY MANAGEMENT

- ① Operation hazard notification and construction application review
- ② Safety check and occasional onsite inspection are required before special operations, such as hot work, elevated work, confined space, suspension and suspension cage.

PERFORMANCE OF CONSTRUCTION SAFETY MANAGEMENT DURING THE REPORT PERIOD

ITEM/FACTORY	MSIT	MSIT1	MSIS	MSIK
Number of audited cases in the factory	7	21	4,178	1,632
Number of nonconforming cases	11	21	330	29
Number of improved cases	11	21	330	29
Improvement rate	100%	100%	100%	100%

Number of General Occupational Injuries and Traffic Accidents of the Employee During the Report Period

In this report period, the number of work injuries did not increase significantly compared to the previous report period. We will continue promoting three safety and education training levels to raise employee hazard awareness. Traffic accidents of employees in the Head Office in Taipei decreased significantly compared to last year. We will continue to promote employee safety. Besides reminding employees of specific road sections, we also remind them of tire and brake system care of scooters to reduce the reoccurrence of traffic accidents.

ITEM/FACTORY/GENDER	MSIT		MSIT1		MSIS		MSIK	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Number of general occupational injuries	0	0	2	5	9	1	4	2
Number of traffic accidents	8	3	11	4	0	0	1	3
Ratio of general occupational injuries	-	-	8.7%	21.8%	39.1%	4.3%	17.4%	8.7%
Ratio of traffic accidents	26.7%	10.0%	36.7%	13.3%	-	-	3.3%	10.0%

Note 1: General occupational injury: This refers to the case where the injured employee can recover in six months.
 Note 2: The ratios of general occupational injuries and traffic accidents are calculated independently.

Statistics for the Employees Suffering from Disabling Injury During the Report Period

We set the frequency rate and severity rate of disabling injury as the management goal (target value as shown in the table below), and list the implementation result. MSIS failed to reach the goal. The failure has been put on record for management, and we will continue to strengthen and implement various safety and health management.

ITEM/FACTORY/GENDER	MSIT	MSIT1	MSIS	MSIK	TOTAL FOR THE GROUP
Target value of disabling injury frequency rate (FR)	0.24	4	1.5	0.72	-
Target value of disabling injury severity rate (SR)	6	8	7	6.3	-
Total number of losses	0	5	10	6	21
Total number of days lost	0	14	24	3	41
Disabling injury frequency rate (FR)	0.00	5.22	1.20	0.65	7.07
Disabling injury severity rate (SR)	0	14	2	0.16	17
Total number of work hours	4,777,656	957,838	8,947,945	1,253,799	11,159,582

Formula description: ♦ Statistics benchmark date of the number of employees: December 31, 2023
 Disabling injury frequency rate (FR) = Number of disabling injuries X Number of millions of work hours / Total work-hour (round up to two decimal points)
 Disabling injury severity rate (SR) = Number of days lost due to disabling injury X Number of millions of work hours / Total work-hour (round up to integer)
 Note: No employee suffered from severe occupational injury (suffering from disability injury for at least 6 months). Most of the injuries are cuts, pinches, and rolling.

No contractor suffered from general disability injury or severe occupational injury during the reporting period. There was no worker suffering from an occupational disease or injured or died due to occupational disease during the reporting period, either.

CH6. SOCIAL RESPONSIBILITY AND CORPORATE VALUE



TWD\$55.81 million
donated in 2023 *

*Note: Donation is the total donation of the Group. The rest of the performance is from the factory in Taiwan.

35
public welfare programs

Employee engagement:
More than **500** employees

230 computer and information
equipment donated

Benefited students:
More than **20,000** students

MSI is committed to corporate social responsibility, and combines the charity philosophy “change starts now, service is to cast one’s bread upon the waters, contribution is many a little makes a mickle, dream is being down-to-earth.” MSI offers the greatest support and assistance, and continues to collaborate with corporate volunteers and numerous stakeholders (e.g. government, school) to contribute to charity regarding the goal of school lunch, education care, resource donation, and disadvantage assistance for a long time, to create a society with equal wealth, equality and without poverty.

Change Starts now

Service is to cast one’s bread upon the waters

Contribution is many a little makes a mickle

Dream is being down-to-earth

To find out MSI’s public welfare program,
please search for or click on: <https://www.facebook.com/MSICSR>

6.1 Technology Sustainability and Digital Inclusion

As the leader of a global e-sports brand, MSI cares about the popularity and inclusion of digital education for children and youths to understand the world of computer science, hardware, and software. MSI helps the government and disadvantaged community gain the rights to digital life and builds the foundation of diverse development of the new generation.

2023 PowerTech

To adapt to emerging maker trends around the world, and fulfill the education mission of “STEAM,” science, technology, engineering, arts and math, we deepen the hands-on method and popular science creation learning method, guide youths to explore the science domain and develops their potential in popular science, and cultivate tech talents in the new generation.

DONATION ITEM	DONATION AMOUNT	THE OUTCOME OF THE ACTIVITY
We subsidized summer camps in elementary schools and middle schools in New Taipei City, founded the PowerTech Club in school, and joined relevant courses and activities such as student training for the New Taipei City Contest and International Contest.	1,300,000	<ul style="list-style-type: none"> • We promote PowerTech to all schools, help students and teachers improve hands-on skills, and teach them about popular science related to these skills. • We activate school courses and create the trend of popular science and hands-on learning at school.

★ TWD 7,900,000 donated since 2017

MSI Technology Regeneration Computer and Information Talent Training Program

MSI knows well that the digital gap is not just an issue for remote areas. Lots of young adults and workers returning to the job market in urban communities and neighborhoods also need to enter the digital technology era quickly. Therefore, MSI brought up the “Technology regeneration computer and information talent training program” for schools that wish to open relevant courses to apply for a donation of MSI computer, and offer a complete course plan. MSI also provides advice and counseling in time to extend industry-academia collaboration to communities to help teachers, students, and the public.



