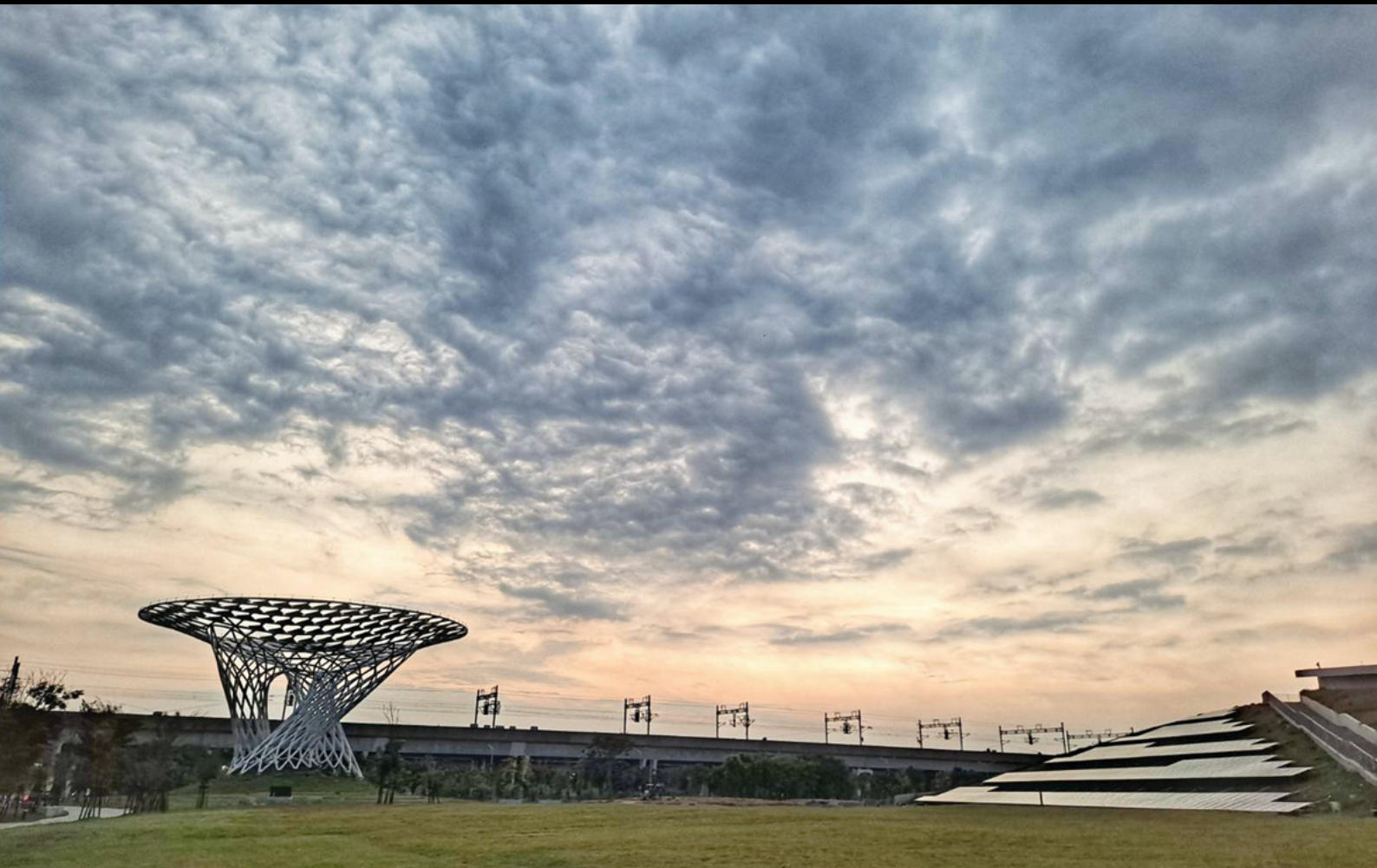
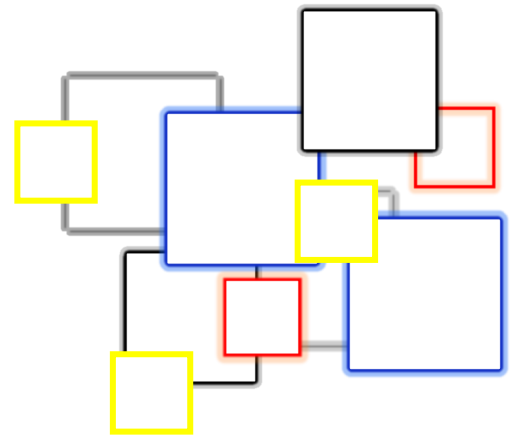




恒耀國際股份有限公司
QST INTERNATIONAL CORP.



2020
Corporate Social
Responsibility
Report



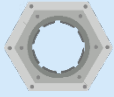
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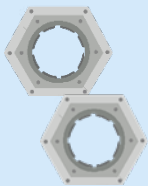


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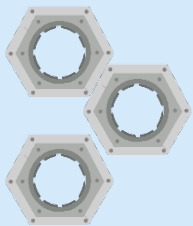
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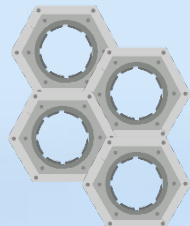
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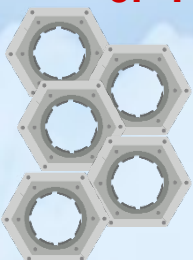
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EDITING PRINCIPLES



QST International Corporation (hereinafter referred as QST or the Company) compiles and discloses the Corporate Social Responsibility Report with the internal data from the divisions within the Company. To ensure correct and integral content and to meet the expectations of the stakeholders, the editorial meeting is held upon the completion of the first draft for the review and revision of the content. The Report is finalized and published after being approved by division directors, the president and the chairman.

Report Release Schedule and Frequency

This CSR report is the third one published by QST Corporation.

The last report was released in June 2020.

The current report is released in June 2021.

The next report will be released in June 2022.

Scope and Boundary of the Report

Geographical boundary: This Report covers the information of the Head Office, the Bao-An Plant and the Jen-Der Plant of QST International Corporation. The Head Office of QST is at 3F, No.203, Sec. 1, Changrong Rd., East Dist., Tainan City, Taiwan.

Time frame: This Report covers the contents from Jan. 1st to Dec. 31st, 2020.

Scope of the Report: This Report discloses the business activities and results in sustainability of QST, the manufacturer and seller of fasteners and components. The financial performance is presented in consolidated financial statements and calculated in New Taiwan Dollars. The financial data were audited by Deloitte & Touche.

External Verification

This Report was verified by TÜV Rheinland, Taiwan for the conformity of the Core Option of Global Reporting Initiative Standards (GRI Standards). The appendixes include the GRI Standards Index for the content of every chapter and the AA1000 Assurance Standard of Type I Moderate Level.

Contact Information

Please contact us if you have any interest in or for any question or suggestion about this CSR Report.





MESSAGE FROM THE CHAIRMAN

The global economy in 2020 was impacted by COVID-19 epidemic that the economy activities of Europe, America and China were reduced. The trade conflicts between the US and China have not reached a resolution. Both created severe influence on the automobile industries in the world. QST was also largely affected because more than 80% of its revenues come from the automobile industries.

Under the slump environment, the Company turned to improve internal qualities of the corporation, such as:

1. Optimize site operation systems to manage production information more effectively.
2. Optimize production schedule to decrease loss and increase work efficiency.
3. Purchase equipment to enhance production and company capacities.

The key topics of QST's operation were surveyed from our stakeholders. The results show that the social topics are ranked prior to environmental and economic ones. "Occupational health and safety" and "Compliance" are the two priority social topics. The Company always value safety and health of our employees and follow the government occupational health and safety regulations. We establish working rules, management approaches, objectives, policies, commitments, and goals of occupational safety management. Long-term implementation will bring more significant results

For the aspect of economy, the revenue of 2020 decreased 11% compared to that of 2019 due to the impact of COVID-19. The good news is that the order requests of clients recovered from the third quarter and keep rising. As for the environment aspect, there was no apparent difference in energy, water, and GHG emission intensities (divided by product weight) compared to those of 2019. The Company improves energy saving continuously.

To pursue corporate sustainable development, healthy and friendly working environment, community and stakeholder communication enhancement, QST publish CSR reports by following GRI Standards to reveal the core abilities of corporation, respond to requests from society, and create a sustainable future.

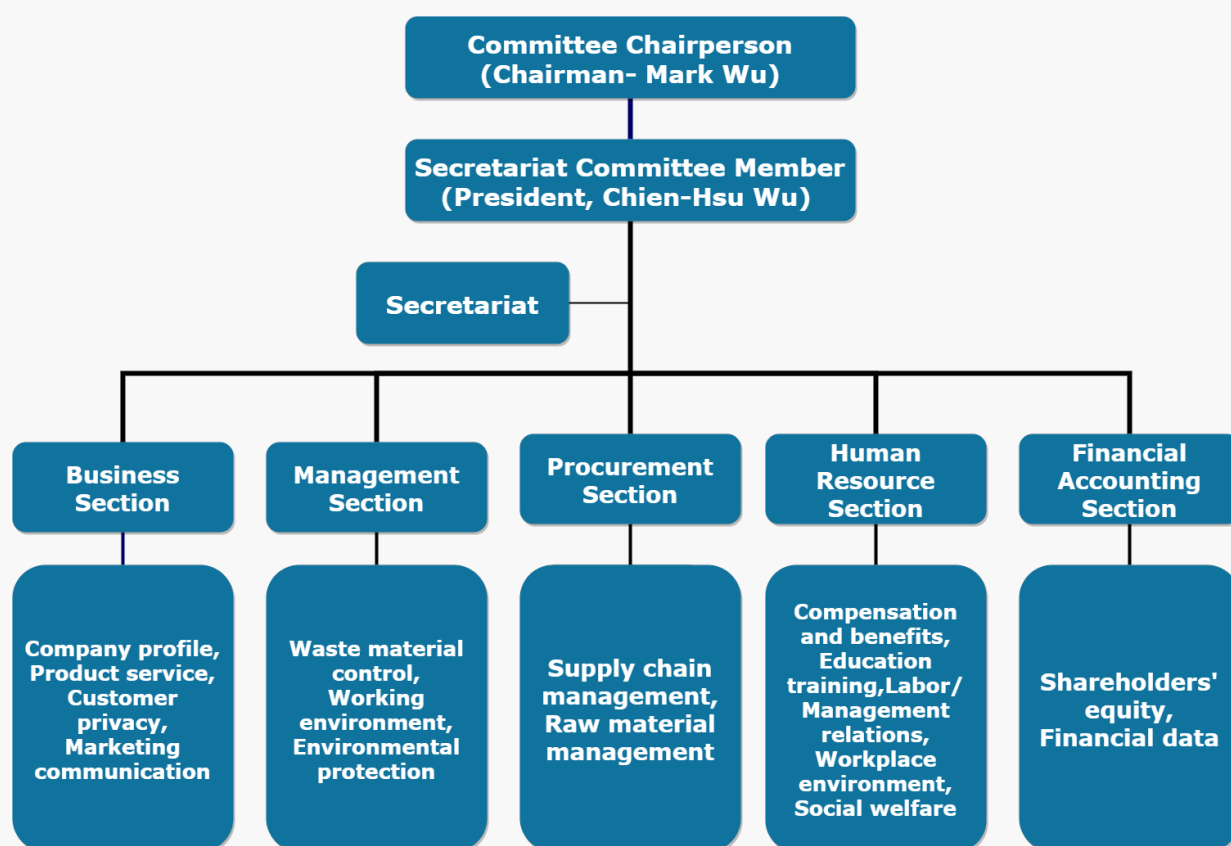
Chairman

1. CORPORATE SOCIAL RESPONSIBILITY FRAMEWORK

1.1 CSR COMMITTEE

Composition of the CSR Committee

The CSR Committee was officially established in April 2018, serving as the highest level organization for sustainability management of QST that directly supervises issues related to the sustainable development of the Company. The chair of the committee will directly report the related policies and corresponding efficacy to the Board of Directors. The Secretariat is responsible for the compilation and organization of this Report.



Operation Mode of the CSR Committee

The CSR Committee, headed by the Chairman of the Board, is in charge of CSR affairs and guides the direction of sustainable development of the Company. The president serves as the Secretariat committee member while the staff of the Secretariat is assigned and responsible for the operation and coordination of the committee. There are five sections: Business, Management, Procurement, Human Resource, and Financial Accounting. Section members are composed of relevant units of the Company, responsible for CSR related economic, environmental and social issues. Formal committee meetings are convened at least three times each year.



1.2 IDENTIFICATION OF STAKEHOLDERS' ISSUES OF CONCERN AND COMMUNICATION

Identification of Stakeholders

Our stakeholders are identified through assessment of global sustainability trends and operational development goals and analysis of major issues in economic, environmental and social aspects by the CSR Committee and the heads of all departments. QST's stakeholders can be classified into six categories: Clients, Employees, Suppliers, Government, Shareholders, and Communities.



Stakeholders are further identified based on business contacts of department units. Questionnaires were distributed to the six categories of stakeholders by visits, emails or telephone calls. A total of 83 external questionnaires were returned.

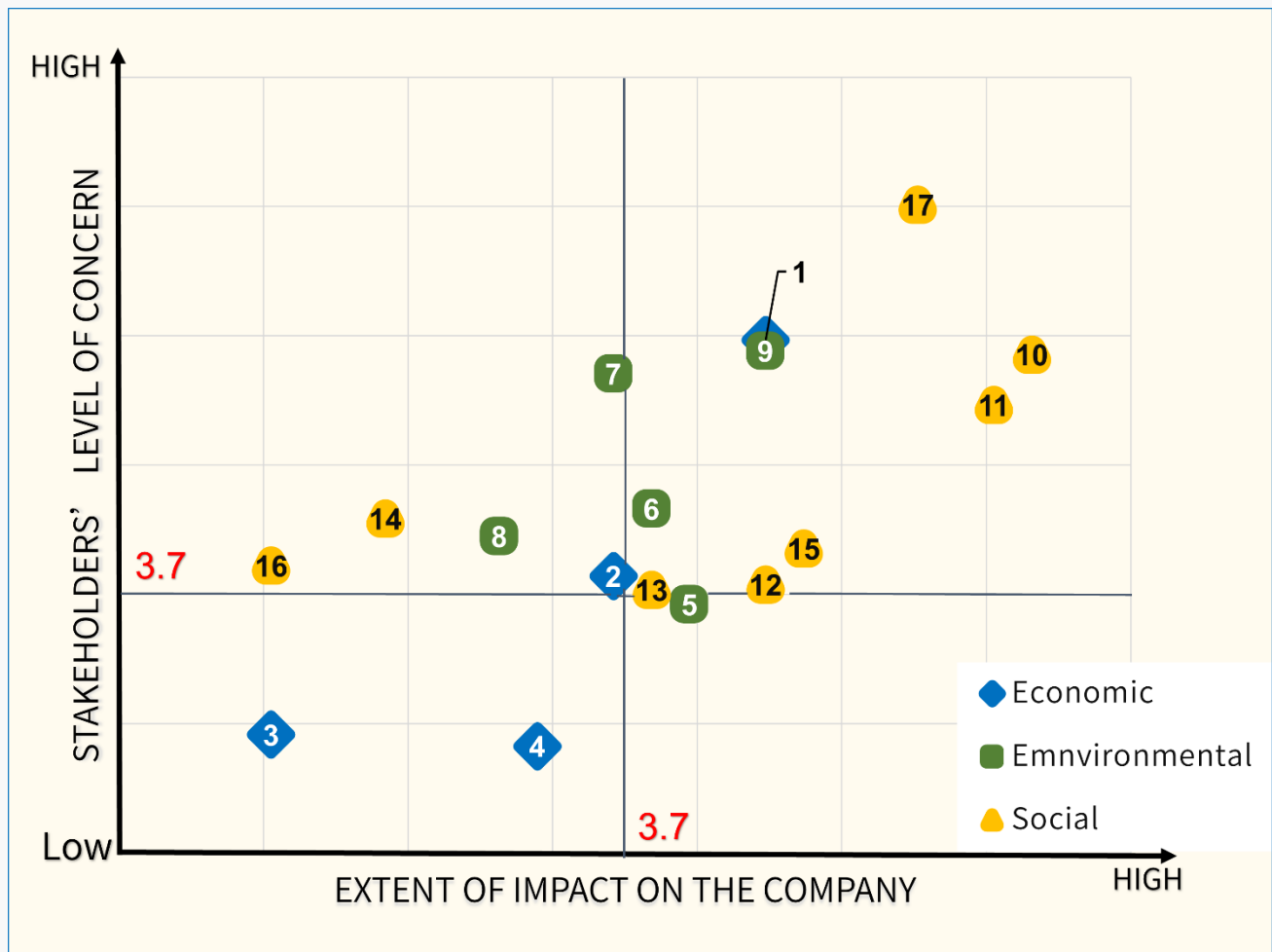
To identify the extent of business impact, internal survey was also conducted by the supervisors of all departments to assess the major topics that are of importance, substance, and impacts. A total of 19 internal questionnaires were returned.

Scores were calculated for the collected replies to find the material topics and level of concern among the topics. 3.70 was taken as the mean value to graph the material topics distribution.



Distribution of Material Topics

The distribution of material topics are shown in the figure above. Social topics in red such as Compliance, Employment and Labor/Management Relations, and Occupational Health and safety are at the upper right corner with high priority, followed by Environmental topics in Green such as Effluents and Waste and Economic topics in blue such as Economic Performance.



Identification of Material Topics

Twelve material topics are identified and listed in the table below. The material topics of 2018 and 2019 are also listed for reference.

Aspect	2018	2019	2020
Economic	2. Economic Performance 6. Market Presence 11. Indirect Economic Impacts	4. Salary structure 6. Economic Performance	4. Economic Performance
Environment	1. Energy 7. Water 8. Waste 9. Materials	7. Water and Effluents 8. Waste	5. Effluents and Waste 6. Water 9. Energy 10. Materials
Social	3. Employment and Labor Relations 4. Labor Management Relations 5. Compliance 10. Occupational Health and Safety 12. Training and Education 15. Customer Privacy	1. Occupational Health and Safety 2. Compliance 3. Customer Service and Safety 5. Employment and Labor/Management Relations 9. Training and Education	1. Compliance 3. Occupational Health and Safety 7. Customer Service and Safety 8. Training and Education 2. Employment and Labor/Management Relations 11. Employee Diversity and Equal Opportunity 12. Human Rights and Forced Labor



Order of Material Topics

The 12 material topics are listed in the table below. Compared with those in 2019, the topics with rankings ascended are Economic Performance, Employment and Labor/Management Relations, etc. The topics with rankings fallen are Occupational Health and Safety, Customer Service and Safety, etc. The topics with the same rankings are Training and Education, Energy, and Employee Diversity and Equal Opportunity.

Material Topics	Aspect	Disclosures
1. Compliance ▲	Environmental, Social	307-1 、 419-1
2. Employment and Labor/Management Relations ▲	Social	401-1 、 401-2 、 401-3 、 402-1
3. Occupational Health and Safety ▼	Social	403-1 、 403-2 、 403-3 、 403-4 、 403-5 、 403-6 、 403-7 、 403-8 、 403-9
4. Economic Performance ▲	Economic	201-1 、 201-3 、 201-4
5. Effluents and Waste ▲	Environmental	306-1 、 306-2
6. Water ▲	Environmental	303-1 、 303-3 、 303-4 、 303-5
7. Customer Service and Safety ▼	Social	416-1 、 416-2 、 418-1
8. Training and Education -	Social	404-1 、 404-2 、 404-3
9. Energy -	Environmental	302-1 、 302-2 、 302-4
10. Material ▲	Environmental	301-1
11. Employee Diversity and Equal Opportunity -	Social	405-1 、 406-1
12. Human Rights and Forced Labor ▲	Social	408-1 、 409-1 、 411-1 、 412-2 、 412-3



Stakeholder Communication

Stakeholders were assigned with a unit based on the business contacts. The category of the stakeholders, their issues of concern, the unit in charge, communication channels and frequency are detailed in the table below.



Stakeholders	Issues of Concern	The Unit in Charge	Communication Channels	Frequency
Clients	- Occupational Health and Safety - Economic Performance - Materials - Energy - GHG Emissions - Training and Education - Compliance	Business Section	- Mail - Telephone - Customer audits - Survey of satisfaction - Participation in exhibitions	Occasional
Employees	- Employment and Labor/Management Relations - Employee Diversity and Equal Opportunity - Human Rights and Forced Labor - Occupational Health and Safety - Compliance - Entry Level Wage, Proportion of Senior Management Hire From Local Community	Human Resource Section	- Labor management meeting - Employee welfare committee - Grievance hotline - Email address - Communication with unit managers - Employee satisfaction survey - Employee health check - Training and education	- Quarterly - Quarterly - Occasional - Occasional - Occasional - Annual - Annual - Occasional
Shareholders	- Economic Performance - Employment and Labor/Management Relations	Financial Accounting Section	- Regular shareholders' meeting - Extraordinary shareholders'	- Annual - Occasional



Stakeholders	Issues of Concern	The Unit in Charge	Communication Channels	Frequency
	3. Compliance 4. Water 5. Effluents and Waste		meeting	
Suppliers	1. Materials 2. Effluents and Waste 3. Water 4. Compliance 5. Customer Service and Safety 6. Economic Performance 7. Energy	Procurement Section	1. Supplier visiting 2. Supplier auditing	1. Occasional 2. Annual Assessment
Communities (Neighbors, Media, Civil Groups, Associations, etc.)	1. Waste 2. Economic Performance 3. Compliance 4. GHG Emissions 5. Water 6. Employment and Labor/Management Relations 7. Employee Diversity and Equal Opportunity 8. Customer Service and Safety	Management Section	1. Management committee meeting 2. Guard room interview 3. Interview Invitation 4. Public information 5. Policy seminar, forums, and public hearings 6. Responding to strategic alliances and initiatives 7. Official documents	1. Annual 2. Occasional 3. Occasional 4. Occasional 5. Occasional 6. Occasional 7. Occasional
Government	1. Compliance 2. Training and Education 3. Customer Service and Safety 4. Water 5. Occupational Health and Safety 6. Effluents and Waste 7. Employee Diversity and Equal Opportunity 8. Human Rights and Forced Labor	Management Section	1. Publicity meeting of regulations 2. Declare from system 3. Exchanges of official documents 4. Factory auditing	1. Occasional 2. Annual 3. Occasional 4. Occasional



1.3 MANAGEMENT APPROACHES

Recently, it has become important to manage the acquirement, use, and protection of natural resources due to climate change. QST is a traditional manufacturer with good control in using mainly electricity with little pollution. In terms of material topics of Effluents and Waste, Water, Energy, and Materials, QST considered to reduce the use of materials and energy for production and transportation. Our environmental policy shows the environmental philosophy of the Company's executives and commitment to compliance and continuous improvement. This policy is observed in the scope defined by the environmental management system to reduce the environmental impacts of business activities, products and services.



