



**BROGENT
TECHNOLOGIES INC.
CORPORATE SOCIAL
RESPONSIBILITY
REPORT 2018**



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ABOUT THIS REPORT

Scope and Boundaries

The information disclosed in this report encompasses Brogent Technologies Inc.'s brands and activities in all of its operating sites in Taiwan between the period of January 1, 2018 and December 31, 2018. The financial data in this report are presented in accordance with the International Financial Reporting Standards (IFRS); the monetary unit is the New Taiwan Dollar (NT\$).

Basis of Calculations

This report has been prepared in accordance with the Global Reporting Initiative's Sustainability Reporting Guidelines (GRI Standards) and compiled by referencing the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports" and the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" of TWSE to communicate to stakeholders on Brogent's CSR activities and performance.

Verification of this Report

The data or information disclosed in this report was provided by each relevant department. Upon the completion of its compilation, the CSR report was verified by each departmental head and approved by executives.

Publication Information

This is the first CSR Report of Brogent Technologies Inc. and it is disclosed on our Company website.

Reporting period for information provided	January 1, 2018 to December 31, 2018
Reporting cycle	Annually
First issue	Published in August 2019
Next issue	Scheduled to be published in July 2020

CSR Contact Information

Please do not hesitate to contact us if you have any comments on this report, or have any suggestions or questions regarding issues related to the CSR and the sustainable development of Brogent Technologies Inc. Our contact information is provided below:

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LETTER FROM THE PRESIDENT

Since its establishment, the mission of Brogent has been to bring people extraordinary experiences using advance technology. Brogent's flying theater, i-Ride, was introduced to the global market following its debut in Taiwan in 2010. Now, people can find i-Ride flying theaters in more than 30 different locations around the world. With the flying theaters, Brogent provides tens of millions of joyful flying experiences every year.

I recall moments that touched me deeply when the first i-Ride flying theater was launched. One such moment was with a couple who were queuing up for i-Ride, and the wife started complaining to her husband, probably because of the long wait. However, when I saw the couple again at the exit, the wife, with a smile on her face, was asking her husband to take her to the tourist attraction in Taiwan where they had just flown over. Another moment was with a father and daughter, who were also waiting for i-Ride. The young girl was unwilling to queue up any longer, possibly also because of the long queue. Yet after the flight, the young girl, also with a smile on her face, asked her father earnestly if she could do it again. At that moment, I realized that Brogent's products are able to change a person's mood from upset to joyous in just a short five minutes by taking a delightful VR flight.

It was then that I made the decision to transform the company's direction and turn towards the immersive simulation technology industry. Since the transformation, Brogent's products can be found in more and more locations around the world. The rides have also received recognition from the amusement park industry in Europe and America. In Germany, Brogent built Europe's largest flying theater which was awarded "Europe's Best New Ride" in the European Star Awards 2017. In the following year, our i-Ride in Amsterdam, the Netherlands, also won Media-based Attraction of the Year of the Park World Excellence Awards 2018 Europe.

While our products have been receiving global recognition in recent years, I have also been trying to connect Brogent with the local community. Since 2016, our colleagues have volunteered and participated in the summer camps organized by the Boyo Social Welfare Foundation, founded by Professor Richard Chia-Tung Lee. We also invite children from the summer camps to experience Brogent's immersive rides. Every year, I hear children's laughter from the excitement of experiencing our products. At the end of the summer camp, the children always share with our team what they learned about new technology from the activities they experienced.

In the next three to five years, we plan to build more than 100 flying theaters around the world! That way, people from various places can see the natural and cultural landscapes of different regions, at different periods, anywhere, and anytime! More importantly, we hope that through the i-Ride experience, people will be able to reacquaint themselves with the land they care about from a new perspective.

In recent years, immersive simulation technology has become an innovative area in which technological industries around the world are scrambling to invest. Immersive simulation technology includes the knowledge of interactive technology, spatial positioning, tactile simulation, and context sensing. Integrated with augmented reality (AR), virtual reality (VR), mixed reality (MR), and other innovative applications, these technologies can be applied to a variety of fields such as education, healthcare, wearable devices, amusement parks, department stores, museums, and so on. This will lead to further transformation of industries, and create more business opportunities. As the leader of immersive simulation technology in Taiwan, Brogent is vigorously investing in various hardware and software integration applications, striving to introduce innovative applications for the benefits of humankind.

To document the progress of Brogent's sustainable management, we published our first CSR Report in 2018. 2018 has been a fulfilling year for our R&D innovation and operational performance. In leading the immersive simulation technology industry, Brogent has set many new records and has proven that our core capabilities lie in this technology.

The information in this report is disclosed in compliance with the GRI Standards to communicate with the general public and all stakeholders about the CSR performance of Brogent, as well as its commitments and achievements towards sustainable management.

Brogent's consolidated revenue in 2018 amounted to NT\$1.637 billion, an increase of 85% when compared to that in 2016. This year, we will continue to focus on various technological developments such as VR, AR, AI, Smart IoT, and 5G, to ensure the ability to meet challenges in the rapidly changing market.

Our vision is for people to experience the extraordinary by exploring the world through our products and we will always remain committed to bringing a positive influence on the global economy, environment, and society.

Chih-Hung Ouyang
President



FLY HIGH AND BE IMMERSED

FLY HIGH OVER TAIWAN

When Brogent was building i-Ride theaters around the world, we were also thinking about making footage for our homeland. We wanted an experience that represented the island and that riders could truly be inspired by. Thus began the planning of the i-Ride footage: “Fly High Over Taiwan” in 2015.

Taiwan is located in the eastern part of Asia, at the intersection of Northeast Asia and Southeast Asia, and is also right in the center of the East Asian island arc. Lying at the junction of the Eurasian Plate and the Philippine Sea Plate, Taiwan has rich landforms, including mountains, hills, basins, terraces, and plains; its waters include streams, rivers, lakes, and seas, while its coastline features sandy beaches, rocky shores, fault coasts, and coral reef coasts. However, such a rich and diverse natural beauty, parts of which are inaccessible, can easily be damaged by human impact. In relation to Taiwanese culture, it is a blend of Han Chinese, Hokkien, Hakka, and aboriginal cultures, with a variety of cultural activities, festivals, and sports competitions throughout the year, but most visitors lack sufficient time to experience all of them. For these reasons, we started the shooting of the i-Ride footage: “Fly High Over Taiwan,” with state-of-the-art technology, for riders to experience its breathtaking landscape and diverse culture from a bird’s eye view.

The footage “Fly High Over Taiwan” was created around the theme of a journey through time and space. Both Taiwan’s natural scenery and cultural heritage are captured from above. Also presented in this footage are several well-known cultural festivals including the Dajia Matsu Pilgrimage Procession, the Dragon Boat race, the annual Hot Air Balloon Festival, the Yanshui Beehive Fireworks Festival, and so on, which riders can experience from a unique vantage point.



AWARDS AND RECOGNITIONS IN THE PAST FIVE YEARS



2014

Brogent's i-Ride received the Taiwan Excellence Award 2014 in the category of fashion, life, culture, and creative product.



2016

Brogent was awarded the Enterprise with Outstanding Contribution from the Export Processing Zone Administration, Ministry of Economic Affairs.



2018

Brogent's i-Ride won Media-Based Attraction of the Year of the Park World Excellence Awards 2018 Europe.

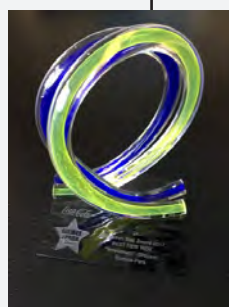
2015

Brogent was recognized as a Potential Mittelstand Enterprise of the 3rd Taiwan Mittelstand Awards from the Industrial Development Bureau, Ministry of Economic Affairs.



2017

Brogent's i-Ride won Europe's Best New Ride of the European Star Awards 2017.





OVERVIEW OF SUSTAINABILITY PERFORMANCE IN 2018

Economy	<ul style="list-style-type: none"> • Brogent's consolidated revenue in 2018 amounted to NT\$1.637 billion, an increase of 85 % when compared to that in 2016. • Brogent enjoys about 40% global market share and has built 30 i-Ride theaters in the US, Europe, and Asia. • Brogent's i-Ride won Media-Based Attraction of the Year of the Park World Excellence Awards 2018 Europe. • Brogent completed the development of the personalized, interactive immersive simulation system: "Lightning Wings," and held Lightning Wings International VR Gaming Tournament in northern, central, and southern Taiwan. • Brogent leads the world in immersive simulation technology and has been awarded 28 patents worldwide. • Brogent has made progress in corporate governance, improving by two intervals in the 2018 Corporate Governance Evaluation from that of 2017.
Environment	<ul style="list-style-type: none"> • Brogent's R&D Test & Experience Center passed the Green Building EEWB-BC Certification. • Brogent put in place six green energy applications: indoor air quality monitoring systems, solar power generation devices, central air-conditioning systems; heat exchangers; rainwater harvesting; storage and irrigation systems' LED lighting (of which the energy-saving LED lighting can save over 50% of energy). • Energy saved from the energy-saving and carbon-reduction project amounted to 181,071.54 GJ. • Energy intensity is kept at 369.95 CO₂e/million NT\$. • Water consumption intensity is kept at 61 M³/person.
Society	<ul style="list-style-type: none"> • Brogent's i-Ride flying theater was granted Germany's TÜV SÜD certification; the first amusement park equipment supplier in Asia to be certified by this globally renowned organization. • Brogent' s employees and contractors collectively achieved the goal of the "Zero-Accident Workplace" campaign. • The total number of employee training hours at Brogent reached 5,015, an average of about 32 hours per employee. • A total of 231 employees participated in occupational safety and health training. • Return-to-work and retention rates after parental leave reached 75% for female employees and 100% for male employees. • A total of 280 volunteers from Brogent participated in Boyo Social Welfare Foundation' s summer camps, with 20 volunteers per camp, to share immersive simulation technology-related knowledge with the children.

BROGENT'S SUSTAINABLE DEVELOPMENT STRATEGIES AND GOALS

The goals and directions of Brogent's sustainable development strategy have been set up based on the 2015 United Nations Sustainable Development Goals (SDGs).

SDG	Development direction	Strategies	Medium and long-term goals
 <p>Goal 8: Decent Work and Economic Growth "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all."</p>	<p>As a major player in the immersive simulation industry in Taiwan, Brogent is active in setting up locally operated outlets around the world to support the AR/VR immersive simulation technology industry and invigorate local employment opportunities.</p>	<p>Through various recruitment channels such as industry-academia collaboration and employee referrals, Brogent has attracted outstanding talents. Brogent has a comprehensive employee training program and provides employees with abundant resources, incentive mechanisms, and benefits to ensure their occupational safety and health. They are able to grow with Brogent while engaging in creative and innovative activities.</p>	<p>Brogent strives to grow its reputation and representation in the immersive simulation technology industry. We attract talented people and provide them with a rewarding career in an innovative environment, which in turn, helps the nurturing of talents for the immersive simulation technology industry as a whole.</p>
 <p>Goal 9: Industry, Innovation and Infrastructure "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation."</p>	<p>Brogent remains committed to meeting the needs of customers of theme parks and large-scale amusement and leisure venues by developing joyful and innovative simulation facilities.</p>	<p>Combining its core technology and 3D immersive simulation technology, Brogent carries out software and hardware R&D, manufacturing and system integration, and theater design, planning, and construction.</p>	<p>Brogent continues to create a variety of new-generation simulation rides with the latest form of media content.</p>
 <p>Goal 12: Responsible Consumption and Production "Ensure sustainable consumption and production patterns."</p>	<p>The pollution level generated from Brogent's production process is low; its products are developed via environmentally friendly means for its global clients.</p>	<p>Brogent collaborates with suppliers through the R&D of technology; it has implemented an operational strategy of responsible purchasing.</p>	<p>Brogent provides sustainable solutions for society and the environment.</p>

SDG	Development direction	Strategies	Medium and long-term goals
 <p>Goal 13: Climate Action "Take urgent action to combat climate change and its impacts."</p>	<p>Brogent expects to reduce its operational impact on global warming.</p>	<p>Brogent carries out energy-saving policies in its daily operation, such as power saving, water resource planning, and supply chain management. According to a report by BBC in 2019, carbon emissions generated by travel are the highest when people travel via plane. Brogent's attractions allow people to travel thousands of kilometers without ever getting on a plane by using immersive simulation technology.</p>	<p>Brogent aims to reduce the impact of its operation on climate change by setting targets to reduce carbon emissions and energy consumption.</p>
 <p>Goal 17: Partnerships for the Goals "Strengthen the means of implementation and revitalize the global partnership for sustainable development."</p>	<p>Brogent provides opportunities for developing countries to engage in partnerships for sustainably developed projects by organizing economic support directly or indirectly.</p>	<p>Most of the simulator rides Brogent sells are products/materials that follow sustainable practices or have acquired global safety certifications.</p>	<p>Utilizing its multifaceted creative knowledge and simulation-based technological capabilities, Brogent has established international partnerships with interdisciplinary designers and engineers, as well as film directors, to bring joyful experiences to people around the world and turn their imaginations into reality.</p>

CHARTER 1 COMPETENCIES: RELIABLE CORPORATE GOVERNANCE THROUGH INTEGRITY

Our Operational Policy: Sustainable Management

Brogent is guided by its core values: “courage and perseverance,” “creativity and intelligence,” “valuing employees,” and “pursuing excellence.” On the basis of sound corporate governance, effective risk management, operational reliability and integrity, we are dedicated to technology development and product innovation. We have successfully established the brand name, “BROGENT,” on an international level and become a world-class supplier of simulator rides.

We remain committed to making a positive impact with our resources and expertise, building dynamic experiences with our digital and technological expertise. We will continue to create value in terms of the three sustainability perspectives of environmental, social, and corporate governance (ESG) to meet the needs and expectations of our stakeholders and fulfill our commitment to operational sustainability.



Glossary of Terms for Immersive Simulation Technology

	Term	Description
AR	Augmented Reality	<p>Augmented reality allows a person to have an interactive experience in the real and virtual world. Virtual objects are added to the real space and presented through the combination of software and camera streaming images in real time.</p> <p>For example, one of the world's most popular games, Pokémon GO, is an application of AR where Pokémon virtually appears on the phone screen where the camera is pointed.</p>
VR	Virtual Reality	<p>Virtual reality is a technology that makes use of computer simulation and three-dimensional, high-definition 3D space technology. In a narrowly defined sense, users must wear VR devices, such as glasses; in a broadly defined sense, users can fully immerse themselves in the virtual environment without the use of wearable devices. For example, Brogent's i-Ride theater makes use of a huge dome screen, which allows multiple people to be immersed in the flight experience at the same time.</p> <p>Through a human-machine interface, this technology enables users to experience and interact in a seemingly real world.</p>
MR	Mixed Reality	<p>Mixed reality is the merging of real and virtual worlds to produce, by blending AR and VR technologies, a new environment enabling users to interact both in virtual and real worlds in real time.</p>
AI	Artificial Intelligence	<p>Artificial intelligence is intelligence demonstrated by machines that, through learning, can exhibit the same level of judgment, analysis, and even behavior, as a human. AI technology has been applied in various fields in recent years to assist with jobs and services. In immersive simulation technology applications, information can be collected through various sensors, as well as image and voice recognition devices so that different feedback interactions can be tailored for each player. This enables guests to experience and enjoy a more realistic simulation environment.</p>
MEC	Mobile Edge Computing	<p>Mobile edge computing is a framework that combines cloud and endpoint computing services. By integrating computing performance, MEC technology allows the transferring of complex computing of physical equipment to cloud services. Such technology not only reduces the cost of equipment, but, thanks to 5G mobile network services, also meets future application trends of real-time, low latency, and high bandwidth.</p>

1.1 About Brogent

1.1-1 Company Overview

Established in 2001 and headquartered in Kaohsiung, Taiwan, Brogent's main lines of business include software and hardware R&D, manufacturing and system integration, and the design, planning, and establishment of immersive simulation equipment combined with the latest form of media. Its products are sold globally under its own brand "BROGENT." Thanks to its solid technical capabilities and diverse creative knowledge, Brogent provides top-quality products and excellent services to the global amusement industry. It creates dynamic and emotional value for its customers, and strives to become a benchmark in the immersive simulation technology industry.

Company Profile

Company name	Brogent Technologies Inc.
Listing date for OTC	December 18, 2012 (Stock Code: 5263)
Business administration No.	13158496
Established	October 2001
Headquarters	No. 9, Fuxing 4th Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan (R.O.C.)
Capital	\$530,928,000
Revenue	\$1,637,438,000
Industry category	Cultural and creative industry
No. of employees	155
Markets of products and services	Taiwan, Asia, The Americas, Europe, and Australia
Main products & services	Simulator rides
Industries & types of clientele	Theme parks, museums, shopping malls, urban experience centers, etc.

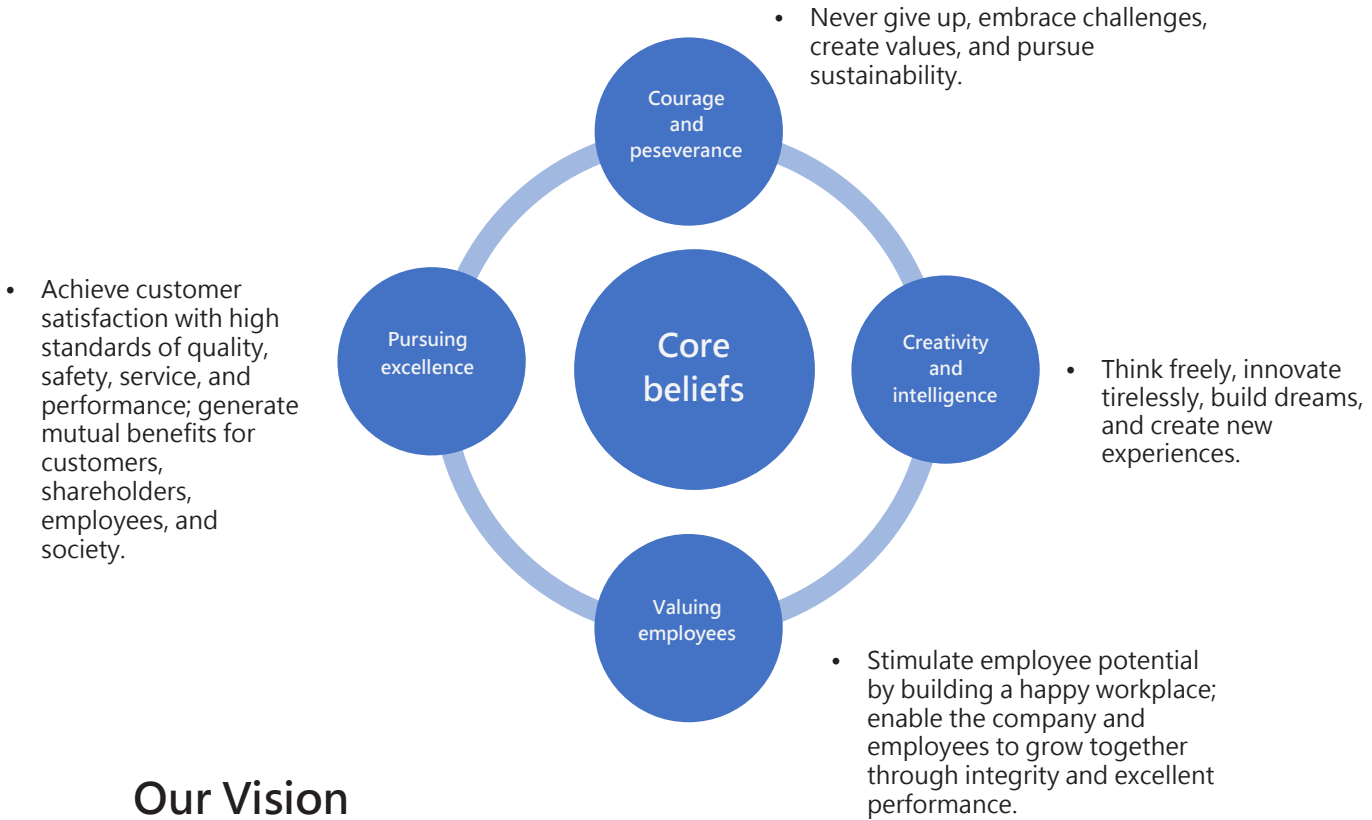
Operational Guidelines

- Striving to optimize quality and expand the product line of our simulator rides
- Actively expanding in international markets to raise awareness of our brand globally
- Increasing the production of digital content to enhance the added value of our products
- Actively cultivating high-quality partners and employees related to digital content through industry-academia collaboration

- Diversification of products
- Internationalization of markets
- Diversification of revenue models
- Resource integration with strategic partners

Development Strategies

Our Core Beliefs



Our Vision

- Be one of the world's leading simulation industry providers by delivering memorable entertainment experiences with our technology and content creation expertise.
- Infuse Brogent's projects with Asian cultural heritage.

