

# Inventec

# 2015

## Inventec Corporate Social Responsibility Report



# Table of Contents



## **1** Company profile **3**

- 1.1 Report Overview 4
- 1.2 Top management commitment 5
- 1.3 About Inventec 7
- 1.4 Communication with interested parties 14
- 1.5 Analysis of major aspects 16

## **2** Corporate governance **17**

- 2.1 Board of Directors' operation 18
- 2.2 Internal control system 21
- 2.3 Transparency of information disclosure 24

## **3** Business strategy **25**

- 3.1 Organization Structure 26
- 3.2 Business development plans 28
- 3.3 Five major policies 29
- 3.4 Reinvestment strategy 30
- 3.5 Management Performance 31
- 3.6 Customer satisfaction 32
- 3.7 Risk management 33



# Table of Contents

<b>4</b>	<b>Corporate commitment</b>	<b>35</b>
4.1	Friendly workplace	36
4.2	Healthy workplace	42
<b>5</b>	<b>Green energy environmental protection</b>	<b>45</b>
5.1	Goal and policy	46
5.2	Environmental sustainability management system	47
5.3	Supply chain management	52
5.4	Energy management	55
5.5	Greenhouse gas management	56
5.6	Water resources management	60
5.7	Green lifestyle	61
<b>6</b>	<b>Social participation</b>	<b>62</b>
6.1	Charity support	63
6.2	Volunteer team	65
<b>7</b>	<b>Attachment</b>	<b>66</b>
7.1	Research and development expenditure expected to be invested	67
7.2	Major Resolutions of Board Meetings	68
7.3	AA1000 Assurance statement	69



# 1 Company profile

1.1 Report Overview	4
1.2 Top management commitment	5
1.3 About Inventec	7
1.4 Communication with interested parties	14
1.5 Analysis of major aspects	16



# 1.1 Report Overview

## Report scope and boundaries

For worldwide synchronization, In 2015, 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/service\\_05.html](http://www.inventec.com/service_05.html)).

## Preparation principle and programme

Inventec's 2015 "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 2016, the disclosure period chiefly starts from January 1, 2015 to December 31, 2015. (Last issued version: June 2015)
- ◆ Next issued version: expected in June 2017.

## 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

- Website: [http://www.inventec.com/stakeholder\\_01-8.html](http://www.inventec.com/stakeholder_01-8.html)
- Email: [inventec\\_csr@inventec.com](mailto:inventec_csr@inventec.com)
- Address: No. 66, Hou-Kang St., Shih-Lin Dist., Taipei 111, Taiwan
- Tel.: +886-2-2881-0721
- Fax: +886-2-2882-1258

## 1.2 Top management commitment



### 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.

The operation performance of 2015 is summarized below: with regard to revenue and profit making, the individual revenue and consolidated revenue of the Company reached approximately NTD289.3 billion and NTD395.4 billion, respectively. The product portfolio is mainly computer products; compared to 2014 (in 2014, individual revenue and consolidated revenue were approximately NTD330.7 billion and NTD435.5 billion, respectively), the individual revenue has decreased by 12.5%, while the consolidated revenue decreased by 9.2%. Regarding product category, due to the continuous downturn of notebook computer market, the popularity degree of the new operation platform was not as expected, the annual revenue decreased by 25.28%; driven by the continuous fermentation of cloud computing market issues, the revenue performance in server products has been relatively stable, with the annual revenue in 2015 increasing by 24.05%. With regard to wireless devices and mobile communication products, thanks to customer product hot sales and the expansion of production capacity, the operation income contributed approximately NTD46.9 billion of revenue, and the annual revenue performance increased by 0.29%.

As for solar energy products, the overall revenue contribution of the Group's solar energy products was approximately NTD12.9 billion, an increase of 14.79% year-on-year.

In regard to profit making, the annual net profit attributable to parent company shareholders reached approximately NTD5.5 billion, with earnings per share of NTD1.55, a reduction of approximately NTD1.5 billion from the previous year, profit making decreased by 21.6%, the main reason is that the notebook computer market is facing slow-moving growth and price competition. Nevertheless, the server and mobile communication product markets are continuing to experience stable growth; furthermore, with regard to reinvestment business, under the supply chain vertical integration and organizational merger, the Company hopes to improve its business turnover and profit making capacity to bring positive benefit to the Group's performance.

Due to the continuous downturn of the global economy in 2016, the shipment volume of traditional notebook computers continues to be impacted by the stagnated growth in the change of ultimate consumer habits; faced with the challenges of the information industry operating environment, Inventec will adhere to innovative thinking, adjust its operating strategy, and actively face future challenges to seek new kinetic energy for operation growth. With regard to personal computer products, Inventec will continuously coordinate with the demand of major international manufacturers and develop light, thin, and portable products to meet market trends and consumer demands; regarding enterprise solutions (including servers, storage, and LAN switches),

Inventec will continue to focus on the hardware leading foundation of network integration, storage, computation modules, etc. and adhere to main trends in cloud application, integrate software and hardware development capability, and actively develop customers to continuously expand its leading position in the server-related product market; furthermore, with regard to wireless devices and smart mobile products, we will gradually improve the proportion of automated processes in order to reduce production costs, as well as coordinate with advanced technological solutions to provide end customers with smart home and wireless intelligent end products; as for the solar energy industry, through vertical integration of Inventec Solar Energy Corporation and Inventec Energy Corporation, we will continue to cut costs in the hopes of gradually improving operation efficiency to expand market competitiveness; in order to capture the opportunity of the handheld wireless devices for industrial usage market, Inventec Corporation and Advantech Co., Ltd. form a strategic alliance to establish a joint venture company, we hope to further provide a complete solution to the customer and become the pioneer of industrial smart mobile devices through combining the advantages of both parties in the aspect of research and development, manufacturing and brand; finally, regarding research and development innovation, in 2015, the product research and development costs of the Group reached NTD8.8 billion; in the future, we will continue to work hard at product innovation, automated processes, etc. in order to maintain core competitiveness.



## 1.2 Top management commitment



When pursuing an enterprise's sustainable operation and creating enterprise value, Inventec also fulfills its corporate citizenship responsibility. Through Inventec Group Charity Foundation, it has gathered the Group's caring volunteers to actively promote relevant volunteer businesses such as social care, emergency relief, environmental protection, culture promotion, etc. over the long term in order to practice the social service philosophy of Inventec Group, namely environmental protection, culture, poverty relief, and community. In the past year, whether in the Formosa dust explosion incident or Taiwan earthquake, you can always witness the social responsibility spirit of Inventec Group in treating others as ourselves and loving others as ourselves and assisting disaster stricken populations to live through hard times.

Looking toward 2016, Inventec will continue to adhere to the operation philosophy of "Innovation, Quality, Open mind and Execution", in addition to caring for its existing customers, Inventec will continuously improve its management performance to consolidate its long-term competitive advantage through product diversification, strategic investment, human resource inventory, and organization optimization in order to expand the Group's operation scale and its growth space in profit making. This is the everlasting commitment of the Inventec management team to its shareholders and investors. Again, thanks to every shareholder for their support of and guidance to Inventec.

Best regards,



Chairman: *Lee, Tsu-Chin*



President: *Huang, Kuo-Chun*

## 1.3 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 21<sup>st</sup> 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.

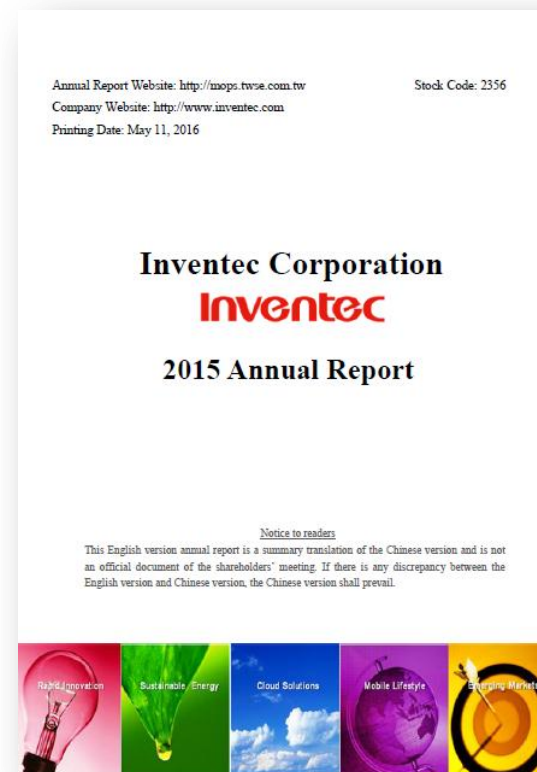
2015 is a milestone for Inventec as it celebrates its 40<sup>th</sup> anniversary. Looking back over the 40-year history of Inventec, the company has endured great hardships in conducting its pioneering work and was created scratch. The Group has grown gradually and is now involved in solar energy and 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 40<sup>th</sup> 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.



### 1.3.1 Company introduction

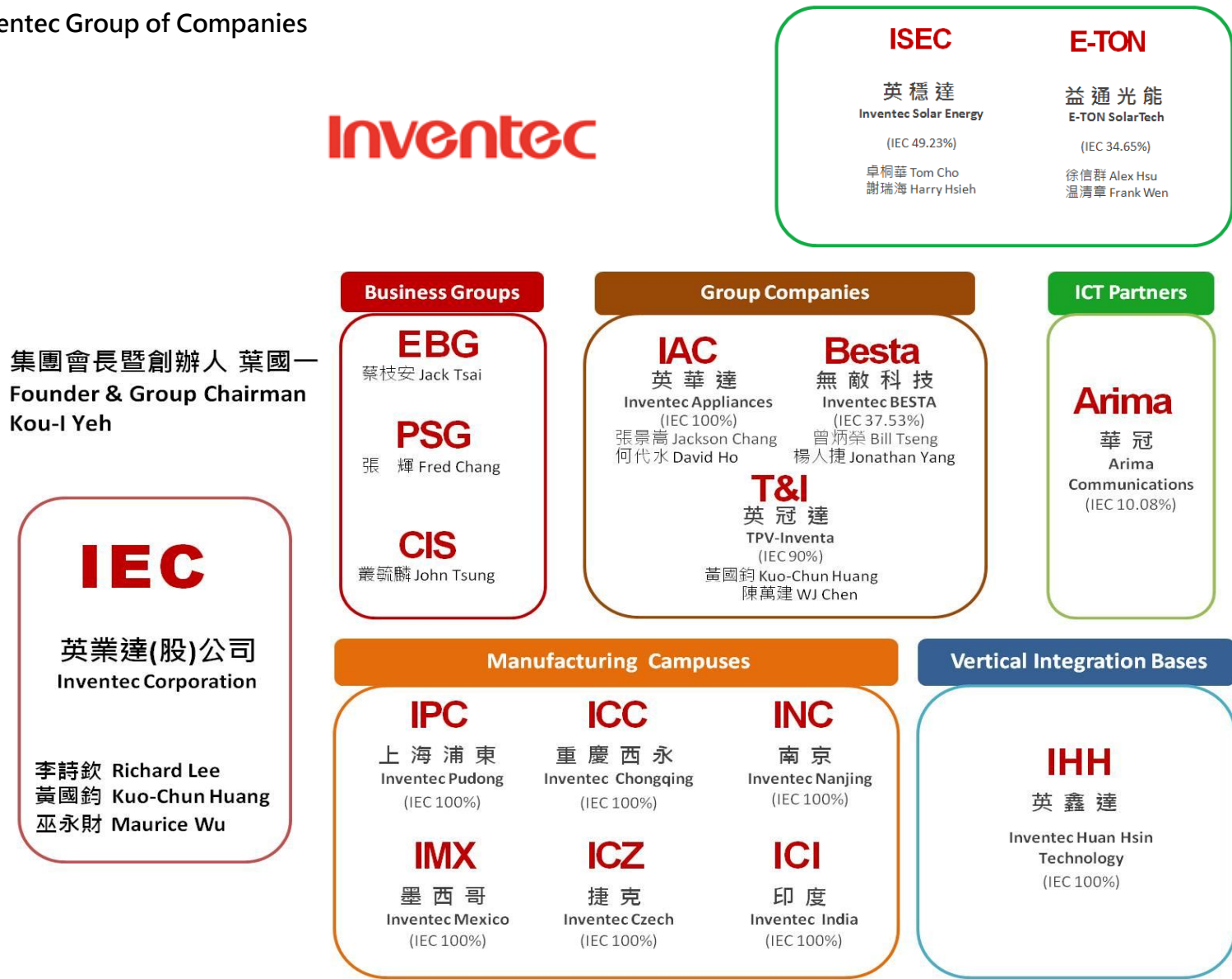
- Company name: Inventec Corporation **Inventec**
- Date of establishment: June 9, 1975
- Industrial category: ICT ( Information and Communications Technology)
- Operation headquarters: located in Taipei City, Taiwan, operating points are established globally (Asia, North America, Europe)
- Chairman: Mr Richard Lee
- President: Mr Kuo-Chun Huang
- Total employees: 27,160 (as of 2015/12/31)
- Revenue in 2015: approximately NTD395.4 billion
- Inventec stock code: 2356 (listed company in the Taiwan Stock Exchange)





