

Inventec

2014

Inventec Corporate Social Responsibility Report



Report Overview



Report scope and boundaries

For worldwide synchronization, as of this year, Inventec will follow the GRI Sustainability Reporting Guidelines G4 edition to prepare the report, the disclosure scope of which includes the Inventec Group (including subsidiaries listed in the combined annual report), the supply chain, customers, the community, and other information on major aspects regarding the economy, the environment and society.

The boundaries disclosed in this year's report include 9 of Inventec's plants involved in actual product production (3 plants in Taipei and Taoyuan, 3 plants in Putong, and the Chongqing, Czech and Mexican plants) as well as 3 of Inventec's plants involved in Appliances (the Wugu, Pudong and Nanjing plants). With regard to the group solar energy companies listed in the combined annual report (Inventec Solar Energy, Inventec Energy and E-ton), relevant financial information is disclosed in Inventec's annual report; reference website: (<http://www.inventec.com>). As the group solar energy company plant, Inventec Solar Energy, is located in the Inventec Taoyuan Science and Technology Park, information on Inventec's waste water and general waste in respect to the environment, and supplements for saving water, waste water and waste disposal, etc. has been disclosed so that interested parties in the surrounding communities can further understand Inventec's commitment and efforts with regard to environmental protection.

Preparation principle and programme

Inventec's 2014 "Corporate Social Responsibility Report" mainly follows the "Core options" of the Sustainability Reporting Guidelines G4 published by GRI and refers to international standards such as ISO26000 and AA1000 as the preparation principle. Aside from using the report to disclose standards, measure methods taken and as a basis for calculations, it also discloses the main concept of sustainability, relevant strategies, goals, measures and all varieties of performance achievements of Inventec through the key features of the management policy and performance indicators.

This report is arranged and prepared according to the topics in which different parties are interested including, mainly, sustainable communication, the company profile, corporate governance, corporate commitment of corporate citizenship, environmental protection, and social participation, amongst others, enabling interested parties to learn about the commitments and efforts of Inventec in various key aspects of corporate social responsibility.

Furthermore, in response to the difficulty of obtaining topics for discussion from interested parties of subsidiaries and those in overseas regions, only a proportion of the subsidiary plants and those in the European and American area are included in the scope of the disclosure so as to meet the requirements of the report related to content integrity.

In future, important information of subsidiaries will be included so as to more comprehensively disclose the policies of Inventec in respect to the economy, the environment and society, and show its influence in society by implementing sustainable development, gaining more understanding and trust from interested parties from all walks of life who care about our activities.

Report issuing date and period

Inventec will issue its Corporate Social Responsibility Report periodically every year.

- ◆ Current issued version: issued in June 2015, the disclosure period chiefly starts from January 1, 2014 to December 31, 2014. (Last issued version: June 2014)
- ◆ Next issued version: expected in June 2016.

Third party guarantee, ensuring the reliability of public information

In order to improve the transparency, integrity and reliability of disclosed information, this report has appointed a third party (SGS) to carry out a thorough investigation and a guarantee operation based on the contents and data of the report according to the "core options" of the GRI G4 version to ensure this report conforms to the GRI G4 core options and the second top guarantee level of AA1000 AS 2008.

Opinion feedback

Should you have any suggestions or comments, you are welcome to contact us as follows:

Contact information for interested parties:

Environmental Management Center, Inventec Corporation

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1 Top management commitment

1.1 Message from the Chairman

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1.2 Message from the President

P5



1.1 Message from the Chairman

Dear friends of Inventec,

2015 is a milestone for Inventec as we celebrate our 40th anniversary. As we share this great achievement with you all, it is a great honor to yet again share the Inventec Corporate Social Responsibility Report.

40 years ago, Mr. Ye Guoyi established Inventec and proposed the corporate philosophy of “Innovation, Quality, Open Mind and Execution”. For the past 40 years we have been promoting this philosophy at all stages of business activity. After 40 years, we still, as we always did, believe in this philosophy, and we will spare no effort in continuing to progress forward.

If we used one simple word to represent the overall goal of Inventec, it would be “CSSR”, “C” stands for Cloud, “S” stands for Solar, and “SR” stands for Social Responsibility; in a word, the overall goal of Inventec over the next three years is Cloud Solar Social Responsibility. As for the general goals of Inventec over the next few years, the first is that the total revenue of the Group will break through the 20 billion USD mark in 2017; the second goal is that we hope the whole group can become an Internet Company. And the third goal is that we hope we can develop into a Social Enterprise.

The three years following 2015 are the golden years for building Inventec. For the concept of the Cloud, we will implement Internet thinking in three stages: 1) Internet service: the service must really become involved in the core values (user experience) needed by the user. 2) Internet culture: relentless, accurate and fast; there is only No. 1, no No. 2 position. All colleagues of Inventec, regardless of their position, need to change the ways they think. 3) Internet business opportunity: we can only discover Internet business opportunities from Internet services and Internet culture. With regards to the concept of solar, Inventec firmly decided to develop the solar industry in 2009, despite its current challenges. Green energy can be a long-term investment and it plays a key part in protecting the Earth. We will continue to strengthen our investments and make a greater contribution. With regards to the idea of social responsibility, Inventec will continuously promote corporate citizenship and social enterprise.

Looking into the future, under the general concepts of the Group, which are mutual benefits and common prosperity, and aside from improving financial management performance, focusing on strategic investment, promoting intellectual property and human resources optimizing management to achieve the sustainable pursuit of excellent growth and achieve our operation performance goals, Inventec will also need to fulfil its corporate social responsibility of protecting employee rights and interests, participate in environmental protection and devote itself to social benefits and care for those who need them.



Chairman

Richard Lee

1.2 Message from the President

To friends of Inventec who care for our corporate social responsibility

Looking back over the last year, the global economy is still continuing to moderately recover and grow, but as far as the electronic manufacturing industry is concerned, the external business environment is still a severe area; despite the delivery volume in the overall global personal computer market becoming more stable, there is still no obvious growth momentum. Since the industry recovery trend is still not clear, Inventec will continue its dedication to reducing operation costs, continue to promote product innovation and technological research and development, and patiently await market growth turnaround to become more proactive in due course.

Descriptions of the operation performance of 2014 are as follows: with regards to revenue and profit, revenue in 2014 reached NTD435.5 billion, decreased by NTD25.5 billion and 5.53% year after year, but profits increased by NTD23 million year after year, and the net profit increased by 0.3%.

Looking into 2015, despite the fact that the global economy is still facing deflation, due to the impact of the US withdrawal of quantitative easing and decline of oil prices etc., which each major economic entity has been continually comparing to the outbreak of the financial tsunami and European debt crisis, it is expected that the global economy will recover slowly and gradually. Economic growth is expected to be superior to the growth rate in 2014, the US might become the major economic entity leader in terms of global economic growth due to the benefits of the decline in energy prices, the stabilization of employment and increased consumerism. Due to the promotion of the economic transition and the profitability of improving internal enterprises, it is expected that China's growth rate will decrease, but China's economy will still maintain a growth rate of over 7%. In the Eurozone, the growth rate is low due to the lowered consumerism and the situation of investments; it is expected that the European Central Bank's launch of a quantitative easing monetary policy and the depreciation of the Euro can encourage demand and stimulate economic growth. Under the rapidly changing global economic environment and the existing condition of strong challenges of increasing profits in the industry,

Inventec will actively position the future strategic development of the Group to seek the next movement in growth. With regards to research and development innovation, in 2014, the Group invested NTD8.5 billion in product research and development to maintain its competitiveness in product innovation and automated process developments.

In terms of the notebook computer, we will still focus on frivolity and portability, and connect this product with the tablet notebook with cloud applications etc., with the hope that with the introduction of the new Windows operating system, we will be closer to the market trend and consumer demand.

In the development of the server business, aside from continuously maintaining leadership in hardware development of core technology, by collaborating with cloud computing business opportunities and allocating the development of software utilization, we will also pay close attention to the development of the cloud and big data application, and actively expand our customer base to increase our leading position in server products.

As for the wireless devices and smart mobility products, as well as focusing on increasing convenience in people's lives and engaging in the development trend of cloud storage, we also develop smart home and wireless smart terminal products under the precondition of combining excellent research and development and manufacturing strengths.

With regards to cloud strategy deployment, under the precondition of the balanced development of the cloud, we will also seek active development in cloud solutions by adopting the advantages of server manufacturing and combining them with a united strategy in the industry, with the aim of providing growth in revenue and profits of the Group.

In terms of renewable energy strategic investment, E-ton, Inventec Solar Energy and Inventec Energy mainly dedicate themselves to the research and development, production and sales of solar cell, solar photovoltaic units manufacturing and optoelectronic system integration, through active consolidation of each subsidiary and the upwards and downwards supply chain in the solar energy area of the Group. It is expected to create great economic effects. Despite the fact that the delivery might be affected by the US's final judgment on anti-waste and countervailing duties in the short-term, with the emerging market demand and sustainable focus on environmental protection, it is expected to drive future growth in the solar energy industry. In the movement of the solar energy industry, we will continuously improve our production utilization rate and expand upon the growth of solar energy units under the precondition of consolidating and simplifying costs, focusing on research and development innovation and improvement of automated processes.

Finally, in celebrating the 40th anniversary of Inventec, we are fully aware of the importance of corporate social responsibility and sustainability, which does not only follow the international trend, but can also bring kinetic energy to product innovation and growth. The insistence on a sustainability philosophy does not only reduce operating costs, but also creates revenue value. This report shows the efforts made by Inventec for each interested party, with the hope that we can earn more of your trust in the future.



President

Kuo-Chun Huang

2 Sustainable communication

2.1 Communication with interested parties

P7

2.2 Analysis of major aspects

P9



2.1 Communication with interested parties

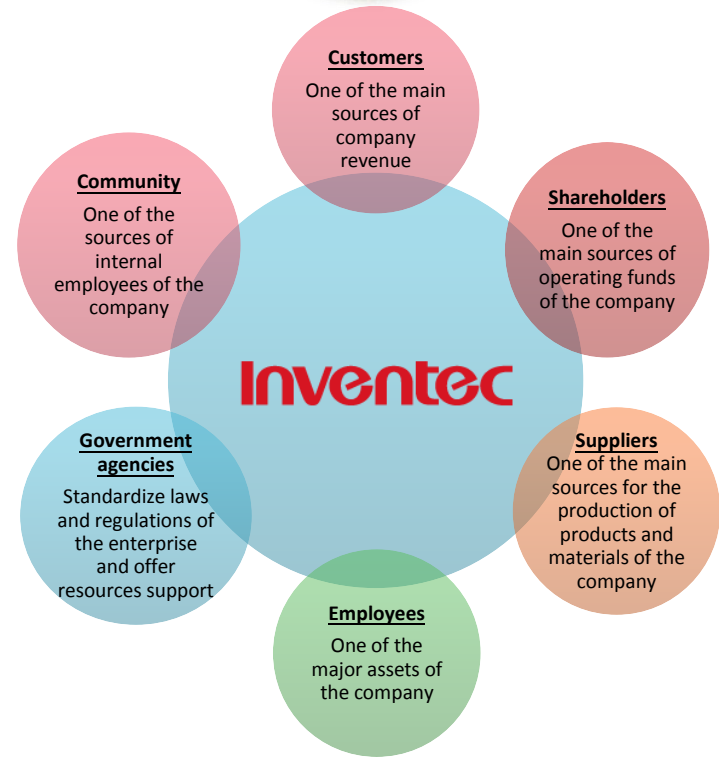
2.1.1 Identifying interested parties

In order to strengthen communication with interested parties, Inventec has created a management process for identifying internal interested parties pursuant to the GRI G4 international standard and the AA1000 SES(2011) international standard, as shown in the following illustration. This is designed to effectively differentiate interested parties related to Inventec CSR, such as customers, suppliers, shareholders/investors, government agencies, the local community, media, competitors, non-governmental organizations, non-profit organizations, research institutions, labor unions and employees etc.

Inventec takes on board the sustainable development trend both at home and abroad and for operation requirements, in order to accurately respond to the topics of interested parties, we have prepared an evaluation questionnaire according to five major principles of the AA1000 SES(2011) international standard. After 4 months of evaluation and investment by internal and external CSR related units, interested parties are organized according to the resulting score; the main communication of interested parties of this report include customers, shareholders/investors, suppliers (including contractors), employees, government agencies and the community etc., descriptions of what they entail are given in the illustration on the right.



Management Process of Identifying Interested Parties



Six Major Interested Parties of Inventec

2.1 Communication with interested parties

2.1.2 Topic identification

In order to master the core topic and lead the Group towards sustainability, using the mechanisms available from each functional unit, Inventec has conducted an identification analysis on major topics such as sustainability specifications (e.g. GRI G4 concept) at home and abroad, customer requirements (e.g. EICC, CDP) and major events at home and abroad and so on, so as to ensure full understanding of the topics related to interested parties.

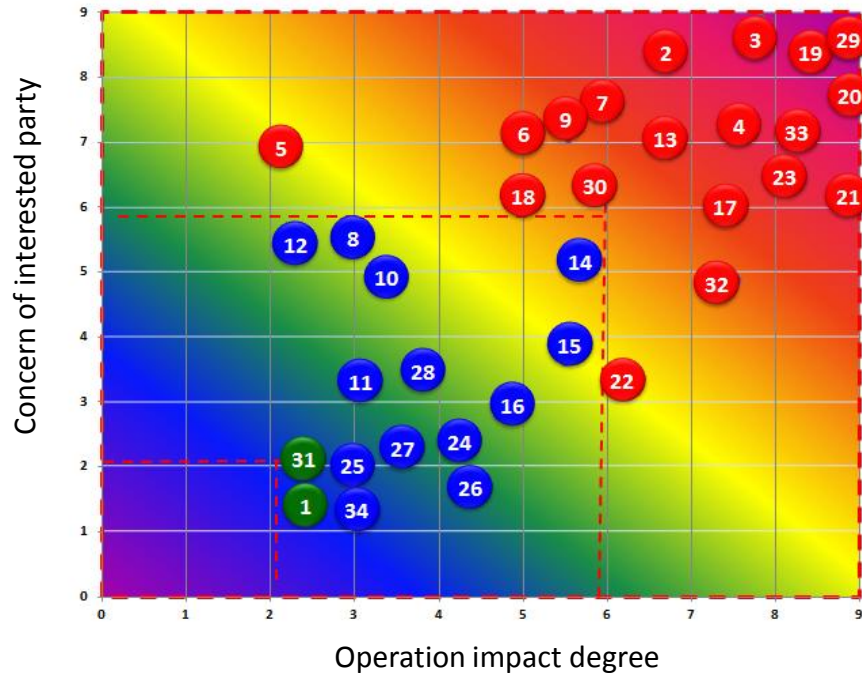
Through mutual communication with interested parties, Inventec has obtained important feedback as a reference point for corporate governance and corporate citizenship operations. Through all kinds of communication methods and mechanisms, Inventec has conducted exchanges of experience, and sharing and studies, analyzing the expectation of interested parties in great depth.

Interested party		Inventec's communication method and channel	
Type	Concerned topic	Method of communicating concerns	
Shareholder /investor	<ul style="list-style-type: none"> ● Financial performance ● Risk management ● Investment strategy 	Website, Board of Shareholders, media news etc.	Responsible unit will disclose information through the Board of Shareholders, legal seminars, shareholder service manuals, financial reports (monthly/quarterly), annual reports or company website etc. every year, please refer to 2014 annual report of Inventec for details (inquiry website: http://www.inventec.com)
Government agency	<ul style="list-style-type: none"> ● Labor laws conformity ● Environmental policy and management systems ● Energy management ● Expenditure and investment in environmental protection ● Waste water management ● Waste management ● Greenhouse gas management 	Corporate annual report, CSR report preparation rules	Responsible unit shall disclose information on the company website yearly according to the relevant regulations
		Official documents from government department, in-plant inspection and declaration requirements	<ol style="list-style-type: none"> 1. Corresponding unit shall coordinate with government inspections periodically every year through fire drills and emergency response drills 2. The responsible unit shall periodically inspect the company's conformance to environmental protection laws and regulations every year, and collect and conduct statistics on relevant environmental protection.
Customer	<ul style="list-style-type: none"> ● Human rights education ● Human rights topics ● Employee Code of Conduct ● Raw materials management ● Carbon footprint disclosure ● Air pollution emissions ● Water resources management ● Customer asset safety ● Product regulations conformity ● Supplier impact evaluation ● Customer health and safety ● Customer satisfaction 	Government policy propaganda and project applications	Corresponding unit shall periodically participate in government projects or activities.
		Standards, audit or questionnaire survey proposed by customers	Each responsible unit shall automatically respond to customer requirements and questionnaires periodically through the committee.
Employee	<ul style="list-style-type: none"> ● Happy workplace ● Talent recruiting ● Human resources management ● Occupational health and safety ● Employee welfare ● Employee performance ● Employee training and talent education 	Employee caring conferences, employee symposiums, leader symposiums, employee suggestion boxes	<ol style="list-style-type: none"> 1. Responsible unit shall periodically communicate via committee meetings every year. 2. Responsible unit shall periodically communicate via the Internet every year. 3. Human resources unit shall periodically communicate by holding labor management conferences every year. 4. Human resources unit shall periodically communicate by holding quarterly meetings every year. 5. Responsible unit shall periodically post an announcement on problems and countermeasures on the bulletin board.
Supplier (including contractor)	<ul style="list-style-type: none"> ● Green product management ● Hazardous substance management ● Conflict minerals ● Environmental law conformity ● Supplier complaints management 	Questionnaire filled in by supplier	<ol style="list-style-type: none"> 1. Responsible unit shall hold supplier CSR and environmental protection explanation sessions periodically every year. 2. Responsible unit shall periodically explain workplace safety in due time every year. 3. Responsible unit shall periodically respond through the supplier website every year.
Community	<ul style="list-style-type: none"> ● Social benefit ● Environmental education 	Suggestions or questionnaire survey proposed by community or non-governmental organizations	<ol style="list-style-type: none"> 1. Responsible unit shall participate in the proposal, respond to questionnaire surveys or participate in activities and exchanges periodically every year. 2. The Social responsibility group shall jointly participate in the Inventec Group Charity Foundation periodically every year.