Our Mission

- To inspire moments of joy through creativity.

1.1-2 Organizational Profile



Major divisions	Primary duties
Chairman's Office	<ul style="list-style-type: none"> Supervise the implementation of internal audit and control systems
Audit Office	<ul style="list-style-type: none"> Inspect and evaluate the soundness of the internal control system, and provide analysis and evaluation recommendations Plan, implement, and improve internal audit and control systems to ensure operational compliance with laws and regulations as well as company regulations and to help improve operational performance
President's Office	<ul style="list-style-type: none"> Plan corporate medium and long-term business strategies, as well as set directions for business development and market deployment Control and evaluate the operational performance of subsidiaries
Sales & Marketing Center	<ul style="list-style-type: none"> Plan and implement sales objectives and strategies, develop markets, and achieve sales targets Develop marketing plans, attend domestic and international exhibitions, and carry out business negotiations Handle sales tasks, such as customer reception, product presentation, proposal, quotation, price negotiation, and payment notification and collection Determine and communicate customers' contract compliance status Carry out and coordinate after-sales maintenance
Product Development Center	<ul style="list-style-type: none"> Develop new creative technologies and new products Develop future game products
Project Center	<ul style="list-style-type: none"> Carry out, manage, and supervise construction projects Control and oversee the production quality of products and equipment
Technology Center	<ul style="list-style-type: none"> Plan and design central control systems Design and develop hardware structures Design electromechanical control systems Create and compile certification/safety regulations and operating maintenance manuals
Finance Center	<ul style="list-style-type: none"> Formulate overall financial and accounting plans of the Company Achieve effective capital deployment and utilization and risk management Handle accounts and tax-related tasks Create, compile, and carry out annual statements and budgets
Administration Center	<ul style="list-style-type: none"> Formulate organizational and human resource plans; plan and implement human resource management systems such as recruitment, employment, training, and payroll management Create and review English-Chinese contracts, provide negotiation strategies, analyze legal risks, handle legal disputes, and propose risk prevention strategies Establish and maintain patents and trademarks for products and technologies and conduct risk assessment thereof Implement procurement and supplier management Carry out general affairs and raw material management
IT Department	<ul style="list-style-type: none"> Develop the overall plan for the information system Plan and implement information security management system Undertake process design and programming Maintain and manage software and hardware resources
International Business Development Department	<ul style="list-style-type: none"> Explore and develop potential global business opportunities and directions Create and develop future business models

1.1-3 Milestones

2001	<ul style="list-style-type: none"> • Brogent Technologies Inc. was established.
2011	<ul style="list-style-type: none"> • Brogent's stock for public offering was approved.
2012	<ul style="list-style-type: none"> • The construction of the new research and test center at the Kaohsiung Software Park started. • Brogent's shares were listed on the over-the-counter market.
2013	<ul style="list-style-type: none"> • Brogent's i-Ride passed China's grade A qualification for large-scale amusement park facilities and was awarded a commercial business license. • The new-generation i-Ride flying theater: "FlyOver Canada" opened in Vancouver, Canada. • Brogent signed a Memorandum of Understanding with Kodansha, the largest publishing company in Japan.
2014	<ul style="list-style-type: none"> • The groundbreaking ceremony for the 2nd-phase of the R&D Center was held. • Fuji-Q Highland held the grand opening for the i-Ride flying theater: "Fuji Airways" in Fujiyoshida, Japan. • Brogent signed the "Attack on Titan" IP licensing contract with Kodansha Ltd.
2015	<ul style="list-style-type: none"> • Brogent signed another Memorandum of Cooperation with Kodansha Ltd. for the establishment of a marketing company for peripheral products. • Brogent was awarded government subsidies under the International Market Development Program offered by the Bureau of Foreign Trade, Ministry of Economic Affairs. • The grand opening of the i-Ride flying theater "Attack on Titan" was held in Shang Shun World in central Taiwan.
2016	<ul style="list-style-type: none"> • The grand opening of the 4D motion theater in Wildlands Adventure Zoo Emmen was held in the Netherlands. • The new i-Ride flying theater: "FlyOver America" was officially launched in Mall of America in Minnesota, U.S.A. • The Brogent-National Sun Yat-sen University Joint Research and Development Center was established. • The Brogent-Southern Taiwan University of Science and Technology Research and Development Center of Immersive Simulation Content was established.
2017	<ul style="list-style-type: none"> • The i-Ride flying theater officially opened in a famous theme park in Spain. • The flying theater: "Voletarium" officially opened in Germany's prestigious Europa Park. • The flying theater: "This is Holland" officially opened in Amsterdam, the Netherlands. • The Brogent i-Ride Experience Center officially opened at the Kaohsiung Software Park. • Brogent's new VR product "Q-Ride" was unveiled at the IAAPA Expo in Orlando, Florida, U.S.A. • Dentsu Japan invested in Brogent's subsidiary: Brogent Japan Entertainment.
• 2018	<ul style="list-style-type: none"> • Brogent i-Ride flying theater was granted Germany's TÜV SÜD certification and became the first amusement park equipment supplier in Asia to be certified by this globally renowned organization. • Brogent's first carousel officially opened at KW2 (Kaohsiung Port Warehouse No. 2). • An i-Ride flying theater officially opened in a famous theme park in Abu Dhabi. • The i-Ride flying theater: "FlyOver China" officially opened at Beijing's Shijingshan Amusement Park. • Brogent's VR gaming tournament, Lightning Wings, held its regional preliminary contests in northern, central, and southern Taiwan. • Brogent introduced the "Art-Zoo Inflatable Park" from Singapore which opened at Pier No. 7 at Kaohsiung Harbor. • The second original VR film of Brogent hexaRide: "Attack on Titan" premiered at the Diver City Plaza in Odaiba, Tokyo.

To find out more about the milestones of Brogent, please visit our Company website:
<http://www.brogent.com/zh-tw/milestone.html>

1.2 Corporate Governance

1.2-1 Operational Integrity

Brogent believes that operational integrity is the cornerstone of corporate development and growth. To that end, we have formulated the "Ethical Corporate Management Best Practice Principles", the "Code of Ethical Conduct for Directors and Managerial Officers", the "Operating Procedure for Prevention of Insider Trading", and the "Reporting Policy of Unlawful or Unethical Actions" as guidance for our directors, supervisors, managerial officers, and employees to uphold integrity, observe the laws, and fulfill their fiduciary duties in conducting business activities to maintain operational soundness.

All of Brogent's suppliers are required to sign an "Integrity Pledge", in which they declare that they will not bribe or promise to reward Brogent employees with whom they have contact as a result of business dealings. In addition, if an employee requests or accepts improper benefits from a third party, or directly or indirectly benefits themselves or other related parties in violation of pertinent integrity provisions, any such violation can be reported through the official reporting window on our Company's website, as has been set out in the Reporting Policy of Unlawful or Unethical Actions. We are committed to maintaining strict confidentiality with respect to the source of the report and to investigating all information, as well as taking special measures to protect whistle blowers, so as to reduce such incidents as corruption and malfeasance.

To find out more information about Brogent's operational integrity and relevant regulations, please refer to the following links:

Ethical Corporate Management Best Practice Principles	Code of Ethical Conduct for Directors and Managerial Officers	Operating Procedure for Prevention of Insider Trading	Reporting Policy of Unlawful or Unethical Actions
			

1.2-2 Regulatory Compliance

The basic responsibility of Brogent is to operate in compliance with the law. In the process of corporate governance, product development, manufacturing, installation, testing, and after-sales service, we strictly abide by the regulatory requirements of competent authorities and have established corresponding standard operating procedures within our Company. In addition, to ensure compliance with laws and regulations globally, our Administration Center has dedicated legal staff to ensure the compliance of our Company's business with, and keep track of, changes in global laws and regulations, communicate information, and assist in contract management to minimize the risk of regulatory violations.

■ Training and Advocacy Sessions in 2018

Training courses	Number of participants	Number of training hours
Patents	21	42
Trade Secrets	42	21

Disciplinary Penalty

In 2018, Brogent was fined NT\$20,000 by the Department of Labor for providing the attendance record of staff on official business that only showed information regarding dates but not time. We have since revised the format of the employee travel time record and promote the new practice to employees responsible for this matter. Moreover, one of our contractors was fined NT\$30,000 by the Department of Labor under the Taipei City Government in accordance with the provisions of the Occupational Safety and Health Act for failing to set up guardrails or safety nets during construction. We have reinforced safety precautions for contractors during construction through strengthening safety inspections and awareness promotion; we will continue to monitor related safety measures throughout the construction.

1.2-3 Risk Management

Brogent's risk management is divided into internal audit, internal control, and risk analysis, each of which implements risk prevention measures per the Company's risk management policies. We have formulated risk assessment guidelines and management strategies based on risk categories, whereby our Audit Office carries out inspection and evaluation.

Internal Audit

Our Audit Office is directly accountable to the Board of Directors with the purpose to implement annual audit plans approved by the Board. We prepare audit plans in accordance with relevant regulations of competent authorities, as well as corporate risk assessment results, while assisting the Board and managerial officers in conducting project audits, assessing the deficiencies of the internal control system, tracking the status of improvement measures, and reporting the audit results to the Board on a regular basis to ensure effective and sustained implementation of the internal control system.

Internal Control

The internal control system has been established based on five interrelated elements: control environment, risk assessment, control activities, information and communication, and supervision. At the beginning of each year, our Audit Office evaluates the status of each unit's self-assessment of its internal control and, upon review, issues a "Statement of Internal Control," which then serves as a basis for the Board of Directors and the President to assess the overall effectiveness of the internal control system and formulate management strategies.

In 2018, no significant deficiencies in our internal audit and control were identified. Our Audit Office remains committed to optimizing the design of the internal control system and implementing internal audits to ensure the operational effectiveness of the organization.

■ Risk Categories and Response Strategies

Risk category	Risk description	Control measures
Financial Risks	Exchange Rate Risks	<ul style="list-style-type: none"> Perform sensitivity analysis of foreign currency exchange rate risks on a regular basis, monitor market movements and information on foreign exchange, and evaluate the financial risk control of foreign currency exchange rates
	Interest Rate Risks	<ul style="list-style-type: none"> Perform sensitivity analysis of interest rate risks on a regular basis to control fixed-income investments and fixed-rate borrowings; establish a firm grasp of the capital position to minimize the potential adverse impact of market changes on our Company's financial performance
	Price Risks	<ul style="list-style-type: none"> Perform sensitivity analysis of price risk of financial instruments periodically based on changes in fair value at the end of the financial reporting period; measure the financial assets and liabilities at fair value through profit or loss
	Credit Risks	<ul style="list-style-type: none"> Perform risk assessment of individual customers based on factors that may affect their ability to pay: their financial condition, credit ratings, the internal credit ratings of the group to which a customer belongs, transaction history, and current economic conditions; utilize credit enhancement tools, such as prepayment and credit insurance, at the appropriate time to reduce the credit risk of specific customers
	Liquidity Risks	<ul style="list-style-type: none"> Maintain cash and cash equivalents, as well as highly liquid, marketable securities and adequate bank financing lines required for operations, to ensure sufficient financial flexibility of our Company
Environmental Risks	Risks of Power Failure	<ul style="list-style-type: none"> Examine the electricity consumption of the office building based on our Company's greenhouse gas emissions of the recent year; implement energy-saving and related energy-efficiency enhancement actions and improvement measures
Supply Chain Risks	Risks of Technology Outflow	<ul style="list-style-type: none"> Retain in-house design and R&D capabilities of simulator rides concerning software and hardware integration and mobile device software instead of resorting to purchasing or outsourcing, in order to effectively manage risks arising from developing key technologies and information
	Risks of Single Supplier	<ul style="list-style-type: none"> Merge or acquire suppliers of key technologies as subsidiaries to minimize the risk of over-reliance on one single supplier and increase procurement control
Risks of Information Security	Safeguard of Information Security and Protection of Confidential Data	<ul style="list-style-type: none"> Comply with the ISO27001 management system and continuously improve information security measures with the PDCA cycle to protect internal data Current practices: <ol style="list-style-type: none"> Internally: implement segmentation and segregation within the internal network entities, establish security control for physical network entities, set up an asset inventory system and anti-virus software, and implement appropriate control measures with regard to internal file transmission of important information on the Company Externally: Put in place firewalls, an intrusion detection system, an e-mail spam filtering system, an SIEM system, and a cloud storage audit system On employees: review access rights periodically and promote information security knowledge and share best practices in an appropriate time frame Improvement plans: <ol style="list-style-type: none"> Enhance capabilities in data correlation analysis with regard to incidents concerning information security Enhance capabilities in endpoint behavior detection and protection (change feature detection to behavior detection) Strengthen endpoint and mobile hotspot protection Require all partners to sign confidentiality agreements for any cooperation projects or important contracts to safeguard confidential information.

1.2-4 Organizational Governance

The highest governance department of Brogent is the Board of Directors, which, by exercising the powers and responsibilities conferred by the Company Act, the Articles of Incorporation, and resolutions of shareholders' meetings, oversees the Company's operations, formulates the Company's policies, identifies operational risks, and sets forth directions for socially responsible development. The Chairman of the Company, served by Mr. Chung-Ming Huang from May 31, 2017, to May 13, 2019, and Mr. Chih-Chuang Chen from May 13, 2019, respectively, oversees the implementation of internal audit and control. The President, served by Mr. Chih-Hung Ouyang, is responsible for developing the Company's medium and long-term business strategies, setting directions for business development and market deployment, controlling and evaluating the operational performance of subsidiaries, and making decisions on economic, environmental, and social-related issues. We hold our managerial officers and directors to the highest ethical standards of integrity and have formulated regulations, including the Ethical Corporate Management Best Practice Principles, the Code of Ethical Conduct for Directors and Managerial Officers, and the Operating Procedure for Prevention of Insider Trading, to guide our managerial officers and directors in exercising the due care of a good administrator when conducting business for the Company.

Operation of the Board of Directors

The Board of Directors is composed of seven directors and three supervisors who possess diverse professional backgrounds with practical and academic experiences in operations, technology, and finance. Two of the seven directors are independent directors, and the average age of the Board is 55 years old.

The Board convenes during at least one regular meeting every quarter; in 2018, seven Board meetings were convened, with an attendance rate of 100%. For the operation of the Board of Directors, the supervisors are invited to attend the Board meetings and perform supervisory duties.

Under the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies, the Board regularly engages in continuing education to ensure its understanding of regulatory amendments and emerging issues to enhance the effectiveness of corporate governance.

■ Members of the Board of Directors

Title	Name	Gender	Position	Attendance at the Board meetings	Courses taken in 2018
Chairman/ Director	Chung-Ming Huang ^{*1}	M	Director, Brogent Technologies Inc.	100%	-Trends and analysis of corporate law amendments -How directors implement due diligence and loyalty
Chairman/ Director	Chih-Chuang Chen ^{*1}	M	Vice President, Investment Administration Division, RT-Mart International	100%	-Legal protection of trade secret act and business strife limitation clauses -How directors implement due diligence -Practical case analysis of the latest corporate law amendments and impacts on listed companies
Director	Chih-Hung Ouyang	M	President, Brogent Technologies Inc.	100%	-Trends and analysis of corporate law amendments -How directors implement due diligence and loyalty
Director	Chin-Huo Huang	M	Chairman, Fu Ying Metal Industrial Co., Ltd.	100%	-Trends and analysis of corporate law amendments -How directors implement due diligence and loyalty
Independent Director	Shun-Jen Cheng	M	Vice President, Cheng Shiu University	100%	-Trends and analysis of corporate law amendments -How directors implement due diligence and loyalty
Director	Chun-Hao Cheng	M	Director, Brogent Technologies Inc.	100%	-Trends and analysis of corporate law amendments -How directors implement due diligence and loyalty
Independent Director	Chin-Wen Chuang	M	Professor, Department of Electrical Engineering, I-Shou University	100%	-Trends and analysis of corporate law amendments -How directors implement due diligence and loyalty
Supervisor	Yung-Liang Huang	M	Director, Wing Yue Advertising Company	100%	-Trends and analysis of corporate law amendments -How directors implement due diligence and loyalty
Supervisor	Yi-Hsiang Huang	M	Professor, Department of Finance, National University of Kaohsiung	100%	-Trends and analysis of corporate law amendments -How directors implement due diligence and loyalty
Supervisor	Ken-Huang Lin	M	Professor, Department of Electrical Engineering, National Sun Yat-sen University	100%	-Trends and analysis of corporate law amendments -How directors implement due diligence and loyalty

*1: On May 13, 2019, the Board of Directors elected Mr. Chih-Chuang Chen as Chairman of the Board and re-designated former Chairman Mr. Chung-Ming Huang as Director.

■ Age of Board Members

Board	Age of members of the governance unit				Average age
	Below 30 years	Between 31 and 40 years	Between 41 and 50 years	Over 51 years	
Number of People	-	-	1	9	55.7

Operation of the Remuneration Committee

The Board of Directors has established several functional committees, each of which is accountable to the Board for the motions proposed. To improve the remuneration system for directors, supervisors, and managerial officers, the Remuneration Committee has been set up to oversee and evaluate the system for directors, supervisors, and managerial officers and submit its proposals for the deliberation of the Board.

The Remuneration Committee consists of three members, one of whom is assumed by an independent director of the Company. All members elect the independent director as the convener and chairman of committee meetings, which are held at least twice a year and at any time necessary.

■ Members of the Remuneration Committee

Title	Name	Gender	Remark
Independent Director	Chin-Wen Chuang	M	Convener
External Committee Member	Liang-Chien Lee	M	-
External Committee Member	Rong-Da Liang	M	-

1.2-5 Results of Governance

Brogent attaches great importance to operational fairness and transparency, actively improves corporate governance frameworks and ensures shareholders' equities, and undertakes corporate governance, operational integrity, and CSR activities and management. Based on a sound and stable operation system, Brogent remains committed to investing new strategies and resources in technological innovation, product quality, and customer relationship management, so as to create more diversified value for the industry and its customers.

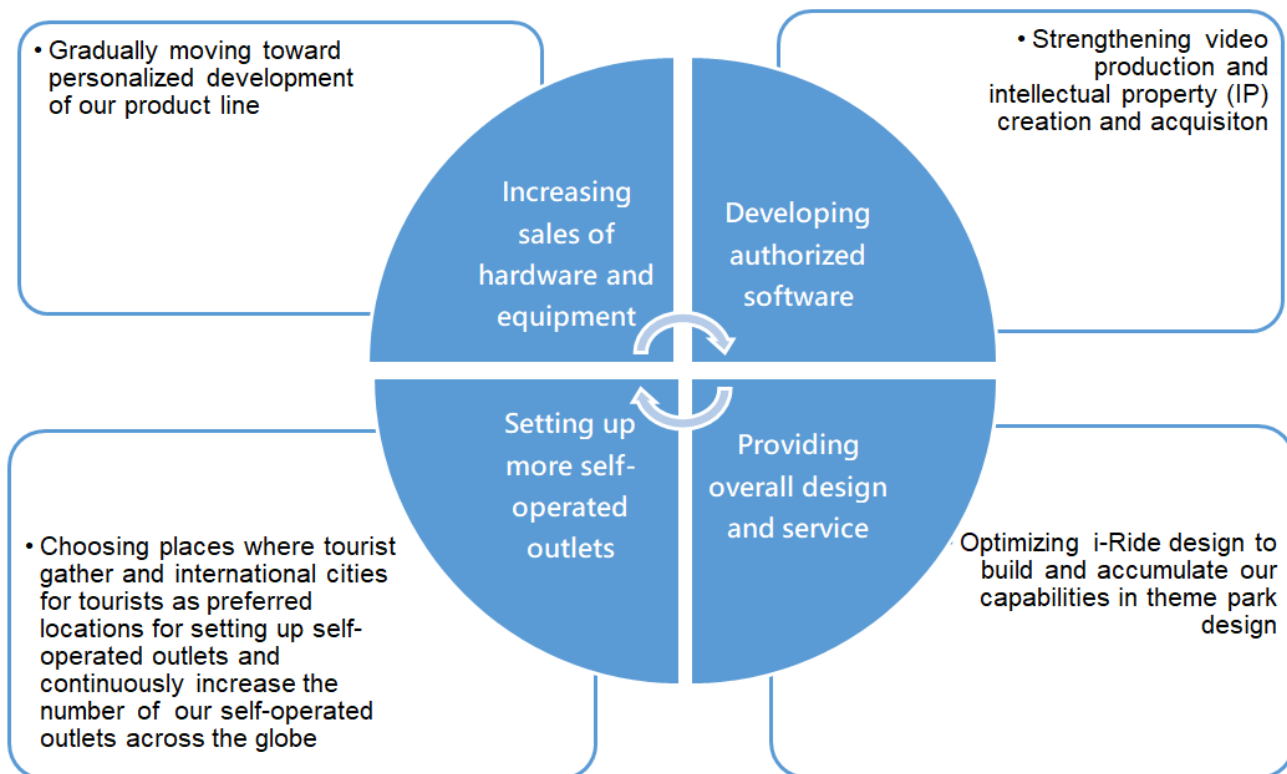
The Taiwan Stock Exchange Corporation and Taipei Exchange hold an annual "Corporate Governance Evaluation" to assess the effectiveness of corporate governance of exchange-listed and OTC-listed companies in the previous year. In 2017, Brogent was rated at the 66%-80% interval of all listed companies for its corporate governance. Following our dedication in strengthening our corporate governance, we moved up two levels to the 36%-50% interval of all listed companies in 2018, which demonstrates our determination to improve our corporate governance.