# 1.3 About Inventec

## 1.3.2 Inventec Group of Companies



## 1.3 About Inventec

### 1.3.3 Our 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.

# Inventec

創新 品質 虛心 力行

Innovation  
for  
Changes

Quality  
and  
Character

Open Mind  
with  
Modesty

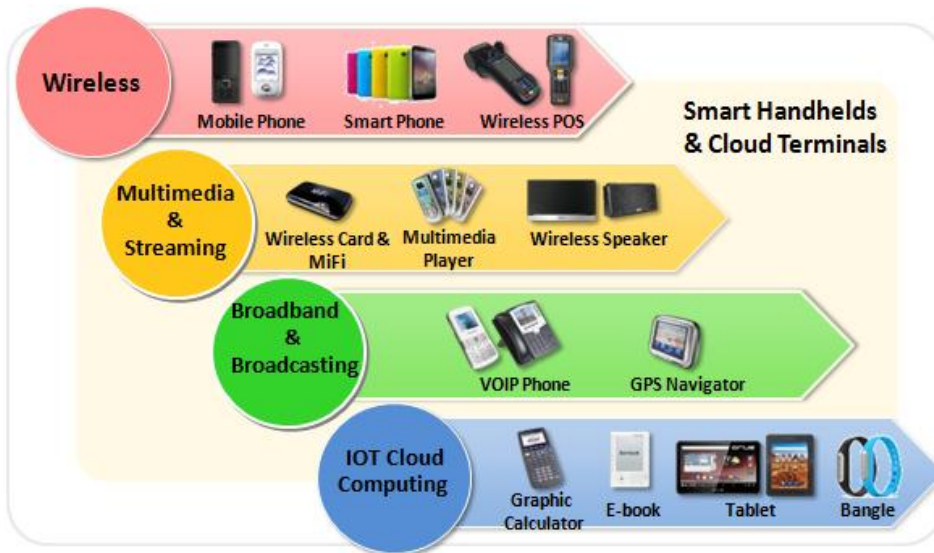
Execution  
on  
PDCA



# 1.3 About Inventec

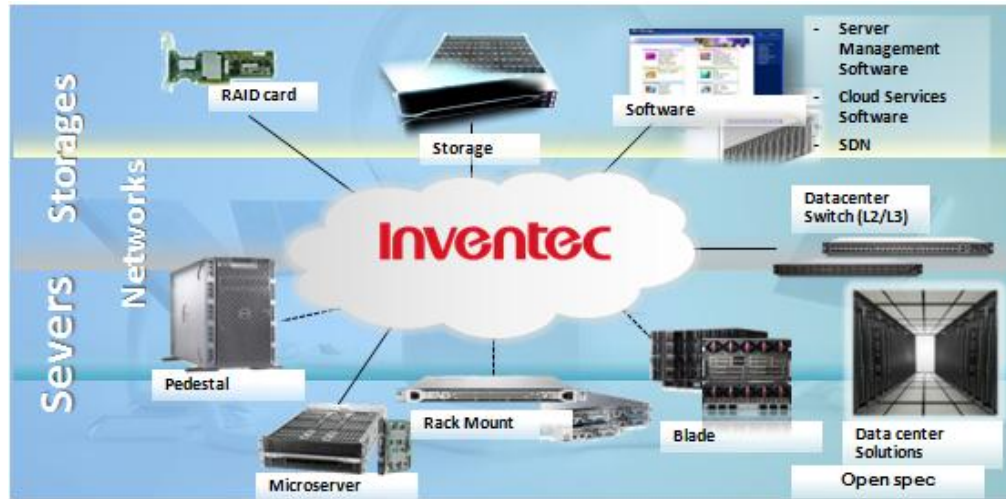
## 1.3.4 Major products

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.



# 1.3 About Inventec

## 1.3.4 Major products



Internal RAID cards	External storage systems	SAS switch
Host bus adapter (HBA)	JOBDS	NAS Gateways

TOP 100  
TAIWAN BRANDS



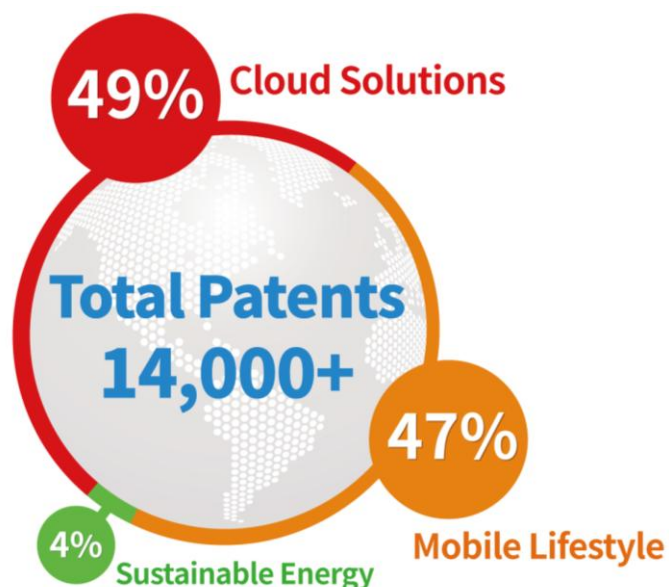


## 1.3 About Inventec

### 1.3.5 Our Innovations – Worldwide Patents

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, 2015, the Inventec Group has applied for more than 20,000 patents globally, acquiring over 14,000 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.



- **World Wide Patent Portfolio**
  - Areas: covered 15 areas including East Asia, Southeast Asia, America, Europe, etc.
  - Technologies: focus on Cloud Solutions, Mobile Lifestyle, Sustainable Energy and others.
- **Income from IP Assets**
- **Official Ranking**
  - Top 10 IP Business Corporation in China, 2015
  - Top 500 US Patent Proprietor, 2015
  - Top 3 Patent Proprietor among Taiwan similar industries in China for 8 consecutive years
  - Top 10 Taiwan Patent Applicant for 15 consecutive years



## 1.3 About Inventec

### 1.3.6 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”.

#### ●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.

#### ●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/english/stakeholder\\_01-4.html](http://www.inventec.com/english/stakeholder_01-4.html)



CSR Statement

#### STATEMENT

##### [Inventec EICC Statement](#)

Inventec commits itself to comply with the Electronic Industry Code of Conduct (EICC). And Inventec expects our suppliers will also comply with the policies including no “conflict Minerals” policy. For more information about EICC, please visit below web links: <http://www.eicc.info>

##### [Inventec Conflict Free Statement](#)

Conflict minerals (including tin, tantalum, tungsten and gold) originating from the Democratic Republic of the Congo (DRC) or adjoining countries are mined and sold under the control of armed groups to finance conflict characterized by extreme levels of violence, such as human right abuses. USA passed the Dodd-Frank Act and enacted Section 1502 of the Act to require certain companies to disclose their use of conflict minerals if those minerals are “necessary to the functionality or production of a product” manufactured by those companies.

Inventec expects our suppliers to comply with requirements of conflict free minerals. Our commitments and actions are as below:

- Requesting that our suppliers undertake commercially reasonable due diligence with their supply chain to assure conflict minerals used in products supplied to Inventec are conflict free.
- Requesting that our suppliers immediately report to Inventec if there are conflict minerals used in products supplied to us.
- With the goal of fulfilling customer requirements and international regulations, Inventec has conducted suppliers conflict minerals survey program based on Conflict-Free Sourcing Initiative (CFSI) Conflict Minerals Reporting Template (CMRT) since 2011 and has launched e-investigation via iSupplier portal since 2013.



# 1.4 Communication with interested parties

## 1.4.1 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, Reporters 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 3 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, non-governmental organizations, Reporters , and the community etc., descriptions of what they entail are given in the illustration on the right.

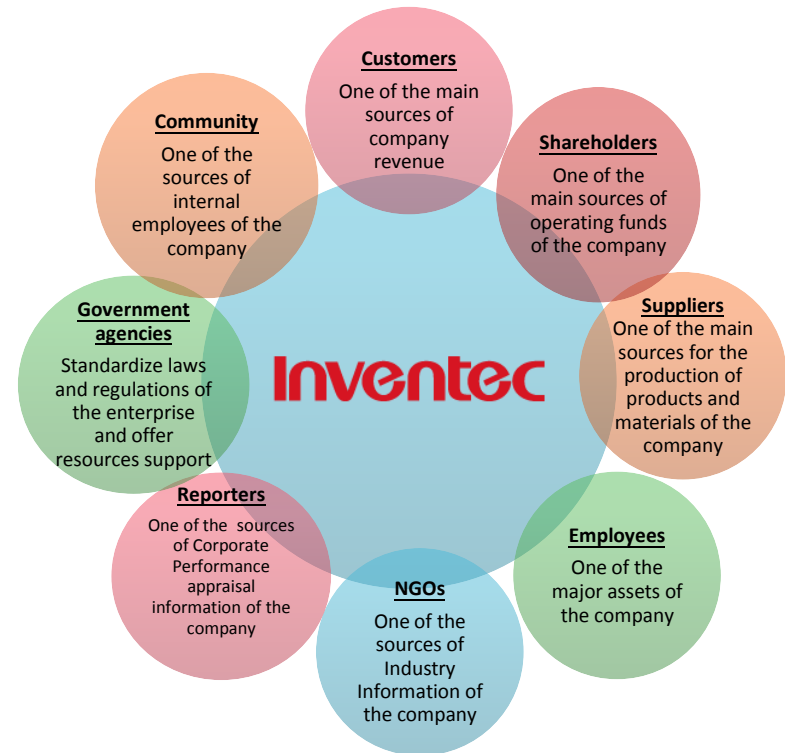
## 1.4.2 Topic identification

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.