2.2 Analysis of major aspects

The selection and organization of major aspects of Inventec are primarily based on two key indicators, namely, the concern of interested parties and the degree of impact of its operations. It offers questionnaires, urges each relevant personnel of the organization to conduct evaluations and organize the major aspects of the degree of impact of operations with regard to the internal corporate social responsibility of the company, and refers to relevant major aspects of competitors in the industry. It then invites interested parties with professional backgrounds to conduct second-impact degree evaluation and organization. Finally, responsible personnel with professional backgrounds will conduct an analysis according to each high, medium and low-weighted proportion, so as to judge the hierarchical structure of each major aspect, as shown in the illustration below:

Red zone (6~9) is of high, major concern ●: 19 items,
 Blue zone (3~6) is medium-degree concern ●: 13 items,
 Green zone (0~3) is of low concern ●: 2 items



Inventec Major Aspects Sorting Diagram



Major aspects

- 1 Green design
- 2 Energy
- 3 Water resources
- 4 Wasted resources
- 5 Waste water and general waste
- 6 Products and services
- 7 Transportation
- 8 Market image
- 9 Conflict minerals
- 10 Carbon footprint disclosure
- 11 Overall situation (environmental cost)
- 12 Environmental education
- 13 Environmental laws conformity
- 14 Supplier environmental evaluation
- 15 Environment, labor practice, human rights, community problems, complaint mechanisms
- 16 Supplier environment, labor practice, human rights, community problems impact evaluations
- 17 Policy and management system

Major aspects

- 18 Employee-employer relations
- 19 Employee diversity and equal opportunity
- 20 Anti-corruption
- 21 Training and education
- 22 Occupational health and safety
- 23 Social laws compliance
- 24 Happy workplace
- 25 Human rights investment
- 26 Human rights issues
- 27 Indirect economic impact
- 28 Customer privacy
- 29 Product regulations conformity
- 30 Customer health and safety
- 31 Product and service mark
- 32 Economic performance
- 33 Purchase practice
- 34 Risk management

3 Company profile

- 3.1 About Inventec P11
- 3.2 Inventec's social responsibility and statement P13
- 3.3 Summary of operations P14



3.1 About Inventec

Since its establishment in 1975, starting from a computer and telephone set, and by laying a solid foundation in the professional manufacturing of notebook computers and servers, Inventec has developed an outstanding performance globally; upon entering the 21st century, Inventec also became involved in high-tech product fields such as cloud computing, wireless communication, network application, application software and green energy amongst others.

2015 is a milestone for Inventec as it celebrates its 40th anniversary. Looking back over the 40-year history of Inventec, the company has endured great hardships in conducting its pioneering work and was created scratch. The Group has grown gradually and is now involved in solar energy and the cloud industry; this is the achievement of all employees over the years. As we look forward to the next 40 years of the Inventec Group, under the comprehensive concept of mutual benefit and common prosperity, as well as improving the financial management performance, focusing on strategic investments and activating intellectual property and human resources optimization management in the sustainable pursuit of excellent growth and fulfillment of its operation performance goals, Inventec will also need to ensure its corporate social responsibility to protect employee rights and interests, participate in environmental protection and devote itself to social benefits and care for those who need them.

When celebrating the 40th anniversary of Inventec, the operation team will face an industrial boom and the challenges of the operation environment to more actively implement enterprise innovation and strategic development, exerting all efforts to help the Group sustainably grow in terms of profits and competitiveness.

3.1.1 Company introduction

- Company name: Inventec Corporation
- Date of establishment: June 9, 1975
- Industrial category: ICT (Information and Communications Technology)
- Operation headquarters: located in Taipei City, Taiwan, operating points are established globally (Asia, North America, Europe)
- Chairman: Mr Richard Lee
- President: Mr Kuo-Chun Huang
- Total employees: 48,927 (as of 2014/12/31)
- Revenue in 2014: approximately NTD435.6 billion
- Inventec stock code: 2356 (listed company in the Taiwan Stock Exchange)

英業達集團 Inventec

英業達全球營運與生產據點 Group World Wide Manufacturing Sites

Locations shown on the map and in photos:

- IHC 休士頓 (Houston)
- IMX 墨西哥 (Mexico)
- ICZ 捷克 (Czech)
- IANC 南昌 (Nanchang)
- ICC 重慶 (Chongqing)
- IPC 上海 (Shanghai)
- IBC 北京 (Beijing)
- ITC 天津 (Tianjin)
- IACN 南京 (Nanjing)
- IHH 浙江英鑫達 (Zhejiang)
- IACS 桂菁 (Guilin)
- IACX 西安 (Xi'an)
- ICI 印度 (India)
- 益通台南廠 (Yitong Tainan)
- 英懋達新竹廠 (Yingmao Taichung)
- 英業達桃園廠 / 英穩達 (Yingyeda Taichung)
- 英華達五股廠 (Yinghua Wugu)
- 英業達台北總部 (Yingyeda Taipei)

3.1 About Inventec

3.1.2 Operation philosophy

“Innovation, Quality, Open Mind and Execution” as proposed by Kou-I Yeh, Chairman of the Inventec Group, is the core philosophy for business operations of Inventec.

All employees of the Inventec Group adhere to the operation philosophy of “Innovation, Quality, Open Mind and Execution”, with their modest and positive attitude to objectives and prospective decision-making processes, continuously adding innovative value through joint effort so as to strive for consistently great quality.



Founder & Group Chairman Kou-I Yeh

Inventec

創新 品質 虛心 力行

Innovation
for
Changes

Quality
and
Character

Open Mind
with
Modesty

Execution
on
PDCA

Inventec Operation Philosophy

3.2 Inventec's social responsibility and statement

The corporate social responsibility of Inventec is summed up in ten main ideas. Internally, this refers to “corporate governance”, maintaining the commitment to each interested party with integrity; externally, it refers to “corporate citizenship”, which means playing a good role as a corporate citizen, implementing from four major aspects including environmental protection, culture, poverty relief and care for the community. In 2013, in response to six large industrial and commerce groups, Inventec jointly urged its Taiwanese industrial and commercial subordinates to join the declaration activity of “Happy enterprise”. The Chairman of Inventec signed, on behalf of the company, a dedication to create a friendly workplace, promote safe use of resources, focus on environmental protection, and achieve the goal of “Sustainable development, happy enterprise”.

3.2.1 Responsible department for Inventec’s social responsibility

The “Social responsibility group” is the responsible department of the Inventec Chairman Room established by the Chairman of Inventec. The group’s establishment fully shows Inventec’s determination to promote social enterprise, with the aim of further extending the CSR philosophy and actions to the overall operations of the Inventec Group.

The “Social responsibility group” is responsible for relevant affairs of Inventec corporate social responsibility; it carries out CSR planning and promotions such as corporate governance, corporate commitment, environmental protection, and social participation, etc., through the operation and coordination of the Group Management Center conferences (GMC), and simultaneously submits a report to the Chairman of Inventec, and then a report to the Board of Directors.

3.2.2 Inventec’s statement

Inventec promises to comply with the Electronic Industry Code of Conduct (EICC). Meanwhile, we also encourage our suppliers to comply with relevant policies, including the no conflict minerals policy. Conflict minerals refers to Sn, Ta, W, and Au from mines in conflict areas of Democratic Republic of Congo or neighboring countries. Since such conflict areas are controlled by non-government armed groups, illegal mining is conducted which results in infringement of human rights.

Information on Inventec, the EICC and its no conflict minerals statement can be found on Inventec’s website homepage – Sustainable development/Inventec Statement, link: http://www.inventec.com/chinese/sustainable/sustainable_content_d01.htm

Information on the Group’s Inventec Appliances no conflict minerals statement can be found on the Inventec Appliances website: <http://www.iac.com.tw/News Bulletin>.

3.2.3 Inventec CSSR

If one word could be used to represent the overall goal of Inventec, it would be “CSSR”, “C” stands for Cloud, “S” stands for Solar, and “SR” stands for Social Responsibility; in a word, the common goal of Inventec in upcoming three years is Cloud Solar Social Responsibility.

In respect to the Cloud, the goal is to implement Internet thinking and focus on Internet business opportunities from online services and the Internet Culture.

With regards to the idea of Solar, in 2009, Inventec firmly decided to develop its operations into the Solar industry. Despite the fact it is still full of challenges, green energy is a long-term investment, and in respect to protecting the Earth, we will increase our investment continuously to make a greater contribution.

In respect to Social Responsibility, Inventec will play a significant role in corporate citizenship and promote the concept of social enterprise through the core of its activities.



3.3 Summary of operations

3.3.1 Major products

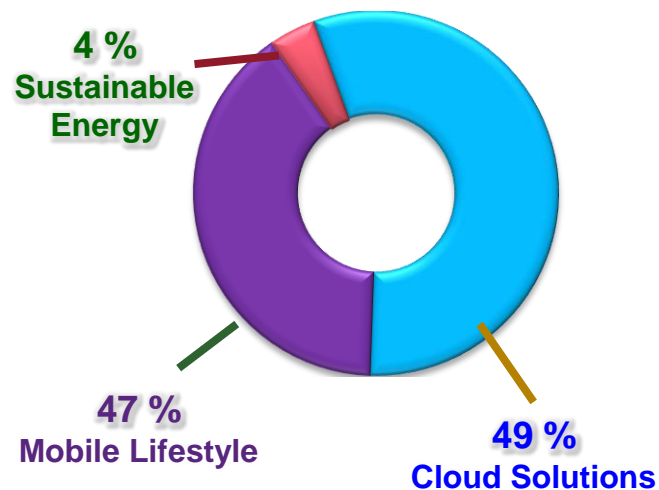
Inventec's product portfolio includes notebook PCs, tablet PCs, desktop computers, computer peripherals, personal digital products (including portable automatic pilots, media player devices, video and image products, wearable devices), thin clients (including Set-Top-Box with communication functions, pocket PCs, game consoles, digital sound players), mobile devices, mobile/cell phones, multimedia audio products, server and data storage equipment, electronic dictionaries, translation software and so on, providing comprehensive solutions of high quality. Furthermore, Inventec is actively expanding its products in other fields such as cloud services, wireless broadband and green energy.



3.3.2 Intellectual property innovation

In order to actively create an environment of innovation, to be dedicated to establishing and cultivating diverse creative thoughts and innovative talent through internal intellectual property management, including interactive promotion mechanisms, training, examinations, internal monitoring and reward schemes, together with holding team creative research and development competitions annually, Inventec has successfully motivated colleagues to continuously develop diverse products according to the company portfolio, propose innovative, technical ideas related to structure and processes and improve the value of products.

As of December 31, 2014, the Inventec Group has applied for more than 20,000 patents globally, acquiring over 12,500 certificates. Such achievements rely on the effective protection of intellectual property to create maximum value for the customer. In terms of the ranking of legal patent applications and quantity of certificates obtained, Inventec has been the leader of personal computers, smart mobile devices and the server ODM industry in Taiwan for years.



3.3 Summary of operations

3.3.3 Quality

Quality is an important factor of Inventec culture. Inventec believes that the combination of the company's quality system for standard operations, research and development design quality, material management quality, production process quality, personnel professionalism, morale quality and environmental management is what constitutes the quality of its products.

Inventec has established a standard laboratory for testing the content of heavy metal parts in the Shilin R&D Center, Taoyuan plant and Shanghai plant to ensure improvement of product reliability through an Ongoing Reliability Test (ORT). Monitoring the quality of green parts is conducted through rigorous quality control at various levels and continuous improvement to pursue better and improved product quality, operation quality, morale quality and environmental quality. Inventec gained the affirmation of major customers in 2014 by winning the HP 2014 Excellent Quality Award.

3.3.4 Cost

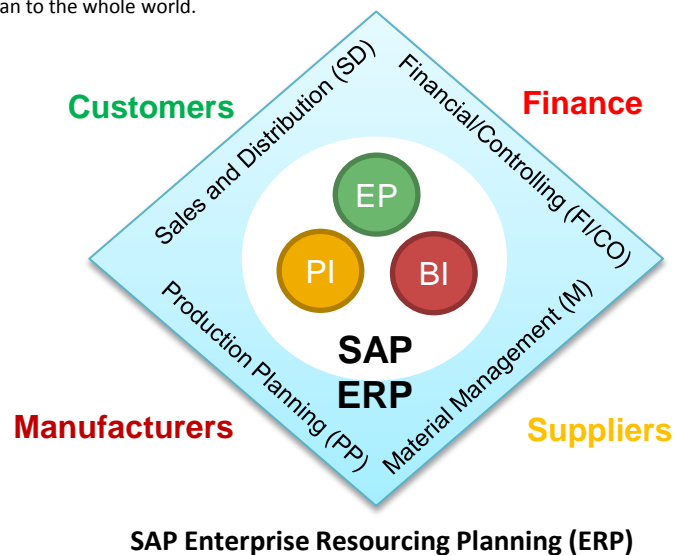
Inventec enlists enterprise resources for overall planning and consideration to provide customers with the best solutions and operation platforms from commodity demand to design cooperation, manufacturing requirements, inventory control and after-sales services, etc. Aside from consolidating various company resources through the system support of Enterprise Resourcing Planning (ERP), Supply Chain Management (SCM), Cost Awareness, Design, the product quotation analysis system and the Failure Modes and Effects Analysis (FMEA), Inventec also expects to control the total production cost to a high degree of competitiveness. This includes raw materials, logistics and inventory costs as by manufacturing the best product at a low cost, high quality and good profits benefit both the customer and the company.



3.3.5 Delivery

Inventec implements general e-commerce operations, from research and development of product designs to manufacturing and delivery, including internal operation procedures such as planning and management, logistics and cash flow, etc. The smooth customer operation platform and exchange of supplier management data are operated based on an electronic data system. For the operation of this data system, aside from relying on a high quality hardware system, it also relies on an e-commerce team with an abundance of professional experience. As well as importing the establishment of each system and integration of internal and external application services of the enterprise, it also improves the efficiency of the system through continuous reviews and improvements so as to capitalize upon the specific competitive advantage of Inventec.

The R&D base of Inventec has three important stations in Shilin, Taoyuan and Wugu of the Group company Inventec Appliances in Taiwan, who are respectively responsible for the research and development and manufacturing of notebook PCs, wireless communications, consumer electronics, cloud computing services, software integration services and server products; On the Chinese mainland, R&D teams are established in Shanghai, Zhejiang and Chongqing, mutually cooperating with the R&D team in Taiwan for the development of new product designs. Overseas production bases mainly include the Pudong plant, Nanjing plant, Chongqing plant, and Zhejiang Jiashan plant on the Chinese mainland, the Mexican plant in Central America, and the Czech plant in Eastern Europe, all of which have established assembly and customer service centers to provide customized production and repair services. From research and development, design and production to distribution and technical support, Inventec puts customer-oriented and global operations in first place. By maximizing the power of the whole Group in global deployment, it is also the solid foundation for Inventec to provide customer comprehensive solutions from software to hardware from Taiwan to the whole world.



4 Corporate governance

4.1 Board of Directors' operation

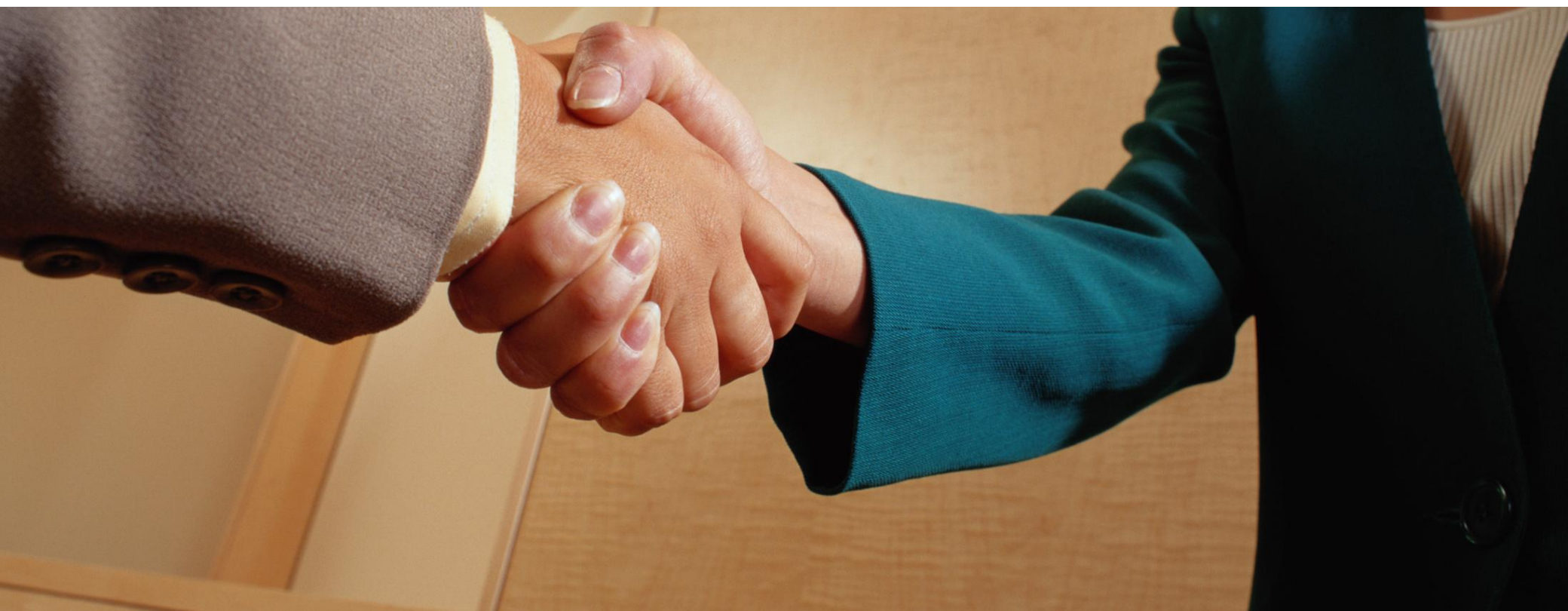
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4.2 Internal control system

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4.3 Transparency of information disclosure

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4.1 Board of Directors' operation

4.1.1 The formation of the Board of Director's operation principles

Integrity is the highest principle for “corporate governance” of Inventec. It is not only an important part of “social responsibility”, but also one of the topics about which relevant interested parties to Inventec are concerned. Inventec firmly believes that there must be a certain in-depth corporate governance foundation following a trustworthy enterprise, and corporate governance is not only financial performance, but also a commitment to “social responsibility”. Inventec’s “Code of Corporate Social Responsibility” was passed by the Board of Directors on March 25, 2014, and “Corporate Governance Best Practice Principles” and “Code of Corporate Social Responsibility” were further revised on January 27, 2015. Furthermore the “Code of Ethical Conduct” and the “Code of Integrity Operations” were also revised on February 25, 2015 to promote good “corporate governance” and to pay close attention to the management of operation risks to ensure the long-term development and the sustainable operation of the enterprise. Operation principles are described respectively as follows:

1) Board of Directors' operation

Based on the professional conduct of the “corporate governance” administrator, which strictly complies with relevant national laws and regulations, according to the Articles of Incorporation and the resolution of the Board of Shareholders, the Inventec Board of Directors creates the company’s operating strategy, and adopts an open, responsible, transparent and independent attitude to supervising the execution of each management level. Members of the Board of Directors adhere to the attitude of loyalty and prudence and fulfil the responsibility of the administrator, taking the maximum rights and interests of the Company as the premise to supervise and evaluate the company’s operating strategy, risk management, annual budget and business performance, and supervise significant matters such as major capital expenditure and investment disposal etc., fulfilling the responsibility entrusted upon them by company shareholders and other interested parties.

In order to avoid the occurrence of damage to the company by members of the Board of Directors and managers, or conflicts of interest between and among shareholders, for major operation proposals of the company, Inventec has formulated “Procedures for Handling Material and Insider Information” to regulate the conduct of directors, supervisors, managers and employees, and avoid violations in insider trading.

Inventec

2) Transparency of information disclosure

The important principle of information disclosure is to disclose relevant information of the company with a correct, open and transparent spirit. For a long time, Inventec has been disclosing relevant information of the company under this correct, open and transparent principle, and has established an investor service platform to serve relevant interested parties. Aside from through this investor service, Inventec also openly discloses the company’s operation performance report, financial report and sustainability report, etc., through the information service platform, so as to serve investors and other interested parties. An interested party zone has also been established. (Inquiry website: <http://www.inventec.com>)

As for the corporate social responsibility report and the greenhouse gas report to be issued every year, following examination by internal top management of company and approval of the President, the responsible department will issue them externally for disclosure.