The 2023 plan includes:

- ◆ Tung Hai High School, New Taipei City: The theme “Become a Virtual Streamer” will help students, teachers, and community members create their own virtual influencers. Using MSI high-end laptops and a virtual motion capture system, participants will experience immersive learning, and gain skills in video editing and software usage.
- ◆ Juang Jing Vocational High School, New Taipei City: The theme “Creative Tech for a Better Life” will engage students, teachers, and community members in drawing and programming. Participants will use MSI high-end laptops to work with 3D drawing software, merging technology with art to stimulate creativity and aesthetic imagination. The project donated 35 refurbished computers, benefiting approximately 800 individuals through digital learning with MSI technology.

Digital Protection, MSI Computer Donation

Besides encouraging local schools to open courses, MSI spares no effort in donations to stakeholders such as government units and NGOs. In this era, learning, work, and daily life are inseparable from the network. However, many people still cannot enjoy adequate resources. Therefore, MSI has been donating laptops, tablets, and desktops to numerous units, expecting to bridge the digital and urban-rural gaps, help disadvantaged families, or support government resources.

In 2023, a total of 145 laptops were donated to government agencies and 50 to social organizations.



Industry-Academia Collaboration with Chung Hsing University

MSI Technology has partnered with NCHU to deploy 4 MSI Autonomous Mobile Robots (AMRs) in NCHU's smart automation factory. This collaboration aims to advance AMR applications in automation, provide practical experience for students and researchers, and demonstrate MSI's commitment to enhancing AMR technology. It is a major smart manufacturing training center and a key AMR demonstration site, fostering innovation and skill development in manufacturing and automation.



6.2 Disadvantage Assistance and Education Guidance

Disadvantage Assistance

MSI knows well the predicament disadvantaged groups face during social change or social structure transformation, and knows that they need immediate, adequate social security, medical service, education and labor to break the bondage of the family and environment. Through official collaboration or cross-industry collaboration, MSI helps disadvantaged groups, and offers fund, resources, or actual assistance for them to take the journey to a hopeful, bright life.

Learning Fun Day for Students With Special Educational Needs in New Taipei City

To help students with mental and physical disabilities enjoy abundant life experiences, the New Taipei City Education Department holds the Learning Fun Day for students with special educational needs every year. If physically challenged children, cerebral palsy children, and children with multiple disabilities, the Education Department arranged activities and shuttles for them to ease the burden for their families significantly. Children will be more willing to go outdoors, and the Education Department will help them learn at ease and grow happily. MSI has been sponsoring the event since 2017 and works with the Taiwan Taxi LOHAS Club to help these students enjoy life in different activities. In 2022, MSI, the New Taipei City Government, and Taiwan Taxi continues to work with Decathlon Sanchong Flagship. In 2023, MSI partnered with the LOHAS Taiwan Association, the Foundation for Autistic Children and Adults in Taiwan, and the Chen-Yung Foundation to involve 87 families in a visit to Wugu Farm. The event highlighted the environmental improvements at Wugu Garbage Mountain and underscored the importance of conservation.

YEAR	2021	2022	2023
Organizer	New Taipei City Education Department, Taiwan Taxi LOHAS Club		
Sponsor unit	Micro-Star International Co., Ltd.		
Co-organizer	Decathlon Sanchong Flagship	Decathlon Sanchong Flagship	LOHAS Taiwan Association, Foundation for Autistic Children and Adults in Taiwan Wugu Farm Chen-Yung Foundation
Sponsor amount	250,800	267,000	267,575
Number of participants (Number of teachers and students)	550	500	400
Number of families participated in the event	40	80	80
	★ TWD 1,593,555 donated since 2017		

High-Risk Caregiver Care MSI Plan

Social cases involving caregivers who were crushed by long-term care stress occurred these years reflect that the mental and physical health of caregivers and the cared are equally important regarding long-term care issues. MSI noticed hidden risks of caregivers that come with an aging society. It has been sponsoring local care agencies since 2017. Workers with diverse and cross-domain expertise (nurse, social worker, Taiwanese/foreign caregivers) offer specific support depending on the needs of caregiver in high-risk families, which is a patrol service that is offered several times a day, in a short time, mobile and in a small area. MSI does its own part to help people in need, supplements resources for the shortage of long-term care resources provided by the government and fulfills corporate social responsibility.

YEAR	2021	2022	2023
Donation item	<ul style="list-style-type: none"> ◆ All In One service ◆ Family caregiver service ◆ Respite care ◆ Care on festivals, caregiver support service 		
Nursing organization	Hondao Senior Citizen's Welfare Foundation		
Number of people served by the nursing organization per month	671	2,051	2,398
Donation amount	928,654	1,172,010	998,082

Sistema Taiwan

Sistema Taiwan was initiated in Venezuela 40 years ago and it is now spread all over the world. It endeavors to help disadvantaged children and the children in remote areas to receive music education. In 2016, Sistema initiated the public welfare music education, implemented equality of music education, reused used space, offered instruments and great teachers, and offered chances to learn music. It has helped 60 schools and opened 3,562 courses as of today, which has benefit for 6,750 people.

MSI holds fast to the idea that "music brings the opportunity to change life" and activates public welfare music education. We invested in music education through this program and discovered that music has been rooted in children's hearts. We were deeply shocked by the fact that music changed children's lives and helped them become confident and ambitious when they grew. Expenditure for sponsoring instruments and teachers in the past three years:

YEAR	2021	2022	2023
Donation amount	311,500	311,500	311,500



Education Guidance

Education is an important power for facilitating social mobility and enhancement. Everyone shall have a fair, rational, equal, good chance to receive education though inheritance and environment are different for everyone. MSI offers interventional help via education resources, improves the adverse impact of the environment on disadvantaged students regarding education learning, and mitigates the gender gap at the starting point of learning.