Management Process of Identifying Interested Parties



Eight Major Interested Parties of Inventec

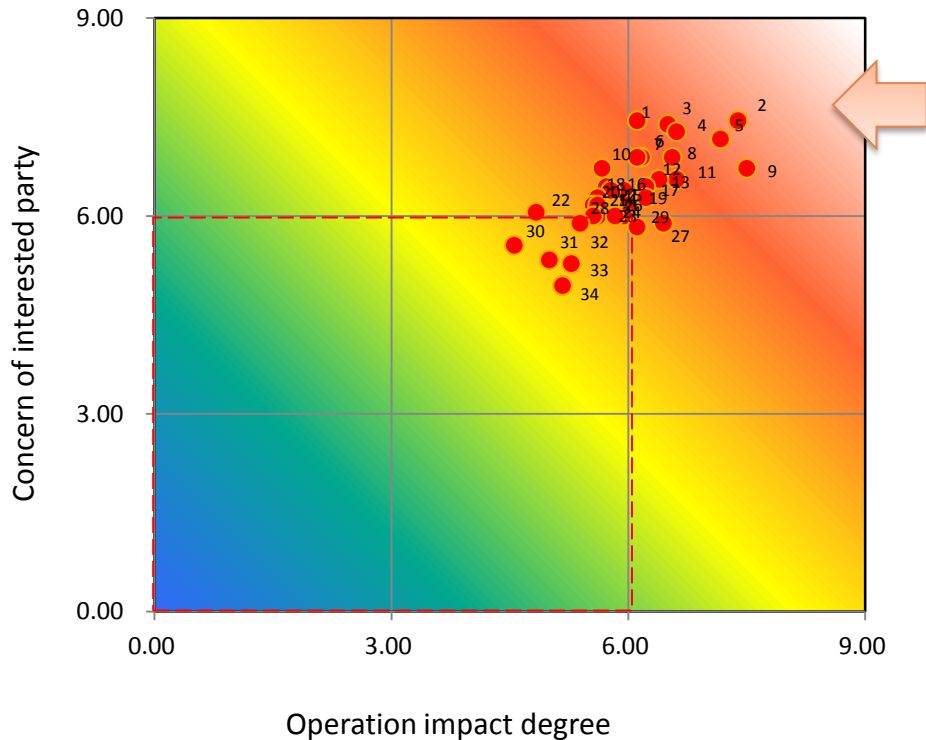
## 1.4 Communication with interested parties

Stakeholders	Method of communicating concerns	Inventec's communication method and channel	Concerned topic
Employee	Employee caring conferences, employee symposiums, leader symposiums, employee suggestion boxes	<ol style="list-style-type: none"> <li>1. Responsible unit shall periodically communicate via committee meetings every year.</li> <li>2. Responsible unit shall periodically communicate via the Internet every year.</li> <li>3. Human resources unit shall periodically communicate by holding quarterly meetings every year.</li> <li>4. Responsible unit shall periodically post an announcement on problems and countermeasures on the bulletin board.</li> </ol>	<ul style="list-style-type: none"> <li>● Employee welfare</li> <li>● Financial performance</li> <li>● Talent recruiting</li> <li>● Employee training and talent education</li> </ul>
Customer	Standards, audit or questionnaire survey proposed by customers	Each responsible unit shall automatically respond to customer requirements and questionnaires periodically through the committee.	<ul style="list-style-type: none"> <li>● Customer satisfaction</li> <li>● Product regulations conformity</li> <li>● Customer asset safety</li> <li>● Green product management</li> <li>● Hazardous substance management</li> <li>● Product quality management</li> <li>● Supplier management</li> <li>● Greenhouse gas management</li> <li>● Human rights education</li> <li>● Customer health and safety</li> <li>● Conflict minerals</li> </ul>
Government agency	Corporate annual report, CSR report preparation rules	Responsible unit shall disclose information on the company website yearly according to the relevant regulations	<ul style="list-style-type: none"> <li>● Corporate governance</li> <li>● Transparency of information disclosure</li> <li>● Air pollution emissions</li> <li>● Waste water management</li> <li>● Waste management</li> <li>● Energy management</li> <li>● Labor laws conformity or Environmental law conformity</li> </ul>
	Official documents from government department, in-plant inspection and declaration requirements	<ol style="list-style-type: none"> <li>1. Corresponding unit shall coordinate with government inspections periodically every year through fire drills and emergency response drills</li> <li>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.</li> </ol>	
	Government policy propaganda and project applications	Corresponding unit shall periodically participate in government projects or activities.	
Supplier (including contractor)	Questionnaire filled in by supplier	<ol style="list-style-type: none"> <li>1. Responsible unit shall hold supplier CSR and environmental protection explanation sessions periodically every year.</li> <li>2. Responsible unit shall periodically explain workplace safety in due time every year.</li> <li>3. Responsible unit shall periodically respond through the supplier website every year.</li> </ol>	<ul style="list-style-type: none"> <li>● labor practice, human rights, complaint mechanisms</li> <li>● Anti-corruption</li> <li>● Environmental issues</li> <li>● Occupational health and safety management</li> <li>● Policy and management system</li> </ul>
Shareholder /investor	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 2015 annual report of Inventec for details (inquiry website: <a href="http://www.inventec.com/english/indexEN.htm">http://www.inventec.com/english/indexEN.htm</a> )	<ul style="list-style-type: none"> <li>● Financial performance</li> <li>● Investment strategy</li> <li>● Risk management</li> </ul>
Community	Suggestions or questionnaire survey proposed by community	<ol style="list-style-type: none"> <li>1. Responsible unit shall participate in the proposal, respond to questionnaire surveys or participate in activities and exchanges periodically every year.</li> <li>2. The Social responsibility group shall jointly participate in the Inventec Group Charity Foundation periodically every year.</li> </ol>	<ul style="list-style-type: none"> <li>● Social benefit</li> <li>● Environmental education</li> </ul>
Reporters	questionnaire survey proposed by Reporter	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 2015 annual report of Inventec for details (inquiry website: <a href="http://www.inventec.com/english/indexEN.htm">http://www.inventec.com/english/indexEN.htm</a> )	<ul style="list-style-type: none"> <li>● Corporate governance</li> <li>● Financial performance</li> <li>● Social benefit</li> <li>● Carbon footprint disclosure</li> <li>● Water resources management</li> </ul>
Non-governmental organizations	Suggestions or questionnaire survey proposed by non-governmental organizations	<ol style="list-style-type: none"> <li>1. Responsible unit shall participate in the proposal, respond to questionnaire surveys or participate in activities and exchanges periodically every year.</li> <li>2. The Social responsibility group shall jointly participate in the Inventec Group Charity Foundation periodically every year.</li> </ol>	<ul style="list-style-type: none"> <li>● Social benefit</li> <li>● Environmental education</li> </ul>

# 1.5 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.

**Inventec Major Aspects Sorting Diagram**



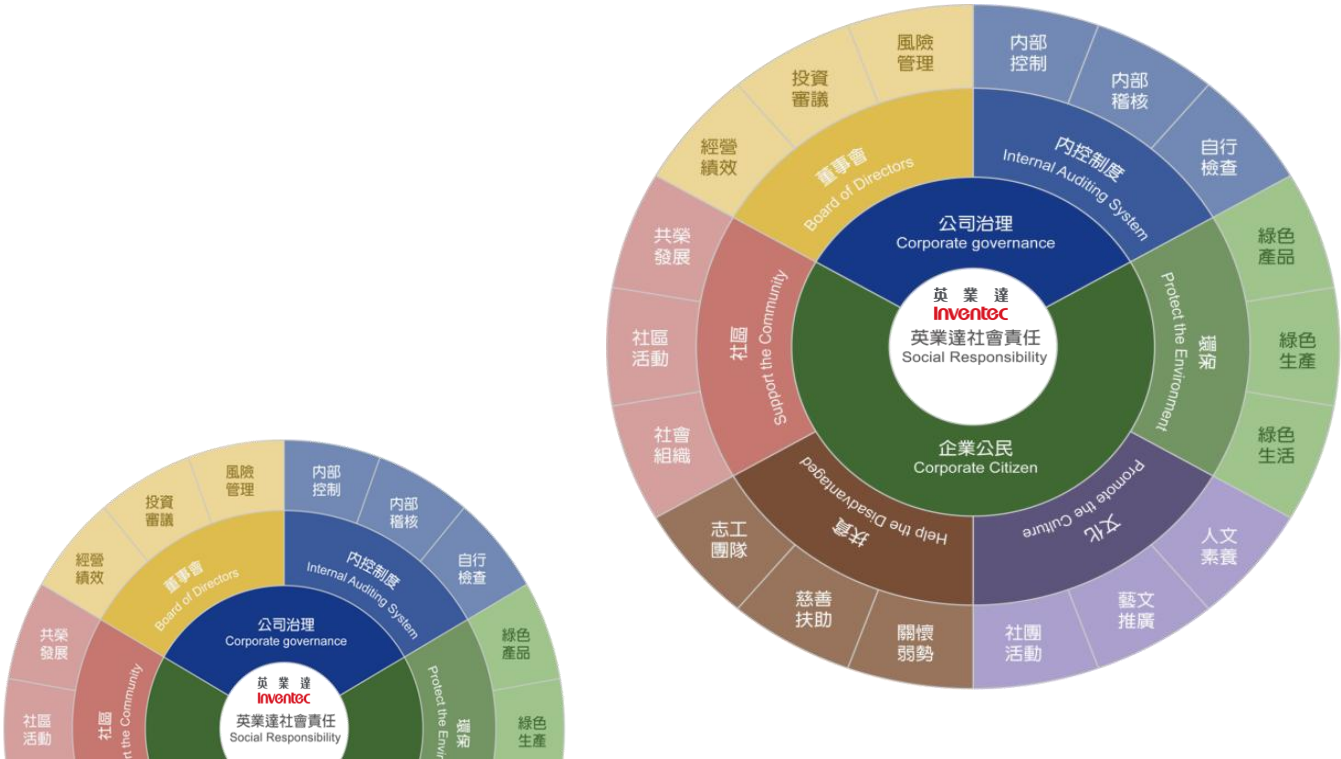
## Major aspects :

Environment(12 items,), Society (7 items,), Economy/Governance (10 items,)

Major aspects	Sorting
3. Employee training and talent education	1
6. Product regulations conformity	2
1. Employee welfare	3
9. Hazardous substance management	4
5. Customer satisfaction	5
11. Supplier management	6
12. Greenhouse gas management	7
23. Environmental law conformity	8
4. Financial performance	9
8. Green product management	10
10. Product quality management	11
30. Risk management	12
20. Waste management	13
22. Labor laws conformity	14
17. Transparency of information disclosure	15
19. Waste water management	16
16. Corporate governance	17
33. Carbon footprint disclosure	18
21. Energy management	19
26. Supplier Environmental issues	20
34. Water resources management	21
32. Environmental education	22
14. Customer health and safety	23
18. Air pollution emissions	24
27. Supplier Occupational health and safety management	25
28. Supplier Policy and management system	26
7. Customer asset safety	27
24. Labor practice, human rights, complaint mechanisms	28
29. Investment strategy	29
31. Social benefit	30
25. Supplier Anti-corruption	31
13. Human rights education	32
2. Talent recruiting	33
15. Conflict minerals	34

# 2 Corporate governance

- 2.1 Board of Directors' operation 18
- 2.2 Internal control system 21
- 2.3 Transparency of information disclosure 24



## 2.1 Board of Directors' operation

### 2.1.1 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.

#### 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/service\\_05.html](http://www.inventec.com/service_05.html))

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.