4.1 Board of Directors' operation

4.1.2 Corporate governance overview

With the attitude of loyalty, prudence and close attention, and by taking company interests as the premise, members of the Inventec Board of Directors fulfill their responsibility entrusted upon them by investors in respect of significant matters such as evaluating the company's operating strategy, risk management, annual budget, business performance, supervising major capital expenditure and investment disposal, etc. Within the structure of the Inventec Board of Directors, an individual director can fully express and build consensus in respect to the company's operation policy, issue instructions to operation level for execution after reaching a solution, and continuously supervise the effects of implementing activities to achieve the goal of promoting the purpose of the Board of Directors.

1) Members of the Board of Directors and their duties

In 2014, Inventec adopted a candidate nomination system for re-election pursuant to the "Procedures for Election of Directors and Supervisors", electing 7 directors (including 2 independent directors) and 3 supervisors with a term of 3 years of service, so as to strengthen the independence and diversity of the Board of Directors. Members of the Board of Directors include the Chairman, directors, independent directors and supervisors, totaling 10 members (9 men and 1 lady, respectively). The members of the Board of Directors all execute business activities loyally and honestly and fulfill the duty of care as a good administrator, and exercise their power with an attitude of self-discipline and prudence. Important abstracts are as shown in table on the right. (For more details on this content, please refer to the website: http://www.inventec.com/chinese/service/service_content_k01.htm)



2) The function of the Board of Directors

The Inventec Board of Directors carries out corporate governance pursuant to the "Corporate Governance Best Practice Principles", the "Code of Integrity Operations" and the "Code of Corporate Social Responsibility". A meeting is convened on a monthly basis. Directors conduct discussions on the interests of relevant parties and communicate with external contracted accountants to review the corporate governance strategy following discussion of corporate governance. Furthermore, contracted accountants are invited to hold a "Corporate Governance Symposium" every quarter, and by listening to the suggestions of professional accountants, each director can use such suggestions as a reference for planning operating strategies, policies and future goals.

Current directors are performing their responsibilities loyally; each director can fully express and build consensus in respect of company's operation policy, issue instructions to operation level for execution after reaching a solution, and continuously supervise the effects of implementing activities to fulfil the responsibilities of the Board of Directors. In order to further guarantee shareholder's rights and interests and the company operation responsibility, Inventec has planned the schedule of the independent director as follows:

- Elect 2 independent directors upon re-election of the Board of Shareholders in 2014; one of them took the post of Remuneration Committee convenor.
- Prior to 2016, the Board of Shareholders will revise the Articles of Incorporation to establish 3 (or more) independent directors.
- In the re-election of the Board of Shareholders in 2017, all independent directors will be the members of Audit Committee.

Through assigning independent directors, the foundation of the Board of Directors will be further strengthened; independent directors with professional knowledge are limited in shareholding but they shall maintain independence within the scope of business activities and shall not have direct or indirect interest in the company. This further maximizes its function and increases the transparency of the corporate financial statement so as to guarantee shareholder's rights and interests and improve the value of the company to achieve the goal of sustainable operations.

Inventec

4.1 Board of Directors' operation

3) Implement integrity operations

The direction of the Inventec Board of Directors' discussion takes the form of the establishment of a good governance system, improvement of supervision and strengthening of management. Unless otherwise provided in laws or regulations, the Board of Directors' discussion shall be handled pursuant to the "Rules for Board of Directors' Discussion" of the company. When convening the Board of Directors, the discussion department designated by the Board of Directors shall properly prepare the relevant materials for attending directors to read in advance, and inform managers to allow personnel of relevant departments to attend depending on the subjects under discussion. If necessary, accountants, lawyers or other professional staff may be invited to attend the meeting.

In the "Inventec Corporation Code of Integrity Operations", it explicitly prohibits bribery and bribe-taking, making illegal political contributions, improper charitable donations or sponsorship, providing or accepting unreasonable gifts, hospitality or other illegitimate benefits, infringing business secrets, trademark rights, patent rights, copyright and other intellectual property rights, engaging in unfair competition, and direct or indirect damage to the rights and benefits, health and safety of consumers or other interested parties during the R&D, purchase, manufacturing or sales of products and services.

In order to ensure the upholding of integrity, new employees of the company must attend training on the "Implementation of Internal Control Systems" and relevant legal courses during the training period, and an audit supervisor will report on important external and internal control cases, violation analysis and self-prevention countermeasures in the Board of Directors meeting.

They must sign a purchase contract prohibiting the giving and accepting of improper interests involving the supplier, establish an effective accounting system and internal control system, execute regular internal audits and evaluate operations to actually examine company compliance so as to prevent the dishonesty.

4) Remuneration Committee

The Inventec Board of Directors effectively strengthened its supervision and management in September 2011 when the company established the Remuneration Committee pursuant to the "Inventec Corporation Remuneration Committee Charter" with 3 committee members (including 2 independent directors). The Remuneration Committee is responsible to the Board of Directors; its responsibility is to assist the Board of Directors to execute and evaluate the overall remuneration and welfare policy of the company, and the remuneration of the directors, supervisors and managers. The payment of remuneration to the President and Vice President is determined by the resolution of the Board of Directors after the proposal of the Remuneration Committee for the performance evaluation and remuneration of managers, aside from references to normal industry standards. The Inventec Remuneration Committee will also consider the personal time input, responsibility upheld, achievement of personal goals, performance in holding other positions, remuneration paid by the company to personnel of the equivalent position in recent years, achievement of short-term and long-term business goals of the company, company operation performance, and relevant reasonableness of future risks etc.

A Remuneration Committee meeting is convened twice a year. In 2014, attendance of committee members was 100%. Committee members evaluated the remuneration policy, the system and remuneration standards of the directors, supervisors and managers of the company, proposed professional and objective suggestions to the Board of Directors and prepared the minutes of the meeting and announced its findings pursuant to law.

Please refer to the company website for the Remuneration Committee Charter. Inventec's Articles of Incorporation explicitly stipulate that the remuneration of directors and supervisors shall not exceed 3% of the distributable surplus, please refer to the Inventec 2014 annual report for further details. (Inquiry website: <http://www.inventec.com>)

5) Management of the remuneration of Directors, supervisors and professional managers

(1) Measures for remuneration to Inventec directors and supervisors are stipulated as follows:

Pursuant to the stipulation of the Inventec Articles of Incorporation, if there is surplus in the general annual report, taxes shall be first paid and previous losses covered, then 10% shall be withdrawn as the statutory surplus reserve, except when the accumulated statutory surplus reserve has reached corporate capitalization. Furthermore, the special reserve shall be withdrawn or turned over according to the company operation demand or pursuant to law. If there is still a surplus, the Board Directors may distribute no less than 3% as an employee bonus and no more than 3% as remuneration for directors and supervisors according to the final accounts of the annual surplus. The balance thereof will add to the accumulated undistributed surplus of previous years, then the Board of Directors will prepare the surplus distribution proposal to submit to the Board of Shareholders for recognition.

The payment of remuneration is based on each director and supervisor's participation degree and contribution value and is referred to in the normal industry standards. After being examined by the Remuneration Committee, it will be decided by the Board of Directors and it shall not exceed the upper limit stipulated by the Inventec Articles of Incorporation; aside from receiving traffic allowance for Inventec director's execution of the duty of director or supervisor of other companies in consolidated statements on behalf of Inventec, and Inventec supervisor's concurrent execution of the duty of supervisor of other companies in consolidated statements, Inventec directors and supervisors will not receive any remuneration from invested enterprises other than Inventec.

(2) Relevant measures for remuneration payment to the President and Vice President are stipulated as follows:

The remuneration payment to the President and Vice President is examined by the Inventec "Remuneration Committee" and determined after proposing a resolution to the Board of Directors.

For the performance evaluation and remuneration of managers, aside from referring to normal industry standards, the Inventec "Remuneration Committee" will also consider personal time input, responsibility upheld, achievement of personal goals, performance in holding other positions, remuneration paid by the company to personnel of equivalent position in recent years, achievement of short-term and long-term business goals of the company, the company's financial situation, personal performance evaluation, company operation performance and relevant reasonableness of future risks, etc.

4.2 Internal control system

4.2.1 Preventive (risk control) internal control system

Top-tier management of Inventec attaches great importance to and supports corporate governance, and has absolute impact on Inventec's implementation of the corporate governance and preventive (risk control) internal control system, preventive (risk control) internal audit, preventive (risk control) self-evaluation and the performance thereof.

In order to fully capitalize upon the function of the preventive (risk control) internal control system and preventive (risk control) self-evaluation, and improve the value and contribution of the preventive (risk control) internal audit, completing a "Preventive (Risk Control) Internal Audit Report" is proposed during the Inventec's Board of Directors monthly meeting, so that directors, supervisors and senior managers can understand the deficiency in the company's implementation of the preventive (risk control) internal control system and the preventive (risk control) internal audit, and give due guidance and attention to this matter. Through recognition, support, attention and guidance of the Board of Directors and senior management, the preventive (risk control) internal control system is under positive circular operation; all employees of the company are aware of and implement the preventive (risk control) internal control system. Meanwhile, together with the efforts of the audit team, continuous and effective implementation of the preventive (risk control) internal control system and the preventive (risk control) self-evaluation can be assured.

The Inventec Board of Directors and senior management pay close attention to corporate governance and the implementation of the preventive (risk control) internal control system. They not only convene a Board of Directors meeting to review corporate governance and operation of the internal control system every month, but also convene a corporate governance meeting every quarter. Aside from accountants' routine examination, the Board of Directors will also invite accountants to propose suggestions for the examination section and describe new laws and regulations every quarter. The Board of Directors will coordinate with laws and regulations to adjust operations under corporate governance and the preventive (risk control) internal control system. Meanwhile, the Board of Directors support and affirmation of the Audit Center indicates that the Inventec Board of Directors and top-tier management's attention and determination in implementing corporate governance is actually put into practice.



4.2.2 Integration and establishment of an all-in-one preventive (risk control) internal control system

Inventec's preventive (risk control) internal control system includes: preventive (risk control) risk evaluation, preventive (risk control) internal control, preventive (risk control) internal audit and preventive (risk control) self-evaluation.

Inventec's preventive (risk control) internal control system is integrated into ten internal control operation circulation and management systems, and a thorough and effective preventive (risk control) internal control system has been established. The ten circulations include (1) Sales and collection; (2) Purchases and payments; (3) Production; (4) Payroll; (5) Finance; (6) Real estate, plant and equipment; (7) Investments, (8) Research and development; (9) Information; and (10) Other. Management systems include international standard systems such as the ISO 9001 quality management system, IECQ QC 080000 hazardous substance process management system, ISO 14001 environmental management system, ISO14064 greenhouse gas management system, OHSAS18001 occupational health and safety management system, TOSHMS Taiwanese occupational safety and health management system, and ISO 50001 energy management system, etc.

Moreover, for the convenience of colleague's inquiry and compliance, an inquiry system for procedural documents of the preventive (risk control) internal control system has been established. Employees can inquire about operation procedural documents of the subordinated department through the internal website of the company at any time. If required, they can inquire about procedures across the plant and also apply to the document control department. In order to implement the ground work of internal control, all new employees are to attend the educational training course on the "Implementation of Preventive (Risk Control) Internal Control System".

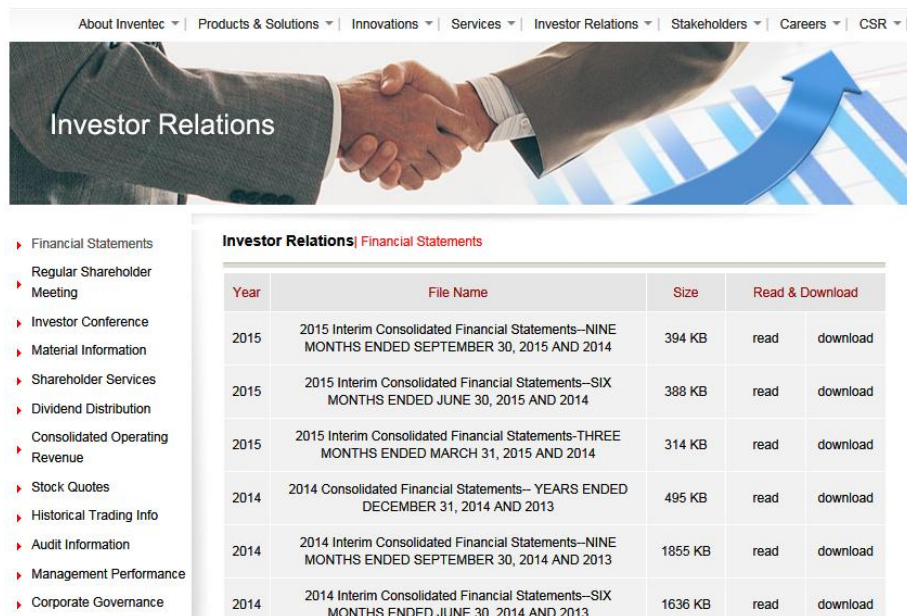


4.3 Transparency of information disclosure

Inventec has established an external website to disclose information such as integrity of operations, social responsibility, corporate culture and operation policies, etc. In short, open and transparent principles. Through the investor service platform, Inventec continuously discloses the company's operation performance report and financial information on the information service disclosure platform in real time. Together with the Market Observation Post System, all relevant information is placed on the company website and can be accessed by the public (<http://www.inventec.com>).

4.3.1 Investor service overview

In order to provide domestic and overseas investors with complete financial and operational information for the reference of their investment policy, as well as establishing the interested party zone on the company website to respond to important corporate social responsibility issues which may be of concern, and convening shareholders' meetings and legal personnel explanation sessions, establishing an exclusive service, and fulfilling its responsibility for disclosing the handling of shareholders' business etc., Inventec has also established a dedicated department responsible for the collection and publication of all kinds of information, established a spokesman system as required and convened legal personnel explanation sessions to explain company operation outcomes and business conditions, uploading a video of the meeting on the website as a line of communication between the company and investors.



The screenshot shows the 'Investor Relations' section of the Inventec website. At the top, there is a navigation menu with links: About Inventec, Products & Solutions, Innovations, Services, Investor Relations, Stakeholders, Careers, and CSR. Below the menu is a banner image of two people shaking hands over a blue bar chart with an upward arrow, with the text 'Investor Relations' overlaid. To the left of the main content is a sidebar menu with expandable items: Financial Statements, Regular Shareholder Meeting, Investor Conference, Material Information, Shareholder Services, Dividend Distribution, Consolidated Operating Revenue, Stock Quotes, Historical Trading Info, Audit Information, Management Performance, and Corporate Governance. The main content area is titled 'Investor Relations | Financial Statements' and contains a table with the following data:

Year	File Name	Size	Read & Download	
2015	2015 Interim Consolidated Financial Statements--NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014	394 KB	read	download
2015	2015 Interim Consolidated Financial Statements--SIX MONTHS ENDED JUNE 30, 2015 AND 2014	388 KB	read	download
2015	2015 Interim Consolidated Financial Statements--THREE MONTHS ENDED MARCH 31, 2015 AND 2014	314 KB	read	download
2014	2014 Consolidated Financial Statements-- YEARS ENDED DECEMBER 31, 2014 AND 2013	495 KB	read	download
2014	2014 Interim Consolidated Financial Statements--NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013	1855 KB	read	download
2014	2014 Interim Consolidated Financial Statements--SIX MONTHS ENDED JUNE 30, 2014 AND 2013	1636 KB	read	download

Inventec financial information disclosure website

Inventec has established an interested party zone for anti-corruption (inquiry website: <http://www.inventec.com>), and provided a line of communication for external reporting. An accepted case will be transferred to the specific internal responsible department for handling. In 2014, the number of external report cases was 0.



5 Corporate citizenship

5.1 Corporate commitment

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5.2 Environmental protection

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5.3 Social participation

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5.1 Corporate commitment

The fundamental commitment of Inventec to its employees is to create a comfortable, happy, healthy and friendly workplace. This corporate commitment is constructed based on three key aspects, namely a friendly workplace, talent resources and talent development.

As one of the representative organizations of society, Inventec believes that it must be able to embody the basic beliefs of society, namely that every employee working for the company can uphold personal dignity and achieve self-realization in the workplace. In order to achieve this goal, descriptions of our management of talent resources, talent development and talent services are as follows:

5.1.1 Talent resources

1) Human resources management principle

The top ten beliefs of Inventec give first priority to being “Talent-oriented”; “social responsibility” is the final commitment. Inventec adheres to the principle of being talent-oriented, by attaching great importance to talent resources and firmly believing that the talent of high literacy is the basic element to improve enterprise competitiveness.

2) Talent recruiting

In response to the future development and operation characteristics of the company, and with respect to the increasing demand of skills in various specialties, the human resources department of Inventec continuously develops and constructs diversified talent recruiting systems, including campus recruiting, introductions by a R&D substitute colleague, self-development of the talent pool and job banking, etc., so as to satisfy the demand of the company in terms of talent development.

Based on the belief of being “Talent-oriented”, for talent recruiting departments worldwide, Inventec explicitly stipulates that talents of different race, class, language, mindset, religion, party, gender, marriage, disability etc. shall be treated equally without discrimination, and the above list is strictly prohibited to be used as interview appraisal standards in the recruitment and employment process. Employment of child labor is strictly prohibited, and circumstances of infringement of human rights such as forced labor etc. is prohibited, so as to comply with the laws and regulations of the local government and implement the belief of being “talent-oriented”.

In respect to remuneration, Inventec provides a competitive salary for talent in each location worldwide, including Taiwan, mainland China, Europe and America, regardless of gender, and the remuneration is higher than the basic rate required by law. As far as mainland China (Inventec and Inventec Appliances) is concerned, the basic salary of direct personnel in the Pudong plant, Shanghai, is 1.03 times higher than the local minimum wage, approximately 1.04 times higher in the Chongqing plant and 1.15 times higher in the Nanjing plant respectively. Wages are equal regardless of gender or ethnic group.



5.1 Corporate commitment

3) Manpower composition

As of the year ending 2014, the number of employees disclosed (including 9 plants of Inventec and 3 plants of Inventec Appliances) in the report is 48,927. From this total, 4,470 employees are based in Taiwan, 43,792 employees are based in mainland China and 665 employees are located in Europe and America.

In terms of employment in each region, we give priority to local citizens. In 2014, 99.37% of supervisors above department level in Taiwan were locals, 29% of supervisors above department level in mainland China were locals to the community, and 66.67% of supervisors above department level in Europe and America were also locals.

4) Employee turnover management

The human resources departments of Inventec monitor the staff belonging to each department on an annual basis and carry out regularly talent analysis according to the demand of the business plan of the relevant department. Until 2014, Inventec was still recruiting excellent talent externally and on a regular basis, preparing for the deployment of the future cloud service of the company. Aside from recruiting talent from all walks of life for business activities, Inventec also explicitly stipulates awards and punishment and a performance appraisal system to cultivate excellent talent so as to maintain staff turnover at an appropriate level. Needless to say, Inventec has never employed any youth under the age of 16, nor been involved in any acts of forced labor.