“MSI’s Care for Students” Academic Guidance and Club Activity for Disadvantaged Students

MSI has been in operation in New Taipei City for several decades. It has been working with the New Taipei City Government to pay attention to the rights of disadvantaged students. We use resources to hold academic guidance and club activity programs and help 51 high schools, middle schools, and elementary schools in total in Ruifang, Luzou, Banqiao, and Zhonghe District, New Taipei City. In this program, teachers for after-school tutoring or clubs are hired to offer diverse learning opportunities to disadvantaged students. Besides helping them improve subjects they have difficulties with, we create special activities such as language, folk arts, physical education or dance, to help they become confident, develop their advantage, and explore their potential. We aim to create a caring, warm society in which people are willing to help each other. About TW\$ 26.5 million has been donated since 2012. In 2023, MSI sponsored over 51 schools and helped over 3,005 students. The achievement is shown as follows:

DONATION ITEM	DONATION AMOUNT	NUMBER OF BENEFITED STUDENTS	NUMBER OF BENEFITED SCHOOLS(NUMBER)	NUMBER OF CLASSES	NUMBER OF LESSONS
“MSI’s care for students” academic guidance and club activity for disadvantaged students plan	3,501,074	3,005	51	191	10,617

Warm Student Loan

Warm Student Loan Foundation, founded in 2005, sponsors 200 public school students registered in New Taipei City on average per year. MSI has been serving as a committee of the Warm Student Loan Foundation in New Taipei City for a long time. The Enterprise-government-university Committee selects outstanding poor students and shows care and grants funds to remote areas in New Taipei City, to improve life difficulties for outstanding poor students in remote areas with the Warm Student Loan Foundation. MSI hopes that they can focus on their study, do not need to worry about student loan or living expense, can graduate smoothly, and enjoy a happy school life.

DONATION ITEM	DONATION AMOUNT	NUMBER OF BENEFITED STUDENTS
Warm Student Loan	10,500,000	110

★ Donation amount as of today (since 2010): TWD 30,500,000

Other Social Donations

MSI has been recognized by lots of community members and consumers in global operation and development. MSI knows well that it must take from the community and give back to society. Every year MSI allocates a certain amount of funds to sponsor disadvantaged groups or helps the government invest in aid for the disadvantaged, to do their own part for social welfare.

- ① Donated TW\$20 million to the Social Affairs Department of New Taipei City Government for emergency aid, TW\$6 million for abused children placement, and TW\$3 million for elderly care, benefiting over 4,461 vulnerable individuals by 2023, with programs continuing into 2024.
- ② Donated TW\$5 million to the Education Department of New Taipei City for after-school care in special education kindergartens, aiding about 1,800 families in 2023.
- ③ Donated TW\$5 million to the Department of Social Welfare of Taoyuan City for emergency relief and subsidies for low-income children, benefiting around 500 families in 2023.
- ④ Donated TW\$2.5 million to the Department of Social Welfare of Taoyuan City’s “Food Bank for Disadvantaged Populations,” expected to serve 35,500 people.
- ⑤ Supported the Children’s Hearing Foundation’s Early Hearing and Speech Rehabilitation Program with a donation, assisting 600 children and raising awareness through the “Hearing Art, Speaking Words” exhibition.
- ⑥ Donated to the Happy Workshop to enhance services for 30 individuals with disabilities and support 10 elderly people living alone.

6.3 Care and Sustainable Inclusion in Remote Area

MSI cares about the philosophy of diverse growth and social inclusion. It strives for new technology and technique breakthroughs in business but also reaches out to remote and local communities. By school lunch subsidy, community culture cohesion, and local environment protection, MSI fully fulfills corporate social responsibility and conveys the spirit inside out.

Sponsorship for School Lunch and Food Ingredients Purchased by Students in Remote Areas

Students in remote areas often cannot acquire food in a condition the same as that of typical students because they are in a remote area or they are from economically disadvantaged families. The resources for schools in remote areas are poor, leading to a heavy burden on the school lunch budget. MSI understands the dilemma in remote areas, hence it sponsors school lunches for a long time to improve school lunch quality in remote areas and help students enjoy sufficient, nutritionally balanced school lunches. MSI aims to improve malnutrition and underweight problems and use warm social support to help students learn to become grateful to society. Besides this, we sponsor elementary and middle schools in remote areas to subscribe to rice or vegetables grown in Taiwan, help promote local rice and agricultural farming, and sponsor schools to grow their own rice and vegetables for school lunches. We hope that schools can feel the warm social support. In 2023, 68 schools were subsidized and about 14,529 disadvantaged students benefited from the sponsorship. MSI has donated over TW\$ 58.81 million since 2010 and helped tens of thousands of students in remote areas enjoy school lunches without trouble.



MSI Worked with Sunny Founder and Renyou Sanatorium to Carry Out the “Green Energy Public Welfare 100+ Plan”

MSI responds to Green energy public welfare GW100+ and initiates the “2022 MSI green energy public welfare plan.” MSI will donate to this plan by depositing the funds in the donation account of Taiwan Green Energy for Charity Association through the green energy public welfare mode initiated by the Taiwan Green Energy for Charity Association and Sunny Founder. MSI will purchase solar panels owned by Sunny Founder. The electricity income made by solar panels, later on, will be donated to Renyou Sanatorium by Taiwan Green Energy for Charity Association after deducting the necessary tax. MSI aims to help make profits and create environmental sustainability and multi-win value.

In 2023, MSI donated NT\$2.07 million for establishment of solar power facilities. In the next 20 years, the charity group will continue to benefit from the revenues of green power. MSI will stably contribute to carbon emissions for the Earth.

Material Donations to the Police and Fire Department

MSI knows well how hard police and firefighters work, and has been continuing to donate supplies, equipment, or funds to all units. The outcome in 2023 is shown below:

- ① Fire Department of New Taipei City Government: Donated rescue equipment and gear to the 7th Disaster Rescue and Ambulance Brigade of New Taipei City.
- ② Taoyuan Fire Department : provided 5 laptops to enhance administrative operations during large-scale disasters or fires, enabling faster access to crucial rescue information and optimizing response time.
- ③ Zhonghe Precinct of New Taipei City Police Department: Donated funds to purchase duty equipment and to recognize the efforts of police officers.
- ④ Taoyuan Police Department: Donated compensation funds for officers' casualties in the line of duty.
- ⑤ New Taipei City Police Department: Supported the distribution of condolence funds for employees' casualties on duty.