1.3 Operational Performance

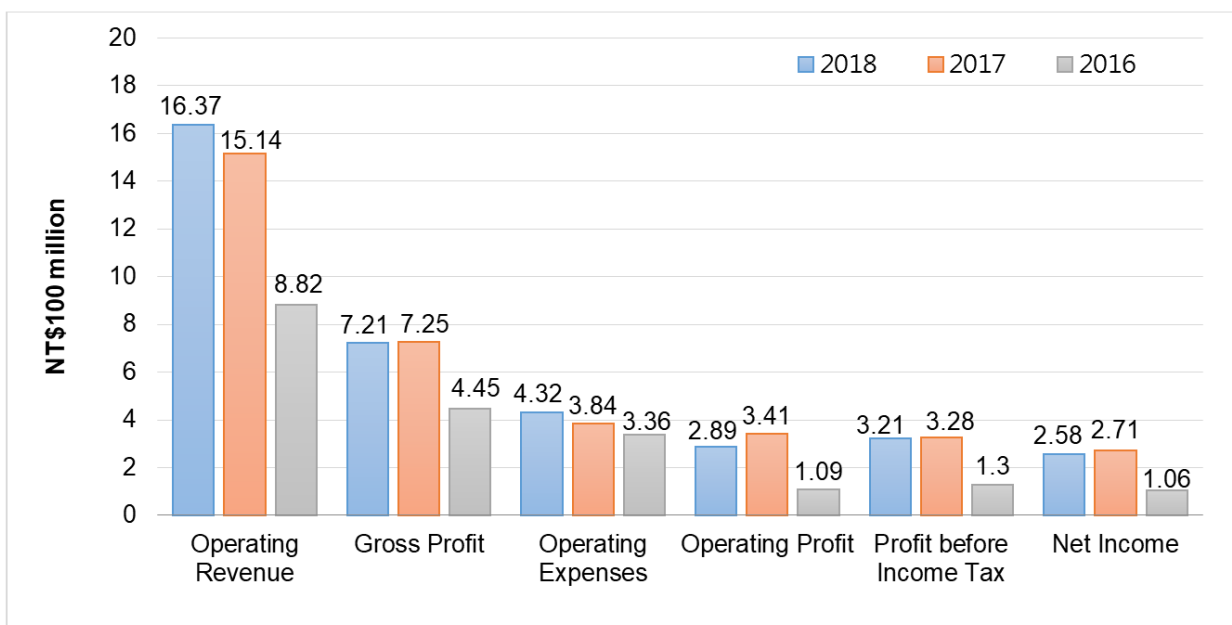
1.3-1 Revenue Overview

With a professional operations team and strong R&D capabilities, Brogent maintains a steady pace of growth. In 2018, our revenue and order intake reached a record high; our consolidated revenue was NT\$1.637 billion, an increase of 85% when compared to that in 2016. Our consolidated gross profit was NT\$721 million (44% consolidated gross margin), consolidated net income after taxes was NT\$258 million, and earnings per share was NT\$4.84. Our newly established facilities in Abu Dhabi and Amsterdam have also achieved good performance. Moreover, 2018 was an important year in our expansion of business into China. We have acquired several projects from large business groups, which is evident that we are making progress in our development plan.

In the future, our operations strategy will focus on four aspects: increasing sales of hardware and equipment, developing authorized software, providing overall design services, and setting up more Brogent-operated projects. This strategy will be the cornerstone of our continuous, steady development.



■ Revenue for the Past Three Years








■ Government Subsidies Received in 2018

Item	Subsidizer	Amount (unit: NT\$1,000)
Lightning Wings: IP immersive simulation Gaming Base Project	Economic Development Bureau, Kaohsiung City Government	7,735
Suspended/Immersive Simulation Theater Using the VR System with Laterally Rotary Six-axis Platform	Taiwan Small & Medium Enterprise Counseling Foundation (Taiwan SMECF)	7,428
A subsidy received from the Economic Development Bureau of Kaohsiung City Government: investment subsidy for promoting Kaohsiung's industrial development	Funds for promoting industrial development	5,171

1.3-2 Products and Services

Brogent's main products and services include software and hardware R&D, manufacturing and system integration, and the design and establishment of immersive simulation theaters with the latest form of media. We offer services that range from a single-component system to a fully integrated project. By integrating our core technology with novel 3D immersive simulation technology, we provide various new-generation simulator rides with the latest form of media to theme parks and large-scale amusement and leisure venues around the world.

Product Types and Features

<p>i-Ride</p>	<ul style="list-style-type: none"> • Six-axis motion platform • High resolution fisheye lens • Modular design • Centralized arrangement • An immersive experience with a panoramic view • Both old and young can enjoy the ride comfortably and have fun • 4D effects • Quiet and agile motions • Diversified flight experience 	
<p>v-Ride 360</p>	<ul style="list-style-type: none"> • 360-degree circular screen • Immersive set design • Three degrees of freedom • Multi-experience • 4D effects 	
<p>t-Ride</p>	<ul style="list-style-type: none"> • Track-bound motion base • Six degrees of freedom • 4D effects • Edge-free 3D 270-degree projection • Multi-experience 	
<p>Q-Ride</p>	<ul style="list-style-type: none"> • Six-axis motion platform • Can carry 12 riders at once • Compact size (only needs a room measuring 10m x 10m x 5m) • Multiple contents available 	
<p>m-Ride</p>	<ul style="list-style-type: none"> • Four-axis motion platform • The device rotates 180-degrees to start the show • Centralized arrangement • Modular design • High rider-carrying capacity • 4D effects • Diversified flight experiences 	

Please visit our website for more details about our products:
<http://www.brogent.com/zh-tw/category.html>

1.3-3 Global Sales Overview

Brogent has built 30 i-Ride flying theaters in the United States, Europe, and Asia, accounting for 40% of the global market share. By marketing our products around the world with our brand name "BROGENT", we have become a leader in the immersive simulation technology market. i-Ride is our flagship simulation product; it features suspended moving seats that are propelled forward into a giant dome screen with a diameter of 20 meters. By providing users with visuals, sound, scents, and movement-related effects, this 5D theater provides riders with a fully immersive experience.

Our major clients include large theme park operators around the world. For example, we partnered with Merlin Entertainments to develop the LEGO® themed flying theater experience in 2018 with our m-Ride. Another example is our partnership with Europa-Park, the second largest theme park in Europe, where Europe's largest flying theater Voletarium is located.

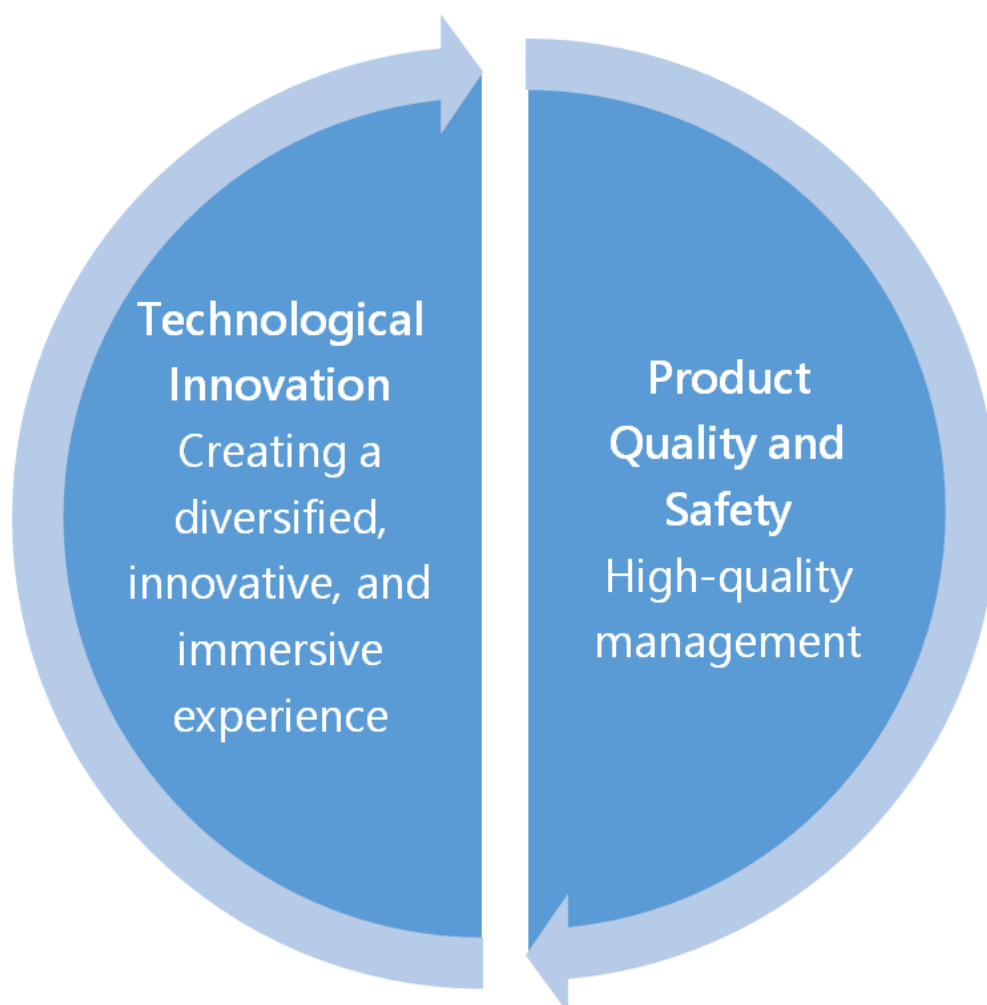
■ Global Sales Locations



CHARTER 2 INNOVATION: HIGH-QUALITY EXPERIENCE CREATED BY NOVEL TECHNOLOGY

Novel technology is our core competency!

Upholding the philosophy of “creativity and intelligence” , Brogent has actively engaged in innovative thinking to create brand new user experiences. We have become a leader in simulation technology, helping guests turn their dreams of flying into reality. In the spirit of “pursuing excellence” , we have met and satisfied our clients’ needs by providing them with high-quality and safe products, as well as top-quality service. We have also created mutual benefits for our clients, shareholders, employees, and society.



2.1 Technological Innovation

2.1-1 Adapting to Technology Trends

In the spirit of “creativity and intelligence, innovation and breakthrough” , Brogent has actively engaged in innovative thinking to create brand new user experiences. We have also paid attention to technology trends, insisted on product innovation, and actively invested in our employees and resources. The number of technical R&D personnel in 2018 was 64 and the amount we invested reached NT\$1.18 million (accounting for approximately 7% of our revenue in 2018). In addition to continuously developing new immersive simulation technologies, we also adapt to rapid changes in technology trends. To keep up with the development of the Internet of Things, artificial intelligence (AI), big data, and 5G technology, we not only conducted research on mobile edge computing (MEC), but also collaborated with the Industrial Technology Research Institute in 2018 to improve our latest 3D dynamic simulation technology. In the future, we hope to effectively use big data and 5G technology to adapt to the development of smart technologies across the globe, creating a diversified, innovative, and immersive user experience, while increasing our overall brand value.

2.1-2 Innovation and R&D Management

Brogent’ s R&D team consists of our Technology Center, Product Development Center, and Project Center. We hope to continue to make breakthroughs in the immersive simulation technology industry. Every year, we regularly plan education and training courses for our R&D team, as well as participate in seminars, in order to ensure that we fully grasp the issues, trends, and techniques of globally leading immersive simulation technologies. Moreover, we collaborate with domestic and international organizations to improve our expertise in product development and industrial competitiveness.

We base our innovation and R&D on project R&D and creative proposals put forward by our employees. A product development database has been built based on the R&D results. Meanwhile, we have formulated the Regulations Governing the Management of R&D Practices of the Product Development Center to strictly control our R&D contents and processes, in order to achieve our goal of satisfying clients’ needs to the greatest extent possible.

Innovative collaboration	Encouraging innovation	Innovative practices
<p>R&D projects:</p> <ul style="list-style-type: none"> Introduce popular technologies through industry-academia-research collaboration, with a focus on market, innovation, service, and experience; obtain market validation and user feedback through actual operational testing; and build a product development database based on this know-how, which will be the cornerstone of our immersive simulation technology. 	<p>Creative proposals put forward by employees:</p> <ul style="list-style-type: none"> Use a creative idea mailbox to collect all the creative ideas from employees and encourage them to come up with creative ideas by offering incentives for them to apply for having their ideas patented. 	<p>Taking the lead in immersive simulation technology:</p> <ul style="list-style-type: none"> Taking the lead in the product technology industry The only company in the industry with the ability to integrate cross-field technologies

2.1-3 Product and Technology Development

With ergonomics-based immersive simulation technology at the core of our services, we have integrated new types of technologies based on our existing products and technologies, while continuing to improve and innovate user experience. Our short-term development goal is to combine various technologies and designs centering on immersive experience and using a immersive simulation platform, such as AR, VR, theatrical special effects, moving light control, synchronous sound/light/images, human-machine interaction, image identification, and gamification. We will then create immersive stories and theme voice over/music for said technologies and designs to provide immersive entertainment experiences.

Our medium-term and long-term development goals focus on three directions of technological development: e-sports, arcade game, and personalization. Starting with B2B model and centering on ergonomics-based immersive simulation technology, we will create VR immersive experiences. In addition to the integration and deployment of technologies, such as AR, VR, MR, and 5G MEC, we will also improve our R&D in ergonomics-based immersive simulation technology, hoping to apply it in more fields, in addition to creating new-generation gaming entertainment experiences.

■ Brogent's Short-term, Medium-term, and Long-term Technological Development Goals

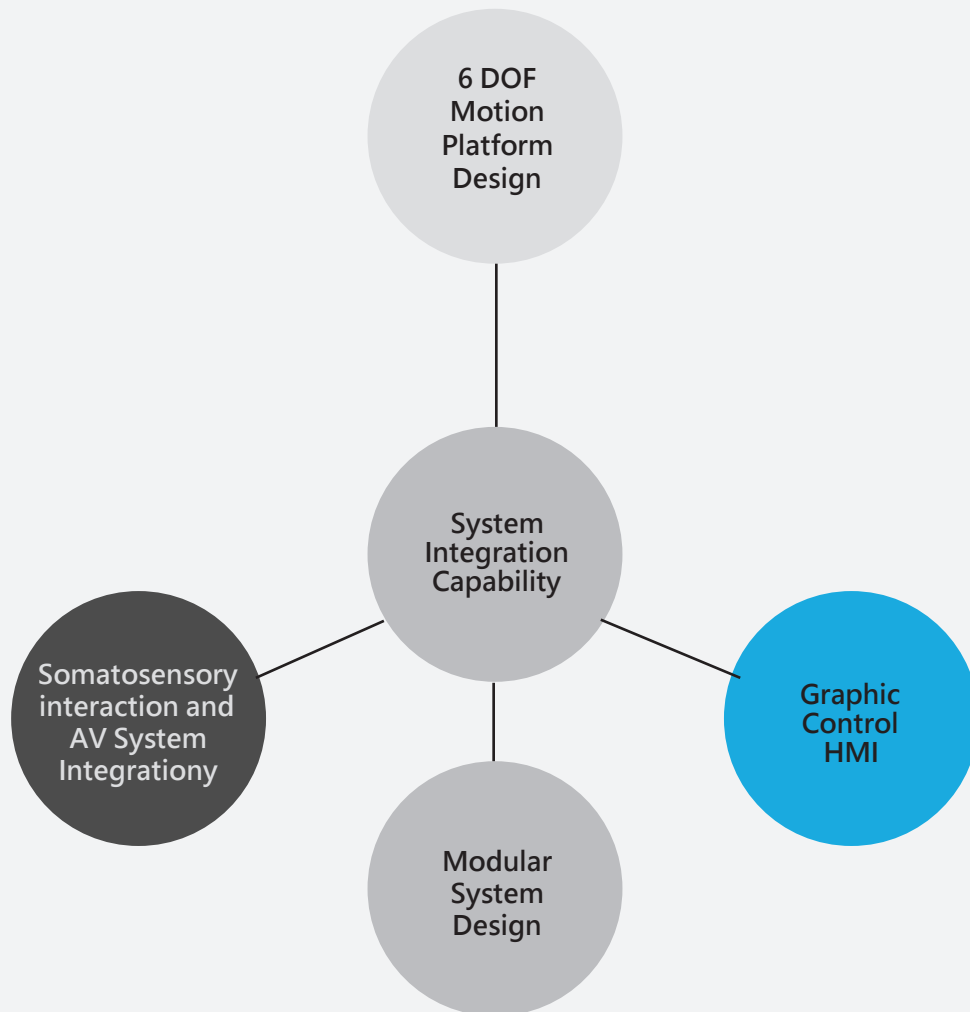
Stage	Development goal	Description
Short-term (within 1-2 years)	Product/technology development and enhancement	<ul style="list-style-type: none"> • Development of low- and medium-level flying theaters, such as m-Ride (completed) • Development of low-level immersive simulation theaters, such as Ride (completed) • Developing personalized/family-based interactive immersive simulation game systems, such as e-sports: Lightning Wings (completed)
		<ul style="list-style-type: none"> • Developing a digital control system • Developing medium-sized platforms (6S and 12S) • Helping improve and enhance single-seater platforms • Co-developing, establishing, and using a product data management (PDM) system
	Product certification and standardization	<ul style="list-style-type: none"> • Certification of the large amusement equipment, m-Ride, by various countries has been obtained, such as GB 8408 (National Standard of the People's Republic of China), ASTM F2291, and EN 13814. • Standardization of Q-Ride 2.0
	Parameters related to ergonomics-based immersive simulation experiences	<ul style="list-style-type: none"> • Collect and establish a database on simulator ride users based on ergonomics. Analyze users' physiological parameters and use AI algorithms to improve product design in the short term.
Medium-term and long-term (3~5 years)	Integration and deployment of AVR/MR and 5G MEC	<ul style="list-style-type: none"> • It is expected that the integration and deployment of AR, VR, MR, and 5G MEC can help players across the globe compete against one another synchronously in a game in the future. Players will also be able to practice such game at home through their personal computers and mobile devices. Teamwork will then create added social and commercial value.
	Parameters related to ergonomics-based immersive simulation experiences	<ul style="list-style-type: none"> • Collect and establish a database on simulator ride users based on ergonomics. Analyze users' physiological parameters and use AI algorithms to improve product design. Moreover, collect data to develop quality know-how for immersive simulation experiences that can be applied in different fields in the future.
	Product/technology development and enhancement	<ul style="list-style-type: none"> • Develop new products and improve old products • Create structural and stress analysis software • Discuss research on ergonomics-based immersive simulation technology
	Resource creation	<ul style="list-style-type: none"> • Set up a photo and video production department • Create school resources

Note: A diversified immersive simulation platform refers to a single set of equipment that can be used in various scenarios, making it convenient to use for both businesses and individuals.

The only company in the industry with the ability to integrate cross-field technologies

Integration of cross-field technologies is at the core of Brogent's product development. In the immersive simulation technology industry, various development processes are usually separated from production processes. However, we integrate and coordinate these processes, from digital content, storyboard, animation, game, voice over/music, decoration, and theatrical special effects to field design, mechanism, electrical system, control system, and safety regulations. We have become a high-quality and highly flexible all-round experience maker.

■ Taking the lead in the product technology industry



Immersive simulation platform technology

Brogent and Southern Taiwan University of Science and Technology co-developed the exclusive immersive simulation platform technology. By integrating immersive simulation VR with e-sports, this technology is called “immersive simulation e-sports.” It creates an immersive e-sports experience and elevates playing e-sports to a whole new gameplay experience.