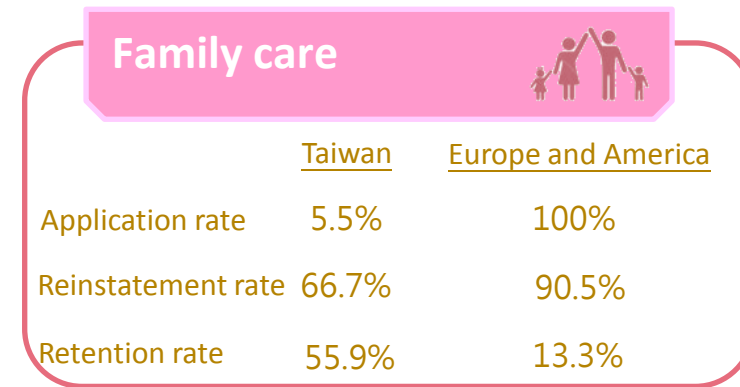
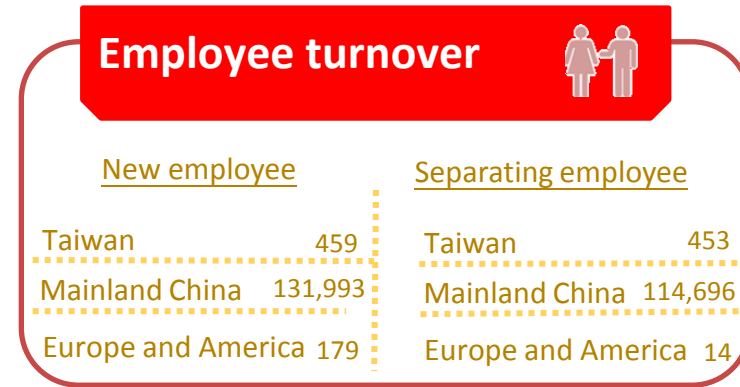
5.1.2 Talent development

1) Talent development management principle

Talent development is comprised of talent cultivation and talent services. Not only do we care about employee's talent cultivation and development, but also attach importance to a friendly environment for employees in the workplace. With regards to talent cultivation, Inventec has planned different professional courses, language courses and mind development courses, allowing colleagues to receive further education after their working day. In terms of work and lifestyle, Inventec provides employees with a friendly and safe occupational environment of the highest standard, as well as plans many employee entertainment activities and top-employee benefits, continuously developing employees in work, lifestyle, mindset and family life by providing an all-around caring and happy workplace to ensure employees' physical and mental development.

2) Talent cultivation

In order to face the industry changes and continuously maintain enterprise competitiveness, Inventec attaches special importance to talent development and cultivation. In the management of talent development, Inventec provides diverse training resources to potential excellent talents to continuously improve their competence. In order to actively manage talent, share knowledge and continuously be innovative, the following matrix talent development training blueprint has been developed according to different specialties, position levels and the demand for training.



5.1 Corporate commitment

3) Inventec cultivate system

Inventec has always been taking enterprise operation goals and development strategy as the training blueprint, guided by an actual employee demand to develop the overall structural training cultivation plan. Following a training demand analysis, Inventec’s cultivation system is divided into five levels:

(1) Talent assets appreciation

Inventec encourages employees to take on-job training in English, Japanese and in patent courses in line with international standards. Inventec invites internal and external professional lecturers to regularly give lessons, and also creates professional validation measures to encourage employees in their self-development to enhance learning motivation. Each department may also propose professional skill or language training according to the business development plan to improve team competitiveness on a short-term basis.

(2) Corporate culture communication

After reporting for duty, new employees complete two sand a half day induction training to become acquainted with basic information such as Inventec’s internal personnel regulation and the management environment. As well as this, new employees are taught the philosophy of the company’s direction in corporate governance and its social responsibility in environmental protection, culture, poverty relief and the community; starting from investments in green energy environmental protection to actual administrative regulations on environmental protection, wetlands ecological conservation and all kinds of energy saving and carbon reduction plans, training encourages new employees to actively fit into the corporate culture.

After induction training, new employees will be regularly monitored and observed by experienced staff to give necessary guidance and assistance. Employees have sense of identity and sense of honor within Inventec which further enhances work satisfaction.

Regular monthly meetings shall be attended by official employees, in which the Chairman will directly deliver the current operation philosophy and direction of the company and give a description on the strategical policy of each department, allowing all employees to regularly acquire the latest corporate information and make an effort to achieve for the overall goal.

(3) Executive cultivation plan

Based on the different levels of executives, Inventec regularly holds basic executive training and higher executive training in the hope of providing management talents with the opportunity to learn about the management philosophy and the relevant knowledge, skills and attitudes of management step by step so as to improve the overall management capacity of Inventec and further achieve the goals of flexible management, exceeding performance, effective cultivation and continuous improvement of overall competitiveness. For top management executives, Inventec will periodically hold management meetings of assistant manager level to discuss topics such as overall industry trends and company competitiveness analysis so as to thoroughly cultivate the management strategy of tier executives and expand their vision.

(4) Professional competence development

Based on the demand for developing the technical capability of staff, Inventec plans to hold, through the Technical Committee, professional skill training courses, provide the relevant training resources and monitor and observe the overall effect of the training through each team’s development presentation so as to ensure the innovative development of skills.

(5) Gathering team consensus

In order to demonstrate the advantage of teamwork, based on the demand of each department, Inventec holds strategy operation meetings to integrate team consensus so as to confirm the strategical policy, strengthen connections through good team interaction activities, enhance relations between team members and improve the overall centripetal force of the company.

(6) Hours of educational training

Through integration and the efficient use of resources, Inventec provides employees with an all-around and diverse learning environment with the aim of retaining and cultivating talent through thorough and sound educational training. In 2014, Inventec’s total training hours in Taiwan was 61,214 hours, the average amount of training hours per employee was 14 hours; the total training hours in Europe and America was 7,778 hours, the average amount of training hours per employee was 12 hours, and the total training hours in mainland China was 1,461,880 hours, the average amount of training hours per employee was 33 hours – due to the demand of production management, the average training hours was higher than that of other regions.



5.1 Corporate commitment

5.1.3 Talent services

Pursuant to laws and regulations of each local government, Inventec provides all kinds of basic required labor conditions, including a sound working hours mechanism and thorough ask for leave system, and provides a stable, healthy and safe working environment and basic benefits of employee insurance, health insurance and retirement pension, etc.; Furthermore, regular health examinations and group insurance are provided, and thorough employee retirement measures are adopted.

Furthermore, Inventec also holds employee enterprise ethics signings, all kinds of educational training activities and promotions and combines them with employee performance appraisals, establishing specific and effective awards and punishments. Inventec, on occasion, also conducts activities to assist employees in balancing work and home life and changes in physical and mental health by establishing smooth communication lines to achieve effective employee-employer cooperation and win-win situations.

1) Code of conduct for employees

As employees of the Inventec Group, when it comes to behavioral conduct, products and services provided, and when facing all kinds of work conditions, and ethical and legal problems, we shall aim at creating shareholder and employee value and upholding our social responsibility. Therefore, under the premise of complying with legal and ethical standards of each country and region, each subsidiary and regional management department shall implement the necessary management actions based on this code to ensure actual compliance of employees. In order to ensure employees actually understand the meaning of the “Code of Conduct for Employees”, every employee under Inventec shall sign it every year to strengthen the promotion of this educational aspect.

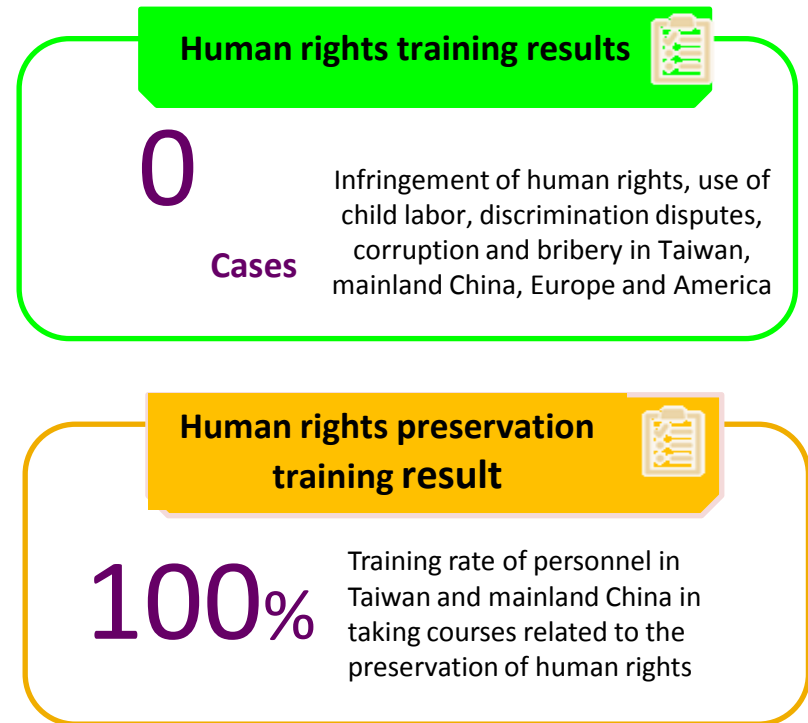
In order to provide all colleagues with a healthy, safe and highly-efficient working environment, we stipulate that no employee or applicant will be treated with discrimination due to their race, religion, skin color, nationality, age, gender, disability or any other factors irrelevant to the legal interests of Inventec, or be deprived of talent development opportunities. Each plant of Inventec explicitly formulates the “Code of Conduct for Employees” and places it on the internal web portal. All colleagues can access it at any time, and we will also carry out regular promotion of this document. In the event an Inventec employee has any doubt on illegal (fraud, corruption) and immoral behavior, he or she may inquire human resources or the legal affairs department of the relevant plant; when the responsible department confirms acceptance of the case, a project team will be assigned for handling and investigating the case. Furthermore, each plant creates an “Employee Complaint System” to guarantee fair arbitration when suffering from infringement of human rights.

2) Human rights and anti-corruption training

In 2014, Inventec had no cases of infringement of human rights, use of child labor, discrimination disputes, corruption or bribery, etc., in Taiwan and mainland China. In each production plant, Inventec annually conducts the EICC internal audit and an examination on human rights to guarantee the rights of every employee.

Due to Inventec’s attention to moral standards and human rights issues, in Taiwan, mainland China, Europe and America, every new employee shall undergo relevant training courses on human rights and anti-corruption. Furthermore, Inventec’s preservation personnel in Taiwan and mainland China also undergo relevant training courses on human rights, and all internal preservation personnel undergo human rights educational training.

In order to avoid bribe-taking, Inventec regularly declares the principles of accepting gifts or business entertaining through the electronic bulletin and the signing of the Code of Conduct for Employees, reminding all employees to strictly adhere to it.





5.1 Corporate commitment

3) Employee communication mechanisms

As well as caring about employee’s rights and interests, Inventec also pays attention to human rights issues. As for communication mechanisms between Taiwan and mainland China, there are various channels and communication talks to listen to employees’ voices. Inventec respects employees’ rights of freedom of association and labor union membership. Since there is no labor union in Taiwan, communication is carried out through quarterly labor-management conferences; in the Pudong plant, there is a labor union and every employee is a member whereby employees are guaranteed satisfaction by way of collective negotiations. In the Chongqing plant, there is currently a two-way communication system via a monthly employee symposium. Inventec fully respects employee participation in labor unions and complies with local laws and regulations, thus guaranteeing due rights of employees. Operation methods are as follows:

As for complaints raised by employees through the official internal complaint procedure, all cases are handled and investigated according to relevant regulations and procedures of Inventec. If the results of the investigation confirm a violation, due action will be taken as required. In respect to labor practice complaints, there has been 1 case in Taiwan and 2 cases in mainland China, which were settled this year. In the event an Inventec employee has any doubt on illegal (fraud, corruption) or immoral behavior, they may submit a query to the human resources or legal affairs department of each plant. When the responsible department confirms receipt of the case, a project team will be established for handling the investigation. There has yet to be a grievance case related to environmental issues, discrimination, human rights, corruption or society in Taiwan, mainland China or Europe and America.



Inventec’s employee communication channel in China Mainland

Six channels for employee communication

- Hold two-way talks
- Establish policy and business communication channels
- Set a communication platform
- Establish service hotline
- Establish employee welfare communication lines
- Establish care group

5.1 Corporate commitment

5.1.5 Club activities

In order to allow employees to find a balance between work and home life and improve friendships among colleagues, the club center of each plant provides budgeted subsidies to actively encourage colleagues to establish various clubs independently, providing more participation choices for company employees. So far, sports clubs, literature clubs and other activity clubs have been established, for example: a basketball club, softball club, hot dance club, yoga club, smart art club, mountain climbing club, guitar club, bowling club, badminton club and bicycle club. Furthermore, Inventec encourages clubs to participate in public benefit activities to aid the local community.

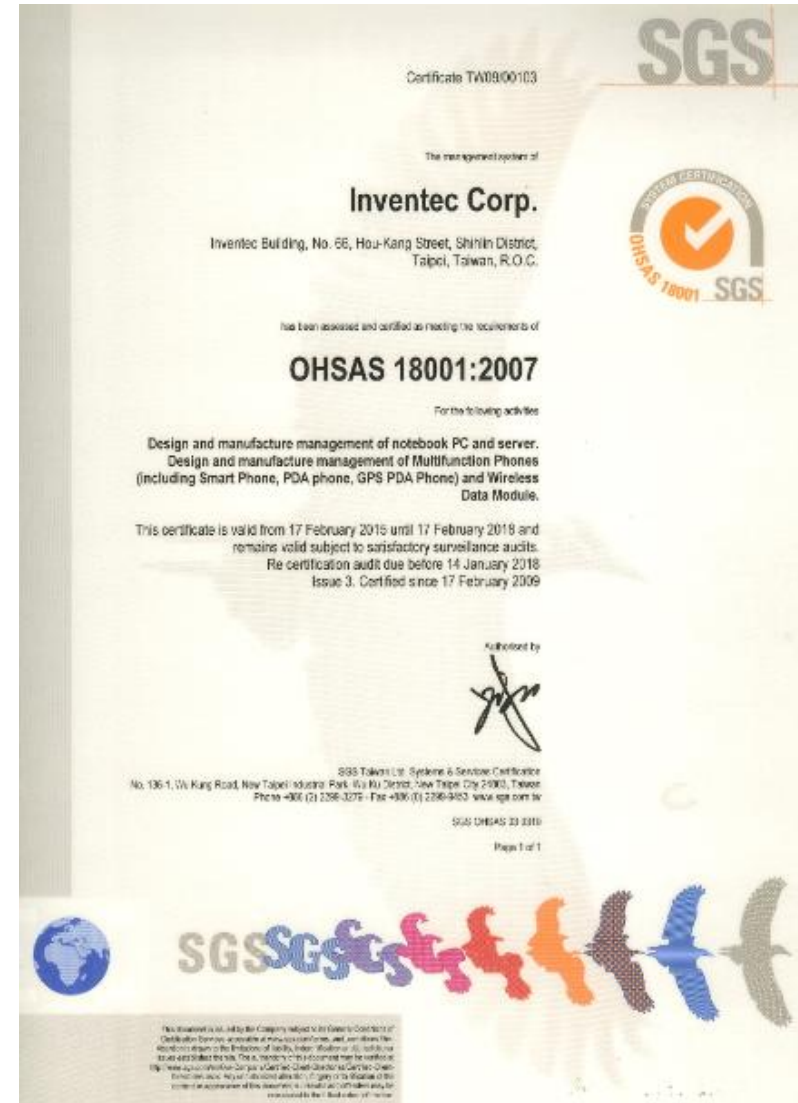


5.1 Corporate commitment

5.1.6 Occupational health and safety management system

In order to improve the management of health and safety, Inventec has established a professional and effective health and safety management system; a researched and carefully formulated risk management strategy with due consideration of a variety of informative international resources with the idea of continuously improving the health and safety management system. Through systematized practice and performance presentation, Inventec adopts a continuous cycle from planning, execution and examination to correction. The company focuses on the concept of self-protection and risk control to reduce potential risks to employee safety. This, in turn, reduces operation risks and improves the corporate operation image.

Inventec has passed certification from the International Occupational Health and Safety Assessment Series (OHSAS 18001) in its plants in Taiwan and mainland China. In order to effectively implement the health and safety management system, through the promotion of four cycle stages of PDCA (Plan, Do, Check, Action), Inventec regularly audits and evaluates investments in resources and actively promotes all kinds of educational training, consultations, communication, operation management and project improvements so as to reduce risks to occupational health and safety, prevent the occurrence of occupational accidents and illnesses, and provide a stable, safe and healthy working environment.



5.1 Corporate commitment

5.1.7 Healthy workplace

1) Health management

In Taiwan, Inventec periodically carries out health examinations to in-house employees every year above and beyond the requirements of the law. In the event an employee is found to be in a less-than-healthy state in their health examination, a physician is arranged to visit the plant and conduct an assessment and suggests the best course of treatment according to the employee’s medical history. Relevant health management measures and preventive vaccinations will be administered according to the health examination result; Furthermore, Inventec also arranges for colleagues to participate in breast cancer, cervical cancer and mouth cancer screenings as well as bone-mineral density tests.

In mainland China, aside from routine health examinations, Inventec also regularly carries out special health examinations for personnel involved in special operations pursuant to local laws and regulations.

2) Health promotion

Regularly cooperate with medical and health institutions, hold all kinds of health lectures and consultations, and jointly carry out all kinds of health promotion activities together with company clubs, allowing employees timely relief of and adjustment to physical and mental pressure, and control their own health at home as well.



3) Smoke-free workplace

Inventec takes health care and respect for human rights as a solid basis and so it promotes a smoke-free healthy workplace in both Taiwan and mainland China from posting ‘no smoking’ signs and promotional posters to holding lectures on quitting, establishing a smoke-free workplace policy and an award and punishment system. This guarantees employees a safe workplace and a healthy professional life.

4) Breastfeeding

Inventec actively promotes breastfeeding and provides relevant health education on breastfeeding both in Taiwan and mainland China, allowing female employees to access relevant information from the website. Furthermore, the health center also plays an active role; if during a medical examination, a women is discovered to be pregnant, either because they do not allow an X-ray to be carried out or simply from a regular physical examination, the health center will provide breastfeeding information.