Environmental Protection and Social Inclusion

- ① MSI supports the "Contract Farming" initiative in Nan'ao, Yi-Lan County, embodying the principles of sustainable agriculture through "clean food, clean land." The company has adopted 0.5 hectares of farmland, where Nan'ao Natural Field oversees rice milling and cultivation. Any surplus yield is shared among all contract farming participants. In 2023, the harvest produced 2,112.5 kg of organic brown rice, which will be donated to various social welfare organizations and partners through the "Good Day of New Taipei City Government" program. Since 2017, MSI has adopted and purchased approximately 11,512.5 kg of organic rice.
- ② MSI is dedicated to environmental sustainability and ecological conservation, focusing on the preservation of water resources in Pinglin and the protection of the Feitsui Reservoir, along with supporting the health and livelihoods of local tea farmers. MSI has adopted all tea gardens in the New Taipei City Organic Agricultural Products Marketing Cooperative's organic tea cultivation program in Pinglin. The harvested tea is then donated to the "Good Day of New Taipei City Government" to provide high-quality tea to elderly members of disadvantaged communities. In 2023, MSI donated 10,000 packages of organic tea.
- ③ In 2023, MSI continued its support for the Zhonghe District Tudigong Cultural Festival, contributing to the preservation of local cultural heritage.

- ④ The Wugu Wetland, home to one of the densest bird populations in northern Taiwan, has been recognized as a key wetland through the efforts of The Society of Wilderness. MSI acknowledges these conservation efforts and, in 2023, contributed to the Wugu Wetland Restoration Project. In addition to adopting the wetland, MSI organized environmental education seminars for employees to encourage green living habits and a greater appreciation for our natural environment.
- ⑤ In alignment with the "Tamsui River Convention," MSI is committed to preserving the Tamsui River, a vital waterway in the Greater Taipei area. Research by The Ocean Cleanup identifies the Tamsui River as the 16th most polluted river globally, with an estimated 14,700 tons of plastic waste flowing into the ocean annually. Recognizing the impact of climate change, water scarcity, and biodiversity loss on the river's ecosystem and surrounding communities, MSI commits to:
 - ◆ Ensuring no discharge of untreated or non-compliant wastewater.
 - ◆ Monitoring waste disposal contractors to prevent illegal dumping.
 - ◆ Promoting green procurement, including sustainable products, renewable energy, and low-carbon goods.
 - ◆ Encouraging employee involvement in the governance of the Tamsui River system, reinforcing MSI's role as a responsible corporate citizen dedicated to waterway preservation.

6.4 Love in MSI and Value Transmission

In 2023, MSI organized a series of sustainability events under the theme "Smile Life, Shining Like Stars" including:

- ◆ Organic Rice Planting: Engaged in land conservation through an organic rice planting experience.
- ◆ Tree Planting for Reservoirs: tree-planting event along the shoreline of the Taoyuan Shimen Reservoir.
- ◆ Art Exhibition: Showcased artwork by hearing-impaired children in the "Art Speaks" exhibition.
- ◆ Community Celebration with rice dumpling event.
- ◆ Earth Day Initiative: meat-free, eco-friendly
- ◆ Toy Dissection Workshop
- ◆ Children's Book Distribution
- ◆ Office Sustainability
- ◆ Beach Cleanup

Through themed events, MSI boosts employees' sustainability awareness and encourages monthly participation, embedding green practices into daily life and work. This approach fosters a greater appreciation for the planet, cultural values, and respect for vulnerable communities, enhancing overall quality of life.

In 2023, MSI partnered with TOAF to support the "Taoyuan Shimen Reservoir Slope Tree Planting" project. We donated 1,000 trees to enhance habitat, biodiversity, and carbon sequestration. 106 MSI employees and their families participated in planting efforts to protect this vital ecosystem.



In 2023, MSI expanded its support for Nan'ao Natural Field by hosting an event where over a hundred employees planted organic rice together, contributing to environmental protection and land conservation.



MSI, in partnership with Taiwan Loo-Koo Yu, hosted a beach cleanup at Qianfengcheping near Nuclear Power Plant No. 2. The event featured not only the cleanup but also educational sessions and simulations on achieving net zero carbon emissions, designed to help employees understand and integrate sustainable practices into their daily work. For those who couldn't attend, a DIY workshop was held at the office where employees transformed ocean waste into float ball art, promoting creativity and sustainability.



Love Spreads at MSI, Blood Donation Campaign

Since 2002, MSI has organized regular blood donation drives at our 4 sites. The MSI medical office arranges for donation vehicles to visit the company, encouraging employees to participate. In the reporting period, 373 employees donated a total of 620 bags of blood.

APPENDIX

I. GRI Index

- ◆ Statement of use: MSI prepared the 2023 Sustainability Report based on the GRI Standards. Data in the Report is recorded from January 1 to December 31, 2022. Any discrepancy is explained.
- ◆ Version of GRI Universal Standards: 2021. Version of GRI Topic Standards: Specified in the index.
- ◆ GRI Sector Standards: No.