Material Topics 5 、 6 、 9 、 10- Effluents and Waste, Water, Energy, Materials	
Objectives	The business activities, products and services comply with environmental regulations and requirements.
Policies	With the spirit to serve, the Company is willing to implement the concept of environmental protection and pollution prevention in the production process and service activities. The environmental management system is used for the setting of the direction of continuous improvement to pursue corporate sustainable management.
Commitments	Continue to conduct effective environmental management within the environmental areas of the plants. We are working on the followings and our employees are also trained to make relevant efforts. We would also like to inform relevant residents and vendors of the following commitments. 1. We uphold the spirit of “continuous improvement and pollution prevention” and pass the system policy on to all relevant staff working for or on behalf of the Company. 2. All the activities, products and services are in line with government regulations, and environmental policy, objectives and targets should be properly revised, and relevant announcement should be made



Material Topics 5 、 6 、 9 、 10- Effluents and Waste, Water, Energy, Materials

	based on the internal and external audit results and results of management review. 3. Proper production and pollution prevention technologies and equipment are adopted to effectively reduce industrial waste and prevent pollution. 4. PDCA cycle and other management methods are effectively used to establish relevant rules so as to ensure all the Company's activities, products and services are designed to reduce environmental impacts to the minimum.
Goals	1. To reduce air pollution emissions and improve air quality in the plant. 2. To control daily water usage in the plant.
Responsibility	Environmental Engineering Office
Grievance	Tel: +886-6-2081997#11121, 11122
Specific Actions	Continuously replace energy-consumed lamps with energy-conserved LED
Management Mechanism	ISO 14000: 2015 Environmental Management System
Performance and Adjustment	Conduct annual environmental management review meeting, outsource the review of the environmental management system and certification, and outsource the wastewater test report every six months.



In terms of the material topic of Compliance, there were no economic and social violation fines in 2020.



Material Topic 1- Compliance	
Objectives	Quality, environment, and occupational health and safety management system work with the PDCA concept to achieve continual improvement.
Policies	With the sustainable management concept of “progress in Innovation and making routine to be a career,” QST continues to work toward legal compliance of environment, occupational health and safety, and social regulations.
Commitments	1. Integrate the requirements of the quality, environment, and occupational health and safety management systems into the operation of the organization and operate effectively. 2. Ensure the management policies and goals to comply with the Company’s operation direction.
Goals	No violations of environmental protection, occupational health and safety, and social regulations.
Responsibility	A management representative is assigned for quality, environmental protection, and occupational health and safety activities. A department is also set up for relevant operating procedures.
Grievance	Tel: + 886-6-2081997#11121, 11122
Specific Actions	1. Checking related regulations of environmental protection, occupational safety and health, and society regularly to ensure the compliance. 2. Reviewing violation events about environmental protection, occupational safety and health, and society to prevent from occurring again. 3. Announcements of violation events about environmental protection, occupational safety and health, and society to enhance employees’ awareness.
Management Mechanism	ISO9000: 2015 Quality Management System. ISO14000: 2018 Environmental Management System.
Performance and Adjustment	No violation of regulations in 2020.



The topic of Economic Performance is always important to the Company. QST is devoted to the expansion of market, raising self-capacity utilization and pursuing lean operation for the maximum benefits of the Company and the shareholders. The scope of impact of this topic includes the Company and its subsidiaries. The Company's Economic Performance and Indirect Economic Impacts disclosed in this Report only covers relevant information of the Company including the pension plan and donations. Those of subsidiaries are not included.



Material Topic 4- Economic Performance	
Objectives	Continue to pursue sustainable development, profits and growth.
Policies	Introducing advance technologies, equipment and processes to enhance product scale, expand supply capacity and optimize customer and market structure to establish long-term competitiveness
Commitments	We abide by the Company Act, Securities and Exchange Act and other relevant laws for the maximum benefits for the company and its shareholders.
Goals	To continue growth in revenues and profitability.
Responsibility	Accounting Dept.
Grievance	Tel: +886-6-2081997 E-mail: qstmail@qst.com.tw

To manage the four material topics of Employment and Labor/Management Relations, Training and Education, Employee Diversity and Equal Opportunity, and Human Rights and Forced Labor, the Company has the excellent customer services, professional industrial knowledge, and product innovation capability. The cultivation of manpower quality is also one of the key factors for QST's industrial competitiveness.

In view of this, the Company regards its employees as the most important asset invested and is devoted to the in-depth management of human resources, working on the close integration of the growth of the employees and the development of the Company, enabling the effective operation from the input of manpower, equipment, materials, regulations and environment to maintain our future competitiveness.

The four topics are important to the Company after the analysis of the stakeholders' level of concern and extent of impact. The disclosure boundary is the company's plants in Taiwan only, our subsidiaries and affiliations are not included.





Material Topics 2, 8, 11, 12 - Employment and Labor/Management, Training and Education, Employee Diversity and Equal Opportunity, and Human Rights and Forced Labor

Objectives	Every employee can develop skills, competent in jobs, increase efficiency and accumulate experience. Employees grow along with the Company and improve its performance.
Policies	To attract and retain talents needed for the development of the company, we continuously promote and improve employee welfare, education and training, pension system and labor relations. The measures include the followings. 1. Establish Employee Welfare Committees for various welfare plans. 2. Education and training. 3. Pension system. 4. Labor agreements and various measures for the protection of labor rights. 5. Work environment and personal safety protection measures. 6. Employee behavior and ethics.
Commitments	Protecting employee rights and creating a sound working environment. The legal compliance concerning HR management include the followings: 1. Domestic regulations: Labor Standards Act, Labor Pension Act, Labor Safety and Health Act, Settlement of Labor-Management Dispute Act, Gender Equality in Employment Act, and Employees' Welfare Funds Act. 2. International regulation: IATF16949 requirements.
Goals	The annual employee satisfaction survey reaches 3.5 points on average (5 points scale).
Responsibility	Human Resource Department
Resources	Manpower assigned: Responsible personnel of the HR Section and heads of relevant departments. Finances invested:



Material Topics 2, 8, 11, 12 - Employment and Labor/Management, Training and Education, Employee Diversity and Equal Opportunity, and Human Rights and Forced Labor

	1. Benefits: Total expenditure of NTD 3,822,232 in 2020. 2. Pension reserve fund: By December 21, 2020, the balance of the pension reserve account was NTD 105,203,000.
Grievance	Tel: +886-6-2081997#11121 or #11122 or 11126 Sexual harassment complaint email: 113@qst.com.tw Employee grievance email: 1999@qst.com.tw
Specific Actions	1. To effectively manage human resources, Work Rules and relevant management measures are made in accordance with labor regulations. 2. New employees will start orientation immediately to understand the benefits, system, environment, quality and work regulations so that they can adapt to and fit in the corporate culture and the big family faster. 3. The Company attaches great importance to employee health and conducts annual health checkups. 4. The Company regularly organizes domestic trips to enhance the employee coherence. 5. The Company grants Service Award to employees based on their service years.
Management Mechanism	Every year, the Company conducts the audit on the effectiveness of the human resources management in accordance with the internal management audit procedures of IATF16949.
Performance and Adjustment	The average score of annual employee satisfaction survey in 2020 was 3.4 points. The company will respond to the survey results and improve employees' satisfaction year by year.



For the material topic of Occupational Health and Safety, QST regards the health of the employees as the basis of the company's operation. To enable the employees to work in a safe and healthy manner, we have established Occupational Safety and Health Management Plan and Safety and Health Work Rules in accordance with the Occupational Safety and Health Organization Management, Occupational Safety and Health Act and other relevant legal regulations for a safe working environment. The boundary of this topic includes the employees working in all our plants in Taiwan (including contractors), and the disclosure is limited to those working within the company.



Material Topic 3- Occupational Health and Safety	
Objectives	Safeguard the safety and well-being of the employees, clients, suppliers, contractors, and communities as well as the company assets, creating a safe and comfortable work environment.
Policies	In the process of product R&D, manufacturing, testing and sales, it is required to meet the health and safety regulations and other relevant requirements. Furthermore, the philosophy of "Continuous Improvement of Health and Safety, Prevention of Occupational Disasters" should be upheld to avoid the occurrence of unsafe behavior, environment, and equipment.
Commitments	1. Comply with the regulations of Occupational Health and Safety laws and requirements of training. 2. Prevent the occurrence of work-related injuries, unhealthiness, disease, and accidents to protect the health and safety of all employees and suppliers, contractors as well as visitors entering the Company. 3. Abide by relevant national regulations concerning health and safety and follow other requirements and develop relevant SOPs and methods. 4. Continue the improvement in the Health and Safety Management system and the safety and health performance. 5. To pass on this policy and communicate health and safety issues to all employees, suppliers, clients, contractors and related interested groups.

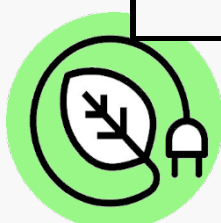


Material Topic 3- Occupational Health and Safety	
	6. Continue to provide necessary training to employees, suppliers and contractors to ensure they are aware of health and safety related knowledge and correct behavior.
Goals	Zero occupational disaster.
Responsibility	Environmental Engineering Section
Grievance	Tel: + 886-6-2081997#11121, 11122
Specific Actions	1. Annual health examinations for employees. 2. Hearing tests for employees in special operations, and customized earplugs programs.
Management Mechanism	Continuous improvement in safety and health and prevention of occupational disasters.
Performance and Adjustment	There were no incidents in the plants and a safe working environmental is maintained to safeguard the safety of employees.

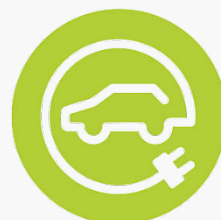
The material topic of Customer Service and Safety is a commonly recognized goal in national regulations and organizational policies. If an organization violates relevant regulations, in addition to the direct impact on finances, the company's reputation and customer loyalty and satisfaction will also be affected. The scope of impact includes the customer privacy management of all QST employees, contractors and suppliers (affiliated companies and subsidiaries not included). Hierarchical access to data of the internal system is set to protect customer privacy.



Material Topic 7- Customer Service and Safety	
Objectives	1. Protect customer privacy properly to avoid leakage of customer information and strengthen information security. 2. Follow the regulations of EU (RoHS and REACH) and ensure no influence on health and safety of customers.
Policies	To strengthen the Company's information security to protect customer privacy.



Material Topic 7- Customer Service and Safety	
Commitments	Make no public of any forms of information about clients, employees, or products.
Goals	1. Set hierarchical access to the system data to protect customer privacy. 2. Hold education and training for relevant publicity and communication. 3. Equip all computers with anti-virus software to prevent spreading of computer viruses.
Responsibility	Information Dept.
Grievance	Tel: +886-6-2081997 E-mail: qstmail@qst.com.tw
Specific Actions	1. Personnel from Information Section regularly check whether the web operating environment is safe. 2. Propaganda and lecture on information security. 3. All computer equipment is equipped with anti-virus software. 4. Make real-time update of virus pattern to prevent e-commerce from spreading viruses. 5. Setup firewall to isolate external attacks. 6. Purchase additional firewall hardware and software portfolio (including threat defense/malicious URL filtering/new-state malicious program attack protection) in 2018 to establish a safe network between the intranet and the external network for control. 7. Consolidates AD accounts for advance control. 8. The access to the intranet is all controlled by MAC authentication. 9. Regular firmware updates on a quarterly basis.
Management Mechanism	Conduct information assets inventory regularly every year and make regular checks of the firewall settings and abnormal records.
Performance and Adjustment	There was no occurrence of information security incidents, so important information security equipment is regularly updated every five years.



QST External Members

The Company enhances relevant professional and technical knowledge and understands our stakeholders' issues of concern by participating in professional associations and through exchanges with them.

Association	Membership
Taiwan Industrial Fasteners Institute	Special Top Member Standing Director – Chairman Mark Wu
Taiwan Fastener Trading Association	Group Member



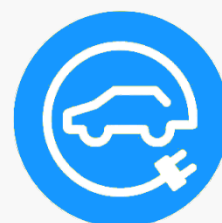
2. COMPANY MANAGEMENT

2.1 COMPANY PROFILE

QST is a manufacturer and trader of auto and industrial fasteners with a worldwide customer base and global market layout. To give full play to the greatest value of the internal and external stakeholders, QST was listed on the Over-the-Counter market in 2006, and currently ranked among the Top 500 Manufacturing Corporations in Taiwan, taking the leading role in the industry.

The Company name, QST, stands for Quality, Service and Teamwork, which are the three core values the Company has always adhered to.

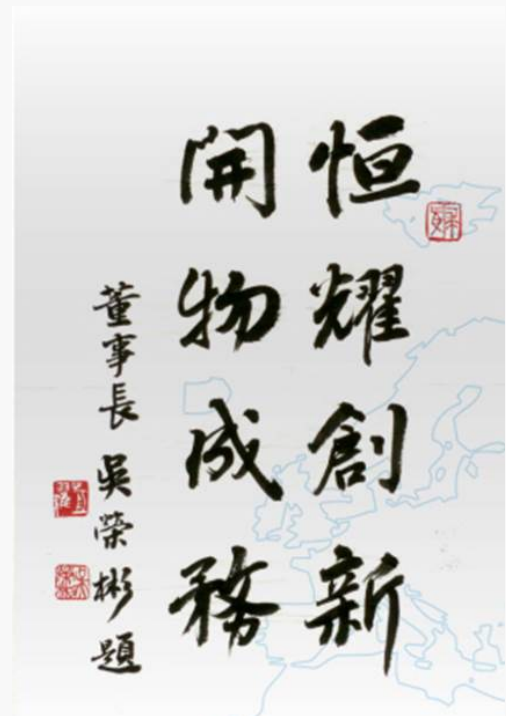
Company Name	QST INTERNATIONAL CORPORATION
Chairman	Mark Wu
President	Chien-Hsu Wu
Headquarters	3F, No.203, Sec. 1, Changrong Rd., East Dist., Tainan City 701, Taiwan
Date of Establishment	April, 1985
Number of Employees	500
Capital	NT\$ 1,263,829,000
Products and Services	Exporting fasteners such as screws and nuts, procurement integration and remote inventory management, manufacturing of OEM-grade industrial fasteners and other C-parts
Business Philosophy	To Progress in Innovation, Following the Principles Behind All Things to Attain Success
Core Values	Quality, Service, Teamwork
Website	http://www.qst.com.tw/ 





Enterprise Spirit

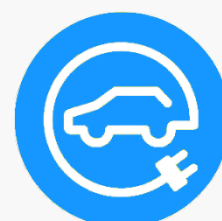
“To Progress in Innovation, Following the Principles Behind All Things to Attain Success” symbolizes the Company’s ambition to contribute to all mankind and the shared vision of all our employees. QST started from scratch, and every step is managed as life-long business. We never forget to give back to the society while managing business. From our perspective, manufacturing metal parts has gone beyond the meaning of sales. It is to ensure our customers’ safety, comfort and efficiency, which is exactly what we do to make contributions to the society.



Milestones of QST

The milestones of the Company since its establishment in 1985 are detailed in the table below. In 2020, Newco International Co., Ltd. was renamed as QST (Thailand) Co., Ltd. and increased shareholding from 49% to 90%.

Year	Milestones
1985	Jun Hui Co. Ltd was established.
1996	Changed the company name to QST International Corp. and established its subsidiary, Q-Lab Inc.
1998	Obtained ISO 9002 Quality Management System certification; reinvested in Suzhou Yeswin Manufacture Industry Co., Ltd. and Xiamen Boltun Metal Co., Ltd
2002	Obtained QS 9000 and ISO 14000 certifications
2005	Obtained certification of TS16949 Quality Management System
2006	Completed Bao-An Plant and obtained the Constructional Improvements Ownership for official operation
2007	Established YESWIN (Shanghai) Co., Ltd in Shanghai, China
2009	Established Suzhou Q-Lab Inc.
2010	Indirectly invested in Xiamen Boltun Metal Co., Ltd, Xiamen Boltec Metal Co., Ltd, Xiamen Bolwir Co., Ltd and Xiamen Bolmac Co., Ltd
2012	Obtained FORD Q1 Certification
2014	Officially changed the name into QST International Corporation; held an 85.71% shareholding in the German company, ESKA Automotive
2017	Purchased land and warehouses in Ohio, USA
2018	Revised certification of TS-16949 to IATF-16949
2020	Newco International Co., Ltd. (Newco) was renamed as QST (Thailand) Co., Ltd. in November, and increased shareholding from 49% to 90%.



QST



Xiamen Boltec Metal Co., Ltd



Suzhou Yeswin Manufacture Industry Co., Ltd.



Xiamen Boltun Metal Co., Ltd



Xiamen Bolwir Co., Ltd



ESKA

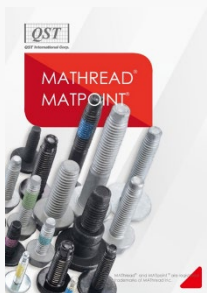


Products

QST is one of the top manufacturers of industrial metal parts in Taiwan. It integrates the manufacturing capabilities of elite manufactures inside and outside the industry to form a broad product range to meet the OEM market demands. The products of the Company are generally referred to as Fasteners, which include internal- and external- threaded fasteners, C-parts for industrial use and so on, and are used in a variety of industries. Among them, automotive fasteners and parts account for approximately 80% of the total revenues, making them the core products of the Company.



Product	Item	Purposes and Functions
External threaded fasteners	Torx Screws	Widely used in various industries; the specially designed driving sockets can reduce the wear of assembly tools, improve assembly efficiency and reduce costs.
	Taptite® Screws	Mainly used in automotive industry; the patented thread-rolling process eliminates the tapping procedure of the joining parts and effectively improve the bonding strength.
	Matpoint Screws	Mainly used in automotive industry; the patented auto guiding function can prevent assembly tilt, reducing failure rate while improving assembly efficiency and reducing costs.
Internal threaded fasteners	Prevailing torque nuts	Mainly used in the automotive industry; the combination of spring washer and the nut not only prevents looseness but also effectively reduces the assembly process and costs.
	Prevailing torque nuts	Widely used in various industries; the specially designed pre-torque function makes it possible to achieve the needs for anti-loose and shock-resistance at lower costs.
	Weld nuts & Weld Studs	Mainly used in automotive industry and widely used in sheet metal structural parts, not only providing high strength and consolidating function but also suitable for automatic feeding.
Others	Customized spare parts and accessories	Special spare parts and accessories are manufactured based on the customers' specifications and blueprint (non-internal and non-external threaded fasteners), with the usage and functions meeting the needs of the original engineering design.



【MATheard®】
【MATpoint®】



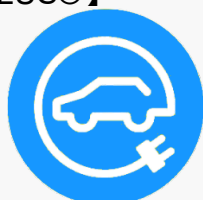
【REMFORM®】



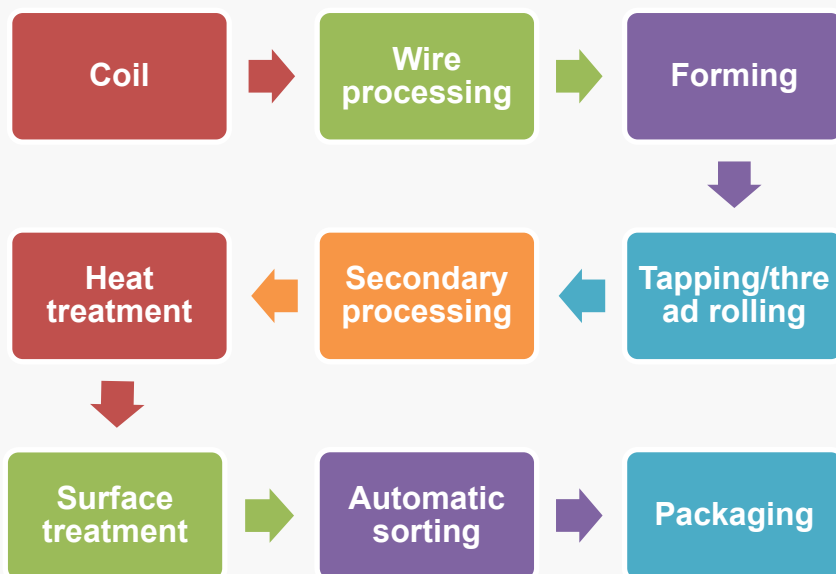
【TAPTITE®】
【TAPTITE2000®】



【TORX®】
【TORX PLUS®】



Production Process



Coil/Wire



Forming



Thread-rolling



Surface treatment



Heat treatment



Secondary processing



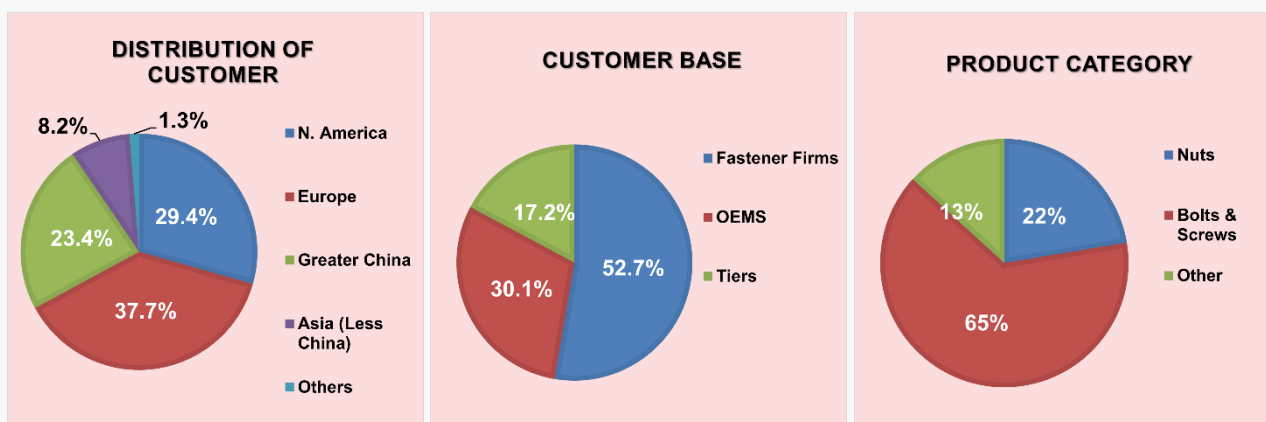
Automatic sorting + Packaging



Product Markets

The fasteners we manufacture, including screws, nuts, stamping parts, pipe fitting, and assembly parts are marketed worldwide, among which, 80% are for the automotive industry while 20% are for construction, wind power and other industries.