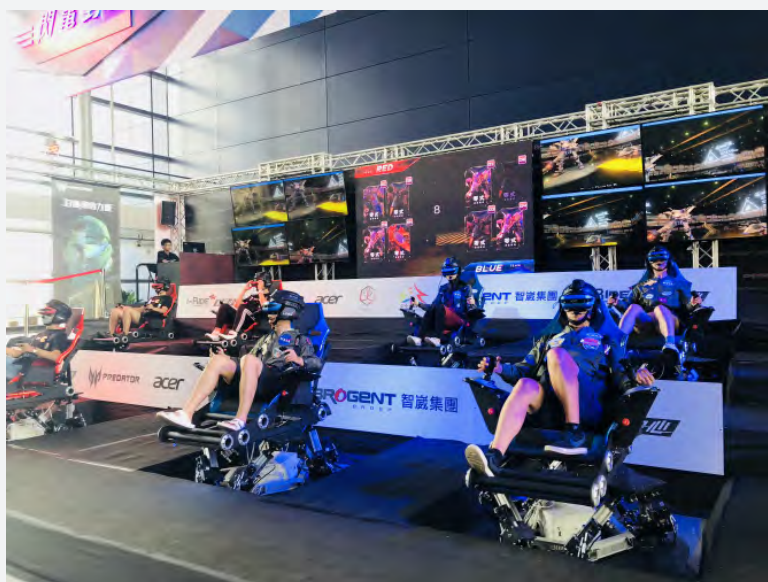
2018 IESF e-Sports World Championship: Lightning Wings

Brogent held the e-sports event: “Lightning Wings” at the 2018 IESF e-Sports World Championship. With our exclusive six-axis platform immersive simulation seat, as well as a VR helmet and flying joystick designed specifically for the game, “Lightning Wings” is the world’s first multiplayer connected e-sports game. As its immersive simulation effects were built to a high specification and are intertwined with the impact of combat shooting, it demonstrates the ultimate challenge in virtual reality and makes participants feel like they are fighter pilots. When playing the game, they can only use simple equipment. As such, they have to develop strategy and work as a team. It is hoped that the concept of “players controlling the game” can be conveyed via this teamwork. By incorporating players’ will into the game, “Lightning Wings” shows a different way and level of gameplay.

“Lightning Wings” is the world’s first multiplayer connected e-sports game developed by Brogent. In 2018, the tournaments in northern, central, and southern Taiwan received an enthusiastic response and inquiries. Players worked as a team in a full-view attack mode and fought like fighter pilots. To win the big prize money and championship at the 2018 Immersive simulation e-Sports Championship, they pulled out all the stops, continuously adjusting their strategy with their teammates through VR headsets while flying their fighter jets on immersive simulation fighter jet platforms. Although they were physically exhausted, they still managed to bring their sportsmanship and willpower into full play, competing until the end. After the qualifying and knockout stages, “Bu Mie Nie Xi” (Invincible Reptile) from Shu-Te University won the championship and NT\$250,000; “TISH,” the team with the youngest average age from Tongtex Secondary High School, won the first runner up and NT\$150,000; and “36D Yun” (Dizzy 36D) from Taipei won the second runner up and NT\$100,000. Leader I-Cheng Chen of “36D Yun” (Dizzy 36D) accumulated the maximum number of points and won MVP.

The warm atmosphere of “Lightning Wings” attracted international players. A lot of them queued up until midnight to participate in the experience activity. President Colin Webster of IESF said after the activity that “the smooth VR immersive simulation e-sports operations process developed by Brogent makes players feel like they are fighter pilots. It is cool!” He is positive about the market development of VR immersive simulation e-sports.

VR immersive simulation e-sports has become a sensation in Taiwan since Brogent held the 2018 Immersive simulation e-Sports Championship in May 2018. “Lightning Wings” developed by Brogent propels Taiwan onto the international stage. With the integration of virtuality and reality, immersive simulation e-sports has expanded players’ imagination of computer games. E-sports is no longer the same; it has become an international competitive sport.



■ Important R&D Results in the Last Three Years

R&D category	Key R&D items	Description	Benefits
Immersive simulation technology	<ul style="list-style-type: none"> Completed the development of rotary table i-Ride system Develop connecting-rod rotary table m-Ride system Develop personalized mini six degree-of-freedom platforms Develop a digital control system for six degree-of-freedom platforms for six-seater and twelve-seater v-Ride 	<ul style="list-style-type: none"> Developing flying theaters with high unit prices has shifted to that with medium or low unit prices. Developing v-Ride with medium or low unit prices. Digital control Develop personalized mini platforms 	<ul style="list-style-type: none"> Increase the number of product lines Increase revenue Enhance technological capabilities Stimulate creativity to develop and manufacture new products
Immersive simulation products	<ul style="list-style-type: none"> d-Ride (2016) v-Ride (2016) v-Ride 360 (2016) Freefall VR (2016) 	<ul style="list-style-type: none"> These products are small and medium products used in CitiPark. 	<ul style="list-style-type: none"> By enabling users to experience real scenarios, these products have opened up a new horizon for immersive simulation technology and created a futuristic world resembling those depicted by movies.
	<ul style="list-style-type: none"> Q-Ride (2017) 	<ul style="list-style-type: none"> This product is developed for use in department stores or malls in cities; it integrates the intellectual property of animation derivative products, such as <i>Ghost in the Shell</i> and <i>Attack on Titan</i>, with a six-axis platform and MR helmet. It has received critical acclaim. 	
E-sports product	<ul style="list-style-type: none"> Lightning Wings (2018) 	<ul style="list-style-type: none"> A multiplayer connected e-sports game 	<ul style="list-style-type: none"> A whole new operating model in the immersive simulation e-sports industry is created out of the product, to which new meaning is given.

2.1-4 Technical Collaboration

Brogent continues to invest in a vast amount of research on immersive simulation technology. In 2016, we cooperated with Southern Taiwan University of Science and Technology and National Sun Yat-sen University to establish the "Brogent Technologies Inc. – Southern Taiwan University of Science and Technology Center for immersive simulation Technology-related Smart Content Production" and "Brogent Technologies Inc. – National Sun Yat-sen University Joint Research and Development Center," respectively. Both centers conduct research on key techniques and parameters of immersive simulation technology, as well as R&D on new immersive simulation technology, in order to achieve the following benefits: sharing research results, dividing technical work of projects to be performed, and cultivating talents for the immersive simulation technology industry. Moreover, we worked with the well-known Australian visual effects company, Cutting Edge, on producing VR 360-degree videos for Q-Ride, so as to achieve our goal of creating more realistic user scenarios.

Collaboration partner	Content
National Sun Yat-sen University	<ul style="list-style-type: none"> Use parallel computing and develop an infinite vehicle control system for the self-contained system; conduct R&D on amusement parks' light gun interactive systems based on image identification. Design and improve the three key techniques of immersive theaters. Analyze parameters related to the performance of an electrical cylinder's servo drive system. Design projection mosaics for dome screens. Design and analyze 3+1-axis rotatable sports platform. Conduct pre-research on the optimization of an electrical cylinder's servo control system. Develop standard measurement items for measuring projection mosaics for dome screens.
Southern Taiwan University of Science and Technology	<ul style="list-style-type: none"> Cooperate in Q-Ride VR animation and content production for Lightning Wings
Cutting Edge	<ul style="list-style-type: none"> Cooperate in producing VR 360-degree videos for Q-Ride

2.1-5 Obtaining Patent Rights around the World

To continuously improve Brogent's competitive advantages for long-term development purposes, we have set up a management center to apply for patents and maintain them. By expanding patent deployment and improving patent quality, the center can stabilize our Company's development.

We have leading patented technologies in the immersive simulation technology industry, including slingshot simulator, various immersive simulation devices, VR operating system, and other innovative immersive simulation technologies. We have cumulatively obtained 28 patent rights around the world (20 of them were obtained in 2018). In the future, we will continue to strengthen our R&D capabilities in immersive simulation technology and develop innovative products, while setting up rigorous patent deployment to protect our clients' and our own rights, as well as provide more competitive products and services.

■ Patents for Brogent's Technologies

Patent title	Description of applications of the technology
Slingshot simulator	<ul style="list-style-type: none"> Increase the interactivity, activity, and fun when using the slingshot simulator under various scenarios, such as AR, VR, and MR, through its real-time sensing
Immersive, interactive glasses	<ul style="list-style-type: none"> When using the immersive, interactive glasses, players can rapidly switch between light transmittance modes according to different interactive scenarios. Using them in high light transmittance mode increases safety, while players will be able to see their surroundings. Using them in low light transmittance mode enables players to feel immersed in the scenarios.
Immersive simulation device with simulation of turning operations	<ul style="list-style-type: none"> A simulator focusing on immersive simulation experience with simulation of turning operations: its axial direction and system complexity have been simulate a motorcycle or an aquatic motorbike turning in a circle.
Immersive simulation device with simulation of skid turn	<ul style="list-style-type: none"> The design of immersive simulation experience with simulation of skid turn has been enhanced; the device can be used in motorcycle simulator game or training.
VR operating system and methods of operation	<ul style="list-style-type: none"> With a focus on interactive immersive simulation device, this VR operating system is designed to be easily integrated into different application scenarios.
Synchronous playing system of VR images and methods of operation	<ul style="list-style-type: none"> For vehicle-mounted system with a track, detection/sensing and route computing algorithms are provided to give players a visually and somatosensation-based simulated experience through time synchronization.
Fastening device	<ul style="list-style-type: none"> A safe mechanism designed to prevent riders from falling from heights because of nervousness or shaking.
Immersive simulation device with different riding directions	<ul style="list-style-type: none"> This device breaks away from the traditional way of watching a movie from a single angle. It enables riders to watch a movie from three angles; they can acquire different immersive simulation experiences as they watch a movie from said angles when riding the device.
Dual-axis immersive simulation simulation device	<ul style="list-style-type: none"> The design of a dual-axis platform mechanism develops into that of a two degree-of-freedom or above platform mechanism.
Rotary dynamic simulation device and audiovisual apparatus using the same	<ul style="list-style-type: none"> Description of the rotary dynamic simulation device and audiovisual apparatus using the same
Rotary dynamic simulation device and audiovisual apparatus using the same	<ul style="list-style-type: none"> Replacing the push type device, this rotary dynamic simulation device has created different immersive simulation effects and methods of riding. It takes riders less time to get on/off the device.

2.2 Product Quality and Safety

2.2-1 Product Quality and Safety Management

With “pursuing excellence” at the core of our philosophy, we have met and satisfied our clients’ needs by providing them with high-quality and safe products, as well as efficient services. We have also created mutual benefits for our clients, shareholders, employees, and society.

We specialize in synchronous integration of various systems to provide stable, high-quality products and advanced technologies. We have formulated management regulations related to product quality and safety to ensure that our products comply with quality requirements and safety standards at various stages of production. All our hardware and equipment have obtained major international certification (ASTM, GB, and TUV). Moreover, we safeguard the quality of our software by performing rigorous testing on it at various stages of product development. We have created high-quality products through rigorous measures.

2.2-2 Product Quality and Safety Management Processes

From product design and production to products leaving the factory, Brogent performs quality control in accordance with the Quality Management Guidelines. Meanwhile, we have hired a third-party certification agency in accordance with the Project Management Regulations to certify our design, production, and onsite installation, in order to ensure product quality and safety. All our products comply with laws and regulations of various countries and special safety requirements; for instance, we have followed standard procedures for equipment design in Mainland China (GB 8408), Europe (EN 13814), and the United States and Canada (ASTM F2291). In 2018, we established an internal review mechanism for major projects, laying a foundation for making improvements to our products in the future.

BROGENT 智崴資訊科技股份有限公司		文件編號	版次
文件名稱	專案管理辦法		1
文件編號	BROG-2-CS-004	頁次	4
制定部門	專案中心	機密程度	<input checked="" type="checkbox"/> 保密 <input type="checkbox"/> 機密 <input type="checkbox"/> 極機密

1. 目的：為使專案執行更為流暢，提升跨部門溝通，明訂責任分工，並達到專案控制之效益，特定此辦法。

2. 範圍：此內控作業所稱之「專案」係指本公司所有營銷範圍，但不包括維修業務之專案。營銷內容如下：

2.1. 政府或公共事業單位之專案。

2.2. 主題樂園、購物中心、觀光景點及分潤營運據點之營銷。

2.3. 數位內容專案。

BROGENT 智崴資訊科技股份有限公司		文件編號	製訂部門	品質小組	版次
文件編號	BROG-2-G-013				0
文件名稱	產品品質控制管理辦法	機密程度	<input checked="" type="checkbox"/> 保密 <input type="checkbox"/> 機密	頁次	1

1. 目的：為確保公司各項產品之品質能符合各階段材料(產品)之品質要求，特訂定此辦法。

2. 範圍：與公司產品有關之採購之生產用原物料、委外加工/廠內自製之半成品、完工品，或品與外購產品均適用之。

3. 權責：

3-1. 專案單位：負責規劃並提供生產，出貨計劃給各部門，並掌握生產，出貨進度。

3-2. 品保單位：負責 IQC/IPQC/FQC(不含功能測試)/OQC 之執行。

3-3. 技衛單位：負責產品製程中之管理項目、管轄規格之製定，以及 FQC 中功能測試之執行。

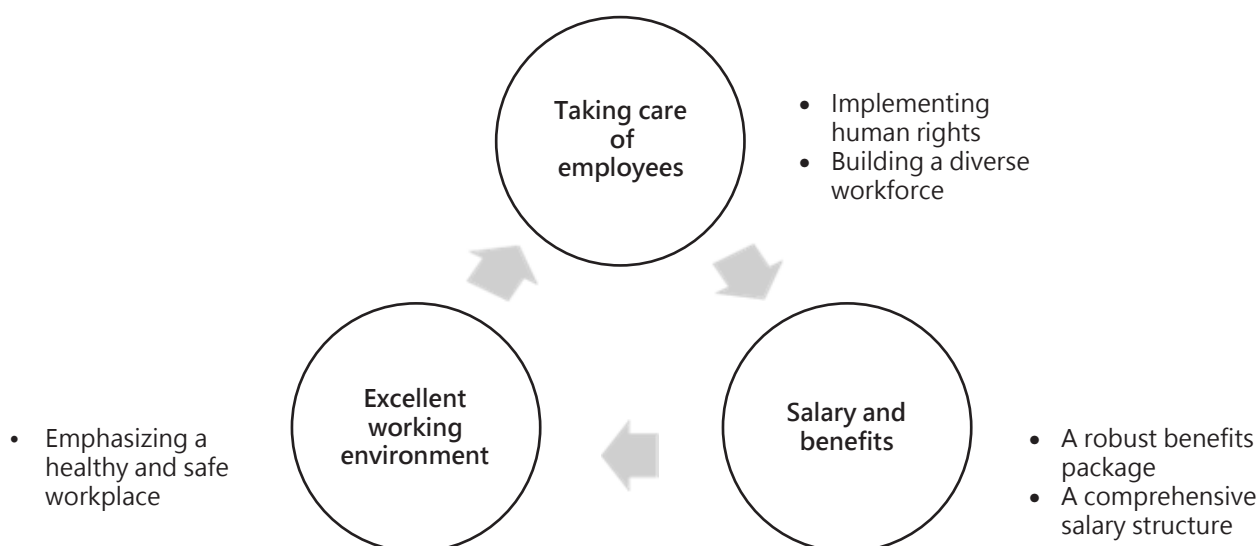
3-4. 倉管單位：負責進料之包裝外觀、數量確認及出貨之打包、運送處理。

Design stage	Production stage	Installation stage
<ul style="list-style-type: none"> Internal review Complete the third-party design certification performed by CSEI, TUV, UL, or others. Formulate design/production specifications and acceptance/testing standards. 	<ul style="list-style-type: none"> Perform incoming quality control (IQC). Perform input process quality control (IPQC), such as weld bead inspection. Perform final quality control (FQC) before delivering products. Third-party non-destructive testing (NDT) 	<ul style="list-style-type: none"> Onsite installation and testing: Cooperate with the third-party certification agency in performing onsite acceptance testing, such as safety and durability testing

CHARTER 3 GOING HAND IN HAND: HAPPY WORKPLACE AND EMPLOYEE DEVELOPMENT

Valuing employees is at the core of our philosophy!

With “valuing employees” at the core of our philosophy, we have created a happy, friendly, safe, and healthy working environment to bring out our employees’ potential. Upholding integrity with sincerity at work, our employees have demonstrated outstanding performance. Moreover, regarding salary and benefits, as well as developing employees’ capabilities, we have provided them with a robust benefits package and competitive salary, while offering training related to job competencies to them so that they can bring their specialty into full play. Over the last 18 years, we have grown sturdily because of efforts made by our excellent employees, who are not only full of vitality and creativity, but also possess multiple specialties. In the future, we will continue to fulfil our corporate responsibility and help our employees grow with us.



3.1 Cherishing and Taking Care of Employees

Brogent has a comprehensive mechanism for workforce development, which enables us to continue to improve when combined with our annual operational strategies and goals. In addition to providing a sound working environment, we also attach great importance to talent acquisition and development. Regarding talent development, we have built a career development framework and a blueprint for cultivating skilled employees to help our employees grow. We have continued to improve our talent training and development, while providing multiple learning channels and rich resources, to help our employees deepen their professional competence and managerial competencies. By strengthening our ability to integrate professional fields, we have enhanced our employees' capabilities and our competitiveness.

3.1-1 Employee-Friendly Workplace

Management of Human Rights

Brogent strictly observes Taiwan's labor laws and regulations, as well as international regulations related to human rights. We protect our employees' legal rights and value their human rights. We won't discriminate against any employee because of his/her race, sex, age, political party, religion, or disability. We have formulated our Human Rights Policy to eliminate employment inequality and discrimination, creating a diverse and tolerant healthy workplace. Moreover, we have established reasonable working hours based on labor conditions and channels for smooth labor-management communication, as well as supported our employees' career development by providing diversified training to them, so as to protect their rights and fulfil our corporate social responsibility.

Diverse and tolerant	• We won't discriminate against any employee because of his/her sex, race, socioeconomic status, age, marital status, family conditions, language, religion, political party, nationality, appearance, or physical/mental disability.
Healthy workplace	• We will provide all our employees with a healthy and safe working environment where everyone respects each other. We will also help them maintain physical/mental health and work-life balance.
Reasonable working hours	• Formulate specifications regarding working hours and extension of working hours, as well as regularly check on and manage employees' attendance.
Respecting employees	• No forced labor, discrimination, and harassment; respect privacy; and offer proper salary and benefits.
Privacy protection	• Observe the Personal Data Protection Act, respecting and protecting the confidentiality of employees' personal data, as well as clients' and all the stakeholders' privacy.
Labor-management communication	• Establish channels for smooth communication, set up a suggestion box, and regularly convene labor-management meetings to ensure both parties' rights.
Employee training	• Support our employees' career development by providing diversified training to them.

Smooth Communication

Brogent has actively promoted a good labor-management relationship by offering multiple channels for smooth labor-management communication. In addition to convening labor-management meetings according to the law, we have also irregularly held relevant system advocacy meetings to convey employees' rights to them. We have established a smooth and effective appeal mechanism for employees, so as to ensure the equality and transparency of the appeal procedure. Moreover, we have actively responded to, and handle, their appeals.

We accept our employees' opinions with an open mind, maintain their rights, and consolidate a mutually trusting labor-management relationship. With channels for smooth labor-management communication, we haven't received any appeals from our employees in the last three years. Furthermore, we have established a welfare committee to actively engage employees in communication and care about their needs, while providing them with multiple welfare options.

■ Communication Channels for Employees and Communication Performance

Communication channels for employees	Communication performance
Labor-management meetings	• Convened quarterly, at which we give an explanation on issues raised by our employees to seek consensus between us and our employees. In 2018, we held four meetings.
Welfare Committee	• The Committee holds discussion about organizing various activities and establishing employee clubs. In 2018, it held five meetings.
System advocacy meetings	• Advocate the 2018 amendments to the Labor Standards Act and HR system (salary, rank, and promotion). In 2018, we held six meetings.
Reporting mechanism	• In the event of violating the code of integrity, our stakeholders can report such violation on our website and provide supporting evidence. Please click the link below to report a violation: http://www.brogent.com/zh-tw/contact-us.html

Unpaid parental leave

In compliance with the government policy, Brogent has made every effort to help employees in need apply for unpaid parental leave, supporting them at the important stage of their life.

■ Statistics on Applications for Unpaid Parental Leave in 2018

Item	Women	Men	Total
Number of employees qualified for applying for unpaid parental leave (A)	7	17	24
Actual number of employees taking unpaid parental leave (B)	4	1	5
Actual number of employees returning to work following unpaid parental leave (C)	3	1	4
Number of employees continuing to work for one year after returning to work following unpaid parental leave in 2017 (D)	0	1	1
Total number of employees returning to work following unpaid parental leave in 2017 (E)	0	2	2
Return-to-work rate (%) = C/B	75%	100%	80%
Retention rate (%) = D/E	0	50%	50%

3.1-2 Recruitment and Retention

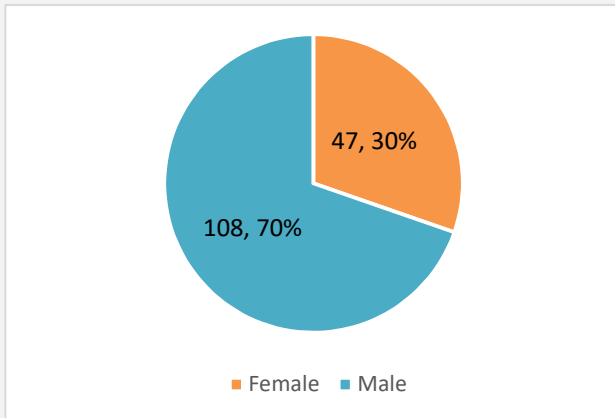
Recruitment

Brogent conveys “happiness” to every rider of our simulator rides. Similarly, we hope to have a good time with our employees and help them grow with the company. We hope to recruit the right people via different channels: industry-academia collaboration, employee referral, and job banks. All applicants need to pass document review, professional capability assessment, occupational and language proficiency tests, and attitude assessment. We hope that all newly recruited employees identify themselves with us, reaching their career peak with their jobs here and sharing honors and achievements with us.