5.1 Corporate commitment

5) Health and safety priority to “Employee safety” and only accepts zero

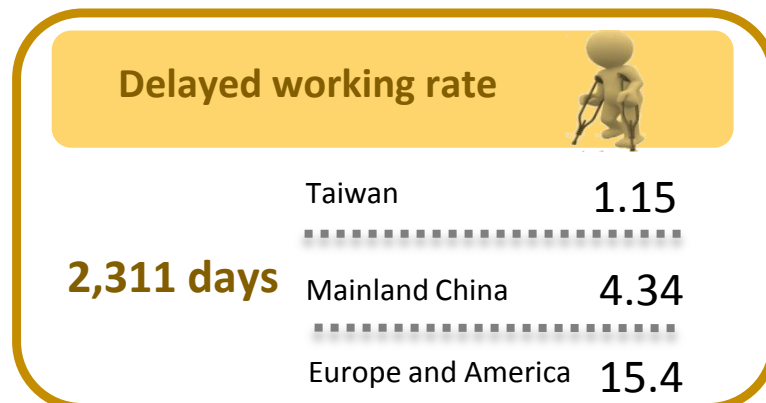
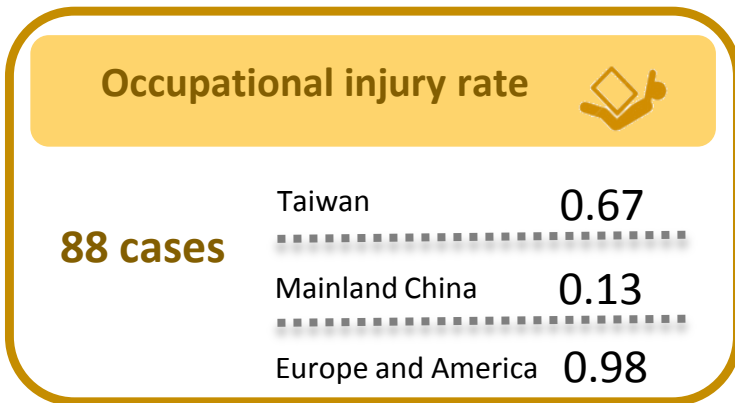
Inventec always gives first workplace accidents achieving the goal. Normally, it regularly carries out all kinds of health and safety inspections, such as fire fighting equipment inspections and maintenance checks, machine room patrol, special operation area control, special operation personnel qualification examinations, smoking area control, and building safety inspections, etc., so as to guarantee employees a safe workplace. Inventec also formulates award systems to encourage colleagues to take the initiative to make suggestions of improving the workplace.

Each plant of Inventec has formulated all kinds of relevant preventive measures for employee health and safety, such as serious illness education, training, guidance, prevention and risk monitoring and control plans. However, since the type of industry Inventec is involved in is not a high pollution industry, the likelihood of the workplace causing a serious illness to employees’ family members or the community is incredibly low. Therefore, currently, Inventec does not conduct education, training, guidance, prevention and risk monitoring and control to employees’ family members or the community, only the employees themselves.

As for employees whose operation contents are of a potential risk, Inventec has carried out overall control, as well as conducting hazard identification and risk evaluation on the operation process periodically to identify high risk status for further improvement. Inventec also regularly carries out workplace environment monitoring and special health examinations, and carries out all kinds of improvement and personnel adjustments according to the results thereof. It also carries out health and safety environmental education training to personnel to strengthen relevant knowledge and improve hazard prevention awareness, so as to further strengthen the guarantee of workplace safety and personnel health.

Furthermore, in order to strengthen contracting management, Inventec has established operation management measures to require the engineering department to carry out contractor health and safety educational training before commencing projects. The relevant department then convenes contractor health and safety management meetings for hazard identification.

In 2014, Inventec had a total of 88 occupational injury cases (including accidents caused in rush hour traffic) in Taiwan, mainland China, Europe and America, and the total number of delayed working days was 2,311. The occupational injury rate, occupational disease rate, delayed working rate and death toll in each region are as shown below. The data is gathered is used as a relevant safety and health indicator and indicator of absence rate etc.



5.2 Environmental protection

In recent years, as extreme climate triggered by climate change has been continuously contributing to disasters, making the environment face great challenges, the issues of environmental protection and carbon emission management must be addressed by enterprises and information on them issued to all interested parties. And effective methods of controlling greenhouse gas emissions and avoiding disasters brought on by changes in climate have also been topics greatly discussed by national governments, environmental protection groups and the public.

In response to environmental issues, aside from establishing goals and policies based on protecting environmental interests, Inventec has also established five policies on “Green energy environmental protection” and actively engages with the green energy industry with the aim of making a greater contribution to relieve greenhouse gas emissions.

Furthermore, in order to show Inventec’s determination in protecting the environment and in response to the declaration of promoting a “happy enterprise”, Inventec promises to actively be dedicated to CO₂ emission reduction and energy saving and pay close attention to ecological and environmental protection so as to achieve its goal of “happy enterprise, sustainable development”.

5.2.1 Environmental goal and policy

The focus of Inventec on environmental protection originates from the “environmental protection” aspect of “social responsibility” as part of its top-ten beliefs. In order to fulfill corporate citizenship responsibility and practice “green energy environmental protection”, part of the top-five policies, Inventec has established environmental goals, environmental policies and environmental projects so as to guide the collective power of colleagues and move forward to a new vision of green sustainability.

1) Environmental goals

In order to promote green competitive advantages, improve the corporate image and implement the company’s sustainable operations, the President of Inventec has established all-round environmental goals with which employees must comply in line with the environmental policy and environmental projects as follows:

Green products: show Inventec’s efforts and achievements in improving the Earth’s environment through its products.

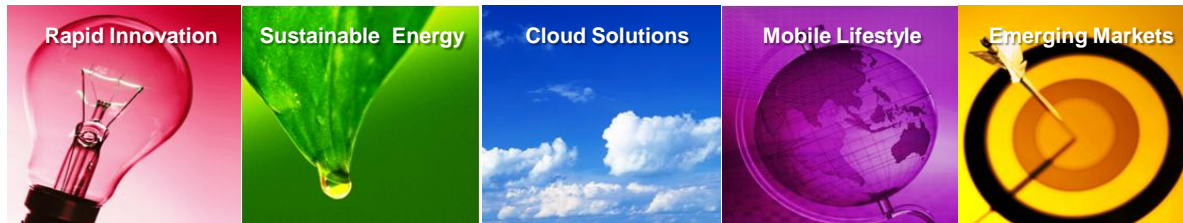
Green production: reduce the impact of the production process on the Earth’s environment through energy saving, consumption reduction and pollution reduction, etc.

Green lifestyle: cultivate the attitude of being greener even in their personal life, and increase respect and intimacy to the Earth’s environment.

2) Environmental policy

In response to international environmental protection trends and demands from customers, and in pursuit of corporate sustainable development, Inventec has formulated an environmental policy from the perspective of employees as individuals, enterprise entirety, industrial supply chain, and general environment preservation, etc. as follows:

- ◆ Implement environmental protection laws and regulations: from the perspective of employees as individuals, comply with environmental protection laws and regulations.
- ◆ Establish environmental protection standards: from the perspective of enterprise entirety, become the best example of environmental protectors in the industry.
- ◆ Promote industry integration: from the perspective of the industrial supply chain, promote and integrate environmental protection activities within the supply chain system.
- ◆ Pursue sustainable development: from the perspective of general environmental protection, continuously contribute to environmental and corporate development.



5.2 Environmental protection

5.2.2 Green design

1) Green design principle

Green design refers to the design for environment. This means integrating considerable aspects such as environment and safety, etc. into product development design through a systematic approach and include such aspects into the product life cycle to import the concept of green design into the manufacturing process. It uses a selection of raw materials and product design of easy disassembly to reduce the environmental impact of products whilst retaining a competitive product price, efficiency and quality at the same time. The green design strategy of Inventec is divided into the following 8 points:

- Spare no efforts in seeking new approaches to reduce environmental impact
- Reduce total energy consumption in the product life cycle
- Relieve land burden
- Design for clean production and product use
- Design for durability
- Design for best operability
- Design for reuse, recovery and recycling
- Avoid using raw materials containing toxic substances in products

2) Low carbon product design

In order to save resources necessary for product production, at the stage of design development, Inventec reduces components or consumable items necessary for product production through the design of material sharing and reduction and recycling and reusing, all under the condition of maintaining product operability and quality.

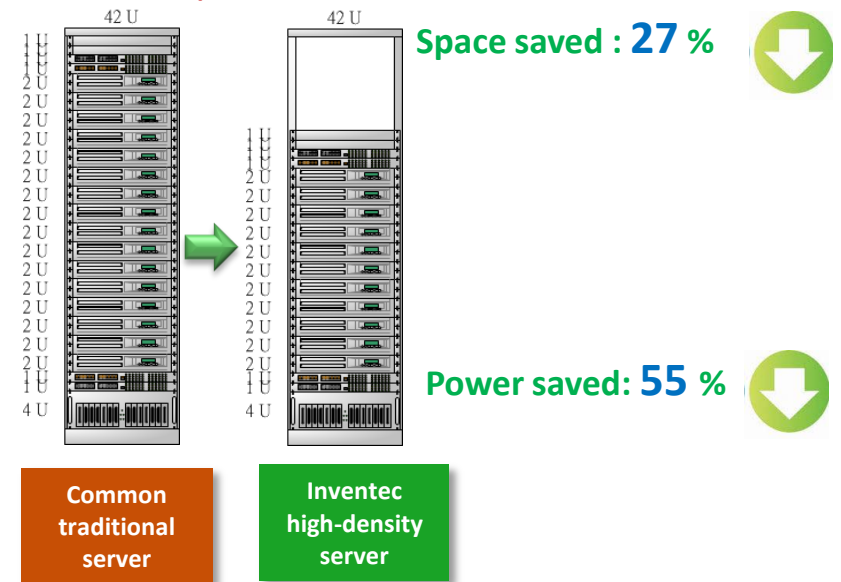
Through design and integration of large packaging materials and consumable items, in 2014, the packaging materials and consumable items saved in notebook PC-related products was equivalent to 416 different trees of 8 meters in height and 16 centimeters in diameter, through more effectively using materials reducing the raw materials used in the production process. In 2014, the simplified design of specific commercial notebook PC-related products was reduced by 4.6% compared to 2013, thus demonstrating the continuous efforts in low carbon designs to reduce environmental impact.

Furthermore, in response to the requirements of EU Eco Design Requirement for Energy-related Products (ErP Lot 6,26), California Battery Charger Systems and Energy Star, etc., Inventec carries out product development according to low-energy consumption international standards. Aside from increasing the battery life, it also substantially reduces energy consumption in stand-by mode, reducing unnecessary energy waste of the consumer.

In 2014, the energy consumption design of specific commercial notebook PC-related products was reduced by 46.57% compared to 2013, allowing consumers to more effectively reduce their energy consumption.



Power consumption



5.2 Environmental protection

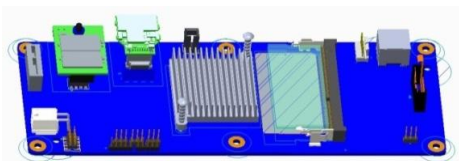
5.2.3 Green product

With respect to green products, aside from complying with the requirements of international laws and regulations, in consideration of consumer health and environmental protection and production and consumption areas, starting from 2006, Inventec established the “IECQ QC 080000 Hazardous Substance Process Management System” and has passed 3rd Party SGS validation every year. This allows the company to implement green materials purchases and adopt resource management from the suppliers end. Aside from asking suppliers for cooperation, in internal product materials systems, Inventec has also established a green number list to strengthen the requirements of establishing greener products in every part of implementing processes, which also defines the property of materials used. The stipulation on property is subject to the green product design requirements.

In Inventec’s plants, it uses XRF instruments to examine the materials entering the production line, and spot tests are conducted to further prevent incoming non-conforming materials, so as to achieve the goal of 100% green product identification, green component incoming rates, and green process execution rates.

The main manufacturing production base of Inventec is in Shanghai, the Pudong plant and the Chongqing plant. All varieties of raw materials used in Inventec products, as of 2014, are shown below:

Description of types of raw and auxiliary materials in product delivery	Total consumption (item)
Electronic components (mainly resistance, capacitance, inductance, IC, diodes and transistors, etc.)	57,810,109,287
Mechanical components (mainly shells, keyboards and cooling fins, etc.)	4,407,676,068
PCB board (mainly mainboards, soft boards and accessories, etc.)	473,996,801
Packaging materials (mainly outer containers, inner packaging auxiliary materials, etc.)	1,230,621,277
Master device modules (mainly power adapters, wireless devices, cameras, touch tablets, loudspeakers and convertors, etc.)	184,663,509



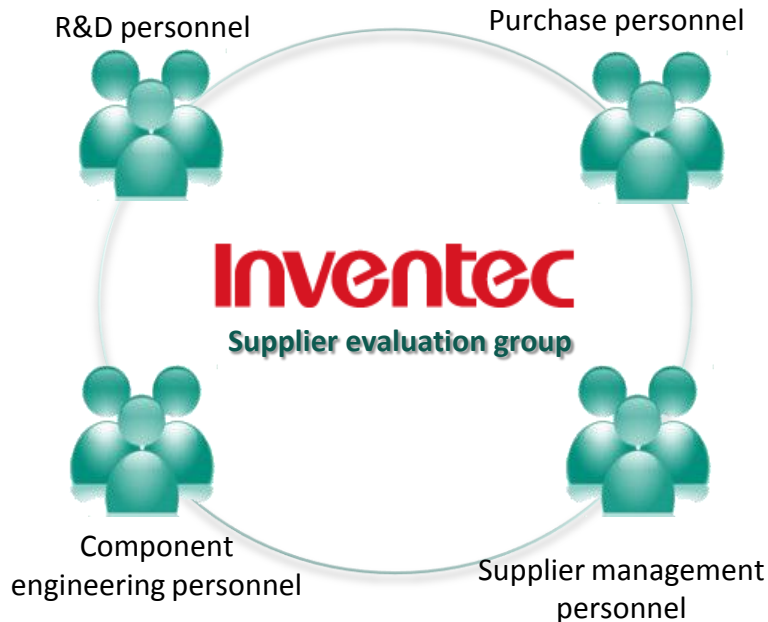
5.2 Environmental protection

5.2.4 Supply chain management

The supply chain system of Inventec is comprised of the organization in conjunction with its suppliers, manufacturers, vendors, retailers and consumers. Inventec’s position in the supply chain system is the manufacturer between suppliers and vendors. Our supplier management goal is to expand the commitment and close cooperation with trading partners through analysis of the supplier chain and effective management of the flow of information and logistics and cash flow, and establish a long-term stable supply chain system throughout the overall supply chain both up the hierarchy as well as down. This means working alongside suppliers, manufacturers, vendors, retailers and consumers to create maximum service and corporate value at a minimum cost.

1) Supplier evaluation group

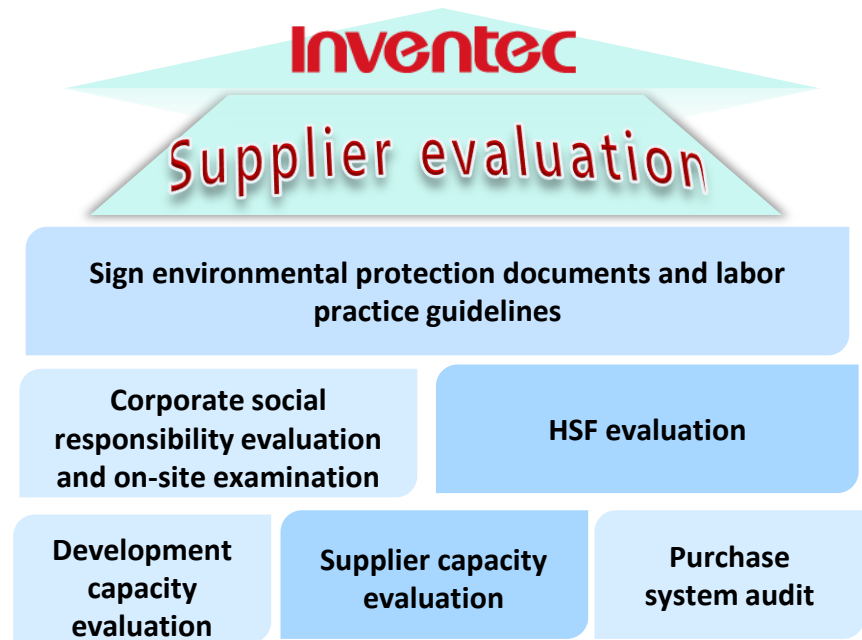
Currently, relevant departments such as design and R&D, purchase, components engineering and supplier management, etc. jointly form the “Supplier evaluation group” of Inventec to be responsible for supplier evaluations.



2) Supplier evaluation

In terms of new supplier evaluations, these are carried out through technical capacity development and evaluation, contractor supply capacity evaluation, purchase system audits, supplier corporate social responsibility evaluation, on-site examinations and HSF evaluations, etc. New, eligible suppliers are asked to sign environmental protection documents and local practice guidelines to ensure compliance with such requirements and control the contents prescribed in international CRS-related laws and regulations and relevant environmental protection regulations of Inventec, now and in the future, so as to ensure that suppliers do not violate employee’s freedom of association, prohibiting child labor and ensuring rights of collective negotiation. In 2014, 100% of the new supplying manufacturers were conformed to Inventec’s environmental and corporate social responsibility standard requirements.

With regard to supplier evaluations, Inventec executes on-site audits of the suppliers of medium and high risks every year. Take mainland China as an example: in 2014, there were 874 suppliers of high risks, 118 of them had on-site audits, accounting for 13.5% of the suppliers of medium and high risks. Furthermore, based on issues found in the audits, Inventec asked suppliers to make improvements within a given time frame, and all improvements were completed before the annual management conference. In order to conform to customer EICC’s requirements on supply chain management, currently, the criteria of existing supplier audits include evaluation items such as environment, labor, health and safety, morality, human rights and management systems.



5.2 Environmental protection

3) Supplier guidance management

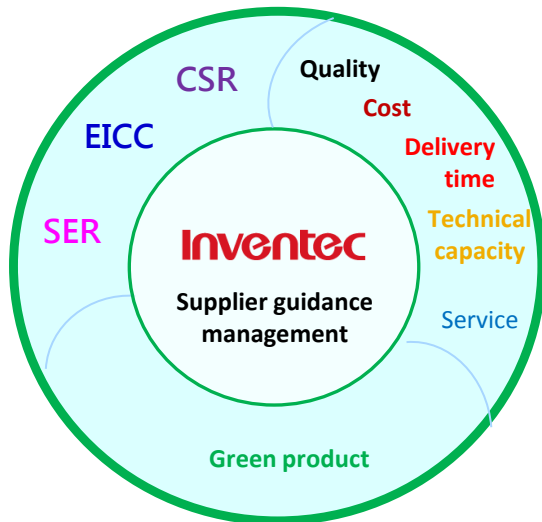
Inventec emphasizes win-win situations with suppliers through mutual understanding and cooperation. Therefore, in respect to supplier management, we conduct diverse evaluations of the supplier according to customer requirements, laws and regulations and international trends, including supplier propaganda, promotions and audist.

In terms of diversified supplier evaluations and guidance, as well as from the perspective of quality, cost, delivery time, technical capacity and services with regard to the industry in general, with the increasing awareness of corporate social responsibility, Inventec also extends the evaluation scope to green products and corporate social responsibility, and the evaluation scope corresponds to Inventec's requirements of their suppliers, including the establishment of management systems such as ISO 9001, ISO 14001, OHSAS 18001 and EICC, etc. Through diverse evaluations and reviews, it is ensured that suppliers cooperating with Inventec are able to respond to important supply chain issues, such as environmental protection product design, manufacturing process environmental protection, restricted hazardous substances, prohibiting child labor, and guaranteeing employee's rights and interests, and workplace safety, etc.

Furthermore, through supplier SER audits, Inventec ensures that suppliers do not violate employee's freedom of association, prohibit child labor and negotiate collective right. In 2014, there were no cases of violations found with suppliers. And the total number of complaint cases proposed by suppliers following official complaint procedure was zero.

4) Inventec supplier platform (Inventec Supplier Portal, iSupplier)

In response to the requirement of the EU RoHS Recast directive (2011/65/EU) which came into effect on January 3, 2013, providing supplier operation processes and functions of higher quality, Inventec updated the Inventec Supplier Portal (Supplier for short) system to a 2.0 version on January 7, 2013.