GRI 2 General Disclosures

INDICATOR	DISCLOSURE ITEM	CHAPTER IN THE REPORT	PAGE	NOTE/REASON FOR OMISSION
1. Organization and its reporting practices				
2-1	Organizational details	2.1 Company profile	16	
2-2	Entities included in the organization's sustainability reporting	About the Report	4	
2-3	Reporting period, frequency and contact point	About the Report	4	
2-4	Restatements of information	About the Report	4	
2-5	External assurance	Appendix V	86	
2. Activities and workers				
2-6	Activities, value chain and business relationships	2.1 Company profile, 4.1 Supplier management, 4.3 Customer Service and Privacy	16 42 45	
2-7	Employee	5.1 Attraction and retention	50	
2-8	Workers who are not employees	5.1 Attraction and retention	50	
3. Governance				
2-9	Governance structure and composition		-	2-9a. For governance details, visit our official website: https://download.msi.com/archive/mnu_exe/about/about-chart.pdf 2-9b. The MSI Board of Directors handles all decisions and oversight related to economic, environmental, and social impacts directly, with no specialized committees.
2-10	Nomination and selection at the highest governance unit		-	2-9c. For Board and committee composition, please refer to our website: https://tw.msi.com/about/corporateGovernance a. Director election of the Company is based on a candidate nomination system according to Article 14 of the Articles of Association. The Board or shareholders nominated candidates during the period announced for accepting the nomination. Nominees are elected by the shareholders' meeting. b. According to the "Corporate Governance Standard," board members specialized in the technology industry, sales, business, financial accounting, and law are applicable to the diversity policy. (Please refer to pages 22-23 in the shareholders' meeting annual report.) Besides members of the Remuneration Committee selected by the Board, all independent directors form the Audit Committee. Please refer to page 22 in the shareholders' meeting annual report for professional qualification and independence of independent directors. Impact management ability in "environment, economy and people" has not become the requirement for selection of the members of the Board. The selection system will continue to be improved in the future. Please refer to the "Board member diversity section" on the MSI website for the rest of the information: https://tw.msi.com/about/corporateGovernance
2-11	Chairman of the highest governance unit	-	-	The chairman of the highest governance unit is not a member of senior management.
2-12	The role the highest governance unit plays in monitoring impact management	-	-	MSI sets up the direction for sustainable development goal via regular meeting of ESG Committee, and complies with development vision of the Company. In the meantime, strategy and action of environmental and people topics are adjusted and executed every year depending on the situation after being discussed by the ESG Committee and determined by senior management. The Board monitors the impact on the economy, environment, and people of the Company through regular reports by the internal audit executive and the report by the President. Please refer to the section "Communication between independent directors, internal audit executives and CPAs" on the MSI website: https://tw.msi.com/about/corporateGovernance
2-13	Person in charge of impact management	2.2 Governance structure	20	
2-14	The role of the highest governance unit plays in sustainability reporting	2.2 Governance structure	20	
2-15	Conflict of interests		-	a. MSI's "Board Meeting Rules of Procedure" and "Rules Governing the Conduct of Board Meeting" specified that directors shall avoid any agenda they hold a stake in. Meanwhile, the Employee Work Rules specify that no employee may participate in a business or a part-time job involving conflicts of interests with the Company for himself or others or work in a business or part-time job involving conflicts of interests of the Company with others during employment. b. Please refer to pages 46-47 in the shareholders' meeting annual report for avoidance of conflicts of interest. Please refer to page 11 in the shareholders' meeting annual report for concurrently serving other positions. Please refer to page 112-114 in the shareholders' meeting annual report for cross-ownership. Please refer to page 56 in the shareholders' meeting annual report for controlling shareholders. Please refer to pages 173-176 in the shareholders' meeting annual report for stakeholder trading.

INDICATOR	DISCLOSURE ITEM	CHAPTER IN THE REPORT	PAGE	NOTE/REASON FOR OMISSION
2-16	Communicate on critical material incidents	-	-	If any major incident is associated with the environment, economy, and people, the responsible executive being reported or the responsible executive in charge of internal handling will bring up the major incident, and communicate and discuss with the top executive of corporate governance, legal affairs, and internal audit. The meeting decides whether to report the incident to the President for the decision or at the Board Meeting. MSI's "Internal Material Information Handling Procedure" ensures standardized methods for managing issues both internally and externally. No material negative incident was reported to the Board of Meeting during the reporting period. For additional company information, please refer to the Financial Supervisory Commission's MOPS: https://mops.twse.com.tw/mops/web/t05sr01_1
2-17	Group intelligence of the highest governance unit	-	-	Please refer to pages 28-29 in the shareholders' meeting annual report for advanced studies of the members of the Board. Please refer to pages 12-13 in the shareholders' meeting annual report for professional experience and skill. Please refer to the section "Director attendance (presence) at the Board Meeting and Advanced Studies" on MSI's website: https://tw.msi.com/about/corporateGovernance
2-18	Performance evaluation of the highest governance unit	-	-	Self-evaluation of the Board of Members, Remuneration Committee, and Audit Committee is executed at least once a year. The procedure and result of self-evaluation are disclosed on page 24 in the shareholders' meeting annual report. Employees may also refer to the section "Performance evaluation guidelines and self-evaluation of the Board" on MSI's website. There is no external evaluation of the Independent Board for now. https://tw.msi.com/about/corporateGovernance
2-19	Remuneration policy	-	-	a. Please refer to pages 19 and 32 in the shareholders' meeting annual report. Please refer to pages 151-154 and 211-214 in the shareholders' meeting annual report for the retirement benefit of the members of the Board and top management. b. There's performance appraisal in "environment, economy and people" for MSI's Board and some of the top management teams. However, the impact management ability of "environment, economy and people" is not the primary basis for determining the remuneration of all members of the Board or top management yet. Continuous adjustments and improvements will be made in the future.
2-20	Process for determining remuneration	-	-	Please refer to pages 30-31 in the shareholders' meeting annual report, and Remuneration Committee Organization Charter on MSI website https://tw.msi.com/about/corporateGovernance
2-21	Annual total remuneration ratio	-	-	a. 12.4-24.7 (It is announced in the shareholders' meeting annual report that the highest pay in the organization is NT\$15 to 30 million. The median salary of non-managerial employees is TWS\$1.213 million.) b. The highest individual compensation reported in the shareholder meeting is 2022 with TWS\$15-30 million; 2023 with TWS\$15-30 million [0% change]. The median salary for non-executive employees: 2022 with TWS\$1,478,000; 2023 with TWS\$1,213,000 [-18% change].