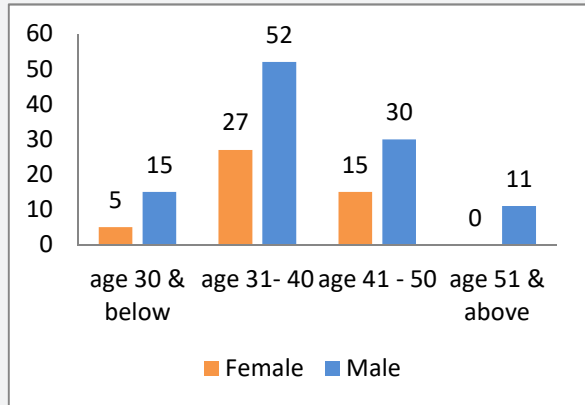
Workforce Composition

In 2018, the total number of our employees was 155. We have seen a steady growth in the numbers of existing and newly recruited employees, respectively, in the last two years. The number of our full-time employees is 155, while that of temporary or part-time employees is 0. Men account for 70% and women 30% of the total number of our employees. All our employees are based in Taiwan. We are an innovative enterprise full of vitality. Those aged 30-40 years account for 93% of the total number of our employees. Moreover, we have hired local residents (Taiwan) at important business premises; 100% of them are high-ranking management (directors of centers or above).

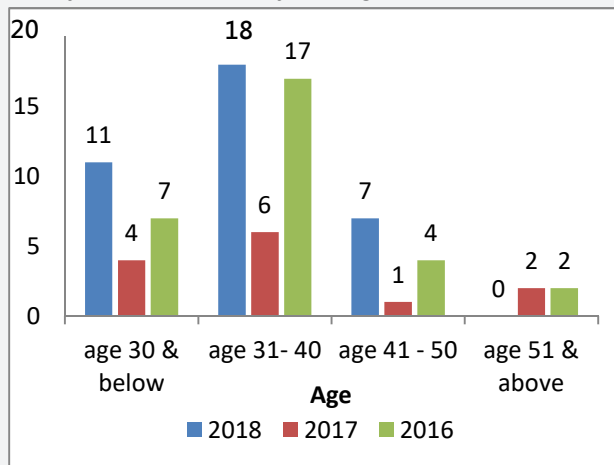
Full-time employees (sex distribution)



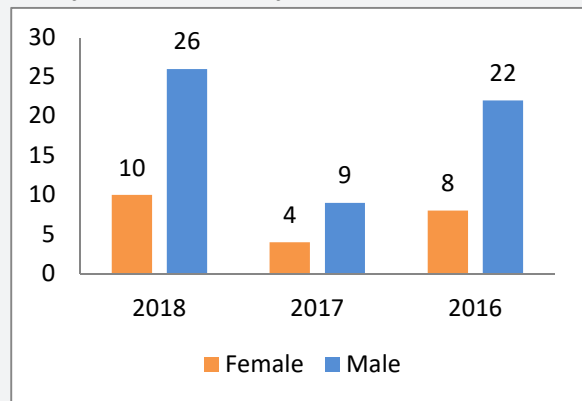
Full-time employees (sex and age distribution)



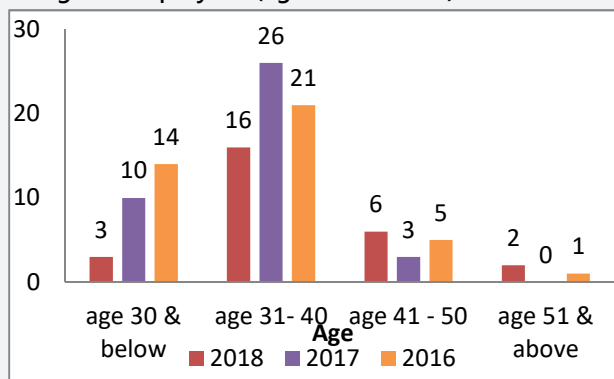
Newly recruited employees (age distribution)



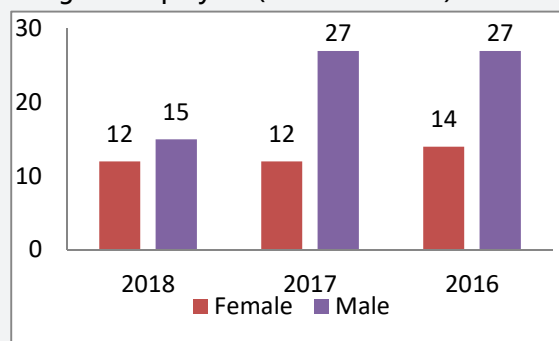
Newly recruited employees (sex distribution)



Resigned employees (age distribution)



Resigned employees (sex distribution)



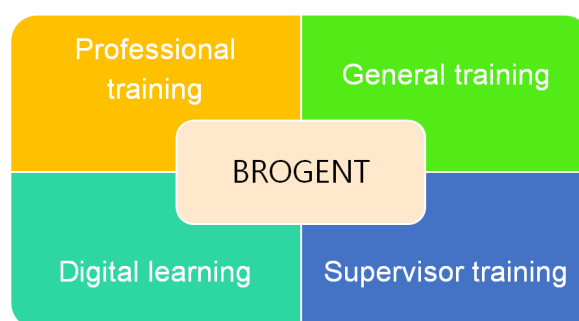
3.1-3 Building a Diverse Workforce

Education and Training

Brogent plans education and training courses every year according to our employees’ learning and development needs and their schedules. We have offered the following courses: employee general training, management training, keynote lectures, and professional training. In addition to basic education and training courses, we have also provided our employees with professional development courses by creating a career blueprint based on their departments and ranks. For instance, a PM learning blueprint is available in our Project Center to help our employees plan their career development and improve their work performance.

Our education and training courses include professional training, general training, digital learning, and supervisor training. We have systematically planned training courses needed by our employees for their career development, as well as education and training courses for their lifelong learning.

In 2018, we offered 5,015 hours of education courses. On average, each employee received approximately 32 hours of training; courses covered a variety of topics and operations management: visits to theme parks, design thinking, executive management skills, intellectual property rights, advocacy of the amendments to the Labor Standards Act, and Harvard Business Review.

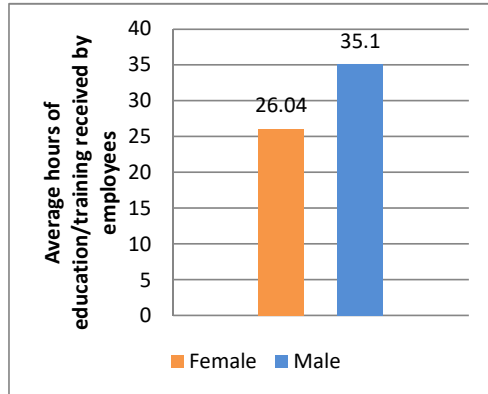


■ Statistics on Education and Training Courses Provided to Employees and Employees Who Received Training in 2018

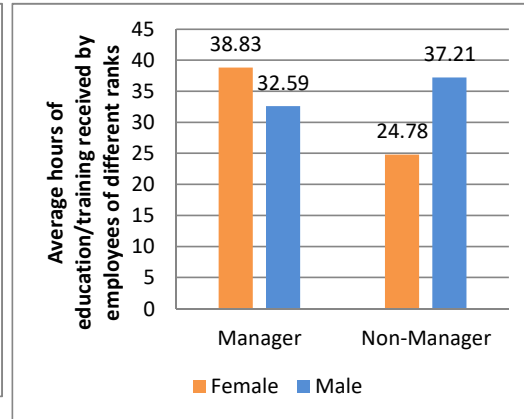
Category of education and training		Course name	Number of classes offered	Total number of employees receiving training
Digital learning	Online course	Harvard Business Review	22	988
Supervisor training	Management course	Executive management skills	1	28
	Management course	Process design and cross-departmental communication	1	20
General training	General education course	Design thinking	1	77
	General education course	Intellectual property rights	1	62
	Corporate system	Procurement-related education and training	3	133
	Corporate system	Amendments to the Labor Standards Act	7	140
	New employee orientation	Company introduction	2	27
Professional training	Professional management course	Project negotiation and consultation	1	30
	Professional management course	Enlightenment on project management	1	30
	Certificate program	PMP certification	1	2
	System software course	Siemens PLC software	1	11
	System software course	SIMATIC S7-TIA Portal: Introductory programming	1	5
	System software course	SIMATIC S7-TIA Portal: Intermediate programming	1	3

■ Average Hours of Education/Training Received by Employees in 2018

Average hours of education/training received by employees (by sex)



Average hours of education/training received by employees of different ranks (by sex)



Note: An executive refers to a departmental head or above.

3.2 Salary and Benefits

Brogent considers employees as our important assets. We have strived to provide our employees with competitive salary and a robust benefits package. In addition to protecting their right to participate in labor and health insurances, as well as to contribute to their labor pension, according to the law, we have also established a comprehensive remuneration system and a performance management system. Our performance management system combines the objectives of our company’s operational performance and employees’ personal performance. We review our employees’ performance to provide them with equal opportunities to get promoted or receive incentives. Moreover, we place them in the right positions to help them improve themselves, creating a happy learning environment and enhancing their development.

3.2-1 A Robust Benefits Package

Brogent offers a number of benefits to our employees: insurances, bonuses, training, recreational activities, and convenience services. Our package covers employees’ actual needs of food, clothing, housing, transportation, education, and entertainment.



Benefit type	Content
Insurances	<ul style="list-style-type: none"> • Basic insurance policies, such as labor insurance, health insurance, and group insurance • Employer's liability insurance • International business travel insurance
Bonuses	<ul style="list-style-type: none"> • Dragon Boat Festival, Mid-autumn Festival, year-end, and birthday bonuses • Dividends and stock option certificates are issued to outstanding employees.
Training	<ul style="list-style-type: none"> • Encourage employees to take internal and external education and training courses fully subsidized by the Company to improve their competitiveness in the workplace and occupational development. • Encourage employees to establish clubs within the Company and subsidize a club NT\$1,500~NT\$3,000 per month (e.g., registration fee for participating in an external competition).
Recreational activities	<ul style="list-style-type: none"> • Provide employees with free health check-up once every two years. • A fitness & recreation center and blood pressure station • Hold recreational activities for employees on a regular basis to help them relieve stress, both physically and mentally, and recover from burnout. • Annual domestic/international employee travel (Shanghai Disneyland and Legoland Shanghai in 2018), quarterly departmental get-together party, Christmas party, Valentine' s Day activities, Family Day ("Falling in Love with Kezailiao" in 2018), Movie Appreciation Day, and year-end party (employees can invite their family and friends to the party) • Hold employee get-together parties on an irregular basis • Massage given by the blind is provided to employees whose birthdays are in the current month. • Subsidize the establishment of a club.
Convenience services	<ul style="list-style-type: none"> • Flexible working hours • Order boxed lunches on a daily basis • Provide free coffee and snacks on a daily basis • Provide car/motorcycle parking spaces



Employee lounge: free coffee and snacks are provided on a daily basis.



Employee benefit: massage is provided to help employees combat their fatigue.



Employee Movie Day: Gold Class Cinema



Employee Movie Day: watching a movie in a chartered cinema



Employee travel: visiting an international amusement park



Employee travel: visiting Legoland Shanghai

Retire with Peace of Mind

Brogent has contributed to the labor pension of our full-time employees according to the regulations of the Labor Standards Act, regardless of whether they are covered by the old or new labor pension scheme. Those hired prior to July 1, 2005 can choose to join either the old or new labor pension scheme. Their seniority is calculated in accordance with the old labor pension scheme. Under this scheme, an employer should contribute 2-15% of an employee's monthly salary to the company's pension account. According to the Labor Pension Provision Act, under the new labor pension scheme, an employer should contribute 6% of an employee's monthly salary as labor pension to his/her personal account on a monthly basis. The employee can also voluntarily contribute an extra 0-6% of his/her monthly salary to his/her personal account. Currently, 100% of our employees have joined the labor pension contribution schemes. We have observed the pension systems specified by the Labor Standards Act to protect our employees' rights and help them prepare for their retirement.

3.2-2 Competitive Remuneration

To attract and retain talents, as well as maintain our competitiveness in the market, Brogent conducts a survey on salary of various positions in relevant industries every year. We have adopted the unified salary system (fixed salary), and we offer salary above the 50th-80th percentile in the industry. The average salary of our junior employees (engineer/deputy engineer, designer/deputy designer, and officer) is NT\$46,000, which is 1.99 times the minimum wage (NT\$23,100) in 2018. Moreover, year-end bonus and remuneration are provided based on employees' performance. For newly recruited employees, we approve their ranks and salary based on our salary scale after taking into account their education and work experience, professional knowledge and technical skills, positions applied, and average salary for relevant positions. After approval has been obtained from relevant executives, they will be paid accordingly.

We observe the principle that women and men are entitled to equal pay for doing equal work. Our employees are paid reasonably based on laws and regulations, as well as our salary scale. In 2018, there was difference in pay between male and female employees because of their education and work experience; also, male employees accounted for the majority of R&D and technical workforce. Consequently, the average salary of male employees was slightly higher than that of female employees.

■ Number of Full-time Non-executive Employees, Their Gross Salary, and Their Average Salary

Item	2018
Number of full-time non-executive employees (unit: person)	140
Gross salary of full-time non-executive employees (unit: NT\$1,000)	134,745
Average salary of full-time non-executive employees (unit: NT\$1,000)	962

■ Pay Ratio between Male and Female Employees

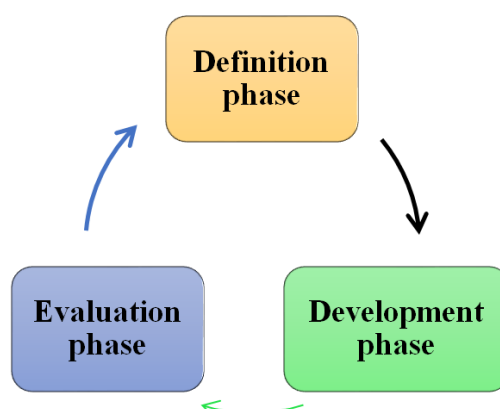
Pay ratio in 2018	Executive <small>Note</small>	Non-executive
Women	1	1
Men	1.30	1.23

Note: A departmental head of the 11th senior grade and above

3.2-3 Performance Evaluation

Employee Performance Evaluation

To encourage our employees to pursue continuous innovation and growth, we align our employees with our organizational goals and achieve these goals through a strategic and integration-based performance management system. We have also effectively improved employee performance and achieved our operational goals.



■ Phases and Content of Performance Evaluation

Phase	Content
Definition	• Brogent defines “performance” every January. Employees’ work objectives of the current year, indicators to measure their performance, and weighting of the indicators should be jointly set by executives and the employees.
Development	• Brogent conducts mid-term evaluation twice a year (May and September), during which executives give feedback to employees regarding their performance and teach them.
Evaluation	• Brogent’ s executives and employees should discuss and complete “target performance” and “work attitude and occupational competency assessment” in the performance evaluation form every December. The executives should give final evaluation comments.

Executive Performance Evaluation

The professional guidance provided by Brogent’ s high-ranking management and their managerial efficiency are the keys to our persistence in improving the competitiveness of our products in the immersive simulation technology industry. By performing their managerial duties well, high-ranking management can bring about stable operational performance. Therefore, we have established an internal evaluation mechanism that connects review of managers’ salary to their work performance; the approval criteria consist of three aspects: financial index, quality and risk, and leadership and management.



3.3 Healthy and High-Quality Environment

To create a human-based workplace and a working environment that benefits a balanced life, Brogent offers facilities for healthy activities, as well as a biannually free health check-up for all employees to improve their health. Additionally, Brogent endeavors to reduce all workplace safety and health risks. In compliance with all regulations of the Occupational Safety and Health Act, an administration department was established under our Administration Center to oversee the management of occupational safety and health and all safety and health affairs within the Company to ensure the safety and health of all employees.

3.3-1 A Healthy and Comfortable Working Environment

Employee Health Check-up

Brogent offers a fully-funded health check-up every two years to all our employees. After the health check-up, we will arrange for doctors to come in for our employees to have free consultation sessions in order to have a better understanding and tracking of their health check results. In 2018, two health check consultation meetings were held.

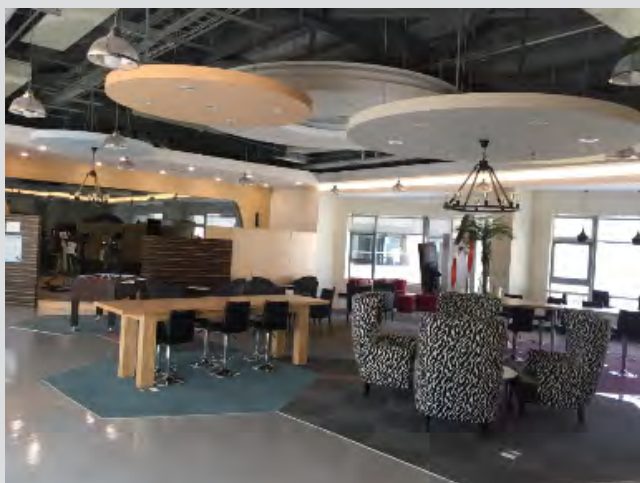
■ Number of Employees Undergoing Health Check-Up and Amount of Money Spent

Item	2018
Number of employees undergoing health check-up	137
Amount of money spent (NT\$)	755,600

Note: The number of employees undergoing health check-up and money spent on health check-up in 2018 only include regular employees; no new employee health examination was arranged in 2018.

Comfortable Working Environment

To create a dynamic and innovative technology company, Brogent offers spacious and comfortable working environment and a recreation center installed with multiple fitness equipment, blood pressure monitors, and foosball tables to help employees relieve fatigue and stress from work while brainstorming and pursuing innovative ideas for new products.



Employee Recreation Center



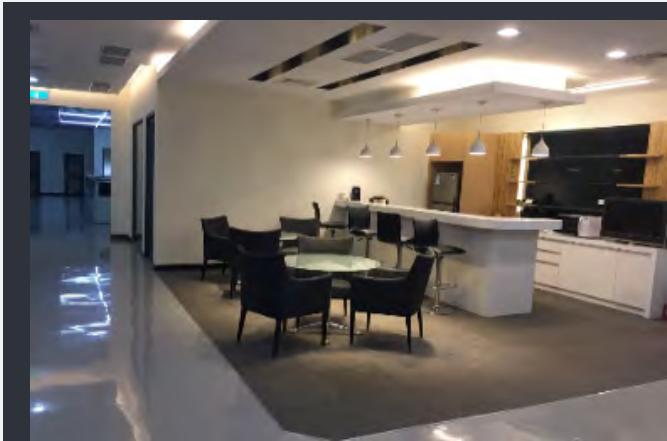
Employee Social Area



Employee Fitness Area



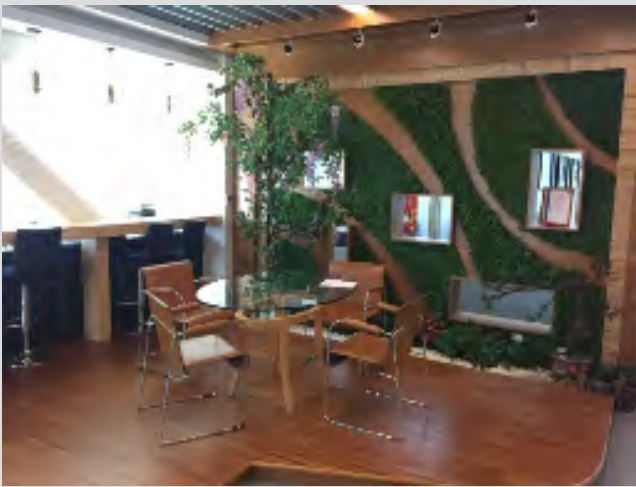
Bayside View Terrace



Bar Area on Each Floor



Workplace Greening



Workplace Greening



Workplace Greening

3.3-2 Workplace Safety and Health Management

Brogent complies with all regulations in the Occupational Safety and Health Act and established the Safety and Health Working Guidelines to implement relevant works. The Guidelines include the Company's safety and health management goals, responsibilities of each management level, requirements of the maintenance and examination of mechanical equipment and tools, occupational safety training, health instructions, and management measures to ensure that the occupational safety regulations and health standards are met. In addition, all departments and employees are required to carry out each labor safety and health job according to the said Guidelines to proactively create a safe and quality working environment.