5) Localized supply chain management

Inventec preferentially uses local eligible suppliers. In 2014, for suppliers with transactions among eligible suppliers of Inventec's personal computer business group, in terms of region, suppliers were from greater China (including Taiwan, mainland China and Hong Kong), Japan, Korea, Southeast Asia, the US and Canada, amongst other regions. In terms of transaction amounts, 94.4% came from 608 manufacturers in greater China, and 48 manufacturers from other regions (Southeast Asia, the US and Canada and other regions) only accounted for 5.6%.

Suppliers with transactions among eligible suppliers of the Inventec enterprise computer business group were from greater China (including Taiwan, mainland China and Hong Kong), Japan, Korea, Southeast Asia, the US and Canada and other regions. In terms of transaction amounts, 70% were from 301 manufacturers of greater China, and 107 manufacturers from other regions (Southeast Asia, the US and Canada and other regions) only accounted for 30%. Inventec signed contracts related to environmental and social responsibility with suppliers according to customer requirements.

In 2014, there were a total of 599 suppliers with transactions with eligible suppliers of Inventec Appliances from greater China (including Taiwan, mainland China and Hong Kong), accounting for 82.6% of the total transactions, and there were 80 suppliers from Southeast Asia, Japan, Korea, Europe and America and other regions, accounting for 17.4% of the transaction amount.

New eligible suppliers of Inventec Appliances are required to pass ISO 9001, ISO 14001 and sign environmental protection documents and integrity agreements before being imported into the system. On-site evaluation will be arranged for manufacturers of higher risk. In 2014, 100% of 50 new suppliers were asked to sign documents, and on-site evaluations were conducted on 14 of sites, accounting for 28%.

For existing eligible manufacturers of Inventec Appliances, 3 months after their establishment as new suppliers, they will automatically be listed for re-evaluation. The evaluation scores will divide the manufacturers into levels A, B, C and D with evaluation frequencies as 1 year for level A, half a year for level B, every quarter for level C, with level D manufacturers being deleted from the system with no further business. In 2014, 679 suppliers were evaluated; in the Shanghai plant of Inventec Appliances, 2 suppliers were listed as level D manufacturers and cooperation with them was terminated. For the on-site audit on manufacturers of higher risks arranged annually, 46 manufacturers were had an on-site evaluation, accounting for 7%.



Localized supply chain management

5.2 Environmental protection

5.2.5 Supply chain CSR management

In order to help suppliers fully understand green product trends and Inventec's requirements on environmental protection, as well as establishing relevant windows for environmental protection in all areas of business activity, Inventec also carries out effective promotion and guidance on all kinds of green topics through various communication channels such as Inventec's supplier platform and environmental protection guidance sessions so as to establish consensus on green products.

1) Conflict minerals survey training

According to Inventec's no conflict minerals statement and US Dod-Frank Wall Street reformation and Consumer Protection Act, in the future, Inventec will carry out at least one conflict minerals survey every year and ensure that the respondents are suppliers with whom at least one transaction has been carried out in the year before the survey so as to ensure any violations are rectified and the survey is accurate and up-to-date.

Inventec plans and hopes that suppliers will start to change smelting plants in their supply chain to those present on the no conflict minerals list. You can refer to the following website for the list of qualified no conflict minerals smelting plants:

www.conflictreesmelter.org.



Supply chain CSR management

2) Supplier greenhouse gas management

In 2014, Inventec and Inventec Appliances conducted a greenhouse gas management questionnaire survey on 69 major suppliers. The analysis results are as follows:

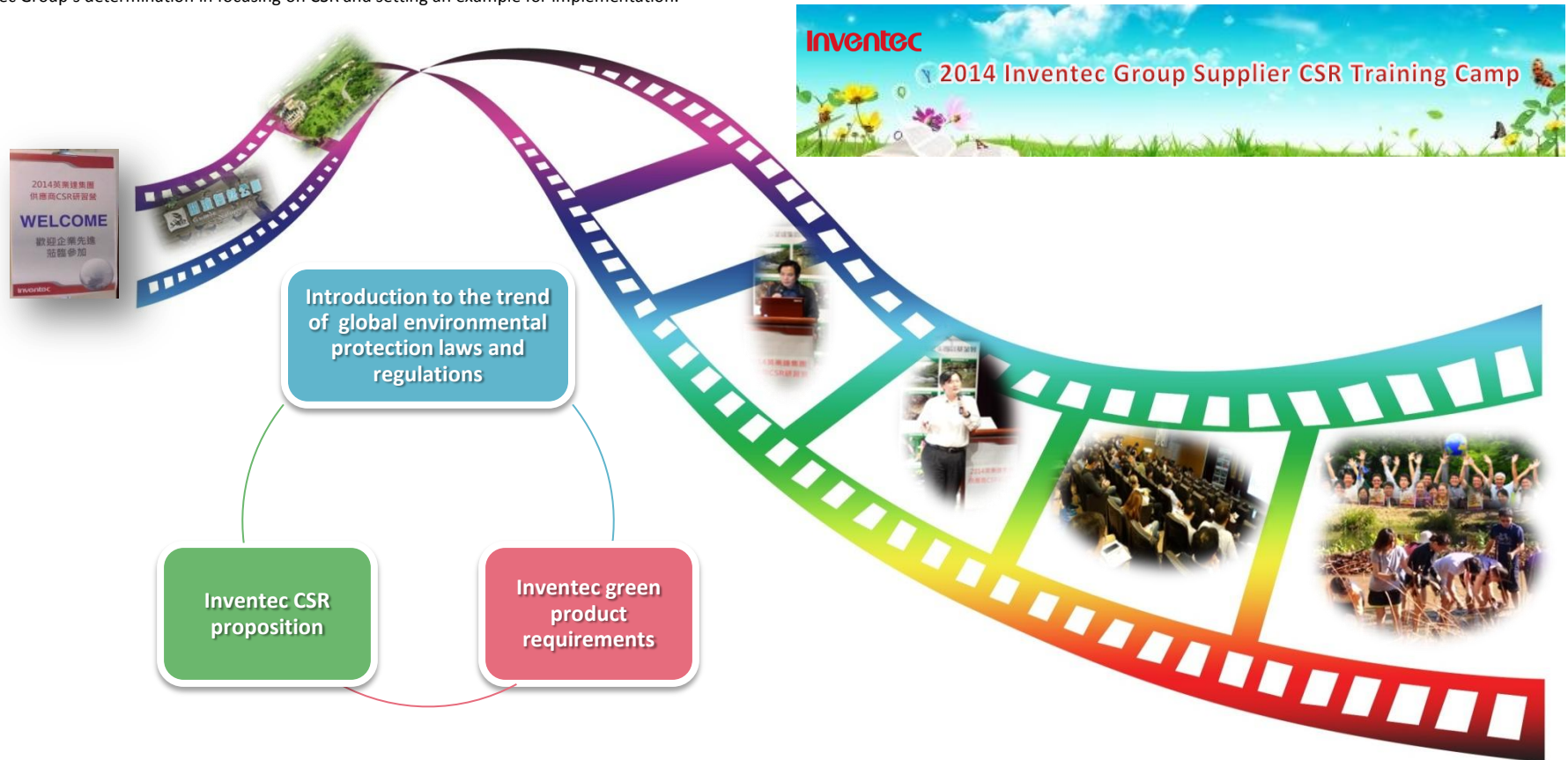
- Suppliers with a greenhouse gas inventory accounted for 60%, and there were still 40% of suppliers without a greenhouse gas inventory.
- Suppliers who have established a greenhouse gas management system (such as ISO 14064) accounted for 33.33%, yet there were still 66.67% of suppliers who haven't established a greenhouse gas management system.
- Suppliers with energy saving and carbon reduction plans accounted for 86.67%, and there were still 13.33% of suppliers didn't have energy saving and carbon reduction plans.

5.2 Environmental protection

3) Supplier CSR training camp

In order to extend the commitment to customers, the Inventec Group is dedicated to promoting CSR environmental protection activities in the supply chain, implementing requirements such as human rights, anti-corruption, conflict minerals, a healthy workplace and system management, etc. in the company, so as to conform with the code of conduct in the EIC and the requirements related to environmental protection. In order to continuously fulfill corporate social responsibility and in response to customers' requirements on the supply chain CSR and environmental protection, on December 21, 2014, the Inventec Group (Inventec, Inventec Appliances) held the "2014 Inventec Group Supplier CSR Training Camp" in "Kwan-tu Nature Park" in Taipei City. The environmental education training camp was designed by the Environmental Protection Administration and Executive Yuan, inviting suppliers to participate with the hope that they would understand Inventec's practices and current situation in promoting environmental education, environmental protection activities and international CSR requirements. It demonstrated the Inventec Group's determination in focusing on CSR and setting an example for implementation.

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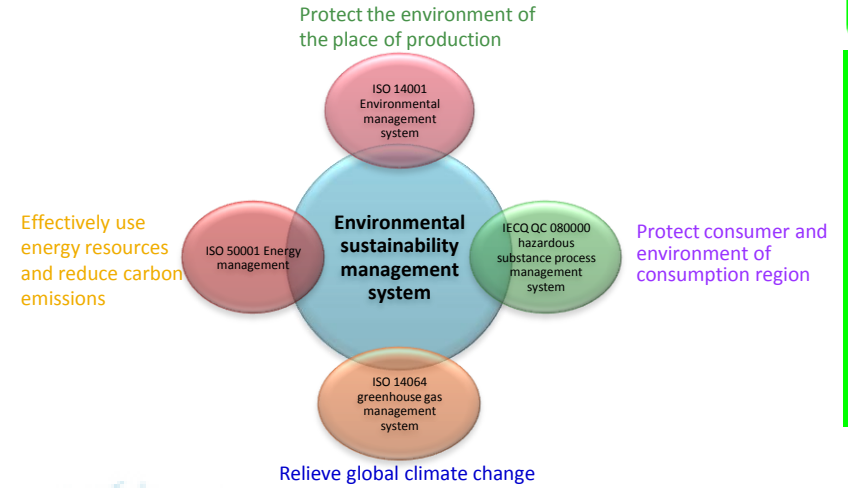


5.2 Environmental protection

5.2.6 Environmental sustainability management system

In order to adhere to corporate sustainable development and social responsibility, Inventec has gradually been establishing a thorough environmental sustainability management system over recent years and has passed external validation and verification conducted by independent third parties.

Four major environmental sustainability management systems of Inventec include ISO 14001 environmental management system, IECQ QC 080000 hazardous substance process management system, ISO 14064 greenhouse gas management system, and ISO 50001 energy management system etc., which are used as reference points when communicating with interested parties on issues such as product quality, the environment, energy consumption, etc., for complaints and feedback. Complaints from interested parties on environment-related issues can be conducted through Inventec’s official website.



Four major environmental sustainability management systems of Inventec

5.2 Environmental protection

5.2.7 Greenhouse gas management

The impact caused by climate change has brought many risks and challenges to business activities. However, it has also brought new opportunities to enterprises by driving the development of new technology, products and services. In order to pursue sustainable development and improve enterprise competitiveness, Inventec includes the impact of climate change in risk control, and discloses the results of the risks and opportunities associated with climate change in the Carbon Disclosure Project (CDP) questionnaire, allowing interested parties to understand Inventec's response and actions taken in the fight against climate change.



Climate change risk and opportunity identification table

Item	Risk/opportunity description	Future strategy/action
Legality	<ul style="list-style-type: none"> The Taiwan Environmental Protection Administration has issued Administrative Measures for Greenhouse Gas Emission Declaration, regulating specific objects to carry out greenhouse gas emission declarations, which might entail the risk that the enterprise is not able to respond. 	<ul style="list-style-type: none"> Despite that, currently, Inventec is not regulated by laws, it has imported a carbon interrogation and examination system since 2008, and established a global greenhouse gas management system to prepare in advance for carbon disclosure.
	<ul style="list-style-type: none"> With the rapid development of product energy efficiency marks and product carbon mark systems in each country, if a customer requests this in the future, there could be a risk that the enterprise cannot respond. However, the enterprise is able to ensure that low-energy consumption and low-carbon products have a competitive advantage. 	<ul style="list-style-type: none"> In response to the government's promotion of carbon marks and carbon footprints, Inventec has completed a preliminary project for carbon footprints of products and water and plans to gradually incorporate them into the management system to prepare in advance a response to customers' potential requirements. Increase innovation and R&D of low-energy consumption environmentally-friendly products to improve green competitive advantages of the company.
	<ul style="list-style-type: none"> In response to the formulation of energy tax/carbon tax by each country, in the future, the market demand of renewable energy will increase, providing the enterprise the opportunity to develop or invest in renewable energy. 	<ul style="list-style-type: none"> Inventec is optimistic about the development of renewable energy, and is actively involved in solar energy business to implement the green energy environmental protection policy.
Physical property	<ul style="list-style-type: none"> The increase of extreme climate frequency might have an impact on the enterprise in maintaining a stable production environment. 	<ul style="list-style-type: none"> Each plant shall discuss and formulate emergency response measures to reduce the impact of climate disaster on company operations. Strengthen the maintenance of public facilities in the plant to enhance the stability of the production environment.
	<ul style="list-style-type: none"> Increase in frequency of extreme rainfall or drought, causing water shortage, which might have an impact on suppliers who require water in their production processes. 	<ul style="list-style-type: none"> Conduct promotion of carbon management and water resources management for suppliers to improve risk management awareness. Look for other component supply sources to avoid impact on product delivery.
	<ul style="list-style-type: none"> The change of rainfall type makes many enterprises aware of the importance of water resource management; the enterprise can reduce operation costs through such an opportunity. 	<ul style="list-style-type: none"> Each plant shall take water resource saving measures, which may not only avoid unnecessary water waste, but also reduce costs.
Other	<ul style="list-style-type: none"> With the improvement of green consumption awareness, in the future, customers will increase requirements of green products. 	<ul style="list-style-type: none"> Consider selecting raw materials and materials of low toxicity, low energy consumption and low carbon, and consider incorporating them into the ecological design system.
	<ul style="list-style-type: none"> More and more interested parties are focusing on climate change issues; if the enterprise can conduct effective carbon management, it will be helpful in improving the company's reputation. 	<ul style="list-style-type: none"> Actively respond to the strategy and action taken by interested parties with respect to Inventec's carbon management so as to fulfill its corporate citizenship.

5.2 Environmental protection

With respect to increasingly serious global warming problems, as a member of a global village, Inventec is deeply aware of the importance of greenhouse gas management and offers its “Greenhouse Gas Policy Statement” alongside medium and long-term greenhouse gas reduction goals, issuing them to every plant as goals of energy saving and carbon reduction.

In order to conform to the requirements of the government, customer and international investment institutions on carbon disclosure, as of 2008, Inventec has been incorporating a greenhouse gas inventory system, and has completed eight years (2007-2014) of this greenhouse gas inventory. Meanwhile, in order to further optimize investigations and examinations, the Inventec greenhouse gas information management platform (Inventec GHG Portal) was established in 2011, allowing all investigations and examinations to be completed via this platform, effectively improve investigation and examination quality and efficiency, and reduce unnecessary manual operation time and manual error, and thus saving energy.

Inventec’s goal in greenhouse gas reduction is as follows:

Take 2010 as the benchmark, reduce greenhouse gas emission by 10% by 2020

1) Greenhouse gas management system

In order to ensure the investigation and examination results win the recognition of expected users, all investigation and examination operations and documents are formulated and executed pursuant to international standard ISO 14064-1, and internal and external verification is conducted after investigations and examinations every year. 9 plants of Inventec globally and 3 plants of Inventec Appliances passed ISO 14064-1 verification in March 2015. In 2014, the Inventec Group’s total greenhouse gas emission was 264,875 tons of CO₂e. In order to simplify the greenhouse gas management operation process of the Inventec Group, starting from 2015, the Inventec Group will incorporate the “Inventec Greenhouse Information Management Platform (Inventec GHG Portal)” to achieve the effect of energy saving and carbon reduction. Starting from 2016, it will also include other indirect greenhouse gas emissions in the external verification. Furthermore, in order to make interested parties understand Inventec’s strategy and implementation of greenhouse gas management, Inventec will openly disclose relevant information in the company’s annual report and greenhouse gas inventory report.

2) Direct and energy indirect greenhouse gas emissions

The direct and energy indirect greenhouse gas emissions in 2014 were analyzed according to the scope and region of Inventec and Inventec Appliances.

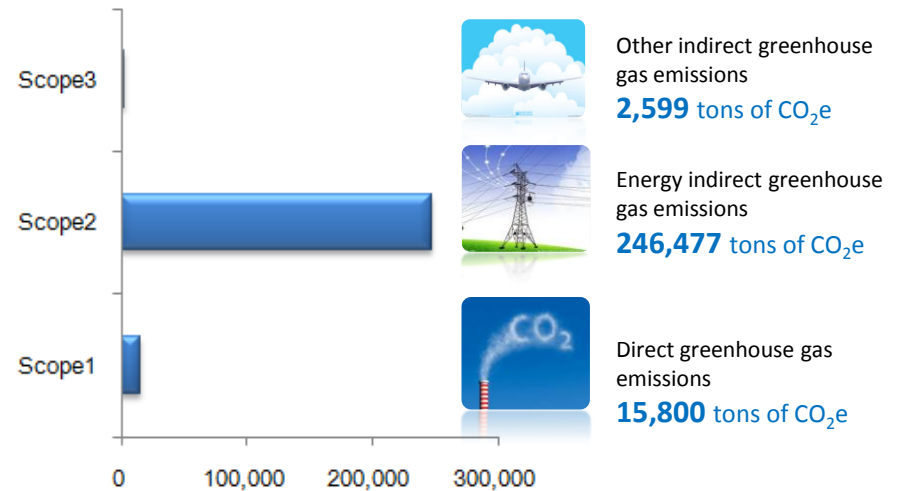
3) Other indirect greenhouse gas emission

Starting form 2012, Inventec included other indirect greenhouse gas emissions in the review. Considering the significance of other indirect greenhouse gas emissions, Inventec selected greenhouse gases generated from airline business trips for investigation and examination reviews. In order to reduce emissions, through promotions on posters, the website or the group monthly magazine, Inventec encouraged employees to take public transportation during rush hours, and when taking short-distance business trips, as for cross-regional business trips, they should conduct the first meeting via video or conference call so as to reduce unnecessary business trips. As for logistics transportation, it gave priority to land transportation, then sea transportation, and finally air transportation.

According to the statistical result of greenhouse gas emission in airline business trip in 2014, Inventec (Taiwan, China Mainland) was 1,731.809 tonnes of CO₂e whilst Inventec Appliances was 866.843 tonnes of CO₂e; for other indirect greenhouse gas emissions of Inventec, Taiwan was accounting for the highest proportion of 73.01%, and for other indirect greenhouse gas emission of Inventec Appliances, Taiwan was also accounting for the highest proportion of 63.75%, since the personnel of airline business trip were mainly from Taiwan, causing Taiwan was accounting for the most other indirect greenhouse gas emission generated from airline business trip.