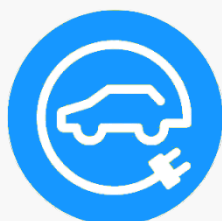
Our customers include importers, distributors, manufacturers, first and second tier suppliers of automakers and automakers. Our quality-oriented suppliers are mainly concentrated in central Taiwan, providing us with materials, semi-finished products and finished products. We promote product diversification and products that meet the markets and customer needs in a quality-oriented manner.



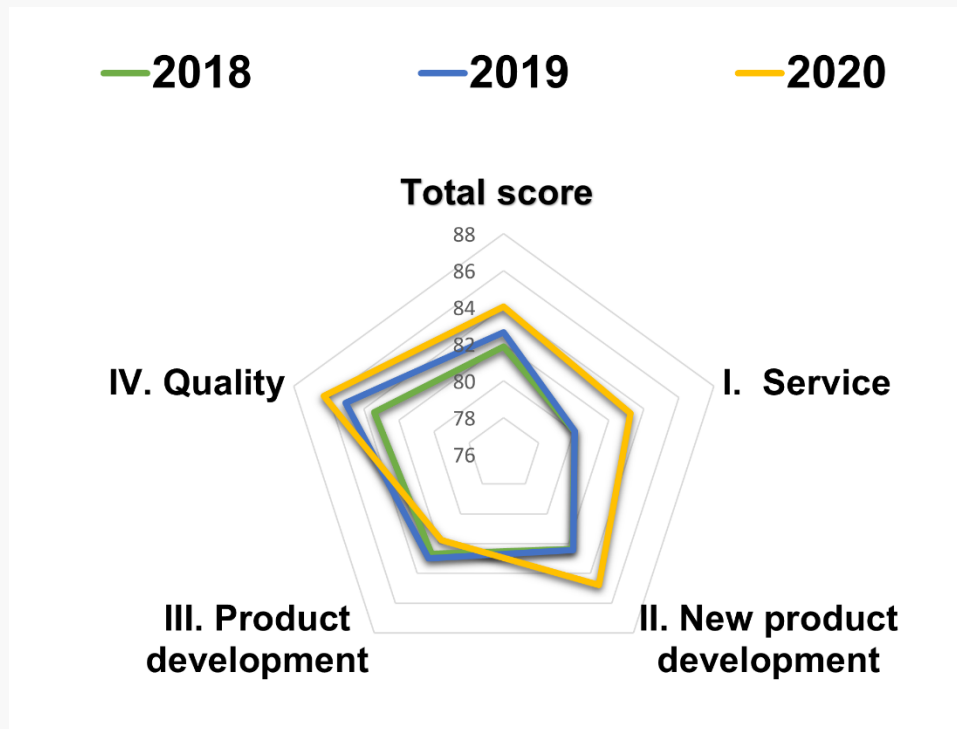
Customer Service

Attaching great importance to its customers, QST takes immediate actions and respond to customers' opinions and problems. In addition, the customer complaint processing procedure has been in place for fast complaint handling. QST understands its customers' needs and satisfaction as well as where we need to improve through the annual questionnaire survey.

The questionnaire items are divided into four sections, and under which there are subitems. The total score of the annual questionnaire is the average score in the four sections. In 2020, a total of 32 questionnaires was retrieved, with the average satisfaction of 84 points. When an individual item does not reach 80 points, follow-up improvement will be proposed as required, and quality inspection meeting will also be held for the improvement of related items.



Customer Satisfaction Survey



Service	New product development	Product development	Quality
Price competitiveness	Accuracy of PPAP/ISIR document	Price stability	Product quality
RFQ response time	Rate of timely new sample delivery	Rate of timely repeat order	Packaging quality
Range of product search	Lead time of new product development	Lead time of repeat order	Quality of corrective action report
Salespeople's communication skills	R&D expertise and communication	Accuracy of documents/ inspection report	Response speed of quality problems
Salespeople's response and efficiency	Overall impression on new product development	Overall impression of product development	Quality communication and expertise
Overall impression on the service			Satisfaction of quality management system



2.2 OPERATING PERFORMANCE

In 2020, the world suffered from COVID-19 epidemic. But the order requests of the clients recovered since the third quarter. The consolidated revenue of 2020 was NT\$8,824,031,000, decreased by NT\$ 1,101,169 or 11.09% from 2019.

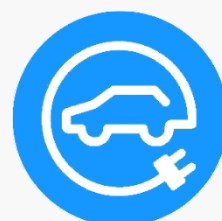
Distribution of Economic Value (in NT\$1,000)

Item/Year	2018	2019	2020
A. Direct economic value generated	10,840,288	9,925,200	8,824,031
B. Economic value distributed	10,038,348	9,476,826	8,128,506
a) Operating costs	7,229,288	6,861,720	6,022,124
b) Employee wages and benefits	1,847,297	1,856,577	1,663,403
c) Interest and dividend	756,171	660,058	332,097
d) taxes	205,592	98,471	110,882
e) Community investments	N/A	N/A	N/A
C. Economic value retained (A-B)	801,940	448,374	695,525

Financial performance over the past three years

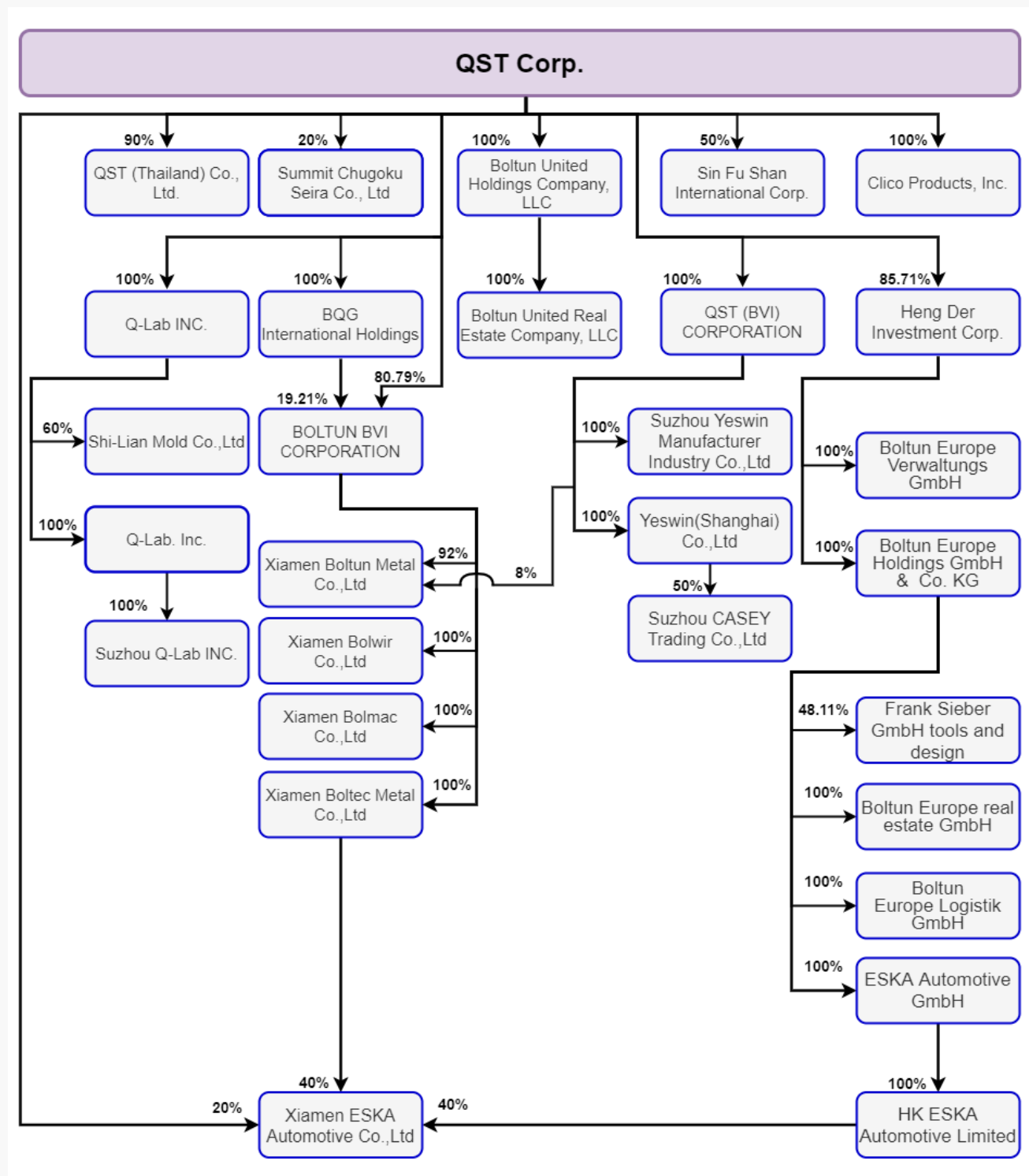
Unit: NT\$ 1,000

Item/Year	2018	2019	2020
Operating income	10,840,288	9,925,200	8,824,031
Gross profit	2,404,193	1,833,572	1,696,986
Net operating income	820,964	374,899	343,980
Profit attributable to owners of the parent company (net profit)	627,295	251,235	293,359
Earnings per share (NT\$)	5.43	2.16	2.52



QST' s Affiliated Companies

The QST's affiliated companies and Information are shown in the following figure.



Shareholder's structure

Common stocks

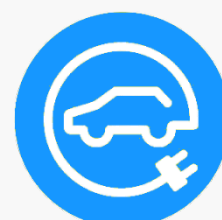
Date: April 18, 2020

Shareholder's structure	No.	Stocks	%
Individuals	5,806	49,426,910	42.5
Foreign institutions and foreigners	49	4,424,653	3.8
Financial institutions	2	1,302,000	1.1
Other legal person	49	61,229,403	52.6
Government institutions	0	0	0.0
Total	5,906	116,382,966	100.0

Preferred stocks

Date: April 18, 2020

Shareholder's structure	No.	Stocks	%
Individuals	2,275	6,748,439	67.5
Foreign institutions and foreigners	9	60,741	0.6
Financial institutions	1	299,000	3.0
Other legal person	29	2,891,820	28.9
Government institutions	0	0	0.0
Total	2,314	10,000,000	100.0



Government Subsidies

Since COVID-19 epidemic impacted global economy, the government helped companies overcome difficulties. QST received the subsidies listed in the table below in 2020:

Category	Providing agency	Subsidies and Exemptions (NT\$)
Subsidies for wage and working capital of manufacture industry and the technology suppliers	Ministry of Economic Affairs	24,680,895
Electricity bill exemptions	Taipower	9,016,208
Water bill exemptions	Taiwan Water Corporation	50,012



2.3 CORPORATE GOVERNANCE

Integrity Management

All employees shall adhere to the belief of “To Progress in Innovation, Following the Principles Behind All Things to Attain Success,” abide by legal regulations and provide customers with quality products and services; never gain results via illegal or unethical means; give fair treatment to trade creditors and debtors; not manipulate, conceal or use information from their duties to make false statements about important matters, or gain improper benefits from unfair trading. The Company did not engage in anti-competitive, antitrust and monopolistic behavior or corruption incidents in 2020.

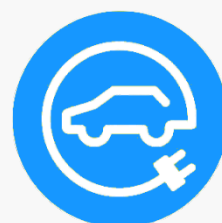
Management System

Over the past three decades, QST has been providing the best quality and services. Our quality products, customized services and commitments to integrity have won our customers’ trust and support. We abide by the people-oriented principle and do not hire child labor or use conflict minerals.

To speed up the internationalization process and consolidate long-term cooperation with automakers, we continue the practices of promoting international certification for continuous quality improvement. Through the enhancement of quality concept and implementation of production system, we provide customers with stable and high-quality products. QST has successively obtained certifications of ISO 9001, 14001 (International Organization for Standardization), and IATF 16949 (International Automotive Task Force) and was even granted the Ford Q1 Certification in 2013, successfully promoted to one of Ford’s qualified suppliers.

The Q1 Certification is not the destination; it represents the new continuation of our efforts.

The following table lists the certifications, system, version and the renewal cycle. The Company has not signed any external initiatives.



Certification	System	Version	Renewal cycle
IATF 16949	Automotive Quality Management System	2016	Every three years
FORD Q1	Qualified Suppliers	2012	Scored ever week after granted the certification
ISO 9001	Quality Management System	2015	Every three years
ISO 14001	Environmental Management System	2015	Every three years

【ISO 14001】



【IATF 16949】



【ISO 9001】



【FORD Q1】



Product Quality Requirements

The Company's products are manufactured in accordance with the following specifications:

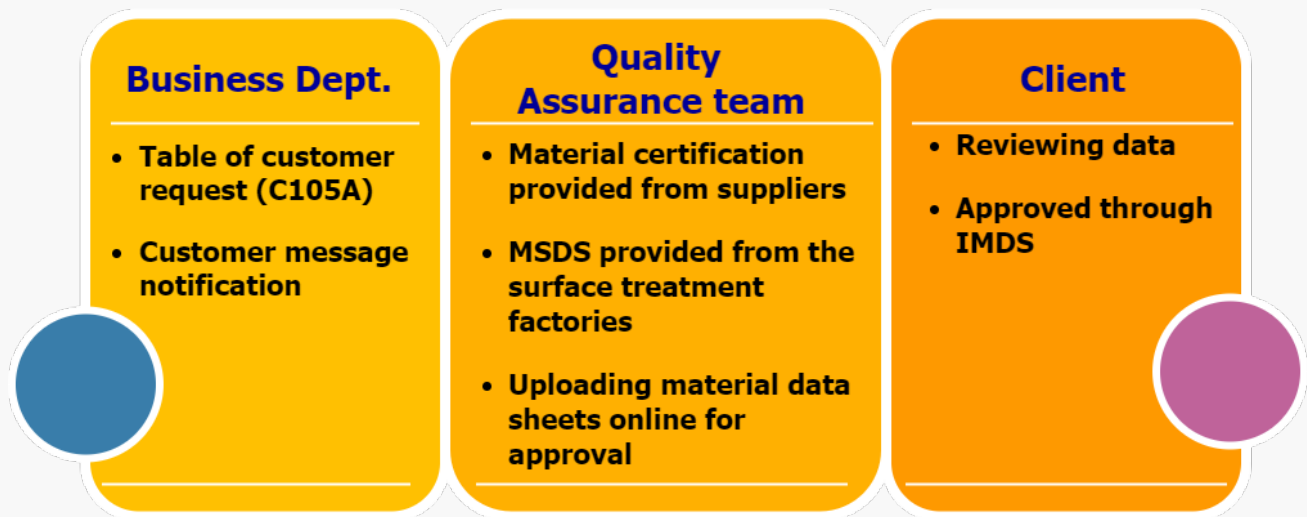
- AIAG (Automotive Industry Action Group) Conflict Minerals
- Directive on ELV (End-of-Life Vehicle)
- REACH (Registration, Evaluation and Authorization of Chemicals System)
- RoHS (Restriction of the use of certain hazardous substances)
- IPPC (International Plant Protection Convention)



IMDS Introduction

The International Material Data System (IMDS) is used in the automobile industry. In the IMDS, all materials present in finished automobile manufacturing are collected, maintained, analyzed and archived. IMDS is used to meet the obligations placed on auto manufacturers by national and international standards, including their laws and regulations.

The IMDS process is shown in the figure below.

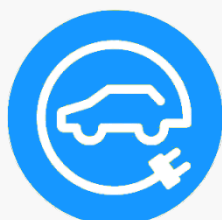


Implementation performance: in 2020, QST completed 256 IMDS items for meeting the obligations of national and international standards, including their laws and regulations.

Values, Principles, Standards, and Code of conduct

QST's internal code of conduct and code of ethics are clearly defined for the employees. These requirements are publicized on the intranet and promoted through meetings and emails.

QST's employees are responsible for safeguarding and increasing the legitimately obtained interests of the Company and should avoid personal gain by himself or a third person through the use of company property, information or the use of his or her position. In the performance of his duties, he shall not, in the interests of himself or a third party, require, contract, deliver or accept any form of gift, entertainment, kickback, bribe or other improper benefit. Except where gifts or entertainment are permitted by social etiquette customs or company regulations.



When an employee performs his or her duties, he or she shall, in the event of a matter of interest involving himself or his relatives, avoid it on his own in accordance with the principle of conflict of interest avoidance. Any information obtained in his position that may have a material impact on the price of the Company's securities transactions shall be strictly confidential in accordance with the provisions of the Securities Exchange Act before disclosure, and shall not be used for insider trading.

Professional Ethics Training

For QST's employees to perform their duties with integrity, learning, gratitude, commitment of the spirit, new employees in the new training period are educated through ethics trainings. Current employees are educated with internal or external ethics trainings.

Training for Code of Ethics

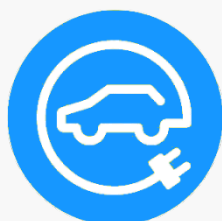
Item	2018			2019			2020		
	No. of people	No. of trainees	% of training	No. of people	No. of trainees	% of training	No. of people	No. of trainees	% of training
New employees	47	47	100	22	22	100	28	28	100
Procurement staff	-	-	-	8	6	75	9	3	33
Accounting staff	11	1	9	11	1	9	11	4	36
Audit office	-	-	-	-	-	-	3	3	100



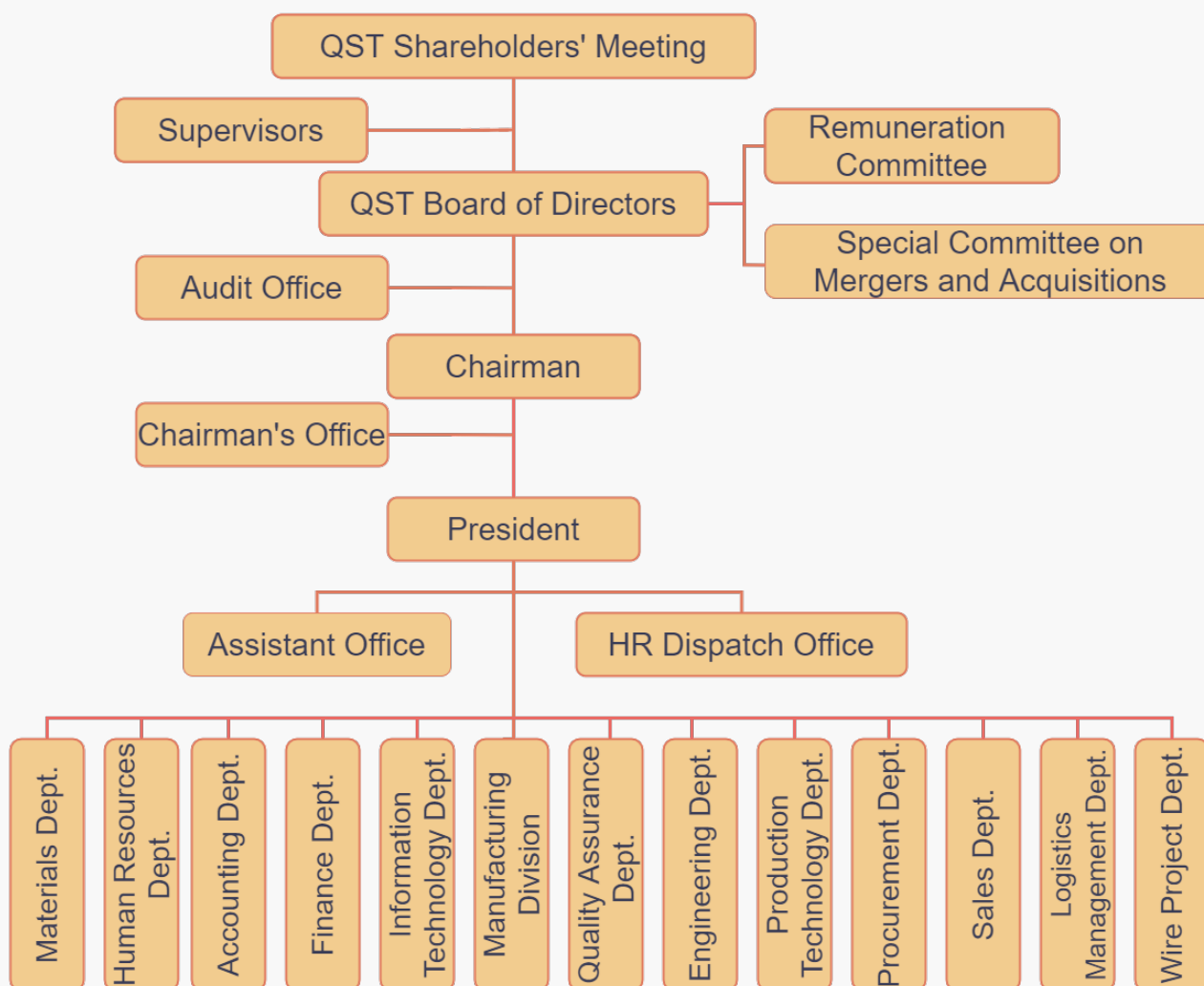
Grievance Mechanism

The Company abides by domestic regulations (civil and criminal laws) and client requirements, making timely revision of rules and regulations concerning fair competition, gifts, bribes or improper benefits, confidentiality responsibility, information security, antiharassment/discrimination and internal audit. Internal regulations concerning related incidents are also in place. There was no occurrence of corruption incident in 2020.

For any violation of Code of Ethics or for any illegal behavior, employees shall actively report to their immediate supervisors, and there are also a hotline and mailbox for reporting. The public and the vendors can make use of the dedicated email to provide relevant information. The reporting channels are as follows.



2.4 ORGANIZATION STRUCTURE



Board of Directors

As stipulated in Article 15 of the Articles of Incorporation, the Company shall have 5~9 directors and 3 supervisors with a term of 3 years elected by shareholders and shall be eligible for re-election. The Board members are elected in the Shareholders General Meeting, and the directors shall be elected from among themselves a Chairman to chair the Board internally while representing the Company externally.

The 7 board members and 3 supervisors listed in the following table are all male with theme related capability in economics. With their expertise and management capabilities, they will provide the most appropriate strategic guidance for the future development of the Company.