Brogent has established an Occupational Safety and Health Committee in accordance with the Occupational Safety and Health Act. This Committee comprises a total of ten members: the President, executives of each department and the administration department, and employee representatives. A total of four committee members are employee (or labor) representatives, making up 40% of the Committee. The Occupational Safety and Health Committee is in charge of establishing and improving occupational safety policies, and must convene regular meetings to review occupational safety and health management affairs and advocate relevant ideas. A total of four meetings were convened in 2018 and the resolutions of each meeting were made aware for the employees. In 2018, we achieved our goal of Zero-Accident Workplace; none of our employees or contractors had occupational injuries or diseases.

■ Organizational Chart of the Occupational Safety and Health Committee



■ 2018 Key Safety Advocacy Items

Target audience	Training and planning	goal
Employees and contractors	Advocate should-be key items at foreign and domestic project sites: <ul style="list-style-type: none"> • Construction site environment organizing and waste disposal • Elevated operation safety (fall prevention) • Electricity handling safety (anti-induction) • Individuals must wear personal protective equipment. 	<ul style="list-style-type: none"> • Prevent occupational injury incidents.
Executives and employees	<ul style="list-style-type: none"> • Amend typhoon response plans; immediately report to management level by level and carefully handle the situation in case of a disaster 	<ul style="list-style-type: none"> • Typhoon protection
Self-defense Firefighting Unit members	<ul style="list-style-type: none"> • Organize the Self-defense Firefighting Unit Training with the Experience Center conducting report and evacuation training for unit members from different departments 	<ul style="list-style-type: none"> • Report training results to fire brigades for future reference

In addition, the Administration Department regularly conducts safety and health inspections. Any issues found in these inspections will be reported to relevant units for immediate actions. Scheduled self-defense firefighting training and non-scheduled advocacy of occupational health and safety regulations and disaster prevention information are conducted to prevent occupational safety incidents.

■ Occupational Safety Training Topics and Number of Participants

No.	Training course	Frequency	Participants	Number of participants
1	New Employee Orientation	Non-scheduled	New employees	46
2	Self-defense Firefighting Unit Training in the First Half of 2018	Every six months	Unit members	30
3	Self-defense Firefighting Unit Training in the Second Half of 2018	Every six months	Unit members	30
4	Project Site Practice Seminar	Non-scheduled	Project personnel	45
5	Safety Advocacy for Traffic, Mechanical Equipment, and Contractors	Non-scheduled	All personnel	80
Total				231



Self-defense firefighting unit training: Fire extinguisher practice



Self-defense firefighting unit training: Fire extinguisher practice

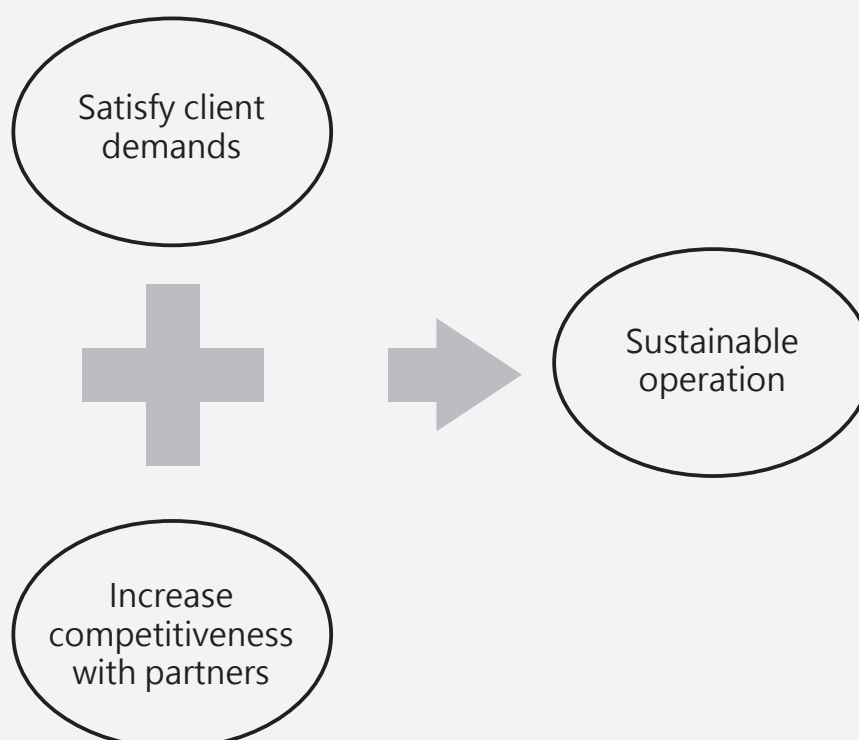
CHARTER 4 COOPERATION: ESTABLISHING GLOBAL INDUSTRY CHAIN WITH PARTNERS

◎ Seeking the common good for all partners● is our operation principle!

As Brogent continues to expand and diversify its operation, its high-end and mid/entry-level products, videos, and facility maintenance services are all thriving. Particularly, Brogent's i-Ride has received more and more reputation in the global market. Apart from the steady growth in the US and European markets, demands from the Chinese market are rapidly growing. The number of Brogent's i-Ride operation bases continues to increase.

In the future, Brogent will combine "places of actual experiences" and "maintenance and service offices" to present the latest technological products to the people through Experience Centers. By implementing the operational model of "front shop, back factory," Brogent can meet the needs of all parties and improve its ability to establish an experience amusement park to become an all-round supplier for amusement parks around the world.

As a leading brand of immersive simulation technology industry, Brogent's connection with its partners grows deeper, broader, and more diversified as Brogent continues to expand its product lines, services, and reach channels. We hope to grow with our suppliers and develop innovative and lean manufacturing abilities. In addition, we wish to cooperate with other Taiwanese companies to expand our business to the global market and establish a global immersive simulation technology industry chain in collaboration with the suppliers.



4.1 Client Relationship Management

Brogent's clientele consists of mainly foreign theme parks and large-scale amusement and leisure venues. Brogent offers rich and diversified digital contents, as well as high quality software, hardware, equipment, and technology; we endeavor to provide all clients with tailor-made products and perfect solutions. We are enthusiastic about innovating and improving user experience, such as optimizing the riding system so that all riders can be fully immersed in the process and enjoy the experience without noticing that they are on a ride. Our outstanding operation results all stem from providing products that exceed expectations and creating values for the clients.

4.1-1 Product Services

Top Customer Service Team

Brogent offers excellent after-sales services, including a professional customer service team, equipment monitoring and preventive maintenance, and training sessions regarding product operation. We provide a smooth and efficient channel for failure reports to ensure all customer demands can be handled and responded immediately. Additionally, when a client needs operational instruction, the customer service team can perform remote troubleshooting; if it cannot be done online, Brogent will send a specialist to the site to ensure that all difficulties encountered by the client can be met with immediate feedback and solutions.

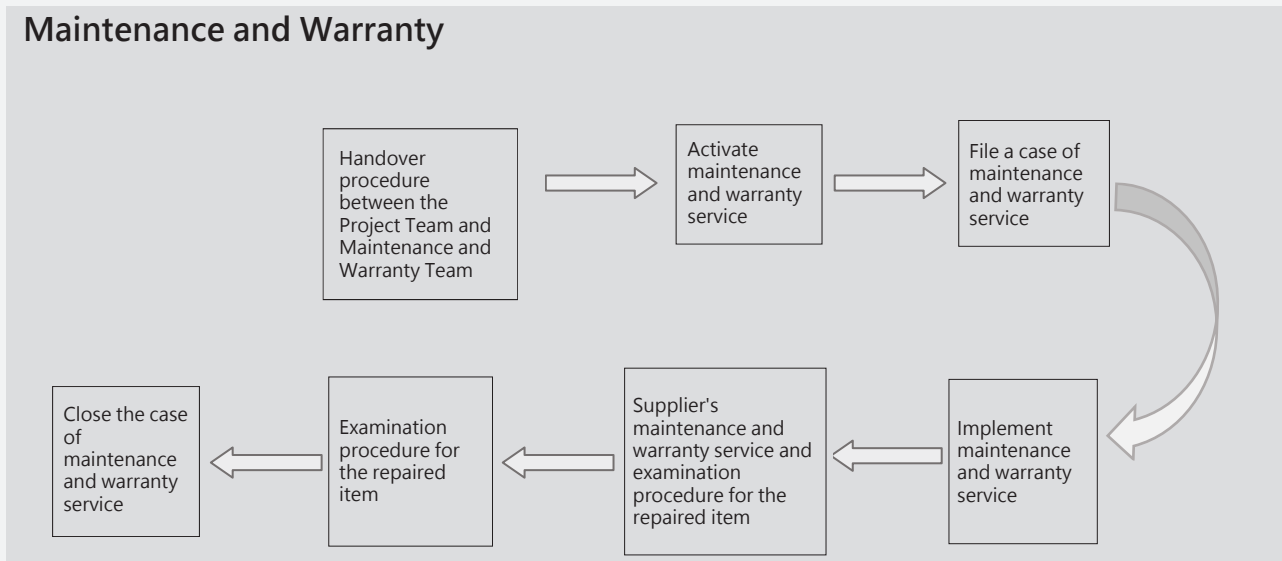
After-Sales Maintenance and Protection

With "striving for excellence" as the core concept, Brogent is devoted to offering quality, safe, and service-based products to meet the expectations of our clients. Brogent views its clients as its most valuable asset and takes the initiative to maintain positive reciprocal relationships with the clients to build global competitiveness of the brand "BROGENT."

To ensure the quality of all after-sales services and client satisfaction level, as well as extending the value chain of all products and services, Brogent established the Maintenance and Warranty Management Guidelines. The Guidelines standardize all work specifications regarding the after-sales maintenance and warranty of each product and service within and after the warranty period, as well as those for products without warranty, to reinforce the quality and content of the after-sales service.

The Customer Service Department is established under Brogent's Sales and Marketing Center to take charge of all clients' maintenance and warranty requests, including maintenance and warranty projects, incident reports, maintenance and warranty orders, components inquiry and quotation, technical consultation, and on site services. Moreover, various types of communication channels, including e-mail, phone calls, and instant messages are available for the clients to contact the Customer Service Department.

The maintenance and warranty operation procedure is as follows: Based on the incident reported by the client, the Customer Service Department will first analyze and identify the fundamental cause. Then, according to the warranty terms and conditions of the contract, internal technical improvement will be made or the supplier will be asked to fulfill the warranty. Finally, product quality will be improved at the same time to meet the demands of different clients.



Client Privacy Protection

Brogent is devoted to protecting the confidentiality of each purchase and clients' information. We uphold the utmost strict standard to keep all client information confidential. Moreover, confidentiality is bound by signing contracts to protect the privacy and confidential information of clients. In 2018, there were no incidents of any client's privacy being breached, nor were there complaints of losing client information.

4.2 Supply Chain Management

The main product of Brogent is simulator ride, which is developed by the synchronized integration of multiple systems and high-end technology. To manufacture stable and safe products, mechanical manufacturing, electrical control, audiovisual system, and safety certification system in upstream industry chain must be integrated to successfully create various new-generation simulator rides with the latest form of media.

Brogent has established complete supply chain management regulations and measures, including supplier management principles, new supplier cooperation regulations, supplier risk classification, and supplier management (including evaluation and consultation). In addition, Brogent focuses on issues of quality and safety, endeavors to optimize the supplier cooperation models, guide suppliers to grow together, work together to improve immersive simulation technology, and fulfill CSR to achieve sustainable operations.

Brogent rose in Taiwan and takes the initiative to support high quality and reliable local suppliers. By actively collaborating with local Taiwanese suppliers, Brogent hopes to promote industrial development and economic growth. In 2018, Brogent's local purchase ratio was 84.9%.



4.2-1 Supplier Management Principles

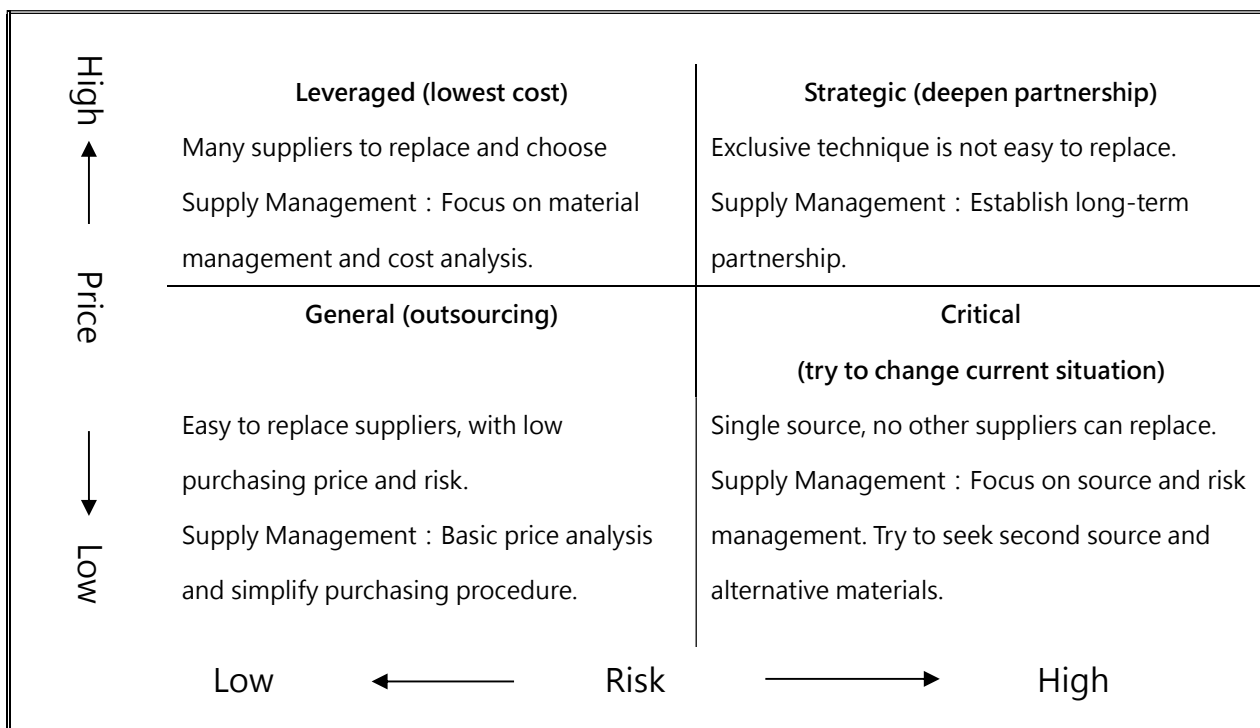
Brogent chooses qualified suppliers and sets Quality, Schedule, and Cost as the three primary factors in the management principles to ensure a steady supply of materials and high quality engineering.

4.2-2 Supplier Risk Management

Brogent evaluates new suppliers with a preliminary review based on their capital, operation situation, production capacity, and achievements. Then, an onsite interview based on the results of the preliminary review is included in the evaluation. In addition, when working with a new supplier, Brogent asks all suppliers to sign a purchase contract, and demands all suppliers to legally hire all employees and provide all employees with adequate insurance. With reviews and contracts, Brogent is able to eliminate any cases of child labor, discrimination, and forced labor in the process of a purchase. Regarding existing suppliers, Brogent conducts an annual supplier evaluation with the human rights issues specified in the Labor Standards Act as key evaluation items to review whether they have fulfilled their relevant responsibilities stated in the contracts. In the case of a violation against the purchase contract, a supplier not only has to take all the legal liabilities, Brogent will suspend all payments until the situation is improved.

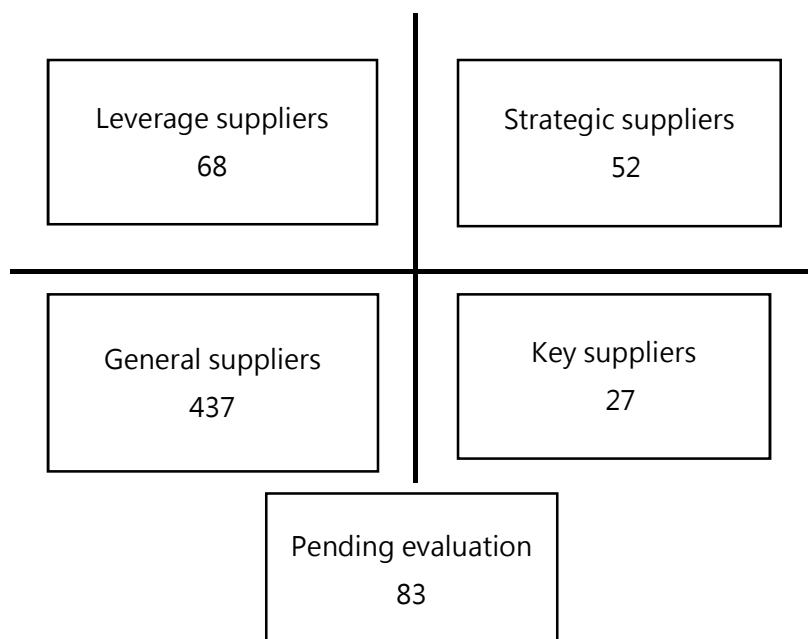
Brogent divides suppliers into those providing general materials and those taking outsourced projects. By 2018, Brogent worked with a total of 667 suppliers. According to the risk analysis of the purchase management procedure, as well as purchase risks and purchase prices identified in the management procedure, Brogent classifies suppliers into four risk quadrants and applies different management methods accordingly. In recent years, Brogent has merged various suppliers with key technologies into subsidiaries to further optimize the cooperation model, reduce the risk of exclusive purchasing, and improve management control.

■ Supplier Classification Chart in Quadrants



The 2018 supplier risk management evaluation results are shown as above. According to the risks, suppliers are classified into four quadrants: general suppliers (437), leverage suppliers (68), key suppliers (27), and strategic suppliers (52); there are 83 suppliers pending evaluation.

■ 2018 Supplier Risk Management Evaluation Results

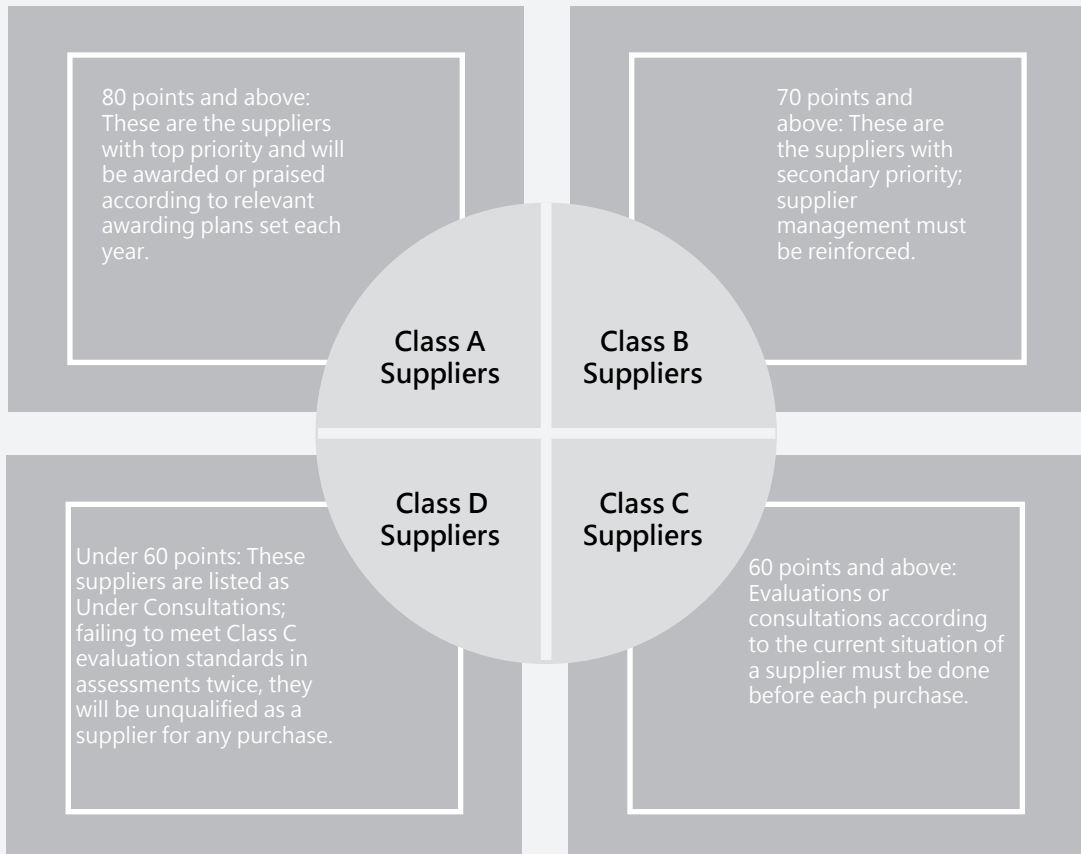


4.2-3 Supplier Evaluation

■ Supplier Evaluation Process



■ Supplier Evaluation Levels

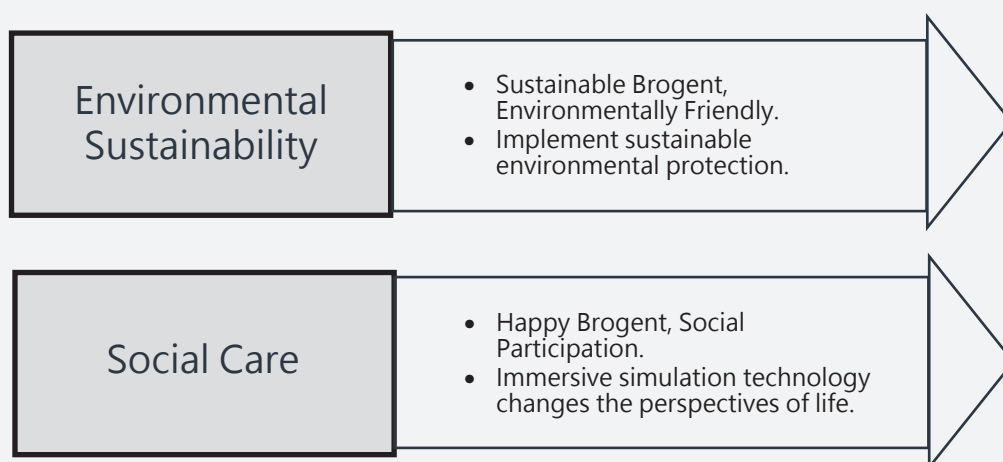


CHARTER 5 CARE: TAKING INITIATIVES IN SOCIAL PARTICIPATION AND MAKING THE EFFORT

Ensuring Environmental Sustainability and Contributing to Charity Are Our Social Responsibilities!