4. Strategy, policy and practice

2-22	Statement for sustainable development strategy	Words from the Chairman and President 1.1 MSI sustainable development strategy and commitment	5 8	
2-23	Policy commitment	Please visit this link for MSI environmental and supplier policy: https://csr.msi.com/global/Environmental-Sustainability-Policy https://csr.msi.com/global/supplier-policy	-	The President is the highest authority in overseeing our company's sustainable governance.
2-24	Included in the policy commitment	3.1.2 GHG Emissions	30	MSI sets its sustainability goals through regular ESG Committee meetings, aligning with the company's vision. The committee discusses Environmental and social strategies and adjusts annually based on senior management decisions. The Board monitors economic, environmental, and social impacts through reports from internal audits and the General Manager. We aim to reduce GHG emissions by 60% by 2030, using 2007 as a base year (113,675.33 tCO ₂ e). Through energy-saving measures, equipment upgrades, and renewable energy installations, we met this target in 2023. As industry growth increases carbon reduction pressure, we've also utilized solar power and external renewable energy to meet Scope 2 goals. In August 2023, MSI committed to a science-based goal of reducing emissions by 80% from 2022 levels by 2030, with Scope 3 targets set for release in 2025.
2-25	Procedure for negative impact remedy	1.2 Identification and analysis of material topics in 2023 – Material topic management	12	
2-26	The mechanism for seeking advice and raising a concern	2.5.3 Grievance reporting mechanism, 5.3.1 Communication channel and employee interaction	26 59	
2-27	Compliance	2.5 Ethics and compliance	24	
2-28	Membership of public association	2.1 Company profile	16	

5. Stakeholder engagement

2-29	Guideline for stakeholder engagement	1.2 Material topic identification and analysis in 2023 – Stakeholder engagement	10	
2-30	Collective bargaining agreement	5.3 Communication and care	59	

GRI 3 Material topic disclosure

INDICATOR	DISCLOSURE ITEM	CHAPTER IN THE REPORT	PAGE	NOTE/REASON FOR OMISSION
3-1	The process for determining material topics	1.2 Identification and analysis of material topics in 2023	9	
3-2	List of material topics	1.2 Identification and analysis of material topics in 2023 – Evaluation/Sorting	11/12	
3-3	Management of material topics	1.2 Identification and analysis of material topics in 2023 – Sorting	12	

Disclosure of specific GRI topics

SUSTAINABLE DEVELOPMENT TOPIC	GRI STANDARD ^{NOTE}	DISCLOSURE ITEM	CHAPTER IN THE REPORT	PAGE
Material topics in 2023				
Corporate performance	GRI 201 Economic Performance	201-1 Direct economic value generated and distributed	2.3 Operating performance	22
Product responsibility	GRI 416 Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	3.3 Green Production and Manufacturing 3.3.2 Product Safety and Hazardous Substance Management 2.5 Ethics and Compliance	35 37 24
Climate change	GRI 305 Emissions	305-1 Direct (Scope 1) GHG emissions 305-1 Indirect greenhouse gas (GHG) emissions (Scope 2) 305-4 GHG emissions intensity	3.1.2 GHG Emissions	30
Talent cultivation	GRI 404 Training and Education	404-1 Average hours of training per year per employee 404-3 Percentage of employees receiving regular performance and career development reviews	5.2.1 Training and Development 5.2.3 Performance Appraisal	56 58
Employee rights and friendly workplace	GRI 202 Market Presence GRI 401 Employment	202-1 Ratios of standard entry-level wage by gender compared to local minimum wage 202-2 Proportion of senior management hired from the local community 401-1 New employee hires and employee turnover 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees 401-3 Parental leave	5.1.1 Employee Overview 5.1.2 New Hired and Resigned Employee 5.1.3 Parental and Paternity Leave 5.1.4 Remuneration and Welfare	50 52 53 54
Disclosure of other specific topics				
Corporate governance	GRI 405 Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	2.2 Governance Structure 5.1 Attraction and Retention	20 50
Compliance	GRI 205 Anti-corruption	205-1 Operations subjected to reviews on the risk of corruption	2.5 Ethics and Compliance MSI had no violations of environmental, social, or economic laws during the reporting period.	24
Occupational health and safety	GRI 403 2018 Occupational Health and Safety	403-5 Worker training on occupational health and safety 403-8 Workers covered by an occupational health and safety management system 403-9 Work-related injuries 403-10 Work-related ill health	5.4.3 Occupational Health and Safety Management 5.4.4 Outcome of Occupational Health and Safety Management During the reporting period, there were no occupational diseases or related fatalities.	64 68
Human rights management and labor relations	GRI 402 Labor-Management Relations	402-1 Minimum notice periods regarding operational changes	5.3.1 Communication channel and employee interaction	59

Note: The GRI guideline without the year specified is the version in 2016.

II. SASB Index

MSI referenced the 2023-12 edition of the SASB Standards for the Technology & Communications Sector - Hardware.

TC-HW-230a.1:

Description of approach in identifying and addressing data security risks in products

Refer to 2.2.3 Information Security Management Committee.

TC-HW-330a.1:

Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees

ITEM	REGION/FACTORY					
	TAIWAN					
	MSIT			MSIT1		
	MALE	FEMALE	OTHER	MALE	FEMALE	OTHER
Management level	15.1%	5.2%	N/A	5.2%	1.5%	N/A
Technical position	47.4%	32.3%	N/A	35.5%	20.1%	N/A
Other employees	0.0%	0.0%	N/A	14.1%	23.6%	N/A
Total	62.5%	37.5%	N/A	54.8%	45.2%	N/A

ITEM	REGION/FACTORY					
	CHINA					
	MSIS			MSIK		
	MALE	FEMALE	OTHER	MALE	FEMALE	OTHER
Management level	11.1%	5.2%	N/A	9.3%	4.4%	N/A
Technical position	24.1%	14.8%	N/A	25.5%	19.3%	N/A
Other employees	30.7%	14.0%	N/A	28.2%	13.3%	N/A
Total	65.9%	34.1%	N/A	62.9%	37.1%	N/A

Note 1: Workers of production lines in factories in China are listed as other employees.

Note 2: MSI reports gender based on local legal classifications, as male and female, with other identities marked as "N/A." We respect all gender identities and support diversity and equality.