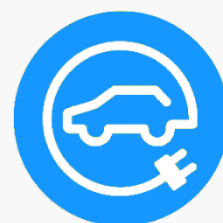
Title	Name	Term	Major Education/ Experience	Current positions in the Company and other companies
Chairman and Chief of manufacture	Mark Wu, representative of QST International Corp.	2019/06/14~ 2022/6/13	◆ Mechanical and Electro-Mechanical Engineering, Tamkang Univ. ◆ Director, San Shing Fastech Corp.	✧ Chairman and president of Boltun Corp. ✧ Chairman of Boltun BVI Corp. ✧ Chairman of Bofood Corp.
Director	Wu Rong-Jin, representative of QST Internatinoal Corp.	2019/06/14~ 2022/6/13	◆ Salesian Technical School, Tainan, Taiwan	✧ Chief Production Officer of QST Corp. ✧ Director, Executive Director and Vice president of Manufacturing Department of Boltun Corp.
Director	Lin Jin-Neng	2019/06/14~ 2022/6/13	◆ MA in Business Administration, National Taiwan University (MBA) ◆ President, Huzhou Iron Force Metal Products co., Ltd. ◆ Vice-president, Ruentex Industries Limited	✧ Supervisor of Normtech Corp. ✧ Chairman of Aili International Inc. ✧ Director of Ji Ge International Investment Ltd
Director	Huang, Jian-Ming	2019/06/14~ 2022/6/13	◆ Department of Engineering Science and Mechanics, SHIBAURA Institute of Technology ◆ MBA, University of Texas at Arlington (UTA)	✧ President, Wonder Formosa Chemicals Co., Ltd. ✧ President, Xuan Sheng Management Consulting Co., Ltd.



				Management consultant, Foresight Optical Ltd.
Director	Kevin Xu	2019/06/14~2022/6/13	- Department of Management Information Systems, National Chengchi University - Graduate Institute of Money and Banking, National Kaohsiung University of Science and Technology - Manger, CTBC Bank	- Vice-president, QST Corp. - Special Assistant to the President's Office of Boltun Corp. - Director of Q-Lab Inc.
Independent director	Huang Zheng-an	2019/06/14~2022/6/13	- College of Law, National Taiwan University - Legislator of the Legislative Yuan	- Attorney of Taiwan Patent and Trademark Office - Director of Man Zai Industrial Co., Ltd. - Director of Tayih Landis Hotel
Independent director	Xu Shun-fa	2019/06/14~2022/6/13	- Department of Public Administration, National Chengchi University - MA in Accounting, Memphis State University - Commissioner of First Examination Division, National Taxation Bureau of Kaohsiung, Ministry of Finance	- Partnership Accountant of Kaohsiung Branch, Pan-China (TW) CPAs - Director of Cebit Asia Business Co. - Independent Director of MA KUANG HEALTHCARE HOLDING LIMITED - Supervisor of FWU KUANG ENTERPRISES CO., LTD.



Supervisor	Henry Wu	2019/06/14~ 2022/6/13	◆ Institute of Computer and Communication Engineering, National Cheng Kung University ◆ Senior Software Engineer, Delta Networks, Inc.	✧ Assistant Vice President of Information Technology Department and Special Assistant to the President's Office of Boltun Corp. ✧ Supervisor of He Jian International Co. Ltd. ✧ Supervisor of Q-Lab Inc.
Supervisor	Wu Zong-Zheng	2019/06/14~ 2022/6/13	◆ Department of Accountancy, National Cheng Kung University ◆ MA of Dept, of Industrial Information Management Institute of Information Management, National Cheng Kung University	✧ Supervisor, Fu Chun Shin Machinery Manufacture Co., Ltd. ✧ Associate Professor of Department of Statistics, National Cheng Kung University
Supervisor	Tsai Ginn-Zhong, Representative of Hai Xin Investment Co. Ltd.	2019/06/14~ 2022/6/13	◆ National Hsin Hua Senior High School ◆ Director of the Wire Division of San Shing Fastech Corp. ◆ QC Section Chief, Nai Li Industrial Co. Ltd.	✧ Manager of Procurement Department and Department of Sales II of Boltun Corp.



The Board of Directors is in charge of the resolutions concerning the company's operational plan, the approval of appointment and dismissal of senior executives, capital QST Shareholders' Meeting QST Board of Directors Chairman President Assistant Office HR Dispatch Office Supervisors Audit Office Chairman's Office Remuneration Committee Special Committee on Mergers and Acquisitions Wire Project Dept. Procurement Dept. Manufacturing Division. Accounting Dept. Logistics Management Dept. Production Technology Dept. Information Technology Dept. Human Resources Dept. Sales Dept. Quality Assurance Dept. Engineering Dept. Finance Dept. Materials Dept. 36 planning and major decisions with stakeholders. Supervisors are responsible for attending the shareholders' meetings and the board meeting, reviewing the audit reports and the financial statements regularly. In addition, supervisors should also make direct contact with the employees and the shareholders to maintain smooth communication channels.

The Chairman reports to and discusses with the Board and shareholders concerning the relevant resolutions. CSR related issues in terms of economy, society and the environment are also submitted to the BOD for discussion in the same manner as the basis of the promotion of Corporate Social Responsibility. In 2020, a total of 5 board meetings were convened, with the attendance rate of 94.3%.

Mechanism of Conflicts of Interest Avoidance

The board meeting shall be convened at least once a quarter as stipulated, and in 2020, a total of 5 board meetings were convened. When a director or his/her representative legal person is an interested party in relation to an agenda item, that director shall explain his/her interest at the board and may not vote on that item. All the 39 Company Management CH2 important resolutions were disclosed immediately on the Market Observation Post System.

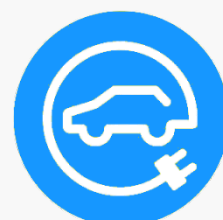


Training of Directors and Supervisors in 2020

Title	Name	Date	Organizer	Name of course	Hours
Chairman and Chief of manufacture	Mark Wu	6/5	Taiwan Institute of Directors	Challenge and Vision of Corporate management under environment change	6
Director	Kevin Xu	11/13	Taipei Exchange	Corporate management and corporate integrity announcement for directors in 2020	3
Independent director	Zheng-an Huang	6/5	Taiwan Institute of Directors	Challenge and Vision of Corporate management under environment change	6
Independent director	Shun-fa Xu	8/7	CPA Associations R.O.C.(Taiwan)	The first half year up to date tax regulations and implementation of 2020	7
Supervisor	Henry Wu	6/5	Taiwan Institute of Directors	Challenge and Vision of Corporate management under environment change	6
Supervisor	Zong-Zheng Wu	6/5	Taiwan Institute of Directors	Challenge and Vision of Corporate management under environment change	6

Mergers and Acquisitions Committee

The M&A project shall be deliberated in a fair and reasonable manner, and the result of the review shall be reported to the Board of Directors and the Shareholders' Meeting. However, in accordance with the Enterprises Mergers and Acquisitions Act, when there is no need to convene a shareholders meeting to resolve the merger and acquisition, no submission of the resolution shall be required. This Committee shall be composed of at least 3 independent directors, with one serving as the convener. If the number of independent directors is not sufficient, the member(s) shall be selected among board members.



Remuneration Committee

Pursuant to the Item 1 of Article 14-6 of the Securities and Exchange Act and the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter, the Remuneration Committee was established on November 28, 2011, and its organizational rules were also set up for compliance.

The Remuneration Committee is in charge of setting and regularly reviewing the performance evaluation and the policy, system, standard and structure of the remuneration of the directors, supervisors and managers of the Company as well as other matters considered by the board. In 2020, all members attended the 3 meetings convened.

Title	Name
Convener	Shun-Fa Xu
Member	Zheng-an Huang
Member	Chin-Jung Lin

Remuneration Policy of the Board of Directors and Senior Executives

The highest governance unit and high-level management of the Company refers to the management holding a position of vice president and higher. Such personnel's remuneration follows the same way the salary is paid to the employees in accordance with the Salary Management Practices on a monthly basis. The bonuses of the highest and high-level management are appropriately adjusted based on the business performance.

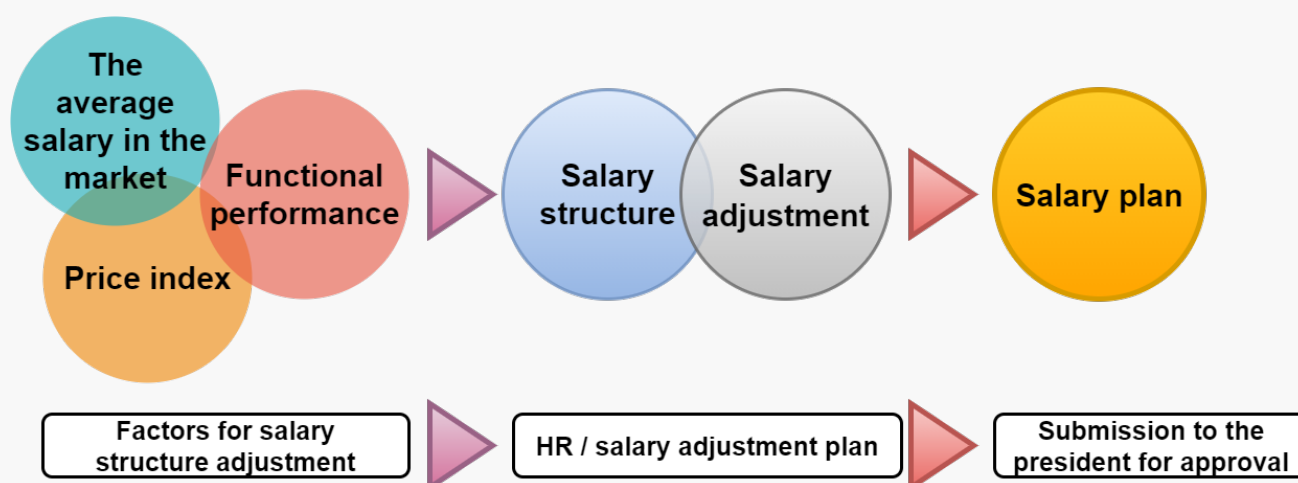
Currently, the Company does not provide share-based payment, signing bonus, resignation pay, claw-back except for the monthly fixed salary, bonuses and special expenses as well as surplus distributed to employees. The design of the retirement benefits mechanism is different from general employees.



Determining Process of Compensation

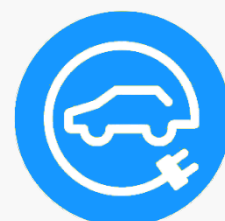
The Company's compensations are mainly considered from prevailing wage in the market, price index and functional performance, and the employees' compensation is determined by the Compensation Management Practices. The salary changes and structural adjustment are reviewed by the unit chief of the HR Department and approved 41 Company Management CH2 by the president.

The design of the salary structure of internal staff is based on the job categories and capability development plans. The existing structure includes the following items and each corresponds to a management control idea.



Responsibilities of Departments

Department	Responsibilities
Assistant	Collection of market information and analysis of business performance; developing and promoting relevant business plans and regulations and rules; organizing and coordinating collaboration related affairs among departments.
HR Dispatch	Supporting overseas subsidiaries or handing related affairs of affiliations concerning business needs, professional techniques or management.
Audit	Survey and evaluation of the internal control system and provides timely suggestions for improvement to promote the effective operation of the company.
Materials	Coordination and allocation of equipment, materials and parts procurement within the Group



Department	Responsibilities
Wire Project	Coordination and allocation of raw materials, procurement, sales and shipping related affairs within the Group.
Logistics Management	Storage and packaging operations, and coordinating export shipment related affairs.
Sales	Product orders, sales, procurement and follow-up customer service within the dedicated market area; focusing on the development of the OEM market to gradually improve the company's revenue structure; coordinating export and shipping related affairs.
Procurement	Development and maintenance of supply resources as well as the cultivation of long-term cooperation.
Production Technology	Design, drawing and making a standard drawing of the product mold for product production, providing a mold needed for manufacturing and warehouse management as well as cooperating with the trial run and test mode for the development of new products.
Engineering	Product development, technology R&D and industrial research and the development and maintenance of supply resources as well as the cultivation of long-term cooperation, continuing the expansion of the range and technical depth of our products.
Quality Assurance	Maintenance and continuous improvement of the quality system, evaluation and assistance of the supplier quality system and continuous improvement of customer satisfaction.
Manufacturing	Professional production and key value-added process of licensed products and developing production technologies such as Agile Manufacturing and Pilot Assembly.
Information	Planning, operating, maintaining and training of e-operations and providing strategic information to assist in the Company's decision-making and operations.
Finance	Formulating fund scheduling strategies and fund formation plans, strengthening financial management and improving financial structure.
Accounting	Planning accounting system and performing the establishment and analysis of financial statement and tax declaration, providing decision-making basis and accounting related services.
Human Resources	Recruitment and selection of human resources; planning and arranging internal and external training and education and professional training as well as providing general affairs related services.



2.5 RISK ASSESSMENT

The business operation related risks are managed through existing administrative organization and internal control mechanism. The identification of risks in every aspect is conducted by means of the division of labor among all departments, and management policies and related measures are established to prevent, reduce or transfer risks.

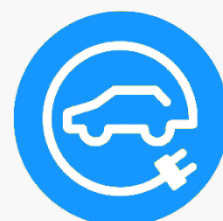
The management of every unit jointly promote the risk control measures to strengthen the internal risk control mechanism and reinforce the emergency response and resilience capabilities. It is hoped that by working and learning together with our suppliers, the resilience of various risks can be strengthened to cope with the rapidly changed external environment.

The Company has divided the risks into operational risk, disaster risk and financial risk.



Operational Risk

To reduce operational risk, QST continues to expand the development of automotive bolts, screws, nuts, components and combination of multiple workpieces while at the same time stepping into the field of wind power fastener for high value-added items. In addition, we cooperate with automakers and provide the one-stop service from product design to mass production, inventory management for customers and distribution.

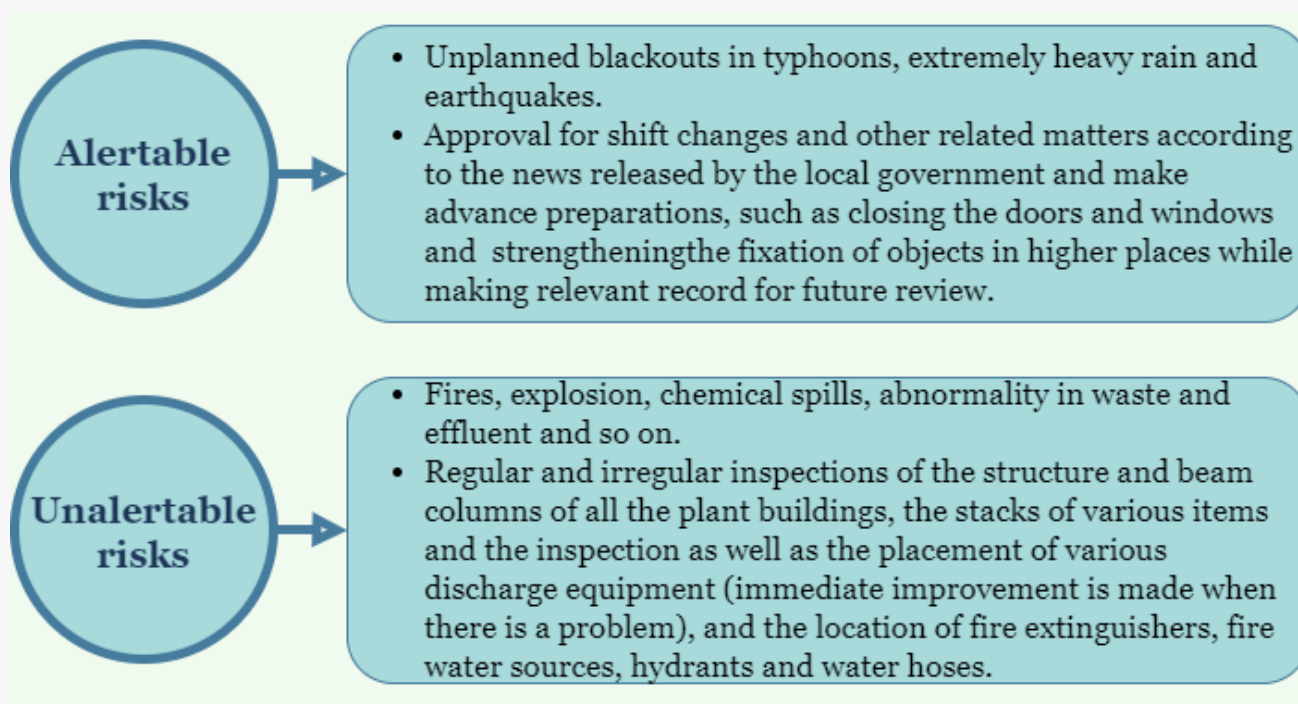


Risk Category	Cause	Solution	Prevention Mechanism
Work force	Serious shortage of labor or suspension order from the government.	Notify affiliated companies for support upon customers' consent.	For labor shortage development of production line automation, and functional analysis mechanism (maneuver regulation).
Material shortage	Occurrence of raw material and material supply (production line or quality problem).	Seek qualified alternative suppliers.	Production Management Department establishment of a database of qualified suppliers.
Manufacturing equipment	Serious equipment failure that cannot be repaired in a short time.	Start peer-to-peer equipment support for production upon customers' consent.	Implement maintenance certainly and prepare stocks of spare parts of fault prone components.
Supplier	Failure to return to work or deliver goods for external processing suppliers due to production line interruption or quality problems.	Seek qualified alternative suppliers.	Production Management Department establishment of a database of qualified suppliers.
Shipping	Serious transport delay caused by force majeure factors (transport disruption, customs detention, disaster) or risks generated from major quality problems.	Transportation disruption: seek support from back-up transport companies, transfer goods from front-end warehouse and initiate handy service of front-end engineering personnel.	If the customs detention occurs due to the seed problem, the exported American timber pallets or dunnage will be changed to pinewood material to reduce the risk of detention due to discovery of seeds.



Disaster Risk

The Company has established the Emergency Response Plan to take precautions against natural disasters (such as windstorm, flood, fire and earthquake) and industrial emergencies and to make emergency response and rapid recovery to effectively reduce environmental impacts and ensure the safety and properties of people in the event of a disaster. The Company has established the “Emergency Response Plan” and divides the risks into alertable and unalertable ones.



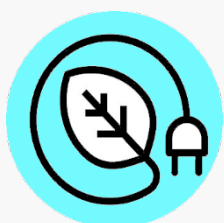
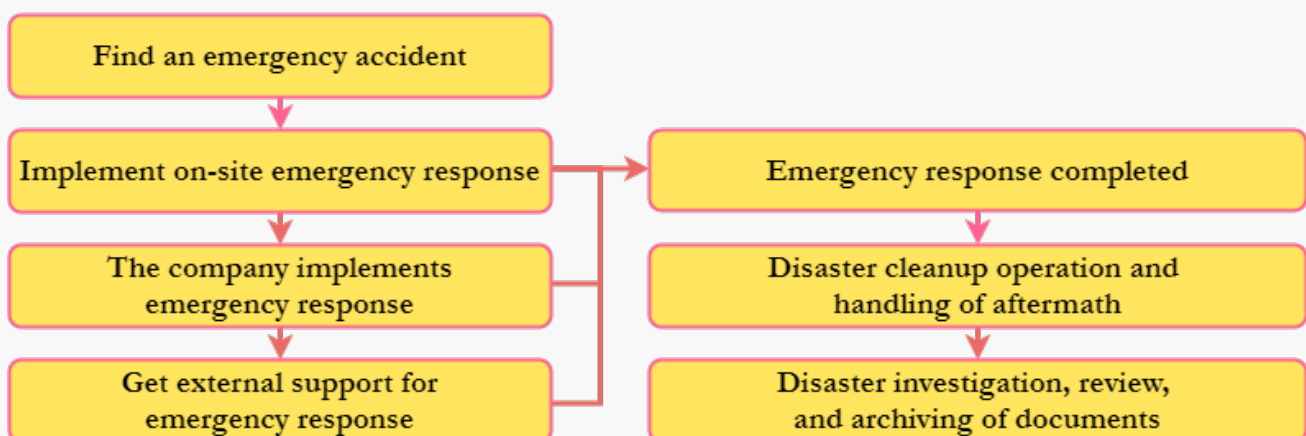
Risk Category		Primary Risk	Solution	Prevention Mechanism
Alertable	Meteorological disaster	Typhoon	Inspection of the structural conditions for repair and reinforcement	Pay attention to typhoon trends and implement relevant typhoon prevention measures.
	Meteorological disaster	Extremely heavy rain	Implementation of education and training and inspection of the structures after disasters for repair and reinforcement	Install the waterproof gate and implement relevant education and training



Risk Category		Primary Risk	Solution	Prevention Mechanism
Unalertable	Meteorological disaster	Earthquake	Implementation of education and training and inspection of the structures after disasters for repair and reinforcement	Implement education and training related to earthquakes
	Accident	Unplanned blackout	Continue to maintain the maintenance status with Taipower	Purchase emergency generators
	Accident	Fire	Maintain the status of fire equipment and manual operation of equipment	Fire control and fire training
	Accident	LPG tank	Implementation of the emergency response plan of leak and fire	Maintain the leak alarm and fire equipment
	Accident	Abnormality in waste and effluent	Entrust qualified treatment plants for follow-up treatment	Self-inspection and capacity control, and provide dedicated waste storage area

Emergency Response Measures

The highest-level personnel on-site shall initiate the handling of emergency response in the event of an emergency or accident and shall notify relevant personnel as prescribed. The relevant procedures are as follows.



Flood Prevention -Flood prevention drill



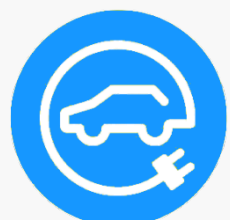
Disaster Prevention Drill

The Company makes regular checks and reports of the fire equipment based on the protection plan. The disaster prevention drill is conducted every six months.



Financial Risk

The Company continues to pay close attention to the changes in the international exchange rates and the bank interest rates. For any changes that may affect the company's financial performance, active improvement will be made to reduce risks.



2.6 COMPLIANCE

There was no violation against any economic, environment, and social regulations in 2020. In addition, in terms of customers, QST has been adhering to the best services to our customers and attaching great importance to customer privacy. We sign confidentiality agreement with customers to protect their confidential information. Information Coordination Meetings are held on a monthly basis to make timely review and improvement of the existing system. In addition, data protection is also conducted through the information system and the control of information access.