Environmental protection is part of Brogent's sustainable development plan. We have established energy saving policies and sustainable strategies regarding energy consumption and greenhouse gas emission to gradually reduce our environmental impact and improve our daily operation. By ways of energy saving and carbon reduction, water use, and waste management, we hope to reduce the negative impact of our business operations on global warming and build a good and clean living environment for all stakeholders to fulfill our responsibilities for environmental sustainability.

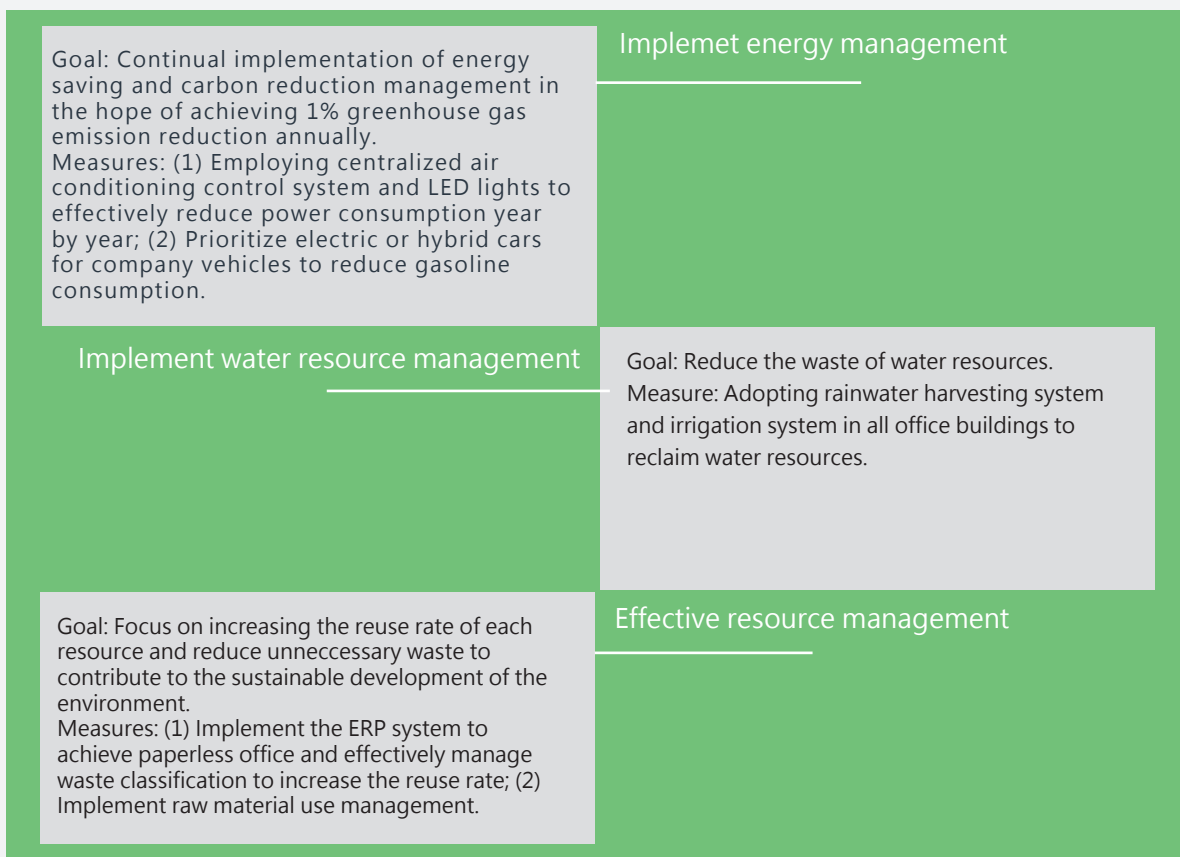
Brogent is a people-oriented business. Apart from the care and attention we pay to our employees and clients in our daily operation, we invest our expertise and resources in charitable works for social welfare and rural development, such as incorporating simulator rides into education and experience events. Brogent has appealed to its employees to make positive impacts on society while enhancing employee cohesion, improving company image, and reinforcing the power of the Company's social responsibility.



5.1 Environmental Sustainability

Brogent belongs in the cultural and creative industry; therefore, its operation causes only minimum impacts on the planet. However, the entire world is facing the challenges of environmental changes. Hence, Brogent is taking initiatives in dealing with environmental issues, such as climate change and greenhouse gas emission, while implementing energy consumption and carbon reduction measures to minimize the impact of its business operation on climate change and make a contribution to environmental protection.

Environmental Management Strategies



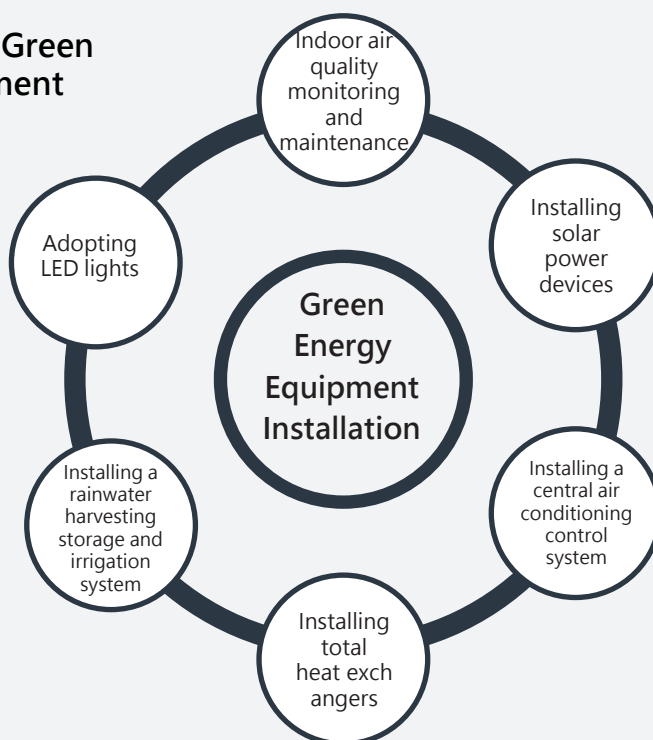
5.1-1 Energy Management

Energy Saving

Purchased electricity and gasoline are the main energy sources in Brogent's operation process. Said energy is used in air conditioners, illumination system, and company vehicles. Energy saving measures have been adopted to reduce energy consumption and environmental impact. In 2018, the energy saving and carbon reduction project saved a total of 232,601.94 GJ of energy.

1. Central Air Conditioning Control System: Opting for energy saving machines and employing centralized control system for temperature control.
2. Illumination System Improvement: Replacing all illumination facilities in the factories with LED lights, which can save more than 50% energy.
3. Reducing Fuel Consumption: Prioritizing electric or hybrid cars for company vehicles to reduce gasoline consumption.
4. Behavior Management: Switching off unnecessary power supplies, such as electronic appliances and lights in office aisles.
5. Supporting the government's green energy policy by installing solar power system to contribute to the use of renewable energy.

■ Installation of Green Energy Equipment



Daily energy saving indicator: illumination system



Adopting qualified machines with energy saving labels for the central air conditioning system

■ 2018 Energy Consumption

Energy type	Amount of energy consumption	Amount in gigajoule (GJ)
Purchased electricity (MWh)	1,093,117.00	3,935,221.20
Gasoline (KL)	11.06	361.19

Note: According to the Emission Factor 6.0.3 published on the Bureau of Energy's website, the heating value of gasoline is 7,800 kcal/l and that of electricity is 3,600 GJ/MWh.

■ 2018 Greenhouse Gas Emission

Greenhouse gas scope	Energy type	Greenhouse gas emission (Ton/ CO ₂ e)	Total (Ton/ CO ₂ e)	Energy intensity (CO ₂ e/Million NT\$)
Scope 1	Gasoline	26.12	605,612.94	369.95
Scope 2	Purchased electricity	605,586.82		

Note: The electricity emission factor (0.554 Kg CO₂e/Wh) and gasoline emission factor are quoted from the Greenhouse Gas Emission Factor Management Table (version 6.0.3) by the Environmental Protection Administration, Executive Yuan.

2018 Energy Saving and Carbon Reduction Project

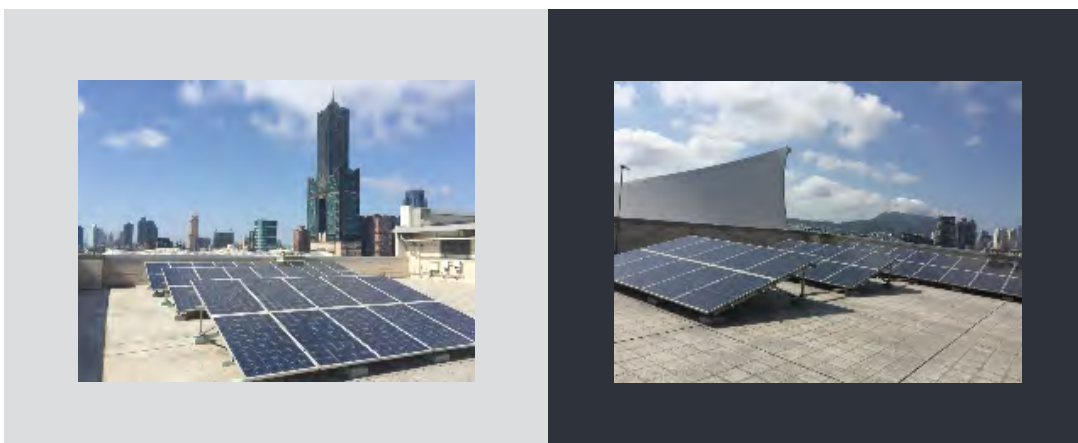
Brogent has been implementing energy saving strategies since 2016. The goal is to adopt centralized air conditioning control and prioritize the purchase of hybrid cars as company vehicles. The centralized air conditioning control and hybrid cars saved the Company's costs yearly for around NT\$200,000 and NT\$40,000, respectively; the total amount of energy saved was 181,071.54 GJ.

Energy saving plan	Type of energy saved	Base year	Amount of energy saved	Amount of energy saved in gigajoule (GJ)	Yearly cost savings (NT\$)
Centralized air conditioning control	Electricity (kwh)	2017	50,283.00	181,018.80	201,134
Prioritize hybrid cars as company vehicles	Gasoline (KL)	2016	1.64	52.74	48,450

Note: The unit conversion reference is as follows: 1 MWh = 3.6 GJ (Joule*109) and the heating value conversion factor for automotive gasoline = 7,800kcal/L.

Installation of Renewable Energy Power Generation Equipment

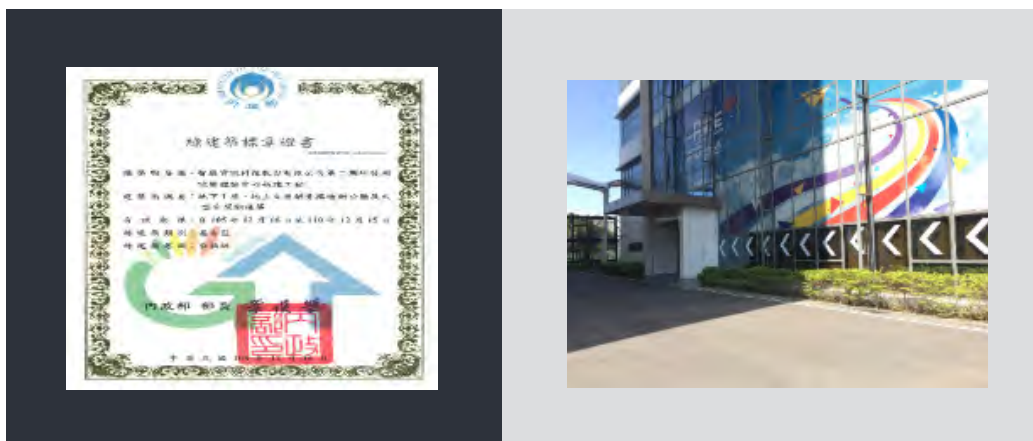
In response to Taiwan's green energy policy, Brogent installed a solar power system in 2016 and has been selling the renewable energy power generated by this system to the Taiwan Power Company. In 2018, the total power generated by Brogent's solar power system was 14,314 kWh, which contributed to Taiwan's renewable energy development.



Brogent installed solar panels on the rooftop to generate renewable energy.

Green Building Certification

Brogent's new construction of the 2nd-Phase R&D Testing and Experience Center (a steel structure office and large-scale building with a basement and six floors above ground) obtained the Green Building Certification from the Ministry of the Interior on December 16, 2016.



Brogent's R&D Testing and Experience Center obtained the Green Building EEWB-BC Certification.

5.1-2 Water Resource Management

Brogent’s water use primarily consists of domestic use in office buildings, which does not have any huge impact on water sources. To improve water use efficiency, we have established relevant measures concerning water management. For example, faucets, urinals, and toilets with water saving labels are installed in all the bathrooms in the office; a rainwater harvesting storage system is established to reclaim rainwater for plant watering. Brogent pays attention to environmental protection treatment facilities to prevent water, air, and soil pollution. In addition, Brogent endeavors to minimize negative impacts on human health and the environment.

■ 2018 Water Consumption and Water Consumption Intensity

Year	2018
Water consumption (m ³)	9,563
Average number of people in the office (person)	155
Water consumption intensity (m ³ /person)	61



Wastewater treatment: independent pipelines for rainwater



Rainwater harvesting storage system



Wastewater treatment: independent pipelines for wastewater



Wastewater treatment: independent pipelines for wastewater

5.1-3 Resource Management

Waste Management

Brogent is registered as a business in the cultural and creative industry and does not own any factories for production or manufacturing. Our products and equipment are manufactured by subcontractors and then transported to Brogent for pre-assembling and testing before being delivered to clients for installation, testing, inspection, and acceptance. Therefore, Brogent does not directly deal with issues occurred in the production process, such as raw materials and reclaimed materials.

To implement resource management for Brogent' s products, we demand all suppliers to provide a complete production history before they are contracted. If any product is discarded due to R&D failures during the manufacturing process, the most common treatment is to discard and de-book the entire equipment.

Waste generated by Brogent is general industrial waste. In 2018, Brogent generated a total of 7.4 tons of waste, which was handled as general industrial waste by a qualified company commissioned by us. Brogent strictly implements garbage classification and recycling; the average volume of garbage processed within Brogent is approximately 0.62 tons/month.

Raw Material Management

Brogent adopts a standardized and modularized design for all products to increase component replacement rate of products of the same model, while reducing product wear and tear in the R&D or manufacturing process to lower raw material use.

5.2 Social Care

Upholding the Company's objective of "creating happiness and bringing it to people," Brogent not only brings happiness to riders by designing various products, but also spreads said ideology to local communities and the entire society through social care. Every year, we create links between our Company's joyful environment and local communities through collaborating or sponsoring local events.

5.2-1 Brogent Meets the Future of Taiwan

Apart from conventional fundraising and donations, Brogent wishes to develop further connections with children sponsored by different foundations through experience events. For instance, we collaborate with the Boyo Social Welfare Foundation to help educate children in rural areas with fun activities, while employing our expertise to guide the children through a fantastic journey of technology.

As Brogent expands its market worldwide with i-Ride and showcases extraordinary products from Taiwan to the world, we also wish to convey the power and knowledge of immersive simulation technology to the general public through charity events. Moreover, we hope children who participate in such events will be able to go home with relevant knowledge and hope.

5.2-2 Build a Happy Childhood for Children

Summer Camp

The founder and current President of Brogent Technologies Inc., Mr. Chih-Hung Ouyang, set an example in 2016 to sponsor the summer camp of the Boyo Social Welfare Foundation by making personal donations. Furthermore, Mr. Ouyang called on all employees to join as volunteers in this two-day summer camp event. In this event, all the participants not only had the chance to try gaming facilities incorporated with technology and experience as well as learn about AR/VR technologies, but were also given an opportunity to expand their social circle and learn to behave in certain manners suitable for a public space.

Each year, Brogent's employees form volunteer groups in the summer camp help with tours and share basic knowledge regarding the manufacturing of simulator rides, as well as the manufacturing process of said equipment. Almost 20 volunteers are involved in each event; a total of 280 employees have participated in the summer camp.

Book Donation

Besides offering children a happy summer filled with technologies, Brogent raises books for children in the hope of helping them cultivate a reading habit and independent thinking. In the summer of 2017, Brogent raised a total of 3,000 books, including picture books for children, novels in Chinese and English, poetry, encyclopedias, geographic magazines, and 3D pop-up books.

Feedback

In the past years, Brogent has met numerous children in each event and each year, employees who volunteered in these events have been met with the children's pure passion. Volunteers of the Boyo Social Welfare Foundation said that experiencing technologies firsthand and learning about related science behind such technologies have prompted the children's motivation to study and encourage them to use knowledge to fight for a better future for themselves.

5.2-3 Inspire Teamwork in Local Students

Brogent attaches great importance to cultivating young people and puts great effort into educational activities for teenagers. In 2018, Brogent sponsored the Director General Cup 3x3 Basketball and 2018 Campus Sharpshooter: National Paintball Battle held by the Kaohsiung City Education Bureau. Through such activities where students can use up all their youthful energy and experience paintball sport, Brogent hopes to spread their Happy Factors. In addition, Brogent wishes students can explore and discover their own interests and specialties through such activities and gain confidence while learning to work as a team through competitions.



CHARTER 6 DEDICATION: ESTABLISHING SUSTAINABLE STRATEGIES THROUGH EFFECTIVE COMMUNICATION

Sustainable Dedication is the Communication Foundation between Brogent and the Stakeholders!

We continue to maintain a positive relationship with the stakeholders, such as employees, shareholders, clients, and suppliers. With the help of their feedback and requests, we transform their expectations into the Company's sustainable operation strategy and exert our corporate citizenship by attempting to solve economic, environmental, and social issues.

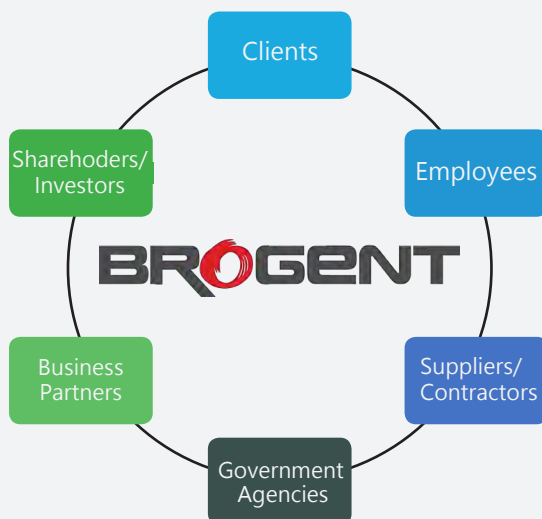


6.1 Stakeholder Engagement

We categorized all stakeholders in our daily operation into the following ten groups: clients, shareholders/investors, government agencies, employees, suppliers/contractors, local neighborhood communities, business partners, banks and insurance companies, the press, and non-profit/non-governmental organizations.