Inventec greenhouse gas information management platform



Total greenhouse gas emissions of Inventec Group in 2014: 264,875 tons of CO₂e

5.2 Environmental protection

4) Greenhouse gas emission intensity

With regards to the intensity of greenhouse gas emissions, Inventec increased by 12.27% in 2014 compared to 2013, and hence an analysis of reasons was conducted. First: Inventec's greenhouse gas emissions increased by 0.58% in 2014 compared to 2013, mainly due to the expansion of production capacity in the Chongqing plant causing an increase of energy indirect greenhouse gas (scope 2). Secondly, Inventec's individual revenue reduced by 10.41% in 2014 compared to 2013 due to the individual revenue being the population parameter in calculating greenhouse gas emission intensity, therefore causing a natural increase in the calculation result of greenhouse gas emissions.

With regards to Inventec Appliances' greenhouse gas emissions, it increased by 5.68% in 2014 compared to 2013, and hence an analysis of reasons was conducted. Firstly, Inventec Appliances' greenhouse gas emission increased by 19.23% in 2014 compared to 2013, mainly due to the increase in production capacity in the Nanjing plant causing an increase of energy indirect greenhouse gas (scope 2). Secondly, Inventec Appliances' individual revenue increased by 12.82% in 2014 compared to 2013, indicating that the increase of greenhouse gas emission had a direct correlation to individual revenue.

In the future, Inventec and Inventec Appliances will continuously plan and implement its energy saving and carbon reduction plan (such as incorporating clean energy to replace the use of fossil fuels) so as to prevent contribution to climate change generated from greenhouse gas emissions due to the increase in production capacity, and evaluating other comparison benchmarks that have a positive correlation to greenhouse gases to accurately represent emissions.



Greenhouse gas emission intensity in 2014 **0.707** tons of CO₂e/million NTD

Increased by **15.79%** compared to 2013



5) Greenhouse gas reduction performance

In order to relieve the environmental impact caused by greenhouse gas emitted from company activities, the Inventec Group continuously promotes energy saving and carbon reduction to effectively reduce emissions. In 2014, the carbon reduction result was a total of 8,043.218 tons of CO₂e. If divided according to region, the total carbon emission reduced in Taiwan was 378.733 tons of CO₂e, and the total carbon emission reduced in mainland China was 7,664.485 tons. The Energy saving and carbon reduction plan produced results.



Inventec

Carbon reduction result in 2014:

8,043.218 tons of CO₂e

5.2.8 Carbon disclosure

Since people from all walks of life internationally are focusing on carbon emission issues, and in order to conform to the requirements of customers and international investment institutions on carbon disclosure, as of 2009, Inventec participated in the supply chain questionnaire, the Carbon Disclosure Project (CDP), and has entered into the 7th year running. For two consecutive years, Inventec's CDP disclosure scores were above 85, indicating that Inventec has won the affirmation of international organizations in terms its sustainable development, strategy for climate change, promotion and disclosure. In future, Inventec will plan to disclose its material supplier carbon survey and promotional activities, so as to collect material carbon information for reference in subsequent carbon and water footprint data calculations.

In **CDP** rating, Inventec has scored
above **85** for two consecutive years

5.2 Environmental protection

5.2.9 Energy management

The use of energy not only affects the cost of operation, but it is also one of the major sources of generating greenhouse gas. How to effectively use energy is one of the most important issues for corporate sustainable development.

In order to effectively manage energy in the long run, as well as continuously carrying out energy monitoring and control, seeking ways of improvement for energy efficiency and reducing energy use, Inventec also incorporated clean energy devices in 2012. In 2014, Inventec's plants in mainland China applied solar energy generation; the generated energy was 3.2 million degrees of electricity, approximately accounting for 1.54% of the consumption in 9 plants of Inventec.

1) Energy statistics

Inventec's use of energy mainly includes electric power and natural gas; the electric power is mainly used in product research and development, testing, manufacturing, public facilities and dormitories, etc., and natural gas is mainly used in the kitchens and dormitory boiler.

In 2014, the energy (electric power, natural gas) consumption of Inventec was 826,236,571 million joules, which only increased by 1.25% compared to 2013 (816,032,796 million joules).

In 2014, the energy (electric power, natural gas) consumption of Inventec Appliances was 425,459,738 million joules; increased by 16.41% compared to 2013 (365,484,445 million joules), mainly due to the expansion of production capacity in the Nanjing plant.



Energy consumption in 2014
1,251,696,310 million joules



Increased by 5.94%
compared to with 2013

2) Energy intensity

In 2014, Inventec's energy emission intensity was 2,497.81 million joules/million NTD; an increase by 13.02% compared to 2013 (2,210.10 million joules/million NTD), due to individual revenue being the population parameter in calculating energy intensity. Individual revenue in 2014 was reduced by 10.41% compared to 2013, causing the higher energy intensity calculation result, indicating that the increase of energy consumption has no positive correlation to individual revenue.

In 2014, the Inventec Appliances' energy emission intensity was 10,560.85 million joules/million NTD; an increase of 3.18% compared to 2013 (10,235.39 million joules/million NTD), indicating that the increase of energy consumption has a positive correlation to individual revenue.

In the future, Inventec and Inventec Appliances will further evaluate comparison benchmarks that have a positive correlation to energy consumption to accurately present the trend of energy intensity.



Energy intensity in 2014
3,373 million joules/million NTD

Increased by 15.61% compared
to 2013



5.2 Environmental protection

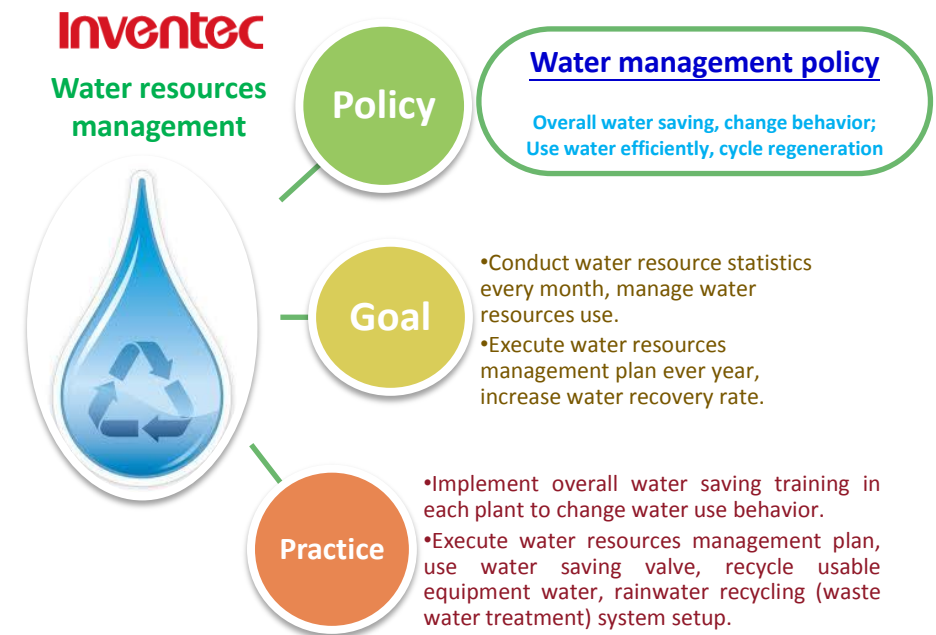
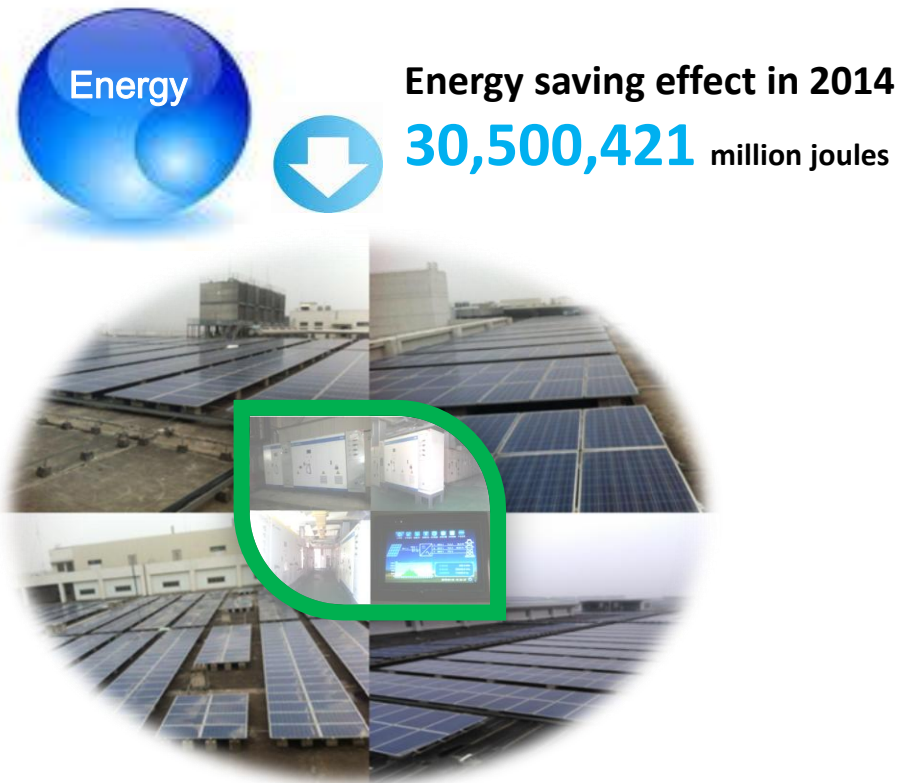
3) Energy saving plan

In the face of international community energy and environmental issues, starting from 2013, Inventec used the ISO 50001 energy management system (Taiwan), and further expanded implementation of the energy saving plan in each plant in mainland China, so as to effectively save energy and reduce greenhouse gas emissions.

As for Inventec's effect of energy saving plan in each plant in Taiwan and mainland China in 2014 (estimate the energy saving benefit before and after improvement according to the energy saving plan in 2014), the energy saving effect was a total 30,500,421 million joules, if divided according to the region, the energy reduction in Taiwan was a total of 2,611,951 million joules whilst the energy reduction in mainland China was a total of 27,888,470 million joules.

5.2.10 Water resources management

In coordination with the water resources policy of the local government, Inventec periodically traces and manages the water resources data, carries out water resources use investigations and examinations in each plant every year, promotes the effective use of water resources and establishes waste water treatment and recovery water systems whilst formulating relevant water saving plans and measures to reduce waste water.



Power transformation system of solar power station in mainland China plants

5.2 Environmental protection

1) Water resources statistics

In order to reduce the waste of local water resources and effectively implement the water resources management plan, Inventec periodically conducts statistics on water resources use so as to analyze and propose a feasible water saving plan and measures. In 2014, the total water use of Inventec and Inventec Appliances was 2,439,323 tons, among them, underground water accounted for 76,262 tons, and the total water use amount of the solar group company Inventec Solar Energy was 285,588 tons.

In response to the government's collection of water consumption fees in the future, as well as the water resources management plan, Inventec Taiwan plants will continue to educate and encourage employees to implement daily water saving habits in the future, so as to avoid the collection of water consumption fees.

2) Water resources management plan

In 2014, the annual water recovery amount of Inventec (plants in Taiwan and mainland China), Inventec Appliances (the Pudong and Nanjing plants) and Inventec Solar Energy was 94,274 tons, due to the differences of industry process characteristics and saving recovery methods, water recovery rates are as follows:



Water resources use in 2014
2,724,911 tons



Water recovery reuse amount in 2014
94,274 tons



Inventec
 SOLAR ENERGY
23%

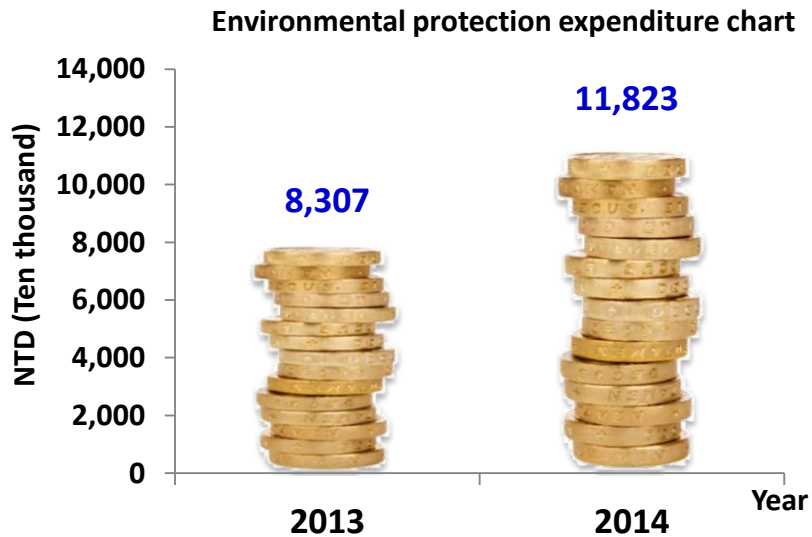
Water recovery utilization rate in 2014

Inventec
3.7 % ~ 6.2%

5.2 Environmental protection

5.2.11 Environmental protection expenditure

In order to reduce the impact of company operations on the environment, Inventec will continuously carry out all kinds of pollution prevention and environmental protection. In 2014, the environmental protection expenditure was over NTD118 million, mainly including Inventec and Inventec Appliances' waste disposal, maintenance of pollution control equipment, environment detection, ecological afforestation, green management system validation, product environmental protection mark certification, environmental education, the energy saving and carbon reduction project and environmental preservation activities, etc. Statistics on environmental protection expenditure in the past two years are as shown in the following chart. In 2014, no serious leakage event occurred in Inventec and so the company didn't suffer from any loss or punishment due to environmental pollution.



5.2.12 Clean production

In order to coordinate with the clean production policy of China, the Pudong plant and the Chongqing plant of Inventec actively participate in the government's project plan, establish clean production audit systems, find out the weak points of controlling energy and resources consumption and pollutant discharge in the production process through the clean product audit, formulate and implement a series of feasible clean production plans to further standardize all kinds of production activities, and establish and improve clean production systems to use energy and resources effectively to relieve the impact of production processes on the environment.

1) Air pollution control

For Inventec and Inventec Appliances, the air exhaust in the production process mainly includes particulate matter, tin and its compounds, and oily fumes. No nitrogen oxide and sulfur oxide are emitted in the plant. Control equipment such as dust collectors, process exhaust equipment, tin smoking equipment, electrostatic range hoods, etc. are installed, and exhaust funnel high-altitude emissions are established to avoid causing pollution to the surrounding environment.

In the product production process of Inventec, no ozone depleting substance is used, only the refrigerant (such as R-22, R123, PFC-14) initially included in some old refrigerant equipment includes ozone depleting substances. In 2014, the total emission of ozone depleting substances in the 9 plants of Inventec globally was 1.549 tons/year. In the future, Inventec will purchase new refrigerant equipment or replace old equipment to use environmentally-friendly refrigerants gradually so as to reduce the impact on the environment.



Emission amount of ozone depleting substances (ODS) in 2014
1.549 tons

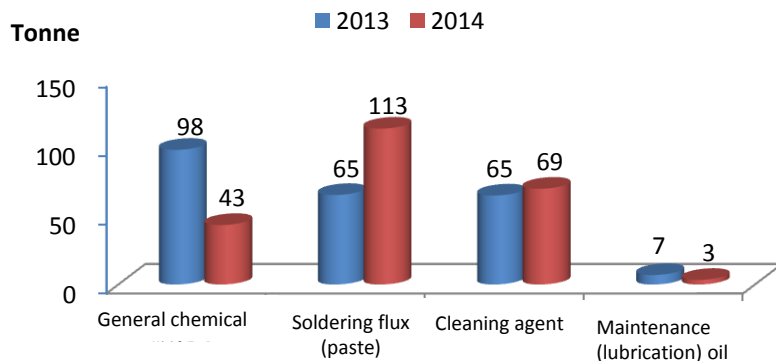
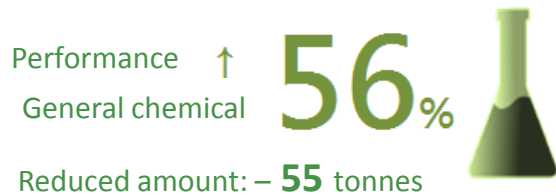
5.2 Environmental protection

2) Waste water treatment

Waste water management is not significant to the plants of Inventec and Inventec Appliances, but it is a significant issue for Inventec Solar Energy, which is located in the Taoyuan Science and Technology Park. In 2014, Inventec Solar Energy's industrial waste water discharge was 247,734 tons every half a year. A detection company recognized by the Environmental Protection Administration is appointed to conduct sampling and analysis, and the detection results conform to the standards required by law.

3) Chemical management

In order to obtain chemical safety information and reduce the hazardous risk of chemicals to human health and the environment, Inventec has formulated relevant administrative measures to control hazardous chemicals, and has established hazardous chemical temporary storage areas and conducts 24 hours monitoring of them. Furthermore, in order to allow employees to use chemicals correctly, Inventec periodically holds educational training so as to prevent the occurrence of chemical-related accidents (no serious leakage event occurred in Inventec in 2014). In 2014, the types of chemicals in common use were mainly divided into four major types, namely general chemicals, soldering flux (paste), cleaning agents and maintenance (lubrication) oil.

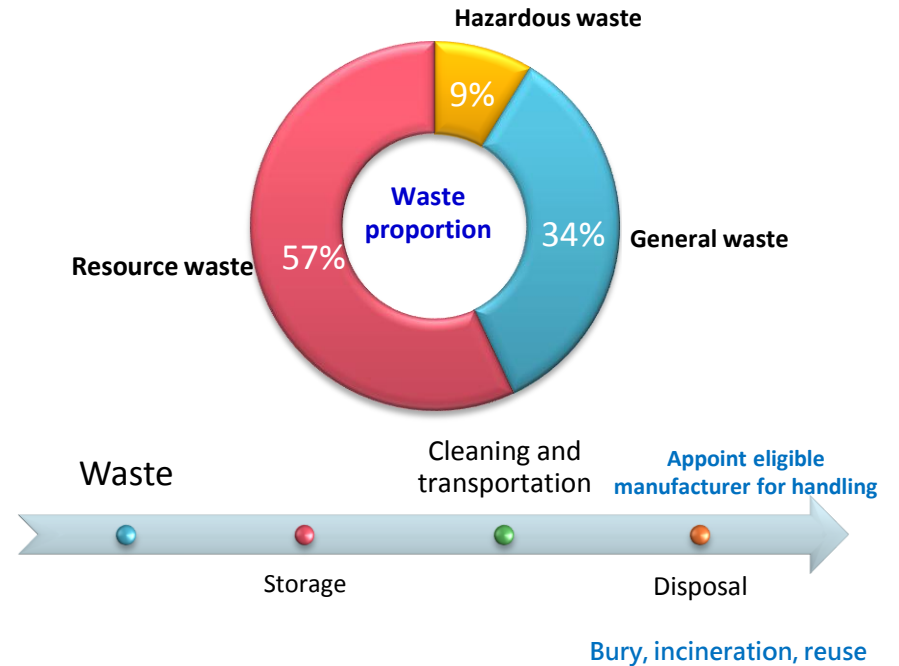


4) Waste disposal

Inventec is an ODM manufacturer; its disposal methods of industrial waste conform to local laws and regulations. It selects eligible cleaning manufacturers and assigns dedicated personnel to monitor the flow directions and disposal methods of waste at all times.