ISO 14001 Environmental Management System Verification is carried out every year to ensure the compliance with relevant environmental regulations.

Categories and Expenditures on Environmental Management

Unit: NT\$1,000

Item	2018	2019	2020
Air pollution prevention	650	650	535
Water pollution prevention	760	805	538
Waste treatment fee	1,180	2,580	4,164
ISO14001 Environmental Management System	80	71	154
Environmental protection related training (internal+external) - ISO 14001 internal audit, air pollution training	200	200	200
Salary of Environmental protection staff	650	1,430	1,430
Expenditure on environmental related hardware	150	250	250
Total	3,670	5,986	7,271

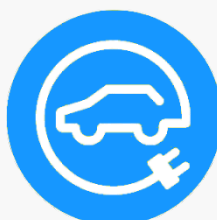
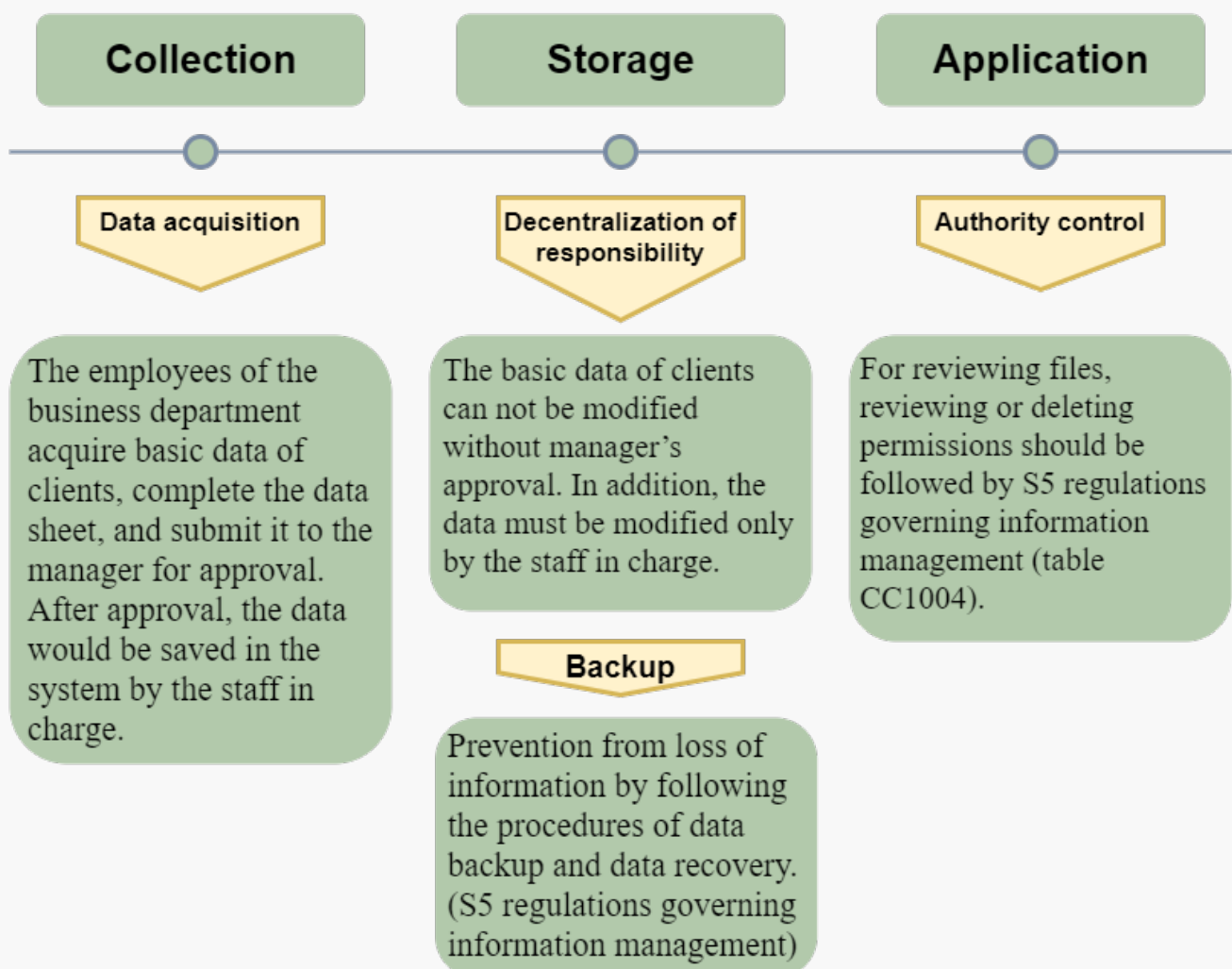


Complaints of invasion of customer privacy or loss of customer data

Data is collected to improve the quality of service and strengthen personalized services. QST is devoted to enhancing customer service and pays more attention to customer privacy and intellectual property rights. In addition to signing confidentiality agreements to protect customer confidential information, QST ensures doing a good job of confidentiality in the implementation of business. In accordance with IATF 16949 requirements, QST has exactly implemented matters of data protection.

In 2020, QST had no confirmed incidents of material leakage, theft or loss of customer information. Meanwhile, for advance improvements, QST applied for AEO certification in 2020, and the certification is expected to be done in the fourth season of 2021.

The relevant process of QST's internal data collection, storage, and application is shown in the figure below.

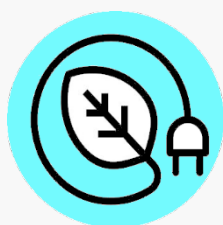


2.7 SUPPLIER MANAGEMENT AND EVALUATION

QST had 141 suppliers in 2020. Nineteen of them (13%) are located in northern Taiwan, 13 (9%) in middle Taiwan, and 109 (78%) in southern Taiwan. The supplier evaluation is based on the company location in fastener manufacturer settlements and the company who meets the requirements of product quality.

Supplier Management Requirements

1. Our suppliers include wire rod, machining, mold and surface treatment suppliers.
2. All adopt the systematic management mode:
Supplier management unit audits suppliers according to the annual supplier audit plan, and uploads the audit results to the internal information management system of QST. With the information management system we can check the status of our suppliers and up-to-date verification information.
3. There is also a set of management model of the suppliers in terms of environment, society and quality capability. In addition, the use of relevant raw materials should be compliant to ELV, RoHS and REACH, and conflict minerals from conflict zones (such as Congo), including columbium, niobium, tantalum, tin, gold, tungsten and their derivatives shall not be used. Suppliers should comply with the regulations of Labor Standards Act, Employment Service Act, corporate social responsibility, prohibition of child labor, non-sexual discrimination, environmental protection, and anti-corruption.
4. Suppliers are required to manage chemical materials in accordance with the Material Safety Data Sheet (MSDS).
5. Pallet used for products selling to US should follow the 15th requirement of International Standard of Phytosanitary Measures of wood package made by IPPC to prevent environment from insects or disease spreading through international transportation. Wood should be heat-treated or smoke-treated and attached with seal and signature.
6. IMDS Description and management mechanism: receive IMDS information of suppliers, and upload the information to the website.
7. Submit examination report of no Cr6+ test. Complete 2015 cases of no Cr6+ test and 100% qualified with the requirements of our clients.



Supplier management process

1. The survey, evaluation, and choices of suppliers: evaluation is required for new suppliers. when important accidents happen, onsite evaluation is required for the existing suppliers for reference of reselection in the future.
2. Supplier evaluation and management: building evaluation standards for suppliers and checking the delivery and service performance of suppliers regularly.
3. Annual supplier auditing plans: developing regular onsite auditing plans for suppliers to assess whether the supplier's quality management system meets customer needs.
4. Suppliers are also required to sign a commitment of corporate social responsibility for the implementation of occupational safety and health, refined program and quality, and environmental protection. Personnel employment should comply with the regulations of Labor Standards Act and Employment Service Act (prohibition of child labor, non- sexual discrimination and sexual harassment, anti-corruption) to build a green supply chain and implement corporate social responsibility.

QST establishes supplier auditing procedures and prepares the annual auditing program at the beginning of each year to audit suppliers on-site to understand whether the supplier management system can provide products and services that meet customer needs. Furthermore, the supplier auditing process facilitate suppliers to improve their management capabilities and reduce their costs and delay risks.

Supplier evaluation

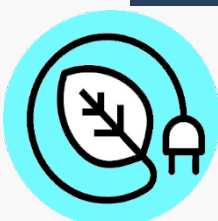
QST performs annual audits based on the auditing requirements (IATF, VDA, CQI) required by the automakers. Qualified auditors will conduct on-site audits at the suppliers' premises in accordance with the annual audit schedule. QST also conducts evaluation in quality, delivery and services on a monthly basis, and our suppliers will be informed of relevant results.

The auditing items include corporate governance, order management, environmental protection, safety, health and labor practices to understand the suppliers' management performance and risks and continuous improvement is also required. Suppliers' capacity levels are classified into Level A, B, C and D to understand the suppliers' performance of sustainable management.

In the chart S212B "Supplier information and new supplier audit form" of QST, the suppliers must follow employee hiring regulations



Level	Points	Description
A (Automotive level)	Over 90	When purchasing, A-level suppliers are prior to be selected. If necessary, A-level supplier can be paid the purchase price on preferential terms with the A-level supplier awards or medals or other measures. A-level suppliers may be listed as a qualified supplier exempt from inspection. However, if the customer requests inspection report, the A-level suppliers are also required to provide the inspection report.
B (Industrial level)	75~89	The certificated ISO 9000 quality system is required for B-level suppliers. If their products are not specified items, the inspection is not required. But these products should be approved by the business manager and the B-level suppliers have to provide the inspection report.
C (Commercial level)	60~74	C-level suppliers are required to improve their more frequent shortcomings (if necessary, other measures may be taken to enable C-level suppliers to improve their management systems). If their products are for general commercial use, the inspection is not required. But these products should be approved by the business manager and the C-level suppliers have to provide the inspection report.
D	Under 59	Stop purchasing from the D-level supplier and lock the order function in the QST's system. If it is necessary to cooperate with the D-level supplier, before opening the order purchase, item by item discussion and approval by the top managers of the quality assurance department are required. Besides, QST should ask D-level suppliers to improve. After the improvement is completed, supplier auditing process should be performed again to evaluate their management ability as a reference for continuing procurement in the future.



1

Screen suppliers first:

Classify suppliers based on the products they provide and distinguish their main characteristics.

2

Select suppliers:

Establish a supply chain platform to select the supplier(s) that best meet customer requirements.

3

Audit suppliers:

Conduct audits annually, examine the monthly delivery performance, and closely control the suppliers' quality capability

Numbers of supplier auditing and qualified rate

Level	points	2018	2019	2020
A	Over 90	45	41	41
B	89-75	67	68	58
C	74-60	40	40	42
Total		152	149	141
Qualified rate (%)		100	100	100

QST supply chain

	2018		2019		2020	
	No.	Total Purchase %	No.	Total Purchase %	No.	Total Purchase %
Fasteners	86	81	82	80	81	82
Raw material (Coil)	2	15	1	17	1	13
Mold	23	3	21	3	23	3
Packing materials, oil products	8	1	9	1	13	2
Total	119	100	113	100	118	100

Note: Domestic area refers to Taiwan. In 2020, 118 suppliers are related to QST manufacturing process, and the rests are supporting suppliers (including cargo transportation, customs declaration, and hardware parts). 141 suppliers in total.



3. ENVIRONMENTAL PERFORMANCE

The Company's manufacturing plants are located in the urban area of Rende District, Tainan. Therefore, the biodiversity is not applicable and relevant indicators are not disclosed. Other indicators of environmental performance and their requirement fulfillment are described in this chapter.

3.1 MATERIAL MANAGEMENT

Wire rods account for most of the raw materials of the Company and are purchased mainly from China Steel Corp. and Nippon Steel & Sumitomo Metal (now Nippon Steel Corporation). Most of the products are made of steel but there is no iron-melting furnace for re-smelting in the plant. So the waste, scraps and offcuts are collected by cooperative contractors, and therefore, belong to non-recyclable materials. The finished products are placed into plastic bags before being packed into a carton, and the cartons are stacked into a pallet and packaged in the packaging straps.

The packaging materials of pallets and cartons belong to renewable materials. Since our main customer base is overseas, there is no special recycling mechanism for the packaging materials, and therefore are handled by the customers.

For the treatment of oil products, there are central oil tanks between the forming machines and the oil circulates. It will add new oil into the circulation depending on oil condition, then the used oil is discharged into waste oil barrel and outsourced to waste cleaning company for proper treatment. The Company did not reuse treated oil products.

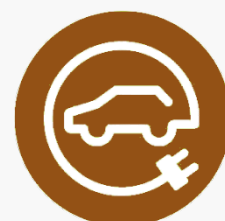
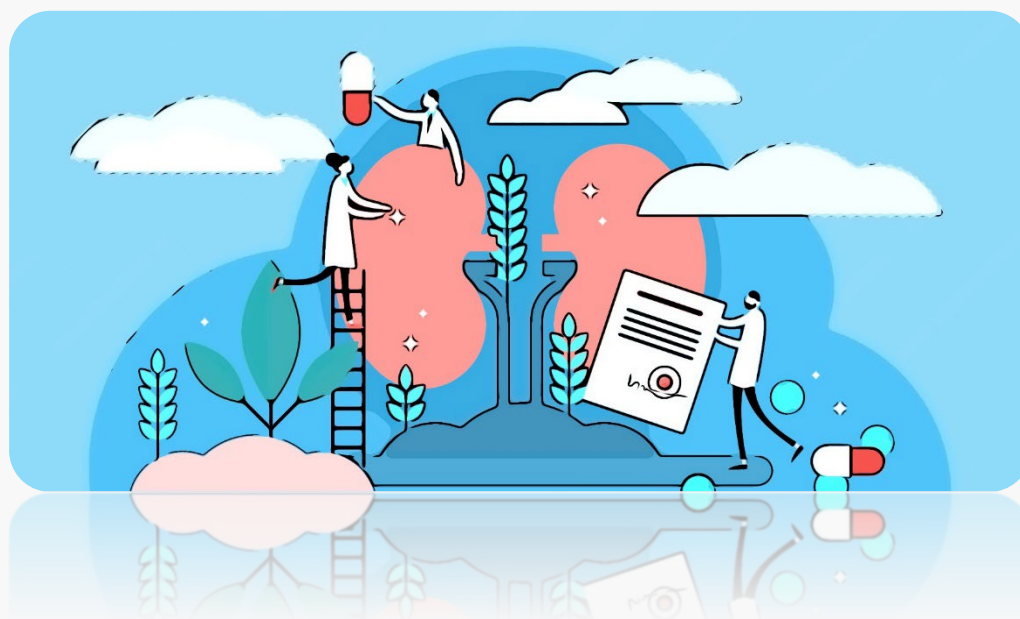


Categories and Consumptions of Materials

	Renewable	2019		2020	
		PCS	KG	PCS	KG
Wooden cases	Yes	184	6,164	143	4,791
Pallets	Yes	122,121	575,040	140,231	656,772
Cartons	Yes	921,587	280,453	706,396	238,432
Plastic	No	-	84,333	-	55,770
Processing oil	No	-	500,816	-	503,871
Wire rods	No	-	14,265,000	-	12,371,000
Molds	No	46,522	-	46,175	-

Notes:

- (1) Material consumptions are obtained from feed data.
- (2) Oil products include varieties of process oil and fuel oil. Liter is converted into Kg with the density 0.885kg/L.
- (3) Wooden cases, pallets, cartons and plastic are used for packaging materials.



3.2 ENERGY MANAGEMENT

Internal Consumption

As a manufacturer of steel and metal fasteners, the energy we use is mainly purchased power, gasoline and diesel. Purchased power is from Taiwan Power Company. Gasoline and diesel are used in transport vehicles, stackers and so on, while LPG (gas) is used in the heat treatment process of the steel and metal fasteners. There is no energy consumption for heating, cooling, steaming and so on in the process.

Annual Energy Consumption

Quantitative indicator	units	2018	2019	2020
Electricity	kWh	20,794,640	20,148,780	18,992,610
	Million joules	74,859,872	72,534,802	68,372,636
Gasoline	Liter	13,003	12,201	10,500
	Million joules	424,558	398,372	342,833
Diesel	Liter	17,393	17,956	22,687
	Million joules	611,580	631,376	797,729
LPG (gas)	kg	23,220	34,990	24,070
	Million joules	1,172,455	1,766,762	1,215,375
Total consumption	Million joules	77,068,465	75,331,312	70,728,574
Specific organizational metric	Revenue (million NT dollars)	3,434	3,111	2,849
	Weight of products (Tons)	12,329	11,158	10,305
Energy intensity	Total consumption/Revenue (million joules/million NT dollars)	22,443	24,215	24,826
	Total consumption/Weight of products (million joules/Tons)	6,251	6,751	6,864

Notes:

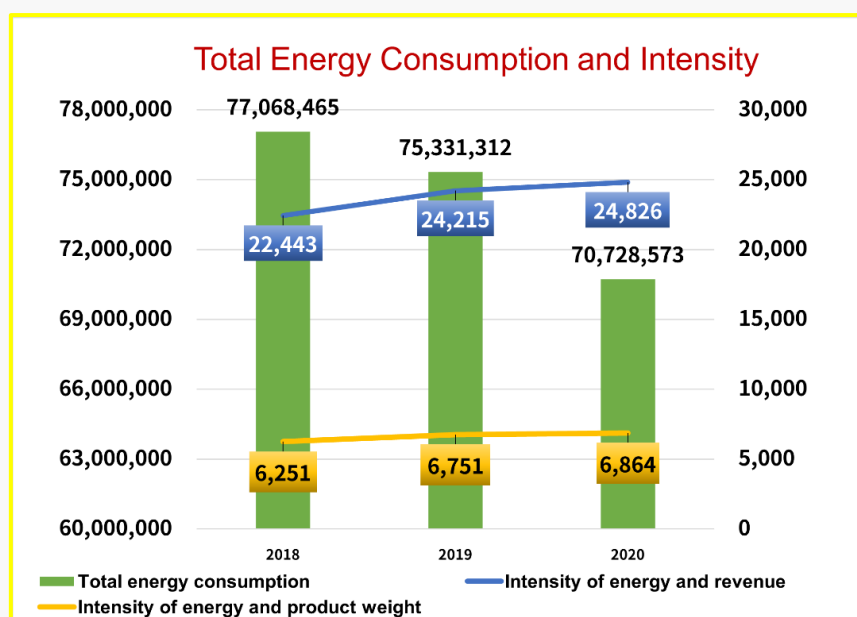
- (1) The consumptions of gasoline for company vehicles and diesel for small trucks and stackers are estimated by dividing annual fuel cost with annual fuel price per liter from CPC.
- (2) Heating values of energy products are listed in following table from Bureau of Energy.



Heating Value Conversion

Categories	Unit	Unit(kcal)	Conversion coefficient (9,000kcal/liter)	Notes
Electricity	1 kWh	860	0.0956	
Gasoline	1 liter	7,800	0.8667	Used by cars
Diesel	1 liter	8,400	0.9333	
LPG	1 liter	6,635	0.7372	1 kg=1.818 liters

- 1 Kcal=4,186 joules
 - Electricity (million joule) = (electricity×860Kcal×4,186joules)/1,000,000
 - Gasoline (million joule) = (gasoline×7,800Kcal×4,186joules)/1,000,000
 - Diesel (million joule) = (diesel×8,400Kcal×4,186joules)/1,000,000
 - LPG (million joule) = (LPG×1.818(kg to L)×6,635Kcal×4,186joules)/1,000,000
- (3) Revenue is from QST only excluding affiliated companies or trading revenue.
- (4) Product weight is the sum of all kinds of fasteners of the Company.



External consumption

The external energy are mainly gasoline and diesel used by company vehicles.

Energy type	units	2018	2019	2020
Gasoline	L	13,003	12,200	10,500
Diesel	L	17,393	17,956	22,687



3.3 WATER RESOURCE MANAGEMENT

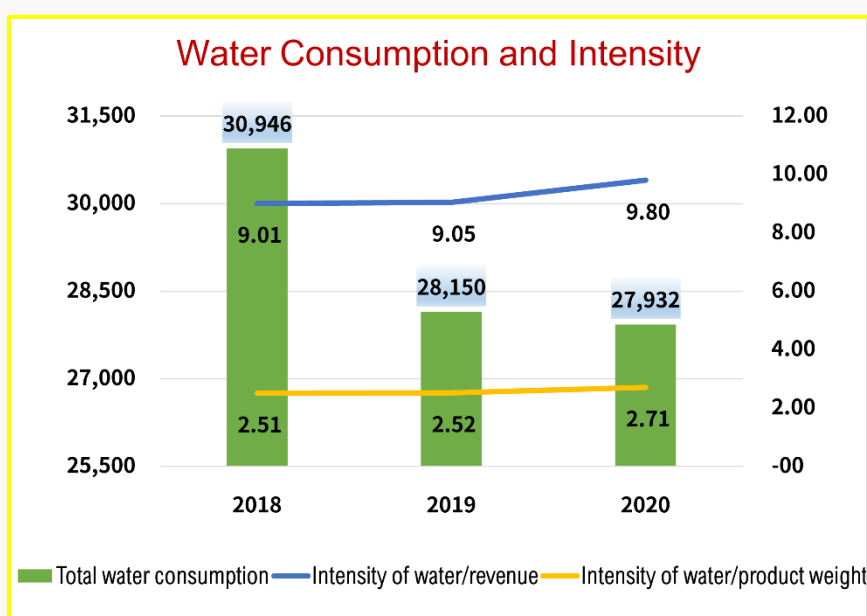
The company's water source is from the Taiwan Water Corporation. QST does not have equipment for rain collection or ground-water and recycled-water reuse.

The water source of Taiwan Water Corporation is provided by the Sixth Branch. Its water comes mainly from the treated water of the Shan-Shang Water Treatment Plant and the raw water from Zengwen Reservoir and Wushantou Reservoir transported through the flumes of south major line of the Jianan Irrigation System to Tan-Ding Village in Xinshi District and then to Rende District.