### 2.1.2 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 2015, 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/service\\_05.html](http://www.inventec.com/service_05.html))

#### 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 fulfill 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:

- 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.

## 2.1 Board of Directors' operation

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.

### 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.

In the "Employee Complaints and External Reporting Management Specifications", the Company has designated a dedicated complaint acceptor and complaint and reporting hotline:

Tel.: 2881-0721 ext. 21999 /

E-mail: 21999@inventec.com,

and according to the treatment principle, the Company will protect the reporter from discriminations, threats, post transfers, and other unfavorable treatments.

Title	Name	Experience Education
Chairman	Lee, Tsu-Chin	Bachelor of Economics, Tunghai University Chairman, Inventec Corporation
Director	Yeh, Kuo-I	University of San Francisco Chairman, Inventec Corporation
Director	Wen, Shih-Chih	Xihu Vocational High School of Industry and Commerce Senior Vice President, Inventec Corporation
Director	Chang, Ching-Sung	Master of Electric Engineering, National Taiwan University Chairman, Inventec Appliances Corporation
Director	Huang, Kuo-Chun	Bachelor of Electric Engineering, National Cheng-Kung University Qume Electronics, Taiwan
Independent Director	Chang, Chang-Pang	Master of Laws, National Cheng-Chi University Chairman, Fuhwa Financial Holding Co., Ltd. Deputy Minister, Ministry of Economic Affairs Deputy Secretary General, Executive Yuan Vice Minister, Ministry of Finance Chairman, Securities and Exchange Commission, Ministry of Finance
Independent Director	Chen, Ruey-Long	Bachelor of Economics, National Chung-Hsing University Chairman, Institute for Information Industry Minister, Ministry of Economic Affairs
Supervisor	Cheng, Hsien-Ho	Bachelor of Accounting, National Cheng-Chi University Senior Vice President, Inventec Corporation
Supervisor	Wang, Ping-Hui	Tatung High School Chairman, Snow Peak Enterprise Co., Ltd.
Supervisor	Shyh Shiunn Investment Corp.	—
	Representative, Yang, Chiung-Nan	Nan Ying Vocation High School Accountant, Taipei Veterans General Hospital



## 2.1 Board of Directors' operation

### 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 thrice a year. In 2015, attendance of committee members was 89%. 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 2015 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.

## 2.2 Internal control system

### 2.2.1 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.

### 2.2.2 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".

### 2.2.3 Execution and performance of the preventive (risk control) internal control system

The Company has consolidated all domestic and overseas plants and all subsidiaries and plants to establish all-in-one preventive (risk control) internal control system. The Inventec parent company has issued a total of 355 preventive (risk control) internal control system procedure documents; a total of 35 subsidiaries have issued 1,795 preventive (risk control) internal control system procedure documents. As of now, a total of 2,150 procedure documents have been formulated.

For the convenience of colleagues' inquiry and compliance, the Company has established an internal control system procedure document inquiry system, with which employees can inquire about operation procedure documents of the subordinate department on the internal company website at any time. If an employee needs to inquire about cross-plant procedure documents, he/she can also apply to the document control unit.

Promotion of educational training on preventive (risk control) internal control system: In order to implement internal control rooting work, the Company arranges for all new employees to participate in the educational training course of "Internal Control System Implementation"; in 2015, seven new employee educational training sessions were held, and a total of 365 employees participated.

Internal audit lean progress: Since March 2013, in order to improve internal audit mechanisms, in addition to detection (wrongdoing prevention) audits, the Company also actively promotes preventive (risk control) audits. Mechanism and major tasks of detection (wrongdoing prevention) audit: legal compliance audit, internal control system audit, internal control execution audit, asset preservation audit, integration self-assessment, subsidiary supervision, and wrongdoing prevention innovation audit. The 2016 preventive (risk control) audit is subject to nine major high risk policies: high risk items of Group level, code of ethics, cost, International Financial Reporting Standards (IFRS), asset preservation, legal compliance, business (production) operations, credit investigation, and environmental protection high risk indicator. The Company drafts preventive (risk control) management mechanism examination main points in the hopes of being able to find out potential operation risk as early as possible so that the operation governance team can take preventive measures in advance and continuously improve the contribution and value of internal audits to Inventec companies and Group through this.

## 2.2 Internal control system

Preventive (risk control) high risk audit items: Preventive (risk control) audits adopt high risk assessment and control and draft preventive (risk control) high risk audit items according to the modes, such as the essential items required by the competent authority, audit item risk assessment of the nine major high risk policies, accounting risk assessment, subsidiary risk assessment, etc. In March 2013, the audit function was improved from detection wrongdoing prevention function (auditing 401 items) to preventive (risk control) function (revised auditing items to 124 items), focusing on the risk control points of high value and high risk again in February 2014, at which point the auditing items were changed from 124 items down to 81 items. In July 2014, auditing items were further focused to 39 items. In January 2015, in order to strengthen audit effect and efficiency, the Company activated remote audits, and auditing items were revised into 43 items. In view of fierce turbulence of the global economy and finance in 2016, the overall operation of the Company may be affected, so credit investigation has been included into the 2016 high risk audit policy, with auditing items focused to 36 items, in order to create a higher contribution value of internal audits to the enterprise.

Preventive (risk control) internal audit plan: In 2015, the internal audit plans include: company part (Shilin Plant, Taoyuan Plant), subsidiary part (EBG group, solar energy group, a total of 23 groups and 11 Inventec Appliances groups). In addition to the "Annual Audit Plan" approved by the Board of Directors, the Audit Center also carries out preventive (risk control) internal audits on each transaction cycle control operation of all plants and subsidiaries. For significant problems and high risk businesses found in routine audits, the Audit Center will ask the Board of Directors to establish an audit project for further investigation to propose an audit report in order to expand the depth of internal audits and improve the larger comprehensive effect and contribution of internal audits.

Preventive (risk control) internal audit result: After submitting and approving the internal audit report and tracking report, they shall be delivered to each supervisor for review before the end of the following month after completing audit items. The review and instruction matters delivered by the supervisor in 2015 will be continuously tracked and improved by the Audit Center. The Audit Center will propose internal audit deficiency and improvement suggestions in the 2015 internal audit operation, and all non-conforming matters found have been improved.

### 2.2.4 Preventive (risk control) self-assessment

Establishment of preventive (risk control) self-assessment mode: The Company has established a risk-oriented self-assessment system, improved from the previous detection (wrongdoing prevention) self-assessment system into a preventive (risk control) system and that takes the high risk of Group level, code of ethics, cost, International Financial Reporting Standards (IFRS), asset preservation, legal compliance, and business (production) operation as its risk determination criteria. It thus determines consecutive duty targets and control points of high and low risk and systematically implements self-assessment, thus becoming an important driving force for each unit of the company to implement responsibility system self-management.

Preventive (risk control) self-assessment training explanation session: In order to implement the self-supervision mechanism of the Company and respond to environmental change in a timely manner, in order to adjust the design and execution of the internal control system, in December every year, the Company arranges to go to each plant and subsidiary to carry out the "Self-assessment Training Explanation Session", ensuring that supervisors above the department level fully understand the purpose and practice of self-assessment and are able to actually execute self-assessment. A total of seven training explanation sessions were held for self-assessment in 2015, and the total number of supervisors and colleagues participating in the self-assessment training explanation sessions was 680 people.

Self-assessment results of the Company: In 2015, the Company completed the parent company part by completing self-assessment on 198 units, identifying a total of 1,634 unit operation targets and 1,973 risk items affecting target achievement. Meanwhile, the Company has prepared 3,072 control points to reduce the occurrence of such risks in order to achieve those targets. For the subsidiary part, the self-assessment work on a total of 314 departments from 33 subsidiaries was completed, identifying a total of 4,487 unit operation targets and 5,874 risk items affecting target achievement. Meanwhile, the Company has prepared 9,342 control points to reduce the occurrence of such risks in order to achieve those targets.

The logo for Inventec, featuring the word "Inventec" in a bold, red, sans-serif font.

## 2.2 Internal control system

### 2.2.5 The Board of Directors issues the "Inventec Internal Control System Statement"

The Company implements internal control self-assessment operations once a year, and then the Audit Center will review the self-assessment report of each unit and subsidiary. Together with the internal control deficiency and improvement circumstance of abnormal matters found by the Audit Center, they will be the major basis for the Chairman, President, and Board of Directors to assess the effectiveness of the "Internal Control System" and issue the "Internal Control System Statement". In 2015, the Company has declared said statement according to the rules of the competent authority.

Inventec Corporation	Feb. 23, 2016
Statement of Internal Control System	

Based on the findings of self-assessment, the company states the following with regard to its internal control system in 2015:

1. The company is fully aware that establishing, operating and maintaining an internal control system are the responsibilities of its Board of Directors and management. The aim of the internal control system is to provide reasonable assurance to operating effectiveness and efficiency (including profitability, performance and safeguarding of assets), reliability of financial reporting and compliance of applicable laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the aforementioned three objectives. Moreover, the effectiveness of an internal control system may be subject to changes of environmental or circumstances. Nevertheless, the internal control system of the company contains self-monitoring mechanism and the company takes corrective actions whenever a deficiency is identified.
3. The company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control System by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five components of internal control based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. Each component further contains several items. Please refer to the Regulations for details.
4. The company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, the company believes that, as of December 31, 2015, its internal control system (including its supervision and management of subsidiaries), as well as its internal controls to monitor the achievement of its objectives concerning operational effectiveness and efficiency, reliability of financial reporting, and compliance with the applicable laws and regulations, were effective in design and operation, and reasonably assured the achievement of the above-stated objectives.
6. This Statement will be integral part of the company's Annual Report for the year 2014 and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Law.
7. This Statement has been passed by the Board of Directors in their meeting held on Feb. 23, 2016 with zero of seven attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Inventec Corporation.  
Chairman : Lee, Tsu-Chin  
President : Huang, Kuo-Chun



## 2.3 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/english/service\\_05.html](http://www.inventec.com/english/service_05.html)).

### 2.3.1 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.

Inventec has established an interested party zone for anti-corruption (inquiry website: [http://www.inventec.com/english/service\\_05.html](http://www.inventec.com/english/service_05.html)), and provided a line of communication for external reporting. An accepted case will be transferred to the specific internal responsible department for handling. In 2015, the number of external report cases was 0.