By convening stakeholder meetings and distributing stakeholder survey questionnaires, Brogent follows the five main factors stated in the Account Ability Stakeholder Engagement Standard (AA1000 SES) to evaluate stakeholder engagement level; said factors are influence, tension, responsibility, dependency, and diverse perspectives. In 2018, stakeholder questionnaires from a total of 18 agencies were returned for compilation and analysis. According to the results, the engagement levels of the stakeholders were ranked as follows: clients, employees, shareholders/investors, suppliers/contractors, business partners, and government agencies.

■ **STAKEHOLDERS**



■ **Stakeholder Communication**

We communicate with our stakeholders through a diversity of communication channels to understand the issues of concern to each stakeholder and gather the stakeholders’ feedback. On the basis of said information, we modify relevant management measures or provide necessary information to achieve positive engagement results for both sides.

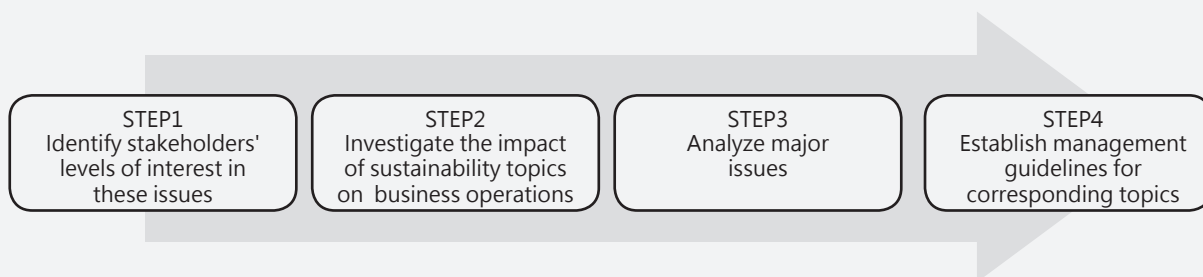
Stakeholder	Importance for Brogent	Communication channel and frequency	Issues of concern
Clients	<ul style="list-style-type: none"> The most influential stakeholder regarding the development and design of Brogent’s products and technologies; they are important partners who grow side by side with Brogent. 	<ul style="list-style-type: none"> Online meetings (non-scheduled) E-mail (non-scheduled) International exhibitions (non-scheduled) 	<ul style="list-style-type: none"> Client relationship management Operational performance Product safety Supply chain management
Employees	<ul style="list-style-type: none"> Employees are the most important partners in the Company’s sustainable development. Ensuring employees’ working rights and offering competitive remuneration and benefits to them are the keys to Brogent’s continual growth. 	<ul style="list-style-type: none"> Labor-management meetings (scheduled) Designated email address for complaints (non-scheduled) 	<ul style="list-style-type: none"> Product safety Product quality Sustainable development strategies
Suppliers /Contractors	<ul style="list-style-type: none"> Good suppliers provide Brogent with quality simulator ride production, which enables Brogent to improve product stability and excellence for maximum operational performance. 	<ul style="list-style-type: none"> Project meetings (non-scheduled) Quality supervision meeting (non-scheduled) 	<ul style="list-style-type: none"> Client relationship management Technological innovation Product safety
Government Agencies	<ul style="list-style-type: none"> By implementing certain policies or promulgating/ amending laws and regulations, competent authorities may affect Brogent’s operational directions and decision-making. 	<ul style="list-style-type: none"> Laws and regulations discussion forums held by competent authorities (non-scheduled) 	<ul style="list-style-type: none"> Sustainable development strategies Legal compliance Labor relations Recruitment, salary, and benefits Human rights and equality
Business Partners	<ul style="list-style-type: none"> They assist Brogent in innovative R&D to improve our market competitiveness. 	<ul style="list-style-type: none"> Technology development collaboration (non-scheduled) 	<ul style="list-style-type: none"> Sustainable development strategies Technological innovation Supply chain management Human rights and equality
Shareholders/ Investors	<ul style="list-style-type: none"> Opinions and suggestions of the shareholders/ investors are key references for Brogent’s management in the time of major operational decision-making. 	<ul style="list-style-type: none"> Annual general meetings (scheduled) Domestic and foreign institutional investors’ conferences and investment forums (non-scheduled) Financial statements and operational information (scheduled) Investor relation mailbox and investor inquiry number (non-scheduled) 	<ul style="list-style-type: none"> Product safety Product quality Operational performance

6.2 Sustainability Management

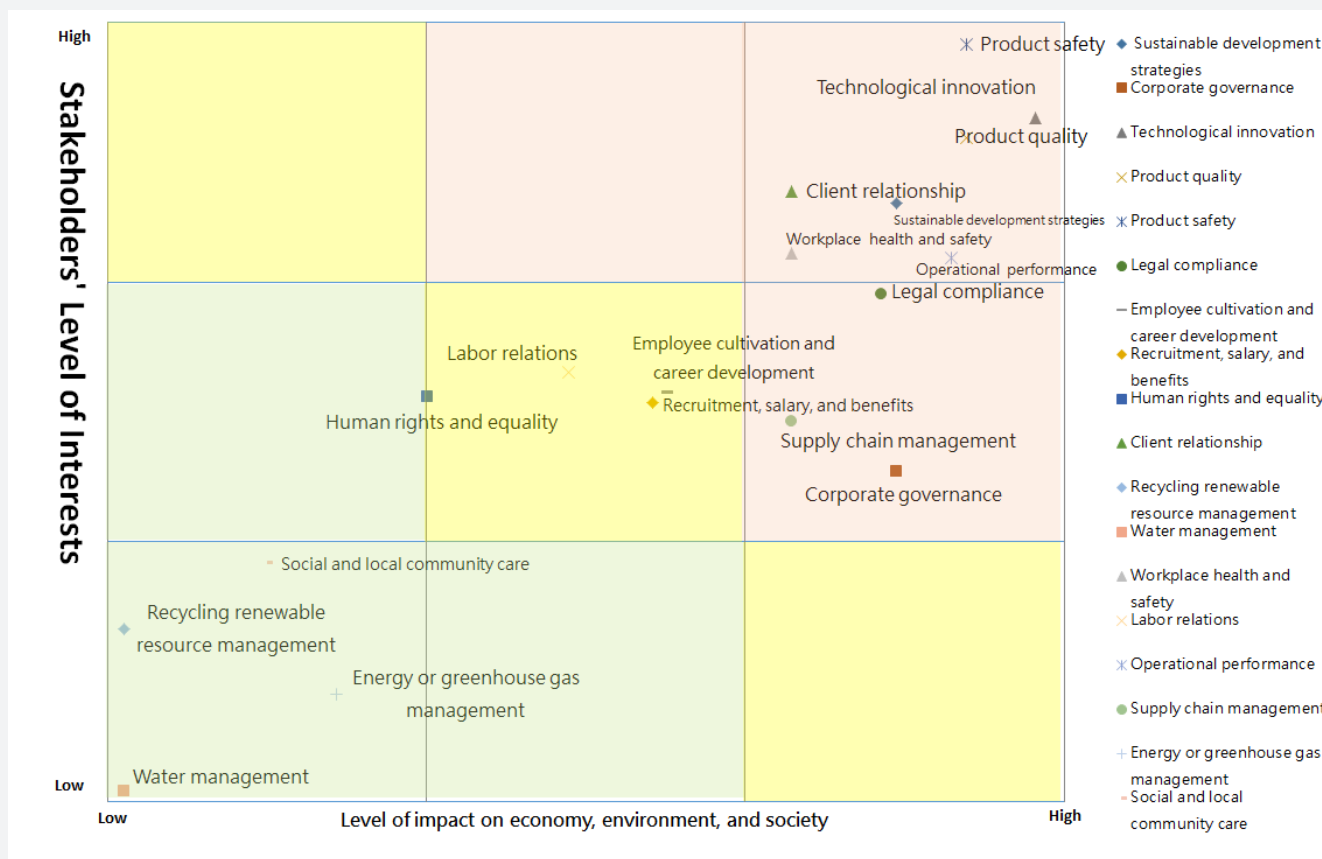
We put forward 18 topics on sustainability and provided them to internal and external stakeholders to communicate and explore. We proposed these topics according to our Corporate Development Goals and Vision. We referred to the GRI Standards as well as sustainability issues and key industry trends from companies in similar industries at home and abroad. This year, Brogent designed a questionnaire for internal and external stakeholders and had it released to analyze their level of interest in various issues. Target recipients included clients, shareholders/investors, government agencies, employees, suppliers/contractors, local neighborhood communities, business partners, banks and insurance companies, the press, and non-profit/non-governmental organizations.

In 2018, there were 143 valid questionnaires regarding external stakeholders' levels of interest in various issues. As for internal stakeholders, five executives analyzed the impact of each sustainability issue on the Company's operation and the overall economy, society, and environment. We created a matrix of Brogent's seven major issues via questionnaire analysis. According to our statistical analysis, the order of importance of Brogent's major issues is as follows: product safety, technological innovation, product quality, sustainable development strategies, operational performance, client relationship management, and legal compliance. These are the main areas that are disclosed in this report.

Major Issue Analysis Process



2018 Matrix of major issues



Management of major issues and its goals

Direct impact: ● Indirect impact: ○

Major issue	Meaning and significance	Corresponding major topic	Management action plan	Management goal	Goal achievement status in 2018	Internal impact boundary	External impact boundaries	Corresponding chapter
Product safety	High-standard product safety is one of Brogent's core concepts. It is also the focus of our R&D in simulator rides.	Customer health and safety	<ul style="list-style-type: none"> Brogent's R&D on "safety assessment of new products" includes choosing, testing, and certification. Must ensure that usage under limited operating conditions is error-free. 	<ul style="list-style-type: none"> GB, EN, ASTM certified Better alternatives and improvements for customized device commissioning regulations and non-customized devices All integrated devices are required to pass their predefined acceptance criteria 	<ul style="list-style-type: none"> GB 8408 (2018) regulation update and certification Australia certification m - Ride EN certified 	●	<ul style="list-style-type: none"> business partners ● Government agencies ○ Suppliers /contractors ● Clients ● Shareholders/investors ○ 	Chapter 1 Transcendence: High-Quality Experience Created by Novel Technology
		Marketing and Labelling	<ul style="list-style-type: none"> Implement R&D management regulations and quality assurance systems 	<ul style="list-style-type: none"> Mid/entry-level product development Receive or apply for subsidies offered by schools or government Certificate of manufacture recognized by a certification agency Yield testing conducted by a third party Guarantee a 	<ul style="list-style-type: none"> Completed mid/entry-level product development, e.g. m - Ride and Q - Ride Completed the rotary table I - Ride project with a subsidy from the Industrial 	●	<ul style="list-style-type: none"> business partners ● Government agencies ○ Suppliers /contractors ● Clients ● Shareholders/investors ○ 	Chapter 1 Transcendence: High-Quality Experience Created by Novel Technology
Technological innovation	Technological innovation is at the core of Brogent's soft power. The innovative design process is the essence of Brogent's sustainable	General disclosure	<ul style="list-style-type: none"> Project management enhancement based on the Project Management 	<ul style="list-style-type: none"> Completed mid/entry-level product development, e.g. m - Ride and Q - Ride Completed the rotary table I - Ride project with a subsidy from the Industrial 	●	<ul style="list-style-type: none"> business partners ● Government agencies ○ Suppliers /contractors ● Clients ● Shareholders/investors ○ 	Chapter 1 Transcendence: High-Quality Experience Created by Novel Technology	

	development		<p>Regulations (1) Step up supervision and ensure subcontractors' manufacturing quality (2) Control sheet combining the execution process and China's steel structure manufacturing quality</p> <ul style="list-style-type: none"> Industry-govern ment-academia collaboration 	<p>deficiency-free installation of products being delivered to current locations</p>	<p>Development Bureau, Ministry of Economic Affairs</p> <ul style="list-style-type: none"> Completed project implementation using the third-party NDT method Introduced China's steel structure manufacturing IPQC (In Process Quality Control) form. 			
<p>Product quality</p>	<p>Achieving customer satisfaction with high standards of quality, safety, service, and performance, as well as generating mutual benefits for customers, shareholders, employees, and society, are at the core of Brogent's pursuit of excellence.</p>	<p>Customer health and safety</p>	<ul style="list-style-type: none"> Establish commissioning-related regulations and acceptance criteria to ensure product quality Collect market and product-related user experience across departments to improve product quality 	<ul style="list-style-type: none"> Certificate of manufacture recognized by a certification agency. Yield testing conducted by a third party 	<ul style="list-style-type: none"> Completed project implementation using the third-party NDT method 		<p>Chapter 1 Transcendence: High-Quality Experience Created by Novel Technology</p>	
<p>Sustainable development strategies</p>	<p>Brogent is the leading brand in the simulator ride</p>	<p>General disclosure</p>	<ul style="list-style-type: none"> Identify the relevance between all business 	<ul style="list-style-type: none"> Complete Brogent's first CSR report 	<ul style="list-style-type: none"> Compiled Brogent's 2018 CSR report and published it in 2019. 		<p>Chapter 4 Competencies: Reliable Corporate Governance Through Integrity</p>	

																				<p>Operational performance</p>
								<ul style="list-style-type: none"> • Currently there are 32 operating sites in operation and 36 sites under construction, amounting to a total of 68 operating sites. We are reaching closer to our goal of 100 sites and accelerating their establishment. • 2018 turnover and contract sum were at a record high 		<ul style="list-style-type: none"> • Our goal is to build 100 operating sites and 10 self-operated outlets around the world within 5 years. 		<ul style="list-style-type: none"> • Formulate the operating unit's guidelines and contract negotiations. All departments are part of the support unit. 	<p>activities and the environment, economy, and society. Implement and optimize management according to each department's duties.</p>	<p>Economic performance</p>	<p>Good operational performance ensures the Company's continuous operation and competitiveness.</p>					
								<ul style="list-style-type: none"> • The achievement rate for the 2018 operational goals surpassed 95%. 		<ul style="list-style-type: none"> • Assist customers in on-schedule openings • Safe and reliable operation 		<ul style="list-style-type: none"> • Maintain close collaborations with customers from the beginning of projects to grand openings of amusement parks 	<p>Customer Privacy</p>	<p>Anti-competitive behavior</p>	<p>Good client relationship management is vital to customer loyalty and profit performance.</p>					<p>Client relationship management</p>
								<ul style="list-style-type: none"> • Formulated the "Decree Compliance Management Regulations" • Established the "Reporting Policy of Unlawful or Unethical Actions" 		<ul style="list-style-type: none"> • Continue to manage operational risks arising from regulatory changes. 		<ul style="list-style-type: none"> • Announce major policies and regulations on the Company's intranet • Periodic updates on regulations needed in the industry. Provide training to personnel to help them learn about the regulations. 	<p>Anti-competition</p>	<p>Environmental compliance</p>	<p>Dedicated to complying with all regulations and orders to reduce the Company's operational risks and to safeguard the interest of shareholders</p>					<p>Legal compliance</p>

APPENDIX

Conversion Table of GRI Standards Regarding Disclosure Items


No.	Disclosure Item	Corresponding Chapter	Page
GRI102: General Disclosure 2016			
Organizational profile			
102-1	Name of organization	1.1 About Brogent	15
102-2	Activities, brands, products, and services	1.1 About Brogent	15
102-3	Location of headquarters	1.1 About Brogent	15
102-4	Location of operations	1.1 About Brogent	15
102-5	Ownership and legal form	1.1 About Brogent	15
102-6	Markets served	1.1 About Brogent	15
102-7	Scale of the organization	1.1 About Brogent	15
102-9	Supply chain	4.2 Supply Chain Management	52
102-10	Significant changes to the organization and its supply chain	No changes in Brogent this year	-
102-11	Precautionary principle or approach	1.2 Corporate Governance	19-20
102-12	External initiatives	Brogent did not participate in any external initiatives this year.	-
102-13	Membership of associations	Brogent did not participate in any public associations this year.	-
Strategy			
102-14	Statement from senior decision-maker	Letter from the President	6-7
102-15	Key impacts, risks, and opportunities	1.2 Corporate Governance	20-21
102-20	Executive-level responsibility for economic, environmental, and social topics	Letter from the President	6-7
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	1.1 About Brogent	16
Governance			
102-18	Governance structure	1.2 Corporate Governance	22
102-22	Composition of the highest governance body and its committees	1.2 Corporate Governance	22
102-23	Chair of the highest governance body	1.2 Corporate Governance	22
Stakeholder engagement			
102-40	List of stakeholder groups	6.1 Stakeholder Engagement	63-64
102-41	Collective bargaining agreements	Did not sign any collective bargaining agreements.	-
102-42	Identifying and selecting stakeholders	6.1 Stakeholder Engagement	63-64
102-43	Approach to stakeholder engagement	6.1 Stakeholder Engagement	63-64
102-44	Key topics and concerns raised	6.1 Stakeholder Engagement	63-64
Reporting Practice			
102-45	Entities included in the consolidated financial statements	About this Report	5


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102-46	Defining report content and topic Boundaries	About this Report	5
102-47	List of material topics	6.1 Stakeholder Engagement	66-68
102-48	Restatements of information	First published by Brogent in 2018	-
102-49	Changes in reporting	About this Report	5
102-50	Reporting period	About this Report	5
102-51	Date of most recent report	First published by Brogent in 2018	-
102-52	Reporting cycle	About this Report	5
102-53	Contact point for questions regarding the report	About this Report	5
102-54	Claims of reporting in accordance with the GRI Standards	About this Report	5
102-55	GRI content index	About this Report	69-71
GRI103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	6.2 Sustainability Management	66-68
103-2	The management approach and its components	6.2 Sustainability Management	66-68
103-3	Evaluation of the management approach	6.2 Sustainability Management	66-68
GRI200: Economic Disclosures			
GRI201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	1.3 Operational Performance	24
201-3	Defined benefit plan obligations and other retirement plans	3.2 Salary and Benefits	42
201-4	Financial assistance received from the government	1.3 Operational Performance	24
GRI 202 Market Presence			
202-1	Ratios of standard entry-level wage by gender compared to local minimum wage	3.2 Salary and Benefits	43
202-2	Proportion of senior management hired from the local community	3.2 Salary and Benefits	37
GRI205: Anti-corruption 2016			
205-2	Communication and training about anti-corruption policies and procedures	1.2 Corporate Governance	20
205-3	Confirmed incidents of corruption and actions taken	No such incidents in 2018	-
GRI 206 Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No such incidents in 2018	-
GRI300: Environmental Disclosures			
GRI302: Energy			
302-1	Energy consumption within the organization	5.1 Environmental Sustainability	57
302-3	Energy intensity	5.1 Environmental Sustainability	57
302-4	Reduction of energy consumption	5.1 Environmental Sustainability	58
GRI303: Water 2016			

No.	Disclosure Item	Corresponding Chapter	Page
303-1	Water withdrawal by source	5.1 Environmental Sustainability	59
GRI305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	5.1 Environmental Sustainability	57
305-2	Energy indirect (Scope 2) GHG emissions	5.1 Environmental Sustainability	57
305-4	GHG emissions intensity	5.1 Environmental Sustainability	57
GRI307: Environmental Compliance			
307-1	Non-compliance with environmental laws and regulations	No such incidents in 2018	-
GRI400: Social Disclosures			
GRI401: Employment 2016			
401-1	New employee hires and employee turnover	3.1 Cherishing and Taking Care of Employees	38
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	3.2 Salary and Benefits	40-42
401-3	Parental leave	3.1 Cherishing and Taking Care of Employees	37
GRI 403: Occupational Health and Safety			
403-1	Workers representation in formal joint management-worker health and safety committees	3.3 Healthy and High-quality Environment	47
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	No such incidents in 2018	-
GRI404: Training and Education 2016			
404-1	Average hours of training per year per employee	3.1 Cherishing and Taking Care of Employees	39
GRI405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	3.1 Cherishing and Taking Care of Employees	38
GRI 416: Customer Health and Safety 2016			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No such incidents in 2018	-
GRI 417: Marketing and Labelling 2016			
417-2	Incidents of non-compliance concerning product and service information and labelling	No such incidents in 2018	-
417-3	Incidents of non-compliance concerning marketing communications	No such incidents in 2018	-
GRI 418 : Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No such incidents in 2018	-
GRI419: Socioeconomics Compliance 2016			
419-1	Non-compliance with laws and regulations in the social and economic area	Two incidents in 2018	20

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