Water Consumption

Item		2018	2019	2020
Total water consumption (Tons)		30,946	28,150	27,932
Revenue (million NT dollars)		3,434	3,111	2,849
Weight of products (Tons)		12,329	11,158	11,305
Water intensity	Total water consumption/Revenue (Tons/million NT dollars)	9.01	9.05	9.80
	Total water consumption/Weight of products (Tons/Tons)	2.51	2.52	2.71

Total Water Consumption and Intensity



Water Withdraw, Discharge, and Total Consumption

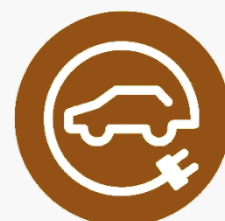
The water source used by the Company is from Taiwan Water Corporation. The annual water withdraw is 27.93ML, water discharge is 22.55ML, and total water consumption is 5.38ML. The annual discharge wastewater from Bao-An plant is 4.50ML, which is 30% below 14.9ML, annual water outflow permission.

Unit: Million Liters (ML)

		2019	2020
Water withdraw		28.15	27.93
Water discharge	Domestic wastewater through septic tank (unprocessed)	19.45	18.05
	Chemical coagulation (processed)	6.01	4.50
Total water consumption		2.69	5.38

Notes :

- Domestic wastewater is estimated: $140 \text{ L/day/person} \times 138,943 \text{ (total work days of all employees per year)} = 18,057,200 \text{ L}$



3.4 GREENHOUSE GAS MANAGEMENT

The energy used by QST mainly include electricity, gasoline, diesel and LPG (gas). The GHG emission inventory activity refers to the international GHG Protocol such as the ISO/CNS14064-1 for the calculation of CO_{2e} in Scope 1 and Scope 2. Scope 3 was only calculated in 2019.

As a leading manufacturer of steel and metal fasteners, we work to improve the efficiency of energy use and reduce the GHG emissions to reduce global warming and maintain a sustainable environment.

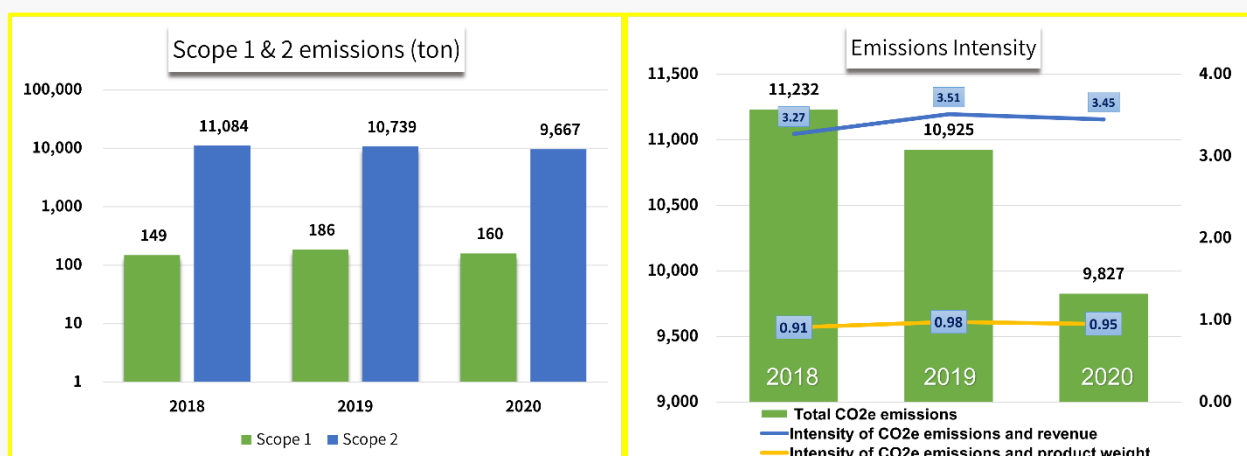
Emissions

Unit: Ton CO_{2e}

Category		2018	2019	2020
Scope 1 (internal energy except electricity)		149	186	160
Scope 2 (electricity)		11,084	10,739	9,667
Scope 3 (materials, transportation and water)		-	31,150	-
Total Emissions=Scope 1+Scope 2		11,232	10,925	9,827
Revenue (million NT dollar)		3,434	3,111	2,849
Product weight (ton)		12,329	11,158	10,305
Emission intensity	Emission/Revenue (Ton/million NT dollar)	3.27	3.51	3.45
	Emission/Product weight (Ton/Ton)	0.91	0.98	0.95

Note:

Scope 1 does not include refrigerant leakage, methane emission from septic tanks, and emission from combustion of emergency generators.



◎ Scope 1

Internal energy consumption except electricity, in 2020:

= gasoline quantity × emission factor + diesel quantity × emission factor + LPG quantity × emission factor = 160 TCO₂

◎ Scope 2

Electricity consumption × emission factor = 9,667 TCO₂

◎ Scope 3

(Materials + Upstream & Downstream transportation + Water usage) × Emission factors.

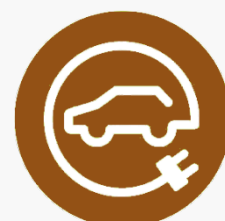
The calculated value was 31,150 TCO₂ in 2019, which is way higher than Scope 1 and Scope 2 due to the massive emissions generated from the production of materials. It is not calculated in 2020.

Emission Factors

Gasoline	Diesel	LPG	Electricity	Water
2.355	2.646	1.755	0.533	0.166
KgCO ₂ e/L	KgCO ₂ e/L	KgCO ₂ e/L	KgCO ₂ e /kWh	KgCO ₂ e /m ³

Notes:

- (1) The emission factors of gasoline, diesel and LPG are the sum of CO₂, CH₄, N₂O factors using GWP rate 1: 8: 265.
- (2) The emission factors of gasoline, diesel, LPG and GWP rate are based on <Greenhouse Gas Emission Factor Management Table, version 6.0.4, June, 2019> from Environmental Protection Administration (EPA), Taiwan.
- (3) The emission factors of electricity and water are based on the factors published by Taiwan Power Company and Taiwan Water Corporation in 2019.



3.5 POLLUTION PREVENTION

Air Pollution

The company applied for the inspection of the stationary air pollution source operating permit on May 10, 2019, and the test results showed that all the emissions met the standards. QST continuously met the standards of the test in the prior years, so there were no gas emission pollution problems in 2019 and 2020. So far, no complaints from the surrounding residents have been reported. In addition, environmentally friendly refrigerants are used for all air conditioners in the Company, and Halon is not used as the filling agent of the extinguishers.

Wastewater Treatment

Water quality of wastewater generated in the manufacturing process must be treated first, and it can be discharged outside the plants only after reaching the discharge standards upon self-testing. Discharged water flows into Erren river and to the sea. The Environmental Protection Bureau of Tainan City Government dispatches personnel regularly and irregularly to the site at the discharge flow mouth to sample and test the discharge water quality.

Wastewater Discharge

Year	Total wastewater Discharge(m ³)	Chemical Oxygen Demand (COD) (mg/L)		Suspended Solid (SS) (mg/L)	
		Discharge standard (ppm)	6-month monitoring value (ppm)	Discharge standard (ppm)	6-month monitoring value (ppm)
2018	5,055	100	26	30	26.5
			13.8		1.6
2019	6,011	100	12.8	30	10
			50		3.8
2020	4,498	100	10.2	30	<1.5
			38.2		3.2



Waste Disposal

To ensure the business waste can be properly disposed, the Company abides by the Waste Disposal Act and entrusts waste management vendors approved by EPA to manage the waste generated during the manufacturing process (such as inorganic sludge, non-hazardous oil sludge, waste oil mixture, mixture of general chemical waste). Oil products are recycled and reused by using the concentrated tank for sedimentation to reduce pollution.

The iron granules, iron fillings and tailings generated during the process are centrally managed in the factory. They are sold as scraps for reuse in the market after being accumulated to a certain amount.

In addition, general domestic waste generated from the Company's operations is also handed over to the treatment plant approved by EPA for the management of waste resources. Toxic compounds are not used in the plant at present. Recycling companies are engaged to increase the types of recycled materials to reduce the waste of resources.

Items of Waste

The listed items are general business waste not declared as recyclable or reusable.

Unit: Tons

Item	Code	Name of Waste	Treatment	2018	2019	2020
Sludge	D-0902	Inorganic sludge	Heat treatment	27.74	46.50	11.68
Waste oil	D-1799	Waste oil mixture	Physical treatment	50.94	118.05	137.36
Waste solvent	D-1504	Non-hazardous organic solvent	Incineration	-	7.89	16.48
Domestic waste	D-1801	Domestic waste	Incineration	27.47	27.45	49.29
Annual waste weight (total)				93.68	169.74	214.81

Note:

The waste solvent was originally treated in the wastewater treatment system in 2018, but since May 2019 it has been separated as an independent waste item.



4. Employees

4.1 LABOR STRUCTURE

QST upholds the principles of "respecting human rights" and "hiring people based on their talents", adhering to such regulations as "Labor Standards Act" and the "The Gender Equality in Employment Act" and regarding individual professional competence as the main selection requirement. There is no discrimination against employees on the grounds of race, class, language, belief, religion, political party, place of origin, place of birth, gender, sexual orientation, age, marriage status, appearance, facial features, physical or mental disabilities, zodiac signs, blood type or union member. All personnel have a fair job opportunity through public channels like online job banks and job fairs in the recruitment process.

As of the end of December 2020, the total number of employees of the Company was 486. All were formal employees, including contract-hired fixed-term and non fixed-term. There is no significant change in the number of employees between high and low seasons.

Distribution of types of employees

	Contract type	Year	2018		2019		2020	
		age	Taiwanese	Foreigner	Taiwanese	Foreigner	Taiwanese	Foreigner
Female	Non fixed-term	29 and below	61	-	47	-	39	-
		30-39	83	-	88	-	84	-
		40-49	63	-	70	-	73	-
		50 and above	24	-	23	-	27	-
Male	Fixed-term	29 and below	-	12	-	11	6	8
		30-39	-	8	-	7	-	6
		40-49	-	4	-	1	-	1
		50 and above	-	-	2	1	2	-



	Contract type	Year	2018		2019		2020	
		age	Taiwanese	Foreigner	Taiwanese	Foreigner	Taiwanese	Foreigner
	Non fixed-term	29 and below	76	-	55	-	39	-
		30-39	101	-	95	-	92	-
		40-49	57	-	63	-	76	-
		50 and above	37	-	37	-	33	-

Employee Education Levels

YearLevel	Numbers			Percentage (%)		
	2018	2019	2020	2018	2019	2020
Under senior high school	29	25	25	5.5	5.0	5.1
Senior high school	202	193	181	38.4	38.6	37.3
College	275	264	261	52.3	52.8	53.7
Master degree	19	17	18	3.6	3.4	3.7
PhD	1	1	1	0.2	0.2	0.2
Total	526	500	486	100	100	100

Distribution of indirect and direct labor

Category	Number			Percentage (%)		
	2018	2019	2020	2018	2019	2020
Direct labor	252	233	224	47.9	46.6	46.1
Indirect labor	274	267	262	52.1	53.4	53.9
Total	526	500	486	100	100	100



Job categories

	Number			Percentage (%)		
Year Category	2018	2019	2020	2018	2019	2020
Administration staff	246	240	237	46.8	48.0	48.8
Technical staff	159	149	144	30.2	29.8	29.6
R & D personnel	21	20	19	4.0	4.0	3.9
Operators	100	91	86	19.0	18.2	17.7
Total	526	500	486	100	100	100

Diversified Employees

According to the second paragraph of Article 38 of Person with Disabilities Rights Protection Act, any given private business agency/organization/institution whose total number of employees is no less than 67 shall employ people with disabilities capable of working and the number of such employees shall be no less than 1 percent of the total number of the employees, and no less than 1 person. QST hires 6 people with disabilities.

Distribution of Employee Identity

			2018	2019	2020
Category / Gender		Age	No.	No.	No.
General employees	Male	29 and below	76	55	45
		30-39	99	93	90
		40-49	56	62	74
		50 and above	35	38	34
	Female	29 and below	61	47	39
		30-39	83	88	84
		40-49	63	70	73
		50 and above	24	22	26
Total %			94.5	95.0	95.7
	Male	29 and below	12	11	8



			2018	2019	2020
Foreign employees		30-39	8	7	6
		40-49	4	1	1
		50 and above	0	1	0
	Female	29 and below	0	0	0
		30-39	0	0	0
		40-49	0	0	0
		50 and above	0	0	0
	Total %		4.5	4.0	3.1
Aboriginal employees	Male	29 and below	0	0	0
		30-39	0	0	0
		40-49	0	0	0
		50 and above	0	0	0
	Female	29 and below	0	0	0
		30-39	0	0	0
		40-49	0	0	0
		50 and above	0	0	0
	Total %		0.0	0.0	0.0
Disabled employees	Male	29 and below	0	0	0
		30-39	2	2	2
		40-49	1	1	2
		50 and above	2	1	1
	Female	29 and below	0	0	0
		30-39	0	0	0
		40-49	0	0	0
		50 and above	0	1	1
	Total %		1.0	1.0	1.2



Local Hire

97.4% of the top-level executives (including managers and above) employed by the Company are local residents (Tainan). As the manufacturing industry is labor-intensive, the number of females applying for the QST jobs is lower than that of males. The ratio of male to female employees is about 1.18:1. Female executives are mainly employed by indirect management units. However, the Company is still committed to cultivating outstanding talents regardless of gender.

Age Distribution of Employee Positions

			2018	2019	2020
Item/Gender		age	No.	No.	No.
Managers	Male	29 and below	0	0	0
		30-39	2	2	1
		40-49	6	6	7
		50 and above	16	14	14
	Subtotal		24	22	22
	Percentage (%)		60.0	57.9	57.9
	Female	29 and below	0	0	0
		30-39	1	1	1
		40-49	7	7	7
		50 and above	8	8	8
	Subtotal		16	16	16
	Percentage (%)		40.0	42.1	42.1
Manager Ratio (%)			7.6	7.6	7.8
Non-managers	Male	29 and below	88	66	53
		30-39	107	100	97
		40-49	55	58	70
		50 and above	21	26	21



			2018	2019	2020
	Subtotal		271	250	241
	Percentage (%)		55.8	54.1	53.8
	Female	29 and below	61	47	39
		30-39	82	87	83
		40-49	56	63	66
		50 and above	16	15	19
	Subtotal		215	212	207
	Percentage (%)		44.2	45.9	46.2
Non-manager ratio (%)			92.4	92.4	92.2
Total			526	500	486

Note:

- (1) Formula of calculating percentages (take managers as an example):
= No. of managers ÷ total No. of employees of the Company at the end of the year
- (2) Executives refers to those holding manager positions or higher.

Age Distribution of Retired/Resigned Employees

	2018				2019				2020			
	Male		Female		Male		Female		Male		Female	
	No.	turnover rate(%)	No.	turnover rate(%)	No.	turnover rate(%)	No.	turnover rate(%)	No.	turnover rate(%)	No.	turnover rate(%)
29 and below	30	34.1	20	32.8	22	33.3	15	31.9	19	35.8	7	17.9
30-39	18	16.5	9	10.8	24	23.5	4	4.5	12	12.2	6	7.1
40-49	4	6.6	0	0.0	4	6.3	2	2.9	2	2.6	0	0
50 and above	0	0.0	0	0.0	5	12.5	1	4.3	5	14.3	0	0
Retired/ resigned	81				77				51			



	2018	2019	2020
Total No. of employees	526	500	486
Turnover rate (%)	15.4	15.4	10.5

Note:

1. Turnover rate (%) = the number of retired/resigned employees in that category for the current year/the total number of employees in that category at the end of the year.
2. The number of retired/resigned employees includes employees who volunteer to resign or are fired, retired, or who die while on duty.

Age Distribution of New Employees

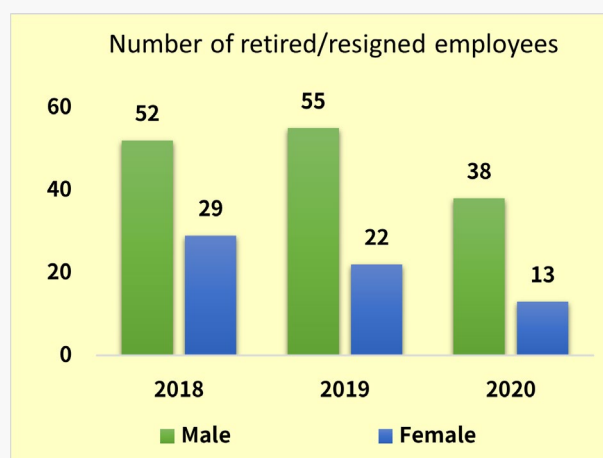
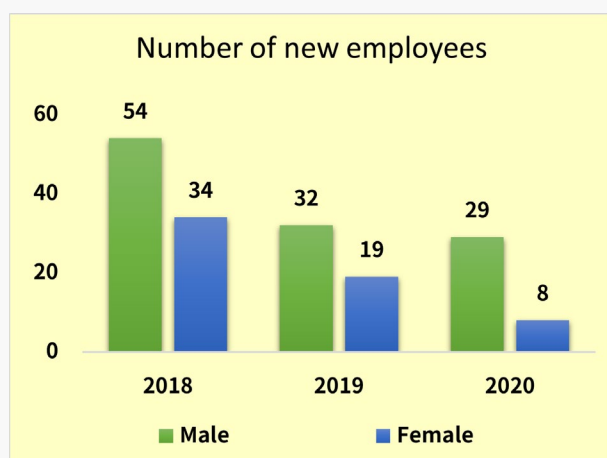
	2018				2019				2020			
	Male		Female		Male		Female		Male		Female	
	No	Employment rate(%)	No	Employment rate(%)	No	Employment rate(%)	No	Employment rate(%)	No	Employment rate(%)	No	Employment rate(%)
29 and below	38	43.2	22	36.1	13	19.7	13	27.7	19	35.8	7	17.9
30-39	16	14.7	12	14.5	13	12.7	6	6.8	8	8.2	1	1.2
40-49	0	0.0	0	0.0	1	1.6	0	0.0	2	2.6	0	0.0
50 and above	0	0.0	0	0.0	5	12.5	0	0.0	0	0	0	0.0
Total number of new employees	88				51				37			
Total number of employees	526				500				486			



	2018	2019	2020
Total employment rate (%)	16.7	10.2	7.6

Note:

1. Employment rate (%): Number of new employees in the category for the current year/ Total number of employees in the category at the end of the year.
2. New employees include retired/resigned ones.



4.2 LABOR RELATIONS

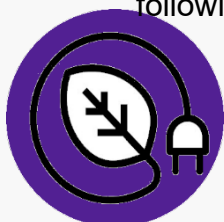
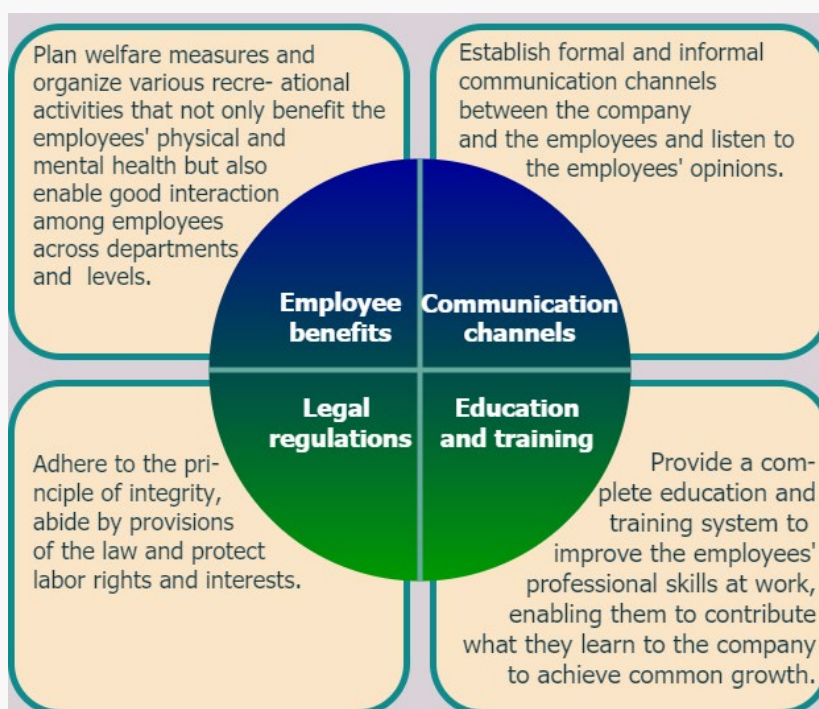
QST has always regarded its employees as the “most important asset”, and is devoted to the co-growth of the employees and the development of the Company. Therefore, we attach great importance to our employees’ opinions and hold labor management meetings regularly for the discussion on employee rights and protection issues. Employees’ voices are heard through formal and informal communication channels, and the labor-management meeting shall be convened at least every three months. In addition, an extraordinary meeting can be convened when necessary. Representatives of the meeting can not only collect and understand employees’ opinions on compensations and benefits but also make proposals through the labor-management meeting to discuss and fully protect the employees’ rights.

The Company has set up a Labor-management Council, consisting of five employees elected as labor representatives and five designated by the business units as representatives of the employers. Reports and proposals are made for discussions. At the same time, the consensus of the employers and employees can be obtained in the meeting to achieve mutual benefits.

Meanwhile, based on the principle of basic human rights, the rights and obligation of both the employers and the employees are clearly defined and a sound management system is as established for the concerted efforts and development. In addition, the Work Rules and Safety and Health Work Rules meeting the stipulations of the Labor Standards Act are formulated, which were approved by the Labor Affairs Bureau of the city

government. According to the Labor Union Act, all workers shall have the right to organize and join labor unions. The freedom of employee association or collective bargaining is not restricted. At present, our employees have not initiated trade union organizations, and no trade unions have been established.

Harmonious labor relations are established through the following methods.



Discrimination

To protect the rights and interests of employees, we assist employees in solving matters related to personal rights or unfair treatment at work and establish a correct concept of gender equality. In addition, we take preventive measures related to sexual harassment, sexual assault and sexual violence for a working environment free from fear and threats.

To prevent and deal with sexual harassment, sexual assault and sexual violence, the Regulation Regarding Employees' Grievance and Sexual Harassment Prevention and Treatment has been developed. To implement the regulation, a grievance line and a dedicated e-mail box are established as the channels for the handling of employee 68 complaint, sexual harassment, sexual assault and sexual violence. HR Department is the dedicated department in charge of handling such cases while the manager of the HR Department serves as the convener of the Grievance Committee. Female representatives shall account for no less than 1/2 of the representatives in the handling of such cases. No cases of sexual harassment occurred during the reporting period.

Minimum Period of Advance Notice

According to Labor Standards Act, where an employer terminates a labor contract due to such situations as severance, reorganization or factory closure, the provisions set forth below shall govern the minimum period of advance notice.