To be more capable of exerting the maximum function and increase the transparency of the Company's financial statements, it can guarantee shareholders' rights and interests and improve company value to achieve the objective of sustainable operation. In order to improve information transparency, in addition to disclosing significant resolution matters of the Board of Directors on the company website, the Company has also set up the interested party zone to achieve the purpose of full communication with investors and timeliness of public information disclosure through the website and an implemented spokesman system. In the securities and futures market, the Development Foundation's eleventh and twelfth listed company information disclosure evaluation is Class A. In 2016, according to the "Corporate Governance Center" of the Taiwan Stock Exchange Corporation, the second corporate governance evaluation system, the evaluation result lists the Company as a top five percent company.



Inventec financial information disclosure website

# 3 Business strategy

3.1 Organization Structure	26
3.2 Business development plans	28
3.3 Five major policies	29
3.4 Reinvestment strategy	30
3.5 Management Performance	31
3.6 Customer satisfaction	32
3.7 Risk management	33

Rapid Innovation



Sustainable Energy



Cloud Solutions



Mobile Lifestyle

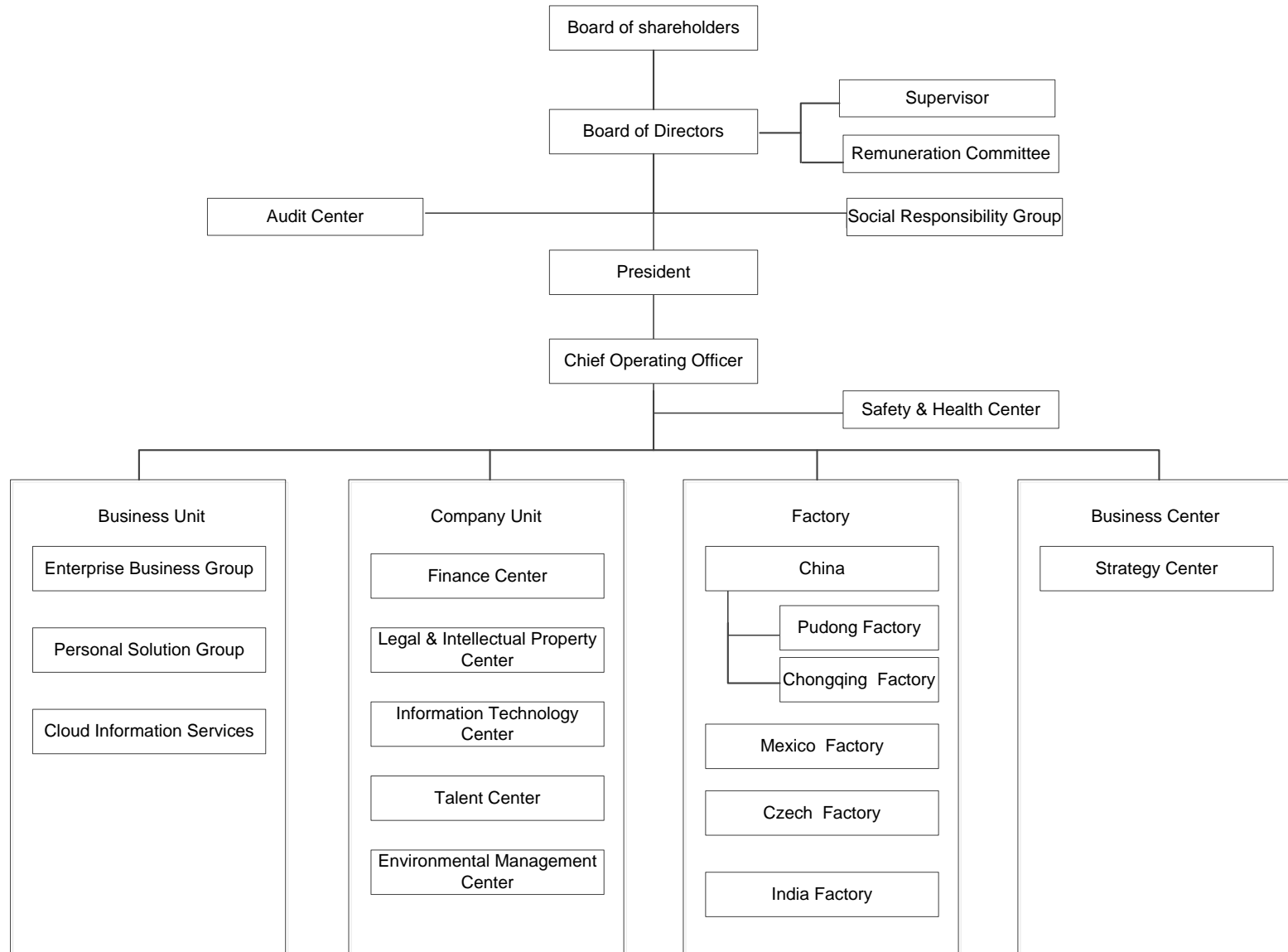


Emerging Markets





### 3.1 Organization Structure



## 3.1 Organization Structure

Major Department	Major Business Activities
Audit Center	Overall planning businesses such as internal control system, internal audits, self-assessment, etc. of the company.
Social Responsibility Group	Plan and execute corporate social responsibility related matters.
Enterprise Business Group	Planning and management of enterprise business computer design, development, manufacturing, production, marketing, after-sales service, etc.
Personal Solution Group	Planning and management of portable computer design, development, manufacturing, production, marketing, after-sales service, etc.
Cloud Information Services	Cloud solution research and development, sales, and service. Exploitation of big data analytical ability and market application promotion. Development and sales of Internet important system services. Data center setting and fully established SaaS and PaaS service promotion. IoT and industry 4.0 solution construction and sales services.
Finance Center	Overall planning of the financial, accounting, investment, and stock affairs business of the company.
Legal & Intellectual Property Center	Overall planning of application protection business related to patent rights, trademark rights, copyrights, and trade secrets of the company.
Information Technology Center	Overall planning of the establishment and operation of a network system structure, product life cycle management system, enterprise resource planning system, manufacturing execution system, quality inspection management system, supply chain management system, form management system, etc. of the company. Development and sales of enterprise solutions, enterprise system integration and consulting services, office system import and process automation services, and development and sales of green energy solutions.
Talent Center	Overall planning of the company's human resources related business.
Environmental Management Center	Overall planning of the company's related management business and the integrated planning and supervision of environment and quality.
Pudong Factory	Responsible for design and development, manufacturing, after-sales services, etc. of portable computers, wireless communication products, and corporate computers.
Chongqing Factory	Responsible for design and development, manufacturing, after-sales services, etc. of portable computers, wireless communication products, and corporate computers.
Mexico Factory	Responsible for production, testing, troubleshooting, after-sales services, etc. of corporate servers and storage systems.
Czech Factory	Responsible for production, testing, troubleshooting, after-sales services, etc. of corporate servers and storage systems.
India Factory	Responsible for production and manufacturing, testing, troubleshooting, after-sales services, etc. of mobile phones, plates, portable computers, wireless communication products, corporate computers, corporate servers, and storage systems.
Strategy Center	Overall planning and integration of enterprise operation strategies.

## 3.2 Business development plans

Looking toward 2016 and beyond, in addition to focusing on its original operation strategies, the Company will continuously carry out vertical integration and strategic alliance to initiate new opportunities. In order for the operation growth to face the rise of capital demand, the Company's professional team will give comprehensive consideration to financial resource allocation, cost of capital, etc. through rigorous internal and external financial risk management mechanisms in order to achieve the most thorough financial planning and ensure smooth operations. Therefore, we currently have no doubt regarding significant impacts on future financial business.

### 3.2.1 Short-term business development plans

- 1) Stick to knitting and strive for innovation improvement, satisfying customer and market demands in the quickest and most direct way.
- 2) Start from the operation philosophy of "Innovation, Quality, Open Mind, and Execution" to integrate operation technology and management tools to improve operation performance.
- 3) Research and develop demand-oriented products and expand the depth and width of product research and development level to achieve the target of multiple earning growth.
- 4) Actively carry out global arrangement, properly utilize each local resource advantage, and construct an optimized global supply chain and operation network.

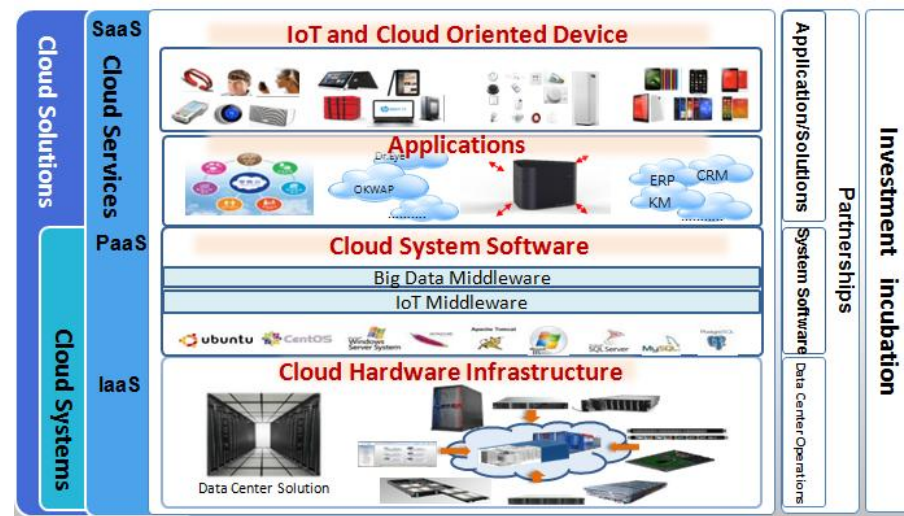
### 3.2.2 Long-term business development plans

- 1) Combine software, hardware, and relevant applications to create relative advantage to maintain an international foothold. Unlike the traditional manufacturing concept of focusing on hardware only, emphasize the utilization of soft skills such as information, simulation, research and development, system integration, services, etc. and create product features and differentiation to improve added value.
- 2) Focus on research and development and core capability management and develop towards the direction of "Creating high value". Seek cooperative international opportunities worldwide and cultivate technical talents with global competitiveness to accelerate the improvement of our technical level and implement innovative concepts.

3) Continuously promote the five major development areas of "Rapid Innovation", "Sustainable Energy", "Cloud Solutions", "Mobile Lifestyle", and "Emerging Markets". Utilize vertical labor division, improve efficiency, provide customers with timely and complete services, carry out supply chain integrating management, and construct the production organization of an economic scale in order to strengthen long-term competitive advantages.

4) Continue diversified cultivation, based on a solid foundation of professional notebook computer OEM, enter the fields of cloud computing, mobile computing, wireless communication, network applications, smart family, application software, green energy environmental protection, etc., expand corporate operation scale, and overall arrange Internet of Things technology to become the top Internet enterprise.