TC-HW-410a.1:

Percentage of products by revenue that contain IEC 62474 declarable substances

In 2023, the percentage was 99.9%. 5.1.11 Control use of the substance in MSI Green Product Control Specifications stated that declaration must be completed for the substances in IEC 62474 Declarable Substance List. The substance lists of the manufacturing process of products of the Company (including motherboard, graphics card, laptop/desktop, server, display, automotive electronics, and other computer peripherals must be restricted by the Green Product Control Specifications, and confirmed by the GPM system. Some of the marketing items of peripherals do not belong to the electrical and electronic products. They are not restricted by Green Product Control Specifications and do not need to be confirmed by the GPM system.

TC-HW-410a.2:

Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent

In 2023, the percentage was 0%. By March 2024, 30 product series earned EPEAT Silver or higher, though revenue percentages are currently unavailable. For more on MSI's green product achievements, please visit <https://csr.msi.com/tw/index>

For information on environmentally friendly product design, please refer to 3.3Green Production and Manufacturing/

TC-HW-410a.3:

Percentage of eligible products, by revenue, meeting ENERGY STAR® criteria

ITEM	PERCENTAGE OF PRODUCTS BY REVENUE THAT MEET ENERGY STAR 8.0 PRODUCTS
Desktop	11.75%
Laptop	72.32%
Total of all system products	60.45%

TC-HW-410a.4:

Weight of end-of-life products, e-waste recovered, and percentage recycled

The gross weight of recycled and scrapped MSI products in the Netherlands is 373.437 metric tons. The gross weight of recycled and scrapped products / gross weight of total products sold * 100% = 46.58%.

Refer to 4.4 Product Disposal and Recycling for product disposal and recycling in other regions, also refer to MSI Sustainability Website for more information: https://csr.msi.com/tw/pevn_ewaste

TC-HW-430a.1:

Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities

RBA VAP-CERTIFIED SUPPLIERS	104
TOTAL TIER 1 SUPPLIERS (FACILITIES)	317
NUMBER OF HIGH-RISK SUPPLIERS	147
RBA VAP-CERTIFIED SUPPLIERS AS A PERCENTAGE OF TOTAL TIER 1 SUPPLIERS	32.81%
RBA VAP-CERTIFIED SUPPLIERS AS A PERCENTAGE OF HIGH-RISK SUPPLIERS	70.75%

TC-HW-430a.2:

Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances

SUPPLIERS FAILING RBA VAP OR EQUIVALENT AUDITS (CMP)	56
PERCENTAGE	17.67%
AVERAGE NUMBER OF NON-CONFORMITIES	1
IMPROVEMENT RATE FOR MAJOR NON-CONFORMITIES VS. OTHER NON-CONFORMITIES	0%

TC-HW-440a.1:

Description of the management of risks associated with the use of critical materials

Refer to 4.2 Responsible Minerals Management.

TC-HW-000: Activity Metrics

ITEM	Unit	Data
TC-HW-000.A: NUMBER OF UNITS PRODUCED BY PRODUCT CATEGORY 4		Refer to the shareholders' meeting annual report V. Operation Summury, Page 81.
TC-HW-000.B: AREA OF MANUFACTURING FACILITIES	square meters	460,000
TC-HW-000.C: PERCENTAGE OF PRODUCTION FROM OWNED FACILITIES	Percentage	91.10

The disclosure content of sustainable disclosure indicator – computer and peripheral industry as required by the Taiwan Financial Supervisory Commission:

NO.	INDICATOR	ANNUAL DISCLOSURE
1	Total energy consumption, percentage of purchased electricity and usage of renewable energy	Refer to 3.2 Low Carbon and Sustainable Manufacturing
2	Total water intake and total water consumption	Refer to 3.3 Green Production and Manufacturing
3	Percentage of weight of generated hazardous waste and percentage of recycled generated hazardous waste	Refer to 3.4 Pollution and Waste Management
4	Describe the type of occupational disasters, number of people suffering from occupational disasters, and percentage of people suffering from occupational disaster	Refer to 5.4 Health and Safety
5	Disclosure of product lifecycle management: Including the weight of scrapped products and electronic waste, and the percentage of recycled product and electronic waste	Refer to SASB-TC-HW-410a.4
6	Description of risk management related to the use of key material	Refer to 4.2 Responsible Minerals Management
7	Total monetary loss incurred from legal action associated with anti-competitive practice regulations	No
8	Main product yield based on product type	Refer to the shareholders' meeting annual report V. Operation Summury, Page 81

III. ISO 26000 comparison table

TYPE	MAIN TOPIC	CHAPTER IN THE REPORT	PAGE	DESCRIPTION
Organization Governance	The system making decisions and carrying out implementation when executing the goal	2.2 Governance structure	20	
	Comply with regulations and avoid inspection of risk incurred from human rights problems	2.5 Ethics and Compliance	24	
	Human rights risk situations	4.1 Supplier management	42	
	Avoidance of complicity	CH2 About MSI	16	
	Resolving grievances	1.2 Material topic identification and analysis in 2023 – Stakeholder engagement 2.5 Ethics and Compliance 5.3 Communication and care	9 24 59	
Human Rights	Discrimination and vulnerable groups	N/A	N/A	None of the MSI's operating policies and systems is affected by gender, religion, ethnicity, nationality or political party.
	Civil and political rights	4.1 Supplier Management CH5 Talent Attraction and Retention	42	
	Economic, social and cultural rights	CH5 Talent Attraction and Retention	50	
	Fundamental principles and rights at work	CH5 Talent Attraction and Retention	50	
Labor Practices	Employment and employment relationships	4.1 Supplier Management CH5 Talent Attraction and Retention	50	
	Conditions of work and social protection	CH5 Talent Attraction and Retention	50	
	Social dialogue	1.2 Material topic identification and analysis in 2023 – Stakeholder engagement	9	
	Health and safety at work	5.4 Health and care	61	
	Human development and training	5.2 Cultivation and development	56	
Environment	Prevention of pollution	3.4 Pollution and Waste	39	
	Sustainable resource use	CH3 Climate Action and Green Manufacturing	28	
	Climate change mitigation and adaptation	CH3 Climate Action and Green Manufacturing	28	
	Protection of the environment, biodiversity and restoration of natural habitats	N/A	N/A	All of MSI's factories are located in the industrial area, passed the environmental assessment standards, and have no impact on creatures in the surrounding area.
Fair Operating Practices	Anti-corruption	2.5 Ethics and Compliance	24	
	Responsible political involvement	N/A	N/A	MSI stays politically neutral and does not make any political donation or lobbying or participate in relevant political activity.
	Fair competition	2.5 Ethics and Compliance	24	
	Promoting social responsibility in the value chain	4.1 Supplier management	42	
Consumer Issues	Respect for property rights	2.5 Ethics and Compliance	24	
	Fair marketing, factual and unbiased information and fair contractual practices	2.5 Ethics and Compliance	24	
	Protecting consumers' health and safety	3.3 Green Production and Manufacturing	35	
	Sustainable consumption	3.3 Green Production and Manufacturing	35	
	Consumer service, support, and complaint and dispute resolution	4.3 Customer service and privacy	45	
	Consumer data protection and privacy	4.3 Customer service and privacy	45	
Community Involvement and Development	Access to essential services	4.3 Customer service and privacy	45	
	Education and awareness	N/A	N/A	Through digital channels such as technology forums, and online communities, MSI combines experience marketing at key retail stores and cross-industry collaboration of business partners for users to understand industrial development and perform technical exchange. Refer to MSI's website for relevant information: https://www.msi.com/index.php
	Community involvement	CH6 Social Responsibility and Corporate Value	70	
	Education and culture	CH6 Social Responsibility and Corporate Value	70	
	Employment creation and skills development	CH6 Social Responsibility and Corporate Value	70	
	Technology development and access	2.1 Company profile	16	
	Wealth and income creation	CH2 About MSI	16	
Health	5.4 Health and safety	61		
Social investment	CH6 Social Responsibility and Corporate Value	70		