In 2014, the total waste of the Inventec Group (9 plants of Inventec and 3 plants of Inventec Appliances) was 35,239.0 tons, the total waste of Inventec (9 plants) was 29,917.6 tons and the total waste of Inventec Appliances (3 plants) was 5,321.4 tons. Among them, the general waste and resource waste accounted for 36.0% and 62.8% respectively, and the hazardous waste only accounted for 1.3%.

As for the group company (Inventec Solar Energy) of Inventec in the Taoyuan Science and Technology Park, its total waste disposal amount was 3,736.40 tons, among them, hazardous and general waste accounted for 78.9% and 18.1% respectively, and resource waste only accounted for 3.1%.



5.2 Environmental protection

5.2.13 Green lifestyle

In the face of environmental issues of global climate change, how to effectively reduce greenhouse gases and avoid climate disaster has become the common issue for all people. As a part of a global citizen, despite the manufacturing plant, the R&D center and operation sites of Inventec are not located in the environmental protection areas and biological habitats and still take relevant biodiversity preservation measures. Furthermore, it also does its best to reduce carbon emissions generated from operation processes and it is confident to exert its own influence to make the public and other enterprises carry out energy saving and carbon reduction in daily life and work.

1) Adopt important national wetlands

In order to popularize environmental education, Inventec established an explanation board in the adopted Pitang wetlands, making the public further understand the local ecological environment (from November 2013 to December 2014, there were a total of 157,902 citizens visited the park). Furthermore, in order to let colleagues familiarize themselves with the wetland and to protect the wetland, the Foundation also calls on environmental volunteers of the group to participate in the project “Protect wetland”, allowing employees to actually participate in Pitang wetland preservation. Through such activities, employees realize the importance of ecological preservation and find a close connection with the nature. In total, 65 group volunteers gathered, contributing about 272 hours of public service in total, successfully preserving 21 precious species of wetland.

2) Initiate tree planting activity

Adhering to the belief of “Green energy environmental protection” encourages employees to respond to ecological preservation activities, increase natural green lands, and reduce carbon emission. In 2014, Inventec Pudong/Chongqing plants initiated tree planting environmental protection activities, led by hundreds of volunteers to plant seeds around the plant, which motivated company employees in caring for the forest.



Preserve Kwan-tu nature protection area



Tree planting activity led by hundreds of volunteers from Shanghai Pudong/Chongqing plant of Inventec

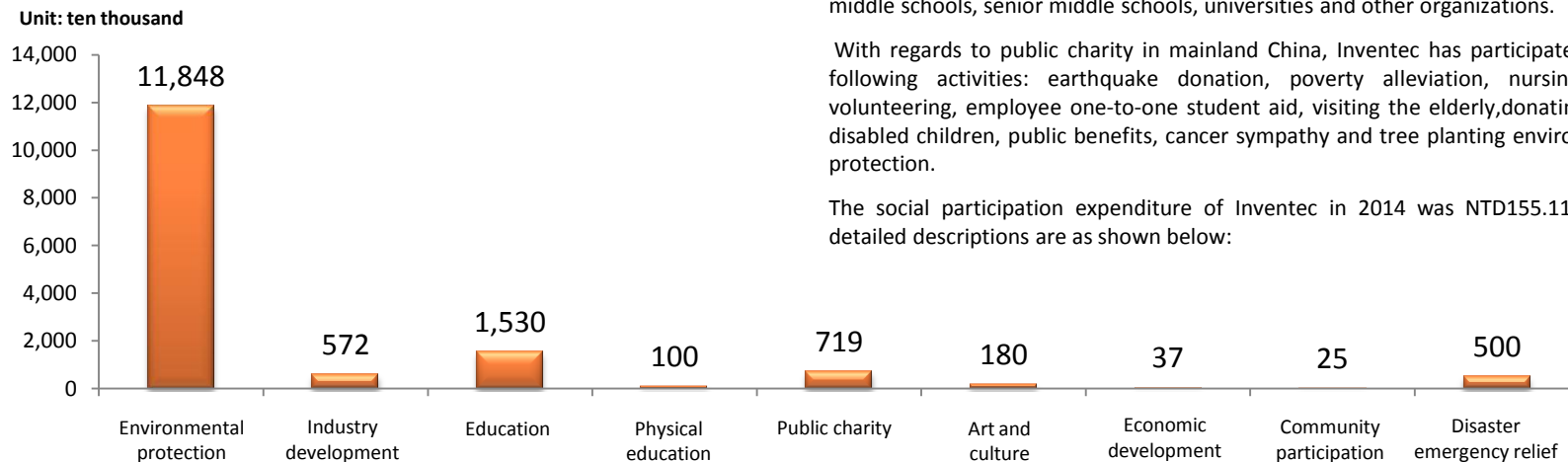


5.3 Social participation

5.3.1 Literary and artistic activity

In order to assist in the growth and development of the local literary and artistic environment, Inventec and the “Inventec Group Charity Foundation” spare no efforts in caring about the promotion of local artistic work and the devotion in artistic culture inheritance in the long term, integrating diversified literary and artistic activities into the daily life of the public. Through the promotion of literary and artistic activity, artists can spread arts and human aesthetics through performances on stage, encouraging friends to become interested in literature and art and to appreciate the value of life and beauty of art through artistic and cultural rendering. “Long-term and continuous” sponsorship of literary and artistic activity is the purpose and goal of the “Inventec Group Charity Foundation” in literature and arts promotion.

In 2014, we continued to sponsor the “Taipei International Choral Festival”, the music activity feast, and also supported many literary and artistic activities and groups. Furthermore, we also appropriate funds for the long-term support of the Spring Festival and Lantern Festival celebration held by the Taipei City government every year, providing the best destination for the public to enjoy artistic lantern work. Moreover, the Inventec club also often participates in all kinds of charitable giving activities through artistic music performance.



Notes: apart from the environmental protection including 9 plants of Inventec and 3 plants of Inventec Appliances, the expenditure of other items only includes Inventec Taiwan plants and subsidiary Inventec Appliances.

5.3.2 Charity support

Inventec and the “Inventec Group Charity Foundation” adhere to the philosophy of “Loving Inventec: Inventec shoulders the responsibility for those in need”, through the integration of relevant resources and selfless participation of volunteers, spreading the “love” of Inventec to every corner in need, caring for society with practical action.

1) Public charity

For a long time, Inventec has been engaging in charitable caring and emergency relief of major disasters, and has provided NTD10 million donation to the Kaohsiung gas explosion event, adhering to the social responsibility spirit of treating others as we would want to be treated, being willing to endure the hard times of affected people together, hoping to jointly assist compatriots in disaster areas rebuild their home as soon as possible.

In 2014, Inventec donated a cloud server to the value of nearly NTD14.8 million to Taiwan University, which will become an important aspect of infrastructure for Taiwan cloud data center-customization.

Inventec also actively participates in charitable public benefits, education and environmental protection, etc., donating 113,836 books to primary schools, junior middle schools, senior middle schools, universities and other organizations.

With regards to public charity in mainland China, Inventec has participated in the following activities: earthquake donation, poverty alleviation, nursing home volunteering, employee one-to-one student aid, visiting the elderly, donating items, disabled children, public benefits, cancer sympathy and tree planting environmental protection.

The social participation expenditure of Inventec in 2014 was NTD155.11 million, detailed descriptions are as shown below:

5.3 Social participation

2) Care for the weak

With the cooperation of the “Inventec Group Charity Foundation”, and together with the long-term care and fixed donation of colleagues, Inventec participates in relevant charity activities to care for those who need help, continuously extending its warm and strong hands to the social welfare education institutions and victims of major disasters.

3) Support social enterprise

The company implements the spirit of social enterprise through purchasing unsellable agricultural products and organic farming products from small farmers (county grain social enterprise) in remote villages of Taiwan, and appointing new residents of single parents from families in need of farming assistance, etc. Aside from carrying out business activities and gaining revenue, it also cares about those less fortunate in society.



2013
The 24th Hunger 30
“Hunger Warrior Assembly”



2014
The 25th Hunger 30
“Love’s Mileage – Run for Hungry Children”



2015
The 26th Hunger 30
“When Love Gathered – Hunger is Far Away”

As of 2013, the company has supported the series activities of “Hunger 30 Assembly” held by “Taiwan World Vision” for three consecutive years

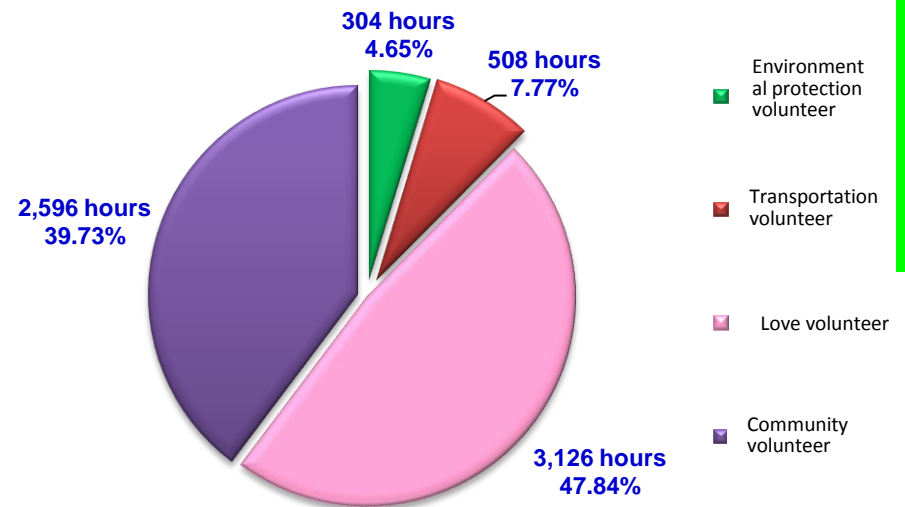
5.3 Social participation

5.3.3 Volunteer team

Inventec Group Taiwan has formulated volunteer work administrative measures to actively encourage colleagues to participate in relevant volunteer activities beneficial to the society. It provides volunteer leave with pay on holidays to improve colleagues' attendance at local social welfare activities and services and promotes social welfare study. It encourages employees to join volunteer teams, and establishes Inventec volunteer culture, initiatively sparing efforts for social contribution for the need of volunteers in public benefit activities. Statistics in 2014 are as follows:

Type Company	Environmental protection volunteer	Transportation volunteer	Love volunteer	Community volunteer
Inventec	272	508	2,964	2,596
Inventec Appliances	32	0	162	0
Total				6,534 hours

Statistics of volunteer hours of Inventec Group in 2014



Inventec 2017 – A Leading Social Enterprise

•In Taiwan,

- There are 42 companies that have “social enterprise” in their names.
- In addition, there are 200 companies using social enterprise business model.
- Moreover, there are over 1,000 companies like Inventec that participate in social welfare aggressively, but are not classified as social enterprises .

•Inventec not only participates aggressively in social welfare but also strongly supports the social enterprises. Inventec is the pioneer leader in promoting social enterprises.



5.3 Social participation

2) Community greening

Inventec's green work for the community environment and plant working environment is nothing more than adopting park green land and important wetland, employee's participation in environmental cleaning and green activity, by planting different seasonal flowers and trees. Despite what it seems, these activities should be engaged in by enterprises locally, but to Inventec people, due to long-term operation and caring, the green park has changed from an original common park; what we see now is the change of biodiversity and more a better ecological habitat.



Inventec Nanjing plant warm, winter clothing donation



Inventec Shilin community sports meeting

3) Community building

Inventec understands the important issues of the local community and the requirements of interested parties. Through exerting the enterprise's own specialty and resources, Inventec has prepared a complete community relations development plan. Public affairs such as long-term participation in community transportation safety, public security assistance and maintenance, community interactive learning, community sports meetings, community green work, street environment maintenance and community public benefit activities. Through cooperation in public affairs, it bridges the gap between the enterprise and residents, hoping to unite public awareness of the community, integrate administrative systems and community resources, and Exeter community features and vitality, so as to facilitate the sustainable development of the community.



Inventec Taoyuan plant initiative donation and sympathy to the victims of disasters.



Inventec Shilin plant community environment cleaning

6 AA 1000 Assurance statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S INDEPENDENT ASSURANCE REPORT ON SUSTAINABILITY ACTIVITIES IN THE INVENTEC'S 2014 Corporate Social Responsibility Report

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by INVENTEC CORPORATION (hereinafter referred to as INVENTEC) to conduct an independent assurance of the Corporate Social Responsibility Report (hereinafter referred to as CSR Report) of 2014. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables, contained in INVENTEC's operational sites in Taiwan, China, Czech Republic and Mexico of this report.

The information in the INVENTEC's CSR Report of 2014 and its presentation are the responsibility of the superintendents, CSR committee and the management of INVENTEC. SGS has not been involved in the preparation of any of the material included in the INVENTEC's CSR Report of 2014.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance set out below with the intention to inform all INVENTEC's stakeholders.

The SGS Group has developed a set of protocols for the Assurance of Sustainability Reports based on current best practice guidance provided in the Global Reporting Initiative (hereinafter referred to as GRI) Sustainability Reporting Guidelines and the AA1000 Assurance Standard (2008). These protocols follow differing options for Assurance depending the reporting history and capabilities of the Reporting Organization.

This report has been assured using our protocols for:

- evaluation of content veracity at a high level of scrutiny for INVENTEC and moderate level of scrutiny for applicable aspect boundaries outside of the organization covered by this report ;
- evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008);
- evaluation against the Stakeholder Engagement Standard (2011)
- evaluation of the report against the GRI Sustainability Reporting Guidelines (G4 2013).

The assurance comprised a combination of pre-assurance research; interviews with relevant employees and senior management at headquarter of INVENTEC and the operational sites in Taiwan (Taoyuan and Wuku); documentation and record review and validation with external bodies and/or stakeholders where relevant. Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirms our independence from INVENTEC, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, EICC, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within INVENTEC's CSR Report of 2014 verified is accurate, reliable and provides a fair and balanced representation of INVENTEC sustainability activities in 01/01/2014 to 12/31/2014.

The assurance team is of the opinion that the report can be used by the Reporting Organization's Stakeholders. We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting. The report is the third to be assured by an independent assurance team and INVENTEC has taken a bold step by offering the report to evaluation against both GRI G4 guidelines and the AA1000 Assurance standard. This shows a deserved confidence in their reporting process.

In our opinion, the contents of the report meet the requirements of GRI G4 Core Option and AA1000 Assurance Standard (2008) Type 2, High level assurance.

AA1000 ACCOUNTABILITY PRINCIPLES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

INVENTEC has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to customers, investors, suppliers, employees, governmental entities, and communities, CSR experts and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, INVENTEC may consider having more direct two-way stakeholder engagement activities and systematically document issues raised during the involvements of the stakeholders.

Materiality

INVENTEC has established effective processes for determining issues that are material to the business. The report has systematically identified and adequately addressed stakeholder concerns and organization context, with aims to evaluate the levels of economic, environmental, and social impacts significance and the influence on stakeholder assessments and decisions.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback. It is recommended to have more direct responses to the key issues addressed by different stakeholder groups.

GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, INVENTEC's CSR Report of 2014, is adequately in line with the GRI G4 Core Option. The material aspects and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material aspects and boundaries, and stakeholder engagement, G4-17 to G4-27, are correctly located in content index and report. It may consider to have more descriptions of DMAs on INVENTEC's internal mechanisms for monitoring the performances, such as information collection, monitoring system, and methods for evaluating the effectiveness, as well as to analyze the performances against goals and targets for each identified material aspects.

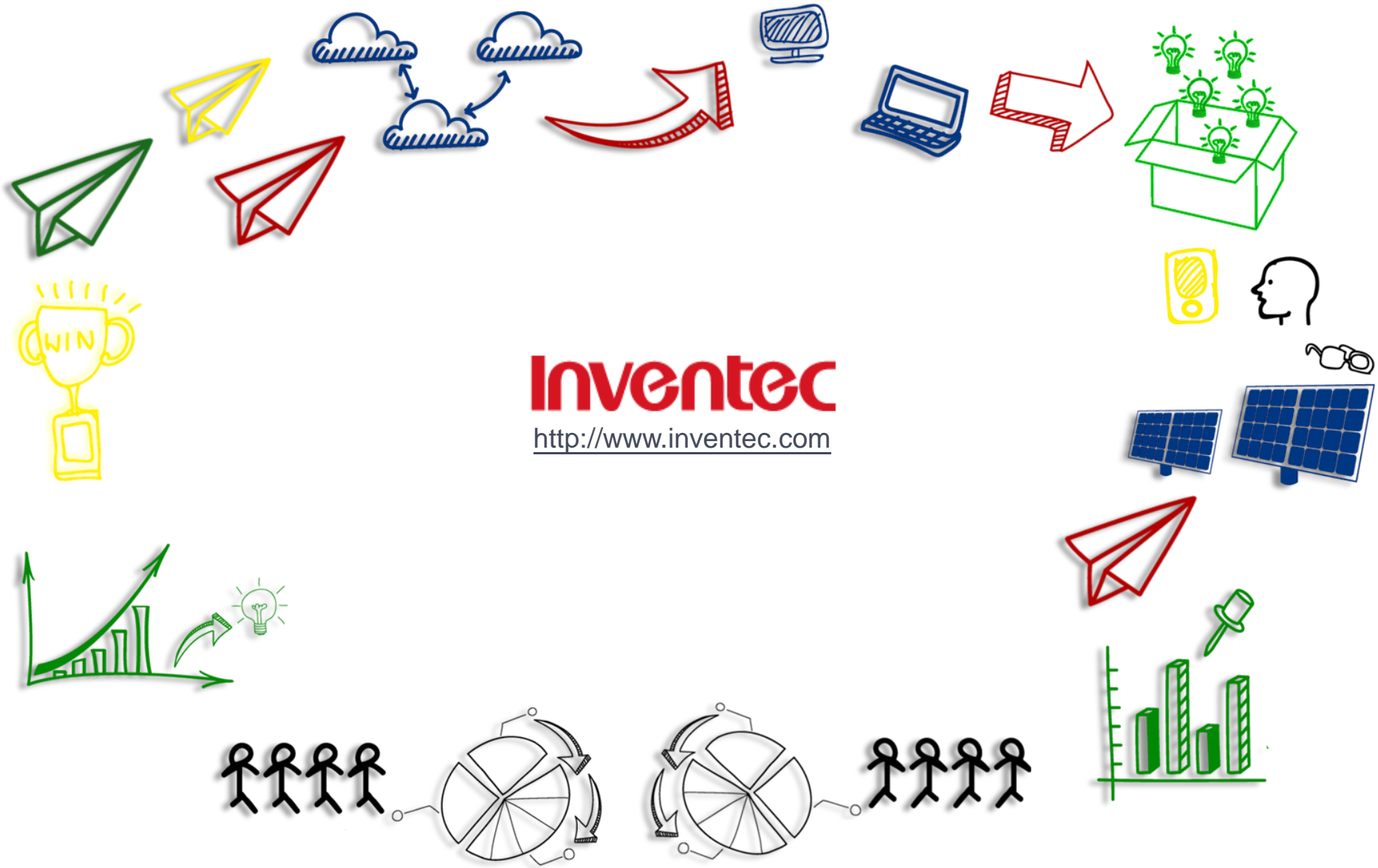
Signed:

For and on behalf of SGS Taiwan Ltd.



AA1000
Licensed Assurance Provider
000-8

Dennis Yang, Chief Operating Officer
Taipei, Taiwan
12 May, 2015
WWW.SGS.COM



Inventec

<http://www.inventec.com>