### Inventec 2018 – A Global Internet Company



### 3.3 Five major policies

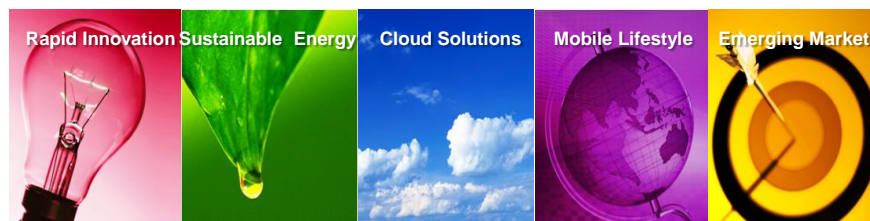
● **Rapid Innovation:** “Innovation” has been the basic spirit of our operation philosophy since the foundation of the Company in 1975; it is also the best media shaping enterprise differentiated value, even for our commitment to customers and partners. In addition to internal and external research and development, innovation cultivation, and accumulation of competitive energy, the activation of intellectual property assets can also effectively improve the international competitiveness and influence of the Company. As of December 2015, the Company has acquired more than 14,000 patent certificates worldwide and more than 6,000 patents are currently under application. In addition to focusing on notebook computers and servers, the Company has also achieved breakthroughs in the fields of consumer electronics, mobile communication, wearable devices, wireless integration plans, and application software. Recently, it has also actively transformed into an Internet enterprise to initiate more abundant smart living tools.

● **Sustainable Energy:** The increasing deterioration of climate warming and environment has facilitated the rise of environmental protection awareness and further drives the rise of global green consumerism. In order to respond to customers’ demands for green products, enterprises around the world have started focusing on green production and integrating ubiquitous environmental protection elements into green life in order to reduce environmental impact and fulfill social responsibility. In addition to satisfying customer demands and strengthening core competitiveness in product research and development, the Group also spares no effort in fulfilling its social environment responsibility. The Group completely implements green supply chain management by formulating environmental objectives, environmental policies, and environmental projects, as well as exerting green value-added benefits. Furthermore, regarding solar energy products, the Group will strive to improve relevant manufacturing processes and energy consumption in order to promote the use of alternative energy and contribute to society.

● **Cloud Solutions:** As times change, cloud related products are expected to drive the overall demand among considerations of resource benefits, price performance, and operational assistance. As a cloud supplier, the Company will be dedicated to developing cloud computing SaaS, PaaS, and IaaS and integrate them in the direction of a software, hardware, and service three-in-one, taking overall solutions as a basis for creating more unique market value.

● **Mobile Lifestyle:** The coming of the Internet era not only makes high information and communication technology more advanced, but also drives the reformation of smart end products and their relevant extended devices. The Company mainly focuses on developing wireless smart end products and provides diversified smart handheld devices and network application products by linking cloud technology and services. In the future, the Company will continuously adhere to such principles as innovation, good quality, excellent talent, design, manufacturing, marketing, after-sales service, etc., with the aim of becoming a benchmark in the global wireless communication industry. Since the smart phone market is currently facing an awkward situation of growth slowdown and price cutting competition, increasing profits is more difficult, and how to achieve further transformation of products will become an important key for success in the future.

● **Emerging Markets:** The notebook computer and server industry is subject to the impact of a high saturation degree in mature European and American markets, and the law of survival competition forces the territory to migrate to emerging markets with stronger growth momentum in Latin America, Asia, etc. Furthermore, regarding the solar energy industry, despite the final judgment on the U.S.’s new anti-dumping and countervailing policy, or the European Union’s lifting its ban on Taiwan manufacturers that directly or indirectly affect Taiwan manufacturers, the strategy of the Company will be to move towards adhering to product efficiency improvement and overseas layout in order to reduce the impact. Regarding smart phones, despite brand manufacturers from mainland China rising rapidly around the world, with increasing saturation in the China market, “black mainland” has aroused the investment fever of East Asia manufacturers, and India and Africa will be the emerging industry cluster after the “made in China” age. The low penetration rate of mobile phones in India and Africa makes for high consumption growth. Through the improvement of brand recognition degree, high customization, and after-sales service, it is expected to break through the current growth plateau period of smart phones.



### 3.4 Reinvestment strategy

Inventec Corporation was established over 40 years ago. Starting in the field of notebook computers and servers at an early stage, Inventec gradually crossed fields to enter enterprise network solutions, and even solar energy and smart end devices at later stages, actively transforming Inventec into an Internet company. In recent years, the Group has done well in reinvestments and has respectively achieved certain increases.

Inventec Appliances Corp. has started to focus on developing wireless smart end products and has taken planning the best solutions for customers as its orientation. It is currently involved in the hottest Internet theme and is dedicated to putting smart end devices into smart living. The delivery in 2016 is expected to yield unusually brilliant results due to the customers' order expansions.

Inventec Besta Co., Ltd. is the leading brand in computer dictionary and translation software in the overseas Chinese area; as it continuously moves towards all-around learning and video entertainment platform, it will take initiating cloud related products as its objective.

TPV-Inventa Technology Co., Ltd. engages in the research and development and production of All-in-one PC and AIO and will aim to enrich its product line to improve future revenue.

E-TON Solar Tech. Co., Ltd, Inventec Solar Energy Corporation, and Inventec Energy Corporation are mainly dedicated to the research and development, production, and sales of solar batteries, photovoltaic module manufacturing, and photovoltaic system integration. The resource integration strategy between Inventec Solar Energy Corporation and Inventec Energy Corporation in 2015 can ensure the production mode of a coordinated process in order to effectively reduce cost. In February 2016, the European Union published the anti-circumvention results, which affirmed that 21 Taiwan manufacturers, including three solar energy subsidiaries of the Group, were real manufacturers, and anti-circumvention tax could be exempted, thus stabilizing the sales situation in the European market. Despite the U.S. Department of Commerce's affirmation that our country practices dumping behavior and has then levied anti-dumping tax on us, with the continuous expansion of market demand and development of environmental protection issues, the solar energy company of the Group will accelerate the adjustment of its overseas layout, utilization of product portfolios, development of high performance products, and automation of manufacturing processes, it is expected to reverse from loss to profit earnings.

In general, although the growth of notebook computers still tends to be conservative, with gradual recovery the in the server, smart end, and solar energy markets, the performance in 2016 is expected to be acceptable.





### 3.5 Management Performance

2015 individual revenue and consolidated revenue of the Company reached approximately NTD289.3 billion and NTD395.4 billion, respectively. The product portfolio is mainly computer products; compared to 2014 (in 2014, individual revenue and consolidated revenue were approximately NTD330.7 billion and NTD435.5 billion, respectively), the individual revenue has decreased by 12.5%, while the consolidated revenue decreased by 9.2%. Regarding product category, due to the continuous downturn of notebook computer market, the popularity degree of the new operation platform was not as expected, the annual revenue decreased by 25.28%; driven by the continuous fermentation of cloud computing market issues, the revenue performance in server products has been relatively stable, with the annual revenue in 2015 increasing by 24.05%. With regard to wireless devices and mobile communication products, thanks to customer product hot sales and the expansion of production capacity, the operation income contributed approximately NTD46.9 billion of revenue, and the annual revenue performance increased by 0.29%. As for solar energy products, the overall revenue contribution of the Group's solar energy products was approximately NTD12.9 billion, an increase of 14.79% year-on-year. In regard to profit making, the annual net profit attributable to parent company shareholders reached approximately NTD5.5 billion, with earnings per share of NTD1.55, a reduction of approximately NTD1.5 billion from the previous year, profit making decreased by 21.6%, the main reason is that the notebook computer market is facing slow-moving growth and price competition. Nevertheless, the server and mobile communication product markets are continuing to experience stable growth; furthermore, with regard to reinvestment business, under the supply chain vertical integration and organizational merger, the Company hopes to improve its business turnover and profit making capacity to bring positive benefit to the Group's performance.



Item \ Year	Financial Summary				01/01/2016 ~ 03/31/2016
	2012	2013	2014	2015	
Sales Revenues	410,937,895	461,091,703	435,599,968	395,470,221	95,363,591
Gross Profit from Operation	19,147,808	22,808,470	23,348,338	21,705,408	5,645,077
Basic Earnings Per Share	0.91	1.97	1.98	1.55	0.34



Personal Computing Solutions



Enterprise Systems Solutions



Renewable Energy Products



Cloud Software and Services Solutions



## 3.6 Customer satisfaction

### 3.6.1 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.

### 3.6.2 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.



### 3.6.3 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.



## 3.7 Risk management

●Competition niche, favorable and unfavorable factors in development prospects, and solutions:

### 1) Favorable factors

a)Product advantages continue to improve and drive the growth of market demand

Since the functions of notebook computers are continuously improving, and the weight and modeling are becoming thinner and thinner, as well as the collocation of touch control and continuous development of all kinds of digital mobile video multimedia technologies, it has made the product line more extensive through innovation to meet the demands of each consumer group.

b)Cloud computing is the mainstream in future development

The cloud computing industry and big data are both growing rapidly. In the future, the cloud application business opportunities are infinite. The Group has been the industry leader in the aspect of server OEM; through existing hardware technology and application software development, we can take our place in the cloud computing industry.

c)Construct an all-around system product line

Based on the good foundation of an existing all-around product line, in addition to continuing to consolidate the notebook computer and server product fields, the Group is also gradually expanding to relevant fields such as peripheral software products, electronic information products, etc. with higher added value. Furthermore, in the solar energy photovoltaic industry, through vertical integration and Group resources sharing, the Group can take its place in the field of solar battery and module products.

d)Establishment of a global logistics supply chain system

In addition to strengthening the status of global manufacturing, research and development, and the logistics center, the Group is also actively utilizing production advantages and research and development factors in the Greater China economic circle in order to construct a real time co-working platform with high efficiency and a market feedback mechanism, and together with the setup of a research and development innovation center, we will enhance technology and product design innovation capability.

### 2) Unfavorable factors

a)Since manufacturers in our country cannot sufficiently supply some important key components, and we still rely on supply from overseas manufacturers, controlling both material sources and price is not easy; for example, a significant natural disaster can easily cause a supply chain disruption crisis.

Solution: The Company has long-term cooperative and strategic ally relationships with major suppliers and has established multiple supply sources for important components to ensure sufficient component supply; we also seek all kinds of approaches to integrate the supply chain and reduce the impact.

b)The prices of important components have dropped rapidly, causing low price computers to quickly extend, and supply manufacturers and brand manufacturers are dominating the formulation of industry standards and mastering the distribution channels, thus compressing the profits of downstream manufacturers.

Solution: In addition to being dedicated to the development of high added value products and all-around products, we also actively improve operation efficiency in such aspects as production, marketing, logistics, etc. to reduce operation costs and improve overall operation efficiency through constructing Enterprise Resource Planning (ERP), Supply Chain Management (SCM), and six sigma improvement strategy.

c)Industrial technology is rapidly changing and constantly updating the environment of shortening product life cycle and meager profits, causing fierce industry competition.

Solution: The Group will formulate a relevant operation risk management mechanism to consider various operation strategies as relevant solutions; in addition to coordinating with customers for the research and development of relevant demanded commodities, we are also dedicated to patent and intellectual property innovation in order to strengthen Group resource integration and expand emerging business investments and arrangements to respond to changes in the market.

d)Our business is mainly export sales, so the change of exchange rate will significantly impact company revenue and profit-making.

Solution: Most of the important components of the Company are purchased and imported overseas and priced with foreign currency, and the sales are mostly priced with foreign currency, which can naturally offset the impact of change of exchange rate on revenue and cost. Furthermore, taking currency hedging measures can help us reasonably avoid exchange rate risk.