Service period	Days
Those who have worked for more than 3 months but less than 1 year	10
Those who have worked for more than 1 year but less than 3 years	20
Those who have worked for more than 3 years	30



4.3 EMPLOYEE BENEFITS

Employees are QST's most important assets. When the employees are stable with no worries, the Company can continue to grow and thrive. The Employee Welfare Committee consists of 13 employees and employers, responsible for planning various benefit programs.

Technicians account for most of our employees. The salary of technical staff is about 1.13 times the minimum salary regardless of gender compared with the local basic salary standard. The Company does not disclose the salary of external labor contractors (security guards and cleaners), but we require that the starting salary of our external labor contractors should be in line with local laws and regulations.

The basic salary and the rate of salary raising are equal for the same type of staff regardless of gender.

List of starting salary

Category	Starting salary(A)	Minimum wage(B)	Multiple ratio (A/B)
General technicians	26,920	23,800	1.13

Note:

In 2020, the minimum wage publicized on the website of the Ministry of Labor is NT\$23,800.

Leave / vacation system and retirement system • Comply with the Labor Standards Act (including parental leave without pay)	Insurance • Labor insurance • Health insurance	The system • Uniform • Safety shoes
Bonus / gifts • Year-end bonus • Three Chinese festival bonus /gifts (Employee Welfare Committee) • Birthday gift money / gifts (Employee Welfare Committee) • Service award • Occasional gifts	Subsidies • Wedding gift money • Funeral subsidies • Childbirth allowance (Employee Welfare Committee) • Contribution of labor pension (new/old system) • Emergency assistance • Club subsidies	Others • Employee parking • Employee health check /On-site nurse health consultation service • Year-end party or year-end banquet allowance • Discount in the appointed stores • Overseas travel • Domestic travel



The Pension System

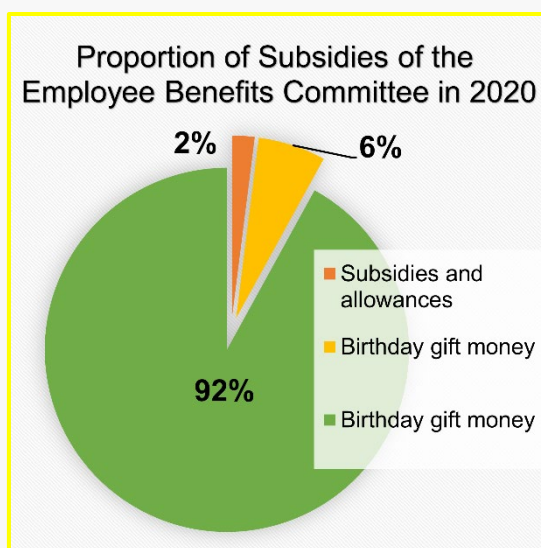
The Company's pension system under the Labor Pension Act is a defined contribution plan. Pensions are contributed at a ratio of 6% and 4% of the monthly salary according to the new and old system, respectively and deposited in the individual Labor Pension Accounts. Except for foreign employees, the percentage of the other employees participating in the retirement plan reaches 100%.

The special account of retirement reserve fund has a balance of NT\$105,203,000 on Dec. 21, 2020.

Category of pension plans	Time of contribution	Source of contribution	Proportion contributed
Old system	Before 2005/6/30	Employer	4%
New system	After 2005/7/1	Employer	6%
		Employee	6 % (at most)

Proportion of Subsidies of the Employee Benefits Committee in 2020

Item	Proportion (%)
Subsidies and allowances	2
Birthday gift money	6
Bonus /gifts on three Chinese festivals	92
Total	100



The Source of Welfare Fund



Employee Service Award

To encourage our employees to work long to enable the related technology to be passed on for perfection, the Employee Service Award is awarded to recognize the hard work and dedication of these employees.

Employee Service Award System



Parental Leave without Pay

The Company implements parental leave without pay system in accordance with the Act of Gender Equality in Employment. After in service for six months, employees may apply for parental leave without pay before any of their children reaching the age of three. The period of this leave is until their children reach the age of three, but the duration may not exceed two years. When employees are raising over two children at the same time, the period of their parental leave shall be combined, and the maximum period shall be limited to two years received by the youngest child.

Since 2018, a total of 19 people applied for parental leave without pay (PLWP), with males accounting for 5.3% and females 94.7%.



Numbers of parental leave without pay

	2018			2019			2020		
Gender/total	Male	Fe- male	Total	Male	Fe- male	Total	Male	Fe- male	Total
No. of employees applying for PLWP in current year (A)	1	7	8	0	2	2	0	9	9
No. of employees expected to be reinstated after PLWP in current year (B)	1	6	7	0	5	5	0	3	3
No. of employees reinstated in current year (C)	1	6	7	0	3	3	0	2	2
No. of employees reinstated in previous year (D)	0	3	3	1	6	7	0	3	3
No. of employees reinstated & reinstated for 12 months (E)	0	3	3	1	5	6	0	3	3
Reinstatement rate in current year (C/B) (%)	100	100	100	0	60	60	0	67	67
Retention rate in current year (E/D) (%)	0	100	100	100	83	86	0	100	100

Note:

1. The number of employees who actually qualified for parental leave without pay in the current year is equal to the number of employees who actually applied for parental leave without pay in the current year.
2. The number of employees for the year is based on the year the employees proposed the application.



4.4 EDUCATION AND TRAINING

The long-term development of the Company depends on the improvement of employees' professional knowledge and innovation ability. In the traditional industry, QST faces the crowding out effect caused by the high-tech industry in the human resources market. In addition, most of our competitors are manufacturing oriented, different from QST's service-oriented approach, and the manpower needs are also different. The establishment of a complete internal education and training mechanism and cultivation of the talents needed have become the main strategy for the development 73 Our Employees CH4 of human resources in the Company. The functional gaps of the employees in every department, the Company's objectives and the regulatory requirements are all put into considerations when it comes to the planning of the annual education and training programs to meet the need for the QST's development.

The Company does not have a mechanism for functional upgrade or transfer for employees who are about to retire or those whose employment is about to be terminated with.

Employee Performance Appraisal

All employees are required to undergo performance appraisal at the end of each year; direct and foreign employees are also required performance appraisal each month, so the employee performance appraisal rate is 100%.

Direct labor is assessed on a monthly basis for production efficiency, assignment requirements, quality targets, attendance, and cooperation.

QST's Appraisal System

Appraisal method	Frequency	Category	Nationality	Percentage
Production efficiency	Once a month	Direct	Taiwanese	100
			Foreigner	100
Performance	Once a year	Direct	Taiwanese	100
		Indirect	Foreigner	100



Staff Training

Has been focused on employee training and education. QST was awarded the Organizational Learning Excellence in Practice Award by S&M Enterprise Administration, MOEA. The main education and training measures are as follows.

1. Orientation Training

New recruits have to participate in the basic orientation training lasting 2-14 days on the first day at work according to the needs of various departments. The orientation training focuses on helping newcomers to get familiar with the work environment and the job. In addition, the new staff counseling mechanism is set up, and the counseling is provided 40 days after they report to the Company to understand new staff's progress, workload and their interaction with their colleagues and supervisors to find out and solve problems when they do not fit in at this workplace, targeting at maintaining the newcomer retention rate above the standard.

2. On-the-job Training

The annual education and training plan will be formulated based on the Company's annual operational goals and guidelines to provide training in various professional functions, quality improvement and management capabilities through systematic, planned and integrated internal and external educational and training systems. Therefore, all employees can be capable of the work, give full play to their talents, improve work efficiency and accumulate experience. In addition, they can continue to grow with the Company's development and further improve organizational synergies.

3. Continuous Education Subsidy

To make good use of external training resources and to make up the insufficiency of the company's education and training system, we have set up Regulations of Subsidy for Continuous Education of Degree Programs to encourage our employees to continue learning so that their functional competencies can be enhanced, and the manpower quality of the company can be further enhanced.



Category, Gender and Average Training Hours of Trained Employees

		2018			2019			2020		
Item/Gender		No.	Hours	Hours/ person	No.	Hours	Hours/ person	No.	Hours	Hours/ person
Managers with positions at (vice) section chief and higher	Male	61	770	12.6	62	809	13	62	822	13.3
	Female	39	385	9.9	38	536	14.1	38	389	10.2
Subtotal		100	1155	11.6	100	1,345	13.5	100	1,211	12.1
Non-manager	Male	234	2,714	11.6	210	924	4.4	195	1,048	5.4
	Female	192	1,628	8.5	190	1,297	6.8	185	1,371	7.4
Subtotal		426	4,342	10.2	400	2,221	5.6	380	2,419	6.4
Temporary	Male	0	0	0	0	0	0	6	11	1.8
	Female	0	0	0	0	0	0	0	0	0
Subtotal		0	0	0	0	0	0	6	11	1.8
Total		526	5,497	10.5	500	3,566	7.1	486	3,641	7.5

Annual average training hours = total training hours of employees/total number of employees.

Average Training Hours of Each Category

	2018		2019		2020	
Item/Hours	Hours	%	Hours	%	Hours	%
Environment, Safety, and Health	216	29	138.5	20	306	42
Management/General/Others	306.5	41	200	29	105	14
Professional skills	18	2	206	30	96	13
Audit/Verification	202.5	27	140	20	225.5	31
total	743	100	684.5	100	732.5	100



Average Employee Training Costs (in NT\$)

	2018			2019			2020		
Item	Cost	No.	Ave.	Cost	No.	Ave.	Cost	No.	Ave.
Male	857,010	295	2,905	325,582	272	1,197	291,058	263	1,107
Female	440,399	231	1,906	325,852	228	1,429	304,346	223	1,365

Average training cost = total training hours / total number of people.

Education and Training



Policies of human rights or employee training program

Through external trainings, QST cultivates seeded employees for human rights and actively communicates with external parties to enhance employees' awareness of personal rights and interests. New employees conduct staff ethics training during the new employee orientation to understand and follow the QST's code of ethics.

Total training hours for human rights are 60.5 hours, and the rate of trained employees is 12.3%.

Rate of trained employees = total numbers of trained employees / total employees in 2020 (60 / 486=0.123)



Human rights Training

	2018	2019	2020
No.	51	26	60
Hours	44.5	35.5	60.5
Trained employees (%)	9.7	5.2	12.3

Training of Security Guards

As stipulated in Article 10-2 of the Private Security Service Act, “When a security company hires security guards, it shall offer them pre-service professional training of one week or above. For serving security guards, it shall provide them with in-service training at least four hours for every month.” QST’s security service provider, Yi Kong Security Co., Ltd., arranges regular in-service training in accordance with the regulation to maintain related knowledge and professionalism. In 2018, courses entitled Summary of Sexual Harassment Prevention and the Personal Information Protection Act and the Enforcement Rules were provided to ensure that the security personnel have basic knowledge of human rights. The participation rates of the courses reached 100%.

Human rights Training for Security Guards

	2018		2019		2020	
Courses	Hours	No. of guards	Hours	No. of guards	Hours	No. of guards
Sexual Harassment Prevention	1	2	1	6	1	6
Personal Information Protections	1	2	1	6	1	6



4.5 OCCUPATIONAL HEALTH AND SAFETY

Occupational safety and health management system

In accordance with the National Occupational Safety and Health Management System Guidelines (TOSHMS) and ISO 45001:2018, the Company guides employers and workers to jointly construct and maintain a documented safety and health management system to strengthen self-management, continuously improve occupational safety and health performance, reduce occupational disasters, protect labor safety and health, and meet the needs of competent authorities, customers, employees and other stakeholders. All our colleagues should comply with the management procedures and norms developed in the safety and health management manual and maintain the effective operation of the safety and health management system.

The documentation framework of safety and health management system.

QST establishes the safety and health management system. According to regulatory requirements, QST assigns one manager of class A and an administrator. In addition, QST also assigns one dedicated manager or plans job qualification training according to the job attribute.

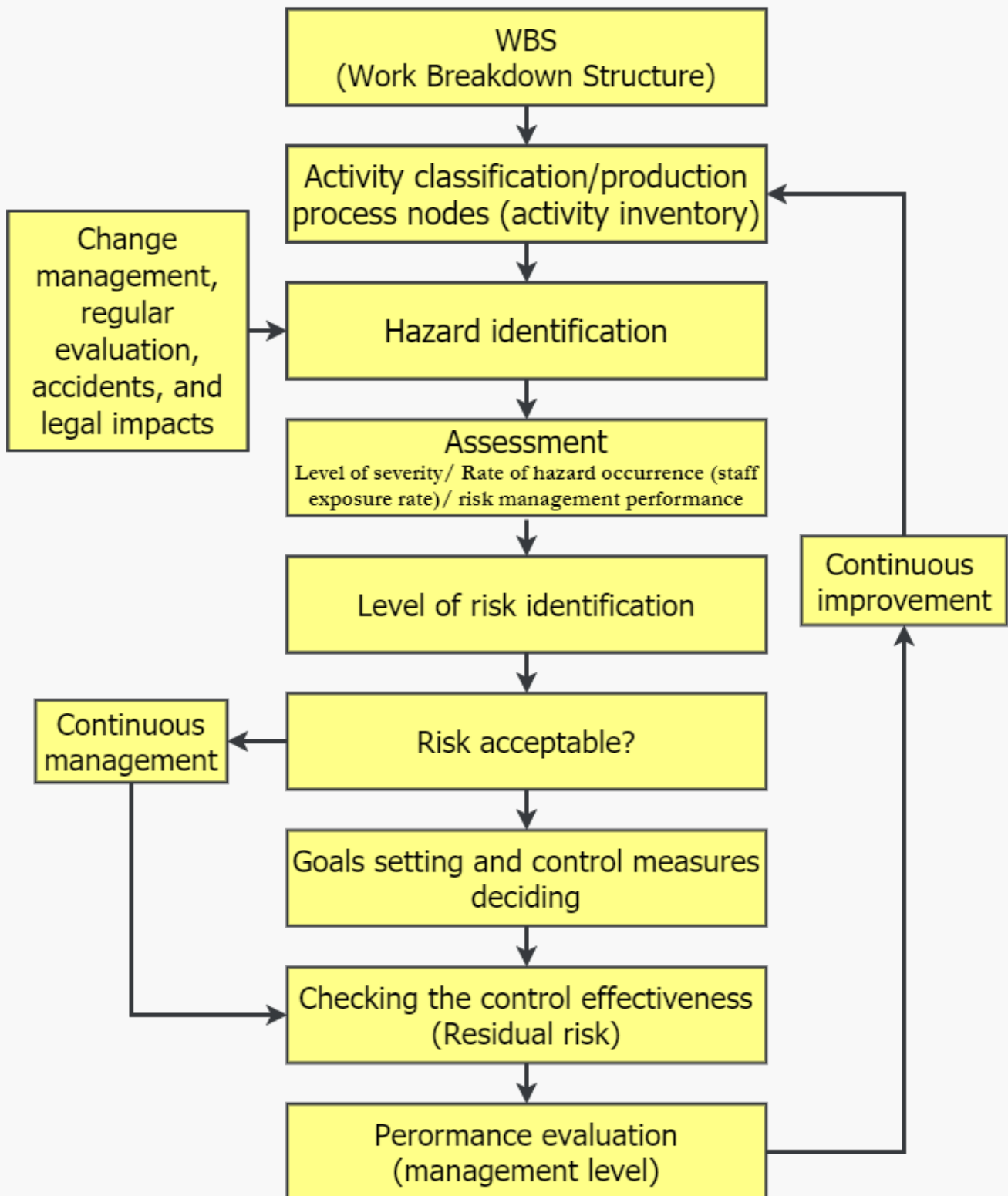


Dedicated / Certificated person	2018	2019	2020
	No.	No.	No.
Supervisor for labor safety and health of class A	2	2	1
Supervisor for hypoxia operations	1	1	1
Supervisor for organic solvent operations	1	1	1
Manager for labor safety and health	1	1	1
Supervisor for specified chemical substance operations	1	2	1
stacking crane with hoisting capacity of 1 ton	55	55	59
Fixed cranes	117	117	118
First aid personnel	7	12	12
Operator of specified high-pressure gas equipment	1	2	2
Metal sealing, cutting or heating with acetylene sealing devices	6	6	7

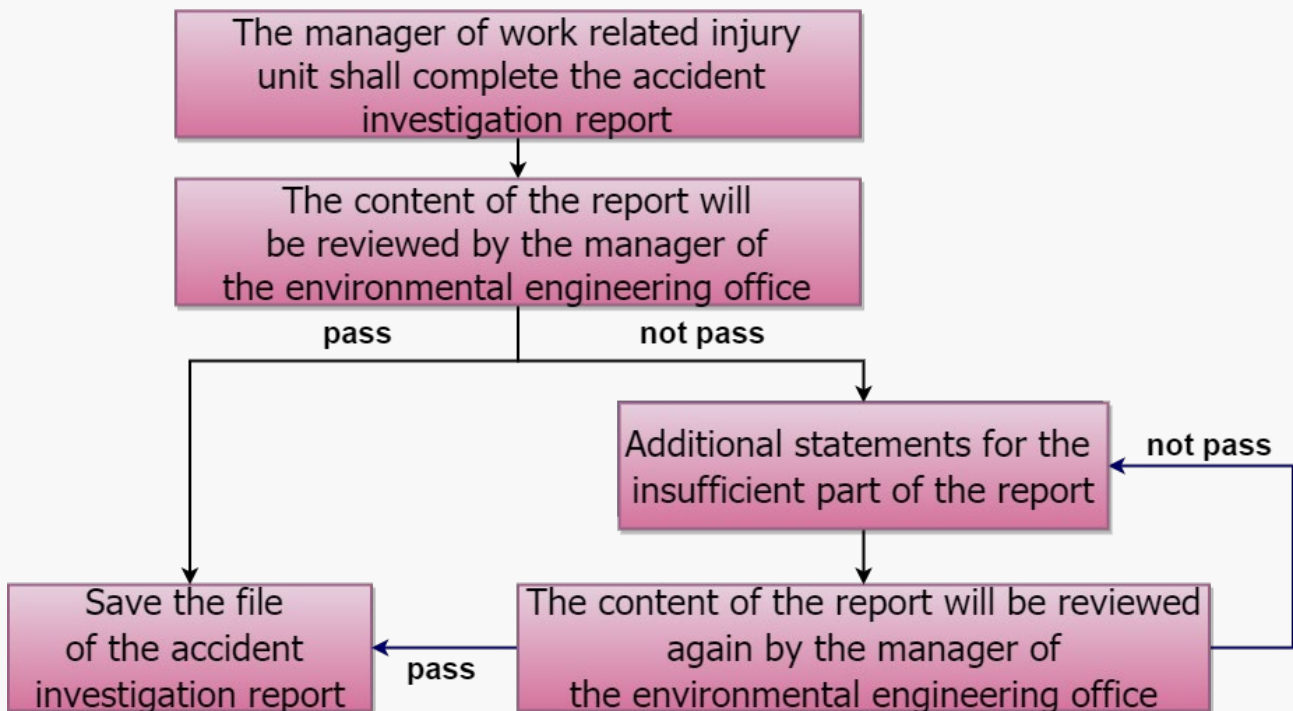


Hazard identification, risk assessment and risk control procedures

The Company occasionally implement hazard identification and risk assessment for each production process. The potential risks can be identified from the hazard risks, and the occurrence of industrial safety incidents can be prevented or reduced after improvements.



Process of accident survey



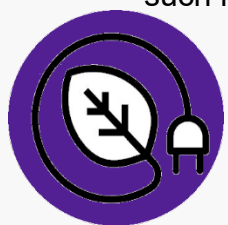
Participation, consultation and communication of occupational safety and health workers

QST complies with the Regulations Governing Occupational Safety and Health and established the Occupational Safety and Health Committee (OSH Committee) to regularly review the implementation results of the occupational safety and health business with the labor representatives.

The OSH Committee holds monthly meetings to discuss work accidents. It also coordinates, advocates and supervises the safety and health management of various plants, and sets up more than 1/3 of the labor representatives and the class A business director for each plant.

Injury Cases

According to the Regulation Governing Occupational Safety and Health Management Plan, if an accident happens to employees, relevant investigations should be conducted in line with relevant government agencies and the accident report should be submitted. After the injury, the case should be investigated and reviewed. In addition, the administrative responsibility review and reward as well as punishment shall be handled in accordance with such regulation to prevent similar accidents from happening again.



Category	Calculation principles	2018	2019	2020
Injury rate (IR)	(Total number of disability injury / total working hours)*200,000	0	0	0
	(Total number of disability injury of female employees / total working hours)*200,000	0	0	0
	(Total number of disability injury of male employees / total working hours)*200,000	0	0	0
Occupational disease rate (ODR)	(Total number of occupational diseases / total working hours)*200,000	0	0	0
	(Total number of occupational diseases of female employees / total working hours)*200,000	0	0	0
	(Total number of occupational diseases of male employees / total working hours)*200,000	0	0	0
Lost day rate (LDR)	(Total lost days / total working hours)*200,000	0	0	0
	(Total lost days of female employees / total working hours)*200,000	0	0	0
	(Total lost days of male employees / total working hours)*200,000	0	0	0
Absence rate (AR)	(Absence days / total working days of all employees in a year)*100%	5.3%	5.7	5.1%
	(Absence days of female employees / total working days of female employees in a year)*100%	7.3%	7.6%	6.0%
	(Absence days of male employees / total working days of male employees in a year)*100%	3.9%	4.3	4.4%
Total number of deaths in a year		0	0	0



Training of workers on occupational safety and health

The Company plan the education training program for the following year. The Company will provide external trainings (such as stacking machine, crane, acetylene work, CPR and AED first aid personnel, etc.) and internal trainings (such as fire drills, waterproof gate drills, and safety and health education training, etc.) to employees.

Workers under the occupational safety and health management system

Workers in QST consist of employees, contract-hired, and visitors with their production and operational activities.

Category		2018		2019		2020	
		Male	Female	Male	Female	Male	Female
All employees	No.	295	231	272	228	263	223
	%	56.1	43.9	54.4	45.6	54.1	45.9
Non-employees (Foreign workers)	No.	6	1	6	1	6	1
	%	85.7	14.3	85.7	14.3	85.7	14.3



Occupational Injury

Employees				
Category	Gender	2018	2019	2020
Total working hours	Female	483,690	473,118	450,379
	Male	685,485	638,424	581,460
	Total	1,179,175	1,111,542	1,031,839
No. of death from occupational diseases	Female	0	0	0
	Male	0	0	0
	Total	0	0	0
No. of serious occupational diseases(except for the death)	Female	0	0	0
	Male	1	2	0
	Total	1	2	0
Recorded No. of occupational diseases(including No. of death and No. of serious occupational diseases)	Female	0	0	0
	Male	1	2	0
	Total	1	2	0
Types of occupational diseases	Male	Falling*1	Being rolled*1	0
Rate of death caused by occupational diseases	Female	0	0	0
	Male	0	0	0
	Total	0	0	0
Serious occupational disease rate(not including No. of death)	Female	0	0	0
	Male	0	0	0
	Total	0	0	0
Recorded occupational disease rate (including No. of death and No. of serious occupational diseases)	Female	0	0	0
	Male	0	0	0

No work-related injuries or occupational cases occurred for non-employee workers of the Company in 2020.