IV. United Nations Global Compact Comparison Table

TYPE	10 PRINCIPLES	CHAPTER IN THE REPORT	PAGE
Human rights	Businesses should support and respect the protection of internationally proclaimed human rights.	2.5 Ethics and compliance	24
	Make sure that they are not complicit in human rights abuses.		24
Labor standard	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	MSI executes collective bargaining according to all regulations in locations in which all MSI factories are located.	N/A
	The elimination of all forms of forced and compulsory labor.		24
	The effective abolition of child labor.	2.5 Ethics and Compliance	50
	The elimination of discrimination in respect of employment and occupation.	5.1 Attraction and retention	50
Environment	Businesses should support a precautionary approach to environmental challenges.	CH3 Climate Action and Green Manufacturing	28
	Undertake initiatives to promote greater environmental responsibility.		
	Encourage the development and diffusion of environmentally friendly technologies.		
Anti-corruption	Businesses should work against corruption in all its forms, including extortion and bribery.	2.5 Ethics and compliance	24

V. GRI & SASB external statement



INDEPENDENT ASSURANCE OPINION STATEMENT

2024 Micro-Star Sustainability Report

The British Standards Institution is independent to Micro-Star International Co., Ltd. (hereafter referred to as MSI in this statement) and has no financial interest in the operation of MSI 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 MSI only for the purposes of assuring its statements relating to its sustainability report, 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 MSI. 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 MSI only.

Scope

The scope of engagement agreed upon with MSI includes the followings:

1. The assurance scope is consistent with the description of 2024 Micro-Star Sustainability Report.
 2. The evaluation of the nature and extent of the MSI's adherence to AA1000 AccountAbility Principles (2018) and the reliability of specified sustainability performance information in this report as conducted in accordance with type 1/ type 2 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process expect for data relating water use topic.
 3. The assessment of disclosure to be in conformance with the applicable SASB industry standard(s) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement.
- This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the 2024 Micro-Star Sustainability Report provides a fair view of the MSI sustainability programmes and performances during 2023. The sustainability report subject to assurance is free from material misstatement and its data relating water use topic is materially correct without voluntary omissions based upon testing within the limitations of the scope of the assurance, the information and data provided by the MSI and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are correctly represented. The sustainability performance information disclosed in the report demonstrate MSI's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that MSI's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards and SASB Standard(s) 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 MSI'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.
- 9 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.
- the verification of performance data and claims made in the report through meeting with managers responsible for gathering data relating water use topic.
- review of the processes for gathering and ensuring the accuracy of data, followed data trails to initial aggregated source and checked sample data relating water use topic to greater depth during site visits.
- 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).
- an assessment of the organization's use of metrics or targets of SASB Standard(s) to assess and manage topic-related risks and opportunities.

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness, and Impact of AA1000AP (2018) and sustainability performance information as well as GRI Standards and SASB Standard(s) is set out below.

Inclusivity

This report has reflected a fact that MSI 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 the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the MSI's inclusivity issues.

Materiality

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

Responsiveness

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

Impact

MSI has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. MSI 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 MSI's impact issues.

Performance information

Based on our work described in this statement, specified sustainability performance information such as GRI Standards disclosures disclosed in this report, MSI and BSI have agreed upon to include in the scope. In our view, the data and information relating water use topic contained within 2024 Micro-Star Sustainability Report are reliable.

GRI Sustainability Reporting Standards (GRI Standards)

MSI provided us with their self-declaration of in accordance with GRI Standards 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, comply with all reporting requirements for disclosures). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported, or omitted. In our professional opinion the self-declaration covers the MSI's sustainability topics.

SASB Standards

MSI provided us with their self-declaration of in accordance with SASB Standard(s) (Hardware Sustainability Accounting Standard, version 2023-12). Based on our review, we confirm that the sustainability disclosure topics & accounting metrics of SASB Standard(s) (Hardware Sustainability Accounting Standard, version 2023-12) are reported, partially reported, or omitted. In our professional opinion the self-declaration covers disclosure topics, associated accounting metrics and activity metrics for applicable SASB industry standard(s).

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

The moderate level assurance provided is in accordance with AA1000AS v3 in our review of SASB Standard(s).

Responsibility

This sustainability report is the responsibility of the MSI'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 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:

Peter Pu, Managing Director BSI Taiwan



AA1000
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