●Interest rate: The uncertainty of the global economy has made the interest rates in European and American countries attract more attention. However, the U.S. economic recovery, the slowdown of China's economic growth rate, oil price fluctuations, and the demand in the energy and mining industry and raw materials can affect consumer's confidence, as well as the authority on whether or not to raise interest rates. Since most of the industry investment momentum in Taiwan is still insufficient, the inflation is not obvious, and the commodity price is also moderate; only consumption still suffers from the dual impact by structural factors and short-term prosperity; therefore, it is expected that, the central bank will still comply in 2016 with international trends and adopt loose monetary policies to reduce the impact brought by the sharp fluctuation on the domestic economy. Regarding the impact of interest rate change risk on capital operation, the Company will continue to carry out the best employment on capital portfolio under the premise of considering liquidity, safety, etc. .

## 3.7 Risk management

- **Exchange rate:** For many years, the monetary policy in European and American countries has always affected the performance of all other countries around the world, and the long-term recession in the Eurozone and England's desire to quit the European Union has impacted the Eurozone's recovery. Fortunately, since the market inflation is still moderate, and the financial condition and overseas economic risk is high, despite continuous rumors about raising interest rates, the market still expects that the U.S. will postpone raising interest rates within a short time; therefore, the exchange rate in each country throughout the world can be maintained relatively stable. Among higher uncertainty factors in international major currency, the central bank is still expected to adopt moderate exchange rate policies in response in 2016. Major customers of the Company are big international manufacturers, and they have the same transaction currency in goods purchase and sales; therefore, the mutual offset of credit and debt can achieve a natural hedging effect. Furthermore, the Company will make up the shortcomings of natural hedging through foreign currency hedging operations in order to reduce the impact of exchange rate change risk on profit and loss on exchange.
- **Inflation:** Inflation is closely linked to monetary policy, but compared with dual-rate, inflation has no directly significant impact on the profit and loss of the Company. The different economic performance of each country causes divergence of opinions on monetary policy. For example, the Eurozone implements negative interest rate, but due to the limited effect, the expansion of quantitative easing seems to be unavoidable; as far as the U.S. is concerned, since the economic data tends to be positive and the employment market is getting stronger, the rumor of raising interest rates begins again. However, in general, the adjustment of U.S. monetary policy is still a major risk source affecting global economic growth and financial stability. It is expected that when the central bank adopts a moderate monetary policy in 2016, it shall also simultaneously consider the consequence of real interest rates on the domestic economy in order to maintain it at a relatively stable status..

In the future, the Company will continue to actively carry out cost and operating expenditure control, process improvement, and asset activating in order to mitigate the impact of inflation on its operation.

- **Important policies at home and abroad, the impact of law changes on the Company's financial business, and resolutions:** The relevant units of the Company have always strictly followed important policies at home and abroad, as well as law changes, and pay close attention to any changes at all times. They also actively coordinate and adjust company financial business activities in response to such changed matters. With regard to the promotion of corporate governance by competent authorities, successive issuing and amendment of the Company Act, Securities Exchange Act, and handling criterion for all kinds of businesses, the reformation of the tax regulations environment, etc., the Company actively coordinates to handle such matters as required.

Since 2013, listed companies have comprehensively applied IFRs, the Taiwan-IFRSs translated and issued by the Domestic Accounting Research and Development Foundation are the basis for preparing the enterprise financial report. In the face of the change of accounting principles, the Company has actively carried out training on financial and accounting personnel with relevant knowledge, smoothly matching up with the accounting system. Furthermore, the Company simultaneously maintains close communication with information personnel and coordinates with the response method of the information system according to the change to the accounting system in order to reduce the impact brought by the change of accounting principles in the future.

- **The impact of technology change and industry change on company financial business and resolutions:** In light of the huge changes to network in modern times led by global Internet companies, the rapid development of information and communication technology has also been driven. With the increasing maturity of the notebook computer market, and the server market facing the impact of cloud computing, the electronic industry will certainly face more challenges. In response to technology and industry transformation and high speed competition, as well as the achievement of the corporate mission of "Best system, software, and service company", the Company strives to follow five major policies, namely "Rapid Innovation, Sustainable Energy, Cloud Solutions, Mobile Lifestyle, and Emerging Markets", in order to create new prospects. In the short term, the Company will accelerate asset activation; through the initiation of venture capital investments and the integration of software and hardware, we will improve the level of research and development and make the new investments increase Internet thinking. In the long term, in addition to product diversity, the Company will optimize Group resources through cross-industry alliance and supply chain integration. Furthermore, throughout research and development, design, production, distribution and service, the Company will provide customers with all-around solutions to improve profit making and further maintain corporate sustainable development. Mobile technologies such as joint Internet, wireless communication transmission, etc. shorten the space barrier, allowing for the smooth sharing of internal and external environmental resources of the company organization. Importing an enterprise resource integration system and financial consolidation system will improve the overall operation and handling efficiency of financial affairs. With regard to the solar photovoltaic industry, despite being boycotted by the U.S.'s anti-dumping and countervailing policy, the market of the Company has a decentralized arrangement, and customers themselves also carry out strategic arrangements, so that we can minimize the impact.

# 4 Corporate commitment

4.1 Friendly workplace

36

4.2 Healthy workplace

42





## 4.1 Friendly workplace

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 development, talent services and talent resources are as follows:

### 4.1.1 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.

### 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 and 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 strategic policy of each department, allowing all employees to regularly acquire the latest corporate information and make an effort to achieve for the overall goal.



## 4.1 Friendly workplace

### (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.

**Inventec**



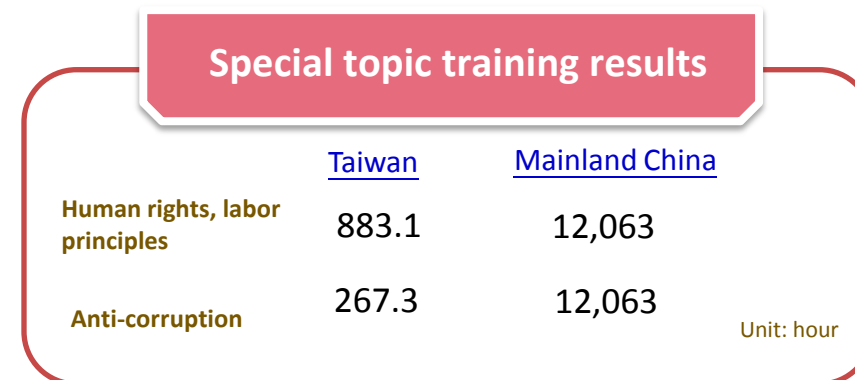
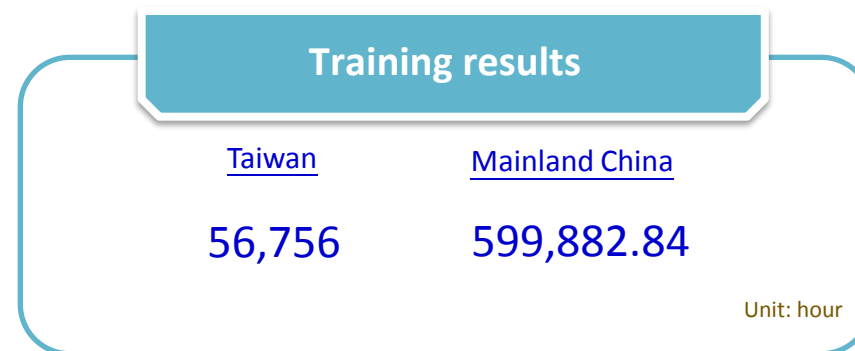
**Training System**



**Welfare**

### (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 2015, Inventec's total training hours in Taiwan was 56,756 hours, the average amount of training hours per employee was 15.26 hours; the total training hours in mainland China was 599,882.84 hours, the average amount of training hours per employee was 26.89 hours – due to the demand of production management, the average training hours was higher than that of other regions.



# 4.1 Friendly workplace

## 4.1.2 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.



# 4.1 Friendly workplace

## 4.1.3 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.

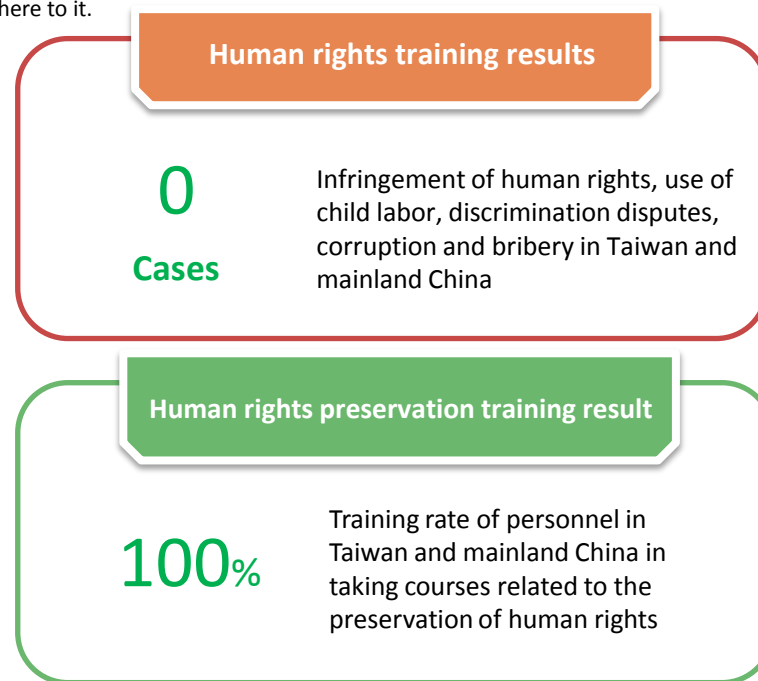
In order to provide all colleagues with a healthy, safe and highly-efficient working environment, we stipulate that no employee or applicant will be treated with discrimination due to their race, religion, skin color, nationality, age, gender, disability or any other factors irrelevant to the legal interests 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 2015, 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 and mainland China, 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.



## 4.1 Friendly workplace

### 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 0 case in Taiwan and 5 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.

In the "Employee Complaints and External Reporting Management Specifications", the Company has designated a dedicated complaint acceptor and complaint and reporting hotline:

Tel.: 2881-0721 ext. 21999 /

E-mail: 21999@inventec.com,

and according to the treatment principle, the Company will protect the reporter from discriminations, threats, post transfers, and other unfavorable treatments.

# Inventec

### 4.1.4 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.



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



## 4.1 Friendly workplace

### 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 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 respectively. Wages are equal regardless of gender or ethnic group.



Salaries of direct personnel in mainland China are higher than the minimum wage of the local government

### 3) Manpower composition

As of the year ending 2015, the number of employees disclosed (including 9 plants of Inventec) in the report is 27,160. From this total, 3,719 employees are based in Taiwan, 22,305 employees are based in mainland China and 1,136 employees are located in Europe and America.

In terms of employment in each region, we give priority to local citizens. In 2015, 99.36 % of supervisors above department level in Taiwan were locals 12.2 % of supervisors above department level in mainland China were locals to the community, and 33.3 % 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 2015, 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.



## 4.2 Healthy workplace

### 4.2.1 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.

●Occupational safety and health management unit and personnel allocation: In order to comply with laws and regulations to carry out risk assessment and continuous improvements, the Industrial Safety and Health Office, as a whole, plans to handle and execute all kinds of safety, health, and environment management related affairs. All members possess safety, health, and environment professional certificates.