Worker health promotion

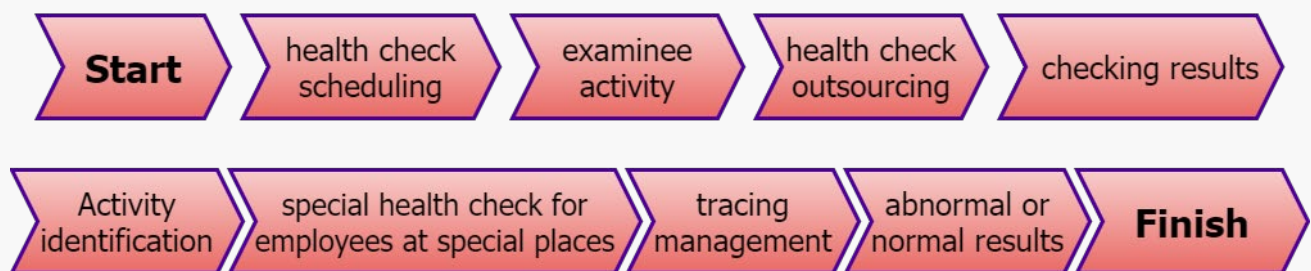
Management of abnormal health check

For the production and post-processing departments in the Baoan plant and the production management department in the Rende plant, activities causing noise is particularly harmful to personal health. Long-term exposure to 85 dB to more than 140 dB can lead to noise hearing loss as well as cardiovascular diseases.

Therefore, in addition to annual health checks and special health checks for employees at special places (mainly noise activities), the Company require that new employees must do physical examinations when they first enter the factory to ensure their health.

201 employees working at special places received special health checks in 2020. A total of three persons are included in the fourth level of health management, and the Company assists in the production of special earplugs for them and regularly tracks their health conditions.

The process of health checks



Occupational health service

It is our responsibility to our employees and their dependents to provide a healthy and safe working environment. Better than the regulations, we offer annual health examination (including abdominal ultrasound and colorectal cancer screening). In addition, we hire resident nurse and doctor to provide instant and high quality occupational health service for our employees.



General health checking items	1. Investigation of working experience, past medical history, living habits, and self-conscious symptoms. 2. Physical examination of height, weight, waist circumference, vision, color discrimination, hearing, blood pressure, and various systems or parts of the body. 3. Chest X-ray (large) photography examination. 4. Examination of urine protein and urine submersible blood. 5. Examination of hemoglobin and white blood cell. 6. Examination of blood glucose, ALT, creatinine, sterols, triglycerides, HDL cholesterol, and LDL cholesterol. 7. Abdominal Ultrasound examination. 8. Other examinations designated by the competent authority.		
Year	2018	2019	2020
No.	461	456	418
Cost (NT\$)	346,000	781,000	316,000
Special health checking items (for special noisy activities)	1. Investigation of working experience, living habits, and self-conscious symptoms. 2. Investigation of past medical history of taking injury-causing auditory nerve drugs (e.g. salicylic acid or streptomycin), injuries, ear infections and hearing impairment caused by genetics. 3. Ear examination. 4. Audiometry (Testing frequencies of at least 500, 1,000, 2,000, 3,000, 4,000, 6,000 and 8,000 kHz, and establishment of hearing maps) 5. QST's special health checking costs are subsidized by the Bureau of Labor and Insurance, Ministry of Labor.		
Year	2018	2019	2020
No.	244	233	211



Activities for health promotion

To strengthen the healthy workplace, QST implements various health promotion projects in collaboration with the nearby health clinics, such as health screening, psychological consultation, health talks, nutrition and exercise counselling and smoking cessation to make employees receive comprehensive health care and medical services. Through the health management program, we conducted quarterly health talks and promote healthy concepts. In 2020, the colleagues of high hypertension, high blood lipids, and high blood sugar would be focused on their health education management to promote their health awareness. In 2020, hypertension was managed for 18 people with relevant healthy education information.

Health care management

QST also formulates relevant measures such as the working standards for employee health management. The management measures for the prevention of sexual hazards and the standards for the protection of parental health management of female workers are also implemented to promote measures such as hazard prevention, health care, health management and health promotion to effectively enhance the health of employees.

Comprehensive childcare

QST has set up a female-only breastfeeding room for the care of female employees who have a need for nursing, and also signed up with a nearby childcare institution to provide childcares and benefits for employees.

Tobacco control education



Labor safety and health education



5. PUBLIC BENEFITS

The Company is committed to local affairs and divides donations into neighborhood, education and public welfare. The total donation amounted to NT\$2,010,000 in 2020 and the details are described below.

Neighborhood:

- Tainan Archery association
- Rende Ching-Xi Women Association (sponsor for Spring retreat activity)

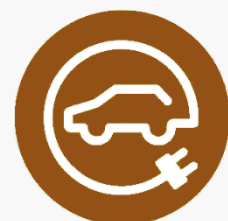
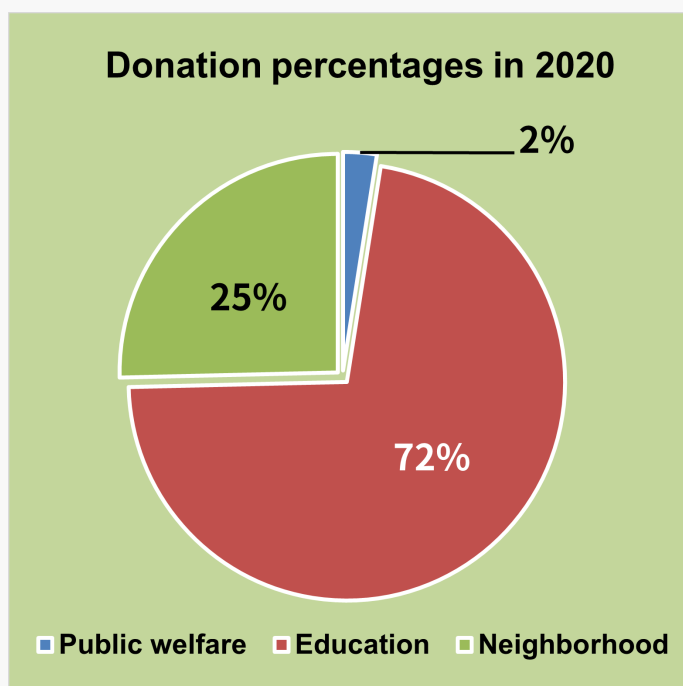
Public Welfare:

- Rende District office (sponsor fund for activities)



Education:

- TamKang University (donation of scholarship)
- National Tainan First Senior High School (sponsor for the 100th anniversary celebration)
- TamKang University Department of Engineering (donation as fund for establishing and operating AI college)
- National Chiao Tung University (sponsor fund for ARRC research)



APPENDIX 1: CORRECTION TABLE

Page	Sections	Headings	Item	Year	Before correction	After correction	Correction reason
60	3.2 Energy management	Annual Energy Consumption	Weight of products (Tons)	2019	11,358	11,158	Calculation error
			Total consumption/ Weight of products (million joules /Tons)	2018	6,167	6,251	
				2019	6,542	6,751	Product weight adjustment
62	3.3 Water Resource management	Water Consumption	Weight of products (Tons)		11,358	11,158	Calculation error
			Total water consumption /Weight of products (Tons/Tons)	2019	2.49	2.52	Product weight adjustment
64	3.4 Greenhouse Gas Management	Emission Scopes	Scope 1 (internal energy except electricity)	2018	151	149	Factors alter
				2019	188	186	
			Total Emission=Scope 1+Scope 2	2018	11,234	11,232	
				2019	10,927	10,925	
			Product weight (ton)	2019	11,358	11,158	Calculation error
			Emission/Product weight (Ton/Ton)	2019	0.96	0.98	Product weight adjustment

APPENDIX 2: GRI STANDARDS REFERENCE TABLE

No.	Disclosure	Related CSR Section	page
102-1	Name of the organization	2.1 Company Profile	21
102-2	Activities, brands, products, and services	2.1 Company Profile	21
102-3	Location of the headquarters	2.1 Company Profile	21
102-4	Location of operations	2.1 Company Profile	23
102-5	Ownership and legal form	2.1 Company Profile	21
102-6	Markets served	2.1 Company Profile	27
102-7	Scale of the organization	2.1 Company Profile	21
102-8	Information on employees and other workers	4.1 Labor Structure	68
102-9	Supply chain	2.7 Supplier Management and Evaluation	54
102-10	Significant changes to the organization and its supply chain	2.1 Company Profile	23
102-11	Precautionary principle or approach	2.5 Risk Assessment	47
102-12	External initiatives	2.3 Corporate Governance	33
102-13	Membership of associations	1.3 Identification of Material Topics and Communication	20
102-14	Statement from senior decision-maker	Message from the Chairman	3
102-15	Key impacts, risks, and opportunities	Message from the Chairman	3
102-16	Values, principles, standards and norms of behavior	2.1 Company Profile	21
		2.3 Corporate Governance	33
102-17	Mechanisms for advice and concerns about ethics	2.3 Corporate Governance	33
102-18	Governance structure	2.4 Organizational Structure	38
102-19	Delegating authority	1.1 CSR Committee	4

No.	Disclosure	Related CSR Section	page
102-20	Executive-level responsibility for economic, environmental, and social topics	1.1 CSR Committee	4
102-21	Consulting stakeholders on economic, environmental, and social topics	1.1 CSR Committee	4
102-26	Role of highest governance body in setting purpose, values, and strategy	1.1 CSR Committee 2.4 Organizational Structure	4 38
102-27	Collective knowledge of highest governance body	2.4 Organizational Structure	38
102-29	Identify and managing economic, environmental, and social impacts	1.1 CSR Committee	4
102-32	Highest governance body's role in sustainability reporting	1.1 CSR Committee	4
102-33	Communicating critical concerns	1.1 CSR Committee	4
102-35	Remuneration policies	2.4 Organizational Structure	45
102-36	Process for determining remuneration.	2.4 Organizational Structure	45
102-40	List of stakeholder groups	1.2 Identification of takeholders Issues of Concern and Communication	5
102-41	Collective bargaining agreements.	4.2 Labor Relations	76
102-42	Identifying and selecting stakeholders	1.2 Identification of Stakeholders Issues of Concern and Communication	5
102-43	Approach to stake holder engagement	1.2 Identification of Stakeholders Issues of Concern and Communication	9
102-44	Key topics and concern raised	1.2 Identification of Stakeholders Issues of Concern and Communication	9
102-45	Entities included in the consolidated financial statements	2.2 Operating Performance	29

No.	Disclosure	Related CSR Section	page
102-46	Defining report content and topic boundaries	Editing Principles	1
102-47	List of material topics	1.2 Identification of Material Topics and Communication	7
102-48	Restatements of information	Appendix 1: Correction Table	98
102-49	Changes in reporting	Editing Principles 1.2 Identification of Material Topics and Communication	1 8
102-50	Reporting period	Editing Principles	1
102-51	Date of most recent report.	Editing Principles	1
102-52	Reporting cycle	Editing Principles	1
102-53	Contact point for questions regarding the report	Editing Principles	2
102-54	Claims of reporting in accordance with the GRI Standards	Editing Principles	1
102-55	GRI content index	Appendix 2: GRI Standards Reference Table	99
102-56	External assurance	Editing Principles Appendix 3: Independent assurance statement	1 107
103-1	Explanation of the material topic and its Boundary	1.3 Management Approaches	11
103-2	The management approach and its components	1.3 Management Approaches	11
103-3	Evaluation of the management approach	1.3 Management Approaches	11
201-1	Direct economic value generated and distributed.	2.2 Operating Performance	29
201-3	Defined benefit plan obligations and other retirement plans	4.3 Employee Benefits	78

No.	Disclosure	Related CSR Section	page
201-4	Financial assistance received from government	2.2 Operating Performance	32
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	4.3 Employee Benefits	78
202-2	Proportion of senior management hired from the local community	4.1 Labor Structure	72
203-1	Infrastructure investments and services supported.	5. Public Benefits	97
204-1	Proportion of spending on local suppliers	2.7 Supplier Management and Evaluation	54
205-1	Operations assessed for risks related to corruption.	2.3 Corporate Governance	33
205-2	Communication and training about anti-corruption policies and procedures	2.3 Corporate Governance	33
205-3	Confirmed incidents of corruption and actions taken.	2.3 Corporate Governance	33
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.3 Corporate Governance	33
301-1	Materials used by weight or volume.	3.1 Material management	58
301-2	Recycled input materials used	3.1 Material management	58
301-3	Reclaimed products and their packaging materials	3.1 Material management	58
302-1	Energy consumption within the organization.	3.2 Energy Management	60
302-2	Energy consumption outside of the organization.	3.2 Energy Management	61
302-3	Energy intensity.	3.2 Energy Management	60

No.	Disclosure	Related CSR Section	page
303-1 : 2018	Interactions with water as a shared resource	3.3 Water Resource Management	62
303-2 : 2018	Management of water discharge-related impacts	3.3 Water Resource Management	62
303-3 : 2018	Water withdrawal	3.3 Water Resource Management	63
303-4 : 2018	Water discharge	3.3 Water Resource Management	63
303-5 : 2018	Water consumption	3.3 Water Resource Management	63
305-1	Direct (Scope 1) GHG emissions	3.4 Greenhouse Gas Management	64
305-2	Energy indirect (Scope 2) GHG emissions	3.4 Greenhouse Gas Management	64
305-4	GHG emissions intensity.	3.4 Greenhouse Gas Management	64
305-6	Emissions of ozone-depleting substances (ODS)	3.5 Pollution Prevention Management	66
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions.	3.5 Pollution Prevention Management	66
306-1	Water discharge by quality and destination.	3.5 Pollution Prevention Management	66
306-2	Waste by type and disposal method.	3.5 Pollution Prevention Management	67
306-3	Significant spills.	3.5 Pollution Prevention Management	66
306-4	Transport of hazardous waste	3.5 Pollution Prevention Management	66
306-5	Water bodies affected by water discharges and/or runoff	3.5 Pollution Prevention Management	66

No.	Disclosure	Related CSR Section	page
307-1	Non-compliance with environmental laws and regulations	2.6 Compliance	52
308-1	New suppliers that were screened using environmental criteria.	2.7 Supplier Management and Evaluation	54
308-2	Negative environmental impacts in the supply chain and actions taken.	2.7 Supplier Management and Evaluation	54
401-1	New employee hires and employee turnover	4.1 Labor Structure	74
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.3 Employee Benefits	78
401-3	Parental leave	4.3 Employee Benefits	80
402-1	Minimum notice periods regarding operational changes	4.2 Labor Relations	77
403-1 : 2018	Occupational health and safety management system	4.5 Occupational Health and Safety	87
403-2 : 2018	Hazard identification, risk assessment, and incident investigation	4.5 Occupational Health and Safety	87
403-3 : 2018	Occupational health services	4.5 Occupational Health and Safety	94
403-4 : 2018	Worker participation, consultation, and communication on occupational health and safety	4.5 Occupational Health and Safety	90
403-5 : 2018	Worker training on occupational health and safety	4.5 Occupational Health and Safety	88
403-6 : 2018	Promotion of worker health	4.5 Occupational Health and Safety	96
403-7 : 2018	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.5 Occupational Health and Safety	87

No.	Disclosure	Related CSR Section	page
403-8 : 2018	Workers covered by an occupational health and safety management system	4.5 Occupational Health and Safety	92
403-9 : 2018	Work-related injuries	4.5 Occupational Health and Safety	90
404-1	Average hours of training per year per employee	4.4 Education and Training	84
404-2	Programs for upgrading employee skills and transition assistance programs	4.4 Education and Training	83
404-3	Percentage of employees receiving regular performance and career development reviews	4.4 Education and Training	82
405-1	Diversity of governance bodies and employees	4.1 Labor Structure	70
406-1	Incidents of discrimination and corrective actions taken.	4.2 Labor Relations	77
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	4.2 Labor Relations	76
408-1	Operations and suppliers at significant risk for incidents of child labor	2.7 Supplier Management and Evaluation	54
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	2.7 Supplier Management and Evaluation	54
410-1	Security personnel trained in human rights policies or procedures	4.4 Education and Training	86
411-1	Incidents of violations involving rights of indigenous peoples	4.1 Labor Structure	68
412-2	Employee training on human rights policies or procedures	4.4 Education and Training	86

No.	Disclosure	Related CSR Section	page
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	2.7 Supplier Management and Evaluation	54
414-1	New suppliers that were screened using social criteria	2.7 Supplier Management and Evaluation	54
414-2	Negative social impacts on the supply chain and actions taken	2.7 Supplier Management and Evaluation	54
416-1	Assessment of the health and safety impacts of product and service categories	2.7 Supplier Management and Evaluation	54
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	2.6 Compliance	52
417-2	Total number of incidents of noncompliance with regulations and voluntary codes concerning product and service information and labeling, by type of out- comes.	2.6 Compliance	52
417-3	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	2.6 Compliance	52
418-1	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	2.6 Compliance	52
419-1	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	2.6 Compliance	52

APPENDIX 3: INDEPENDENT ASSURANCE STATEMENT



Independent Assurance Statement

Introduction:

TÜV Rheinland (Guangdong) Ltd., member of TÜV Rheinland Group, Germany (TÜV, We) has been entrusted by the management of QST INTERNATIONAL CORPORATION (QST, the Company) to conduct independent assurance of QST Corporate Social Responsibility Report 2020 (the Report). All contractual contents for this assurance engagement rest entirely within the responsibility of QST. Our task was to give a fair and adequate judgment on the QST Report 2020.

The intended users of this assurance statement are stakeholders having relevance to the QST overall Sustainability Performance and impacts of its business activities during 2020 (January 2020 ~ December 2020). TÜV Rheinland is a global service provider of CSR & Sustainability Services in over 65 countries, having qualified professionals in the field of Corporate Sustainability Assurance, Environment, Social and Stakeholder Engagement. We have maintained complete impartiality and independence during the assurance engagement and were not involved in the preparation of report contents.

Assurance Standard:

The Independent Assurance was carried out in accordance with AccountAbility, U.K Standard AA1000 Assurance Standard (2008) with 2018 Addendum and related standards AA1000 AccountAbility Principles (2018), AA1000 SES (2015), Principles of Inclusivity, Materiality, Responsiveness and Impact, Global Reporting Initiative (GRI), 'In accordance'-Core option" reporting guidelines as per GRI-Standards.

Scope & Type of Assurance:

Our Assurance engagement covers the following:

- QST Corporate Sustainability performance as described in the report 2020 in accordance with GRI reporting guidelines and performance indicators and according disclosure on management approach (DMAs) from Economic, Environment & Social category, also defined in Reporting boundaries.
- Evaluation of disclosed information in the report as per the Assurance Standards.
- Type-1, Moderate Level as per AA1000 Assurance Standard (2008) with 2018 Addendum

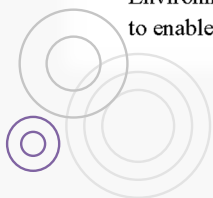
Limitation: The assurance engagement was carried out at QST at Tainan City, Taiwan. The consultations with external stakeholder were not carried out. We have not observed any significant situations to limit our assurance activity. The verification is carried out based on the data and information provided by QST, assuming they are complete and true. We did not verify the reported financial data as same is verified by another third party in annual report.

Assurance Methodology:

TÜV has challenged the report contents and assess the process undertaken by QST from source to aggregate in disclosure of information related to Sustainability performance. Our judgment is based on the objective review of reported and based on the principles defined in the assurance standards, the principles of inclusiveness, materiality, responsiveness and impact, and the integrity of the data provided in the report.

Analytical methods and the performance of interviews as well as verification of data, done as random sampling, to verify and validate the correctness of reported data and contents in light of contractual agreement and the factual QST Corporate Social Responsibility strategy (CSR) as mentioned in the report. Our work included consultation with over 15 QST representatives including senior management and relevant employees. The approach deemed to be appropriate for the purpose of assurance of the report since all data therein could be verified through original proofs, verified database entries.

The Assurance was performed by our multidisciplinary team of experienced professionals in the field of Corporate Sustainability, Environment, Social and Stakeholder Engagement. We are of the opinion that our work offers a sufficient and substantiated basis to enable us to come to a conclusion mentioned below and based on the content of our contract.





Adherence to AA 1000 principles:

Inclusivity: QST has continually sought the engagement of its stakeholders, identify and understand their stakeholder, and use the communication mechanism to identify the material issues and achieve an accountable response.

Materiality:

QST has implemented the material issues identification processing. The identification was based on the requirements and focus of attention of the stakeholder, the consideration of the company internal policy, shareholders meeting, questionnaires and the understanding and communication on the sustainable development content. The sustainability information disclosed enables its stakeholders to make informed judgements about QST's management and performance.

Responsiveness:

QST has implemented the policy including environment and safety, hazardous substances, quality, intelligent property management and corporate social responsibility. The report disclosed the management system of the company and stakeholder engagement, responding to their stakeholders against material issues of the sustainable development.

Impact:

QST has identified and fairly represented impacts that were measured and disclosed in effective way. QST has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within the organization.

Conclusion:

In conclusion, we can mention that no instances or information came to our attention that would be to the contrary of the statement made below:

- QST Corporate Social Responsibility Report 2020 meets the requirement of Type-1, Moderate Level Assurance according to AA1000AS (2008) with 2018 Addendum and Global Reporting Initiative (GRI) , 'In accordance'-Core option" reporting guidelines as per GRI-Standards.
- The Report includes statements and claims that reflects QST achievements and challenges supported by documentary evidences and internal records
- The performance data we found in the report are collected, stored and analyzed in a systematic and professional manner and were plausible.
- TÜV Rheinland shall not bear any liability or responsibility to a third party for perception and decision about QST based on this Assurance Statement.



AA1000
Licensed Assurance Provider
000-188

For TÜV Rheinland Group

Vito Lin

Vito C. C. Lin

Lead Verifier

Taipei, 25 June 2021





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