●Setting of Occupational Safety and Health Committee and conference convening: The Company will regularly convene the Occupational Safety and Health Committee conference; it is currently convened once every quarter, so four times a year.

●Safety, health and environment management plan and occupational disaster prevention: Safety, health, and environment management plans are formulated pursuant to law and include occupational disaster prevention. Items that are planned to be formulated include: working environment or operation hazard identification, assessment and control, hazardous chemicals classification and marking, general education and management, purchase management, contractor management, safety and health operational standard formulation, occupational disaster, near miss and investigation, handling and statistical analysis on events affecting physical and psychological health, safety, health, and environment management records, performance assessment measures, etc.

●Health management plan and physical health examinations: Before reporting to the Company, new employees shall provide a physical examination report pursuant to law; moreover, better than what is required by regulations, in-service personnel will regularly receive health examinations every year.

●Automatic safety and health inspection: Pursuant to the Occupational Safety and Health Act, the Company will automatically include each machine and piece of equipment that should be inspected in the occupational safety and health management plan and formulate automatic inspection management measures for management.

●Operating environment monitoring and occupational disease prevention measures: Based on the operating environment hazard property of the Company, as well as monitoring purpose and relevant guidance announced by the central governing authority, the Company has formulated an operating environment monitoring plan that includes a sampling strategy and regularly carrying out operating environment monitoring accordingly. Meanwhile, we also conduct results comparisons according to test results; if the test data is relatively higher than the previous test data, we will immediately carry out a risk identification investigation in order to reduce site hazards and achieve the objective of preventing occupational disease and reducing site risk.

●Strengthen contracting management: The Company has formulated contractor safety operation management measures and requires the engineering unit to carry out contractor safety and health educational training before starting engineering construction. Relevant units will convene contractor safety and health management conferences to carry out hazard notification and ask suppliers to sign the "Contracting Unit/Contractor Safety and Health Meeting Minutes", "Contractor Safety and Health Management Commitment", and "Contractor In-plant Work Application" of the Company. Upon engineering construction, the contractor shall follow all kinds of operation management measures of the Company, and the occupational safety and health unit will execute contractor safety appraisal and abnormal deficiency analysis, as well as execute prevention education according to the appraisal and analysis results in order to ensure reduction of risks that might be caused by contracting construction.

●Hazard risk assessment identification: Pursuant to the Taiwan Occupational Safety and Health Management System "TOSHMS" and International Occupational Health and Safety Assessment Series "OHSAS 18001", the Company has formulated safety and health hazard risk identification and assessment management measures, regularly execute comprehensive hazard identification and risk assessment operations according to all kinds of potential factors that may cause personnel injury or accident, and further formulate occupational safety and health targets, objects, and management plans as the basis for planning the safety and health management system.

## 4.2 Healthy workplace

- Occupational safety and health management plan: According to the results of the occupational safety and health hazard identification and risk assessment, the Company will give priority to certain high risk activities as improvement targets and regularly trace the improvement effect by carrying out the management plan.
- Safety and health educational training promotion: The Company will carry out safety, health, and environment management and educational training for new employees; educational training on safety, health, and environment risk identification, management plan, laboratory education, laws and regulations, special operations, system documents, internal audits, etc. will be otherwise given to key safety, health, and environment members and relevant personnel in order to reduce the occurrence of occupational disasters and ensure workplace safety.
- The Company will regularly carry out fire lecturing and fire drills, emergency evacuation drills, and fire tour inspections, regularly check all kinds of safety facilities, and conduct task grouping and fire equipment drills to implement disaster prevention and relief work.



### 4.2.2 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.



## 4.2 Healthy workplace

### 4.2.3 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.

### 4.2.4 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.

### 4.2.5 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.

### 4.2.6 Health and safety

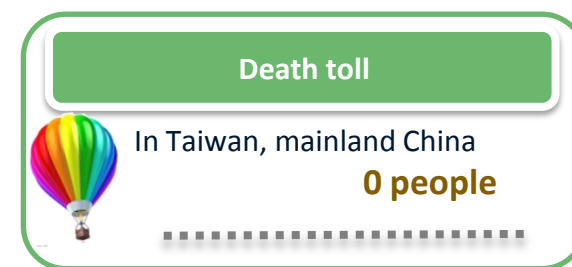
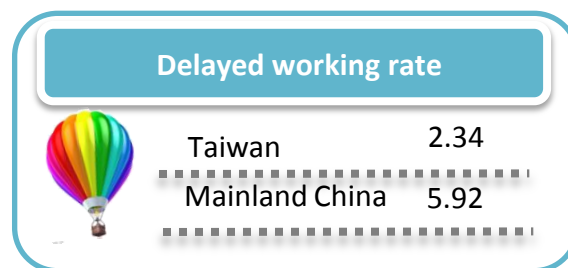
Inventec always gives first workplace accidents achieving the goal. Nomally, it regularly carries out all kinds of health and safety inspections, such as fire fighting equipment inspections and maintenance checks, machine room patrol, special operation area control, special operation personnel qualification 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 2015, 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

# Green energy environmental protection

5.1 Goal and policy	46
5.2 Environmental sustainability management system	47
5.3 Supply chain management	52
5.4 Energy management	55
5.5 Greenhouse gas management	56
5.6 Water resources management	60
5.7 Green lifestyle	61

埤塘呀！埤塘！是您的老朋友還是新朋友？

*Eco-Ponds, your old friends or new friends?*

過去的北台灣鄉村以埤塘作為消防及稻田灌溉的水源，也是孩子們的遊樂場與趕墟市場，  
時光荏苒、、、當水田逐漸變成高樓大廈，人們才懷念起那一窪窪小池塘的可愛。

眼前的南北池便是以淡水埤塘及休耕田作為營造的主題，仔細看看，他們是您久違的老朋友，還是乍所認識的新朋友？

*The ponds you see right here are designed as a miniature of freshwater ponds and follows.*

*Some activities are taking place in this picture. Take a careful look. Do you have any recall?*





## 5.1 Goal and policy

In view of global green movements and the new wave of Internet technology innovation, Inventec actively promotes the "Green energy environmental protection" strategy, mastering the low carbon trend and developing towards a green economy. In addition to formulating the social responsibility policy of "environmental protection, culture, poverty relief, and community" as the foundation for promotion, Inventec has also set "Green product", "Green production", and "Green life" as environment and quality objectives in order to meet the expectations of each interested party.

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.

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 and quality goals, environmental and quality policies and environmental projects so as to guide the collective power of colleagues and move forward to a new vision of green sustainability.



### 5.1.1 Environmental and quality 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 and quality goals with which employees must comply in line with the environmental and quality 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.

### 5.1.2 Environmental and quality policy

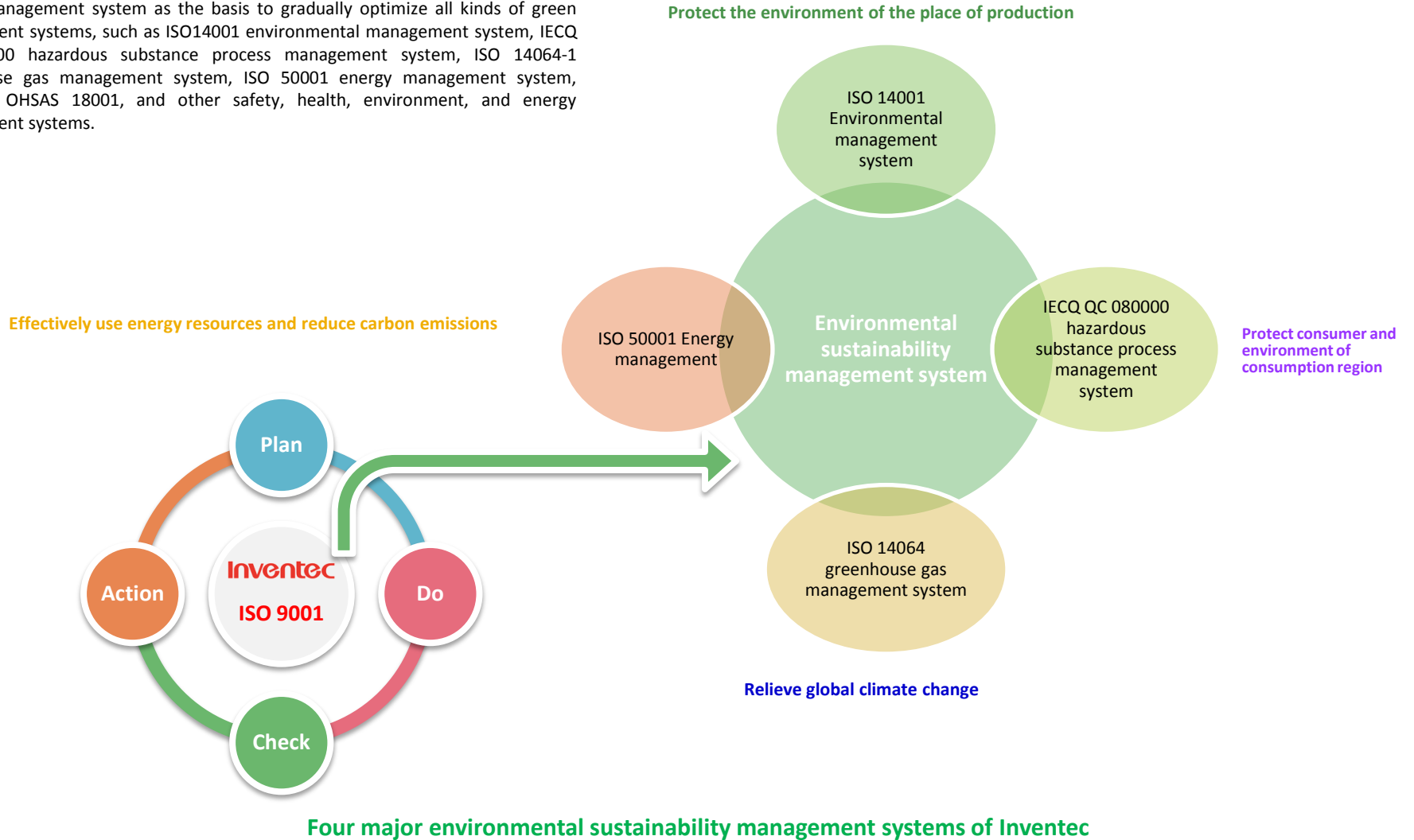
In response to international environmental protection trends and demands from customers, and in pursuit of corporate sustainable development, Inventec has formulated an environmental and quality policy from the perspective of employees as individuals, enterprise entirety, industrial supply chain, and 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 sustainability management system

In order to comply with corporate sustainable development and social responsibility, Inventec is constantly optimizing the existing comprehensive green management system. It takes the circulation of PDCA (Plan, Do, Check, Action) in the ISO 9001 quality management system as the basis to gradually optimize all kinds of green management systems, such as ISO14001 environmental management system, IECQ QC 080000 hazardous substance process management system, ISO 14064-1 greenhouse gas management system, ISO 50001 energy management system, TOSHMS, OHSAS 18001, and other safety, health, environment, and energy management systems.



## 5.2 Environmental sustainability management system

### 5.2.1 Green design

#### 1) Green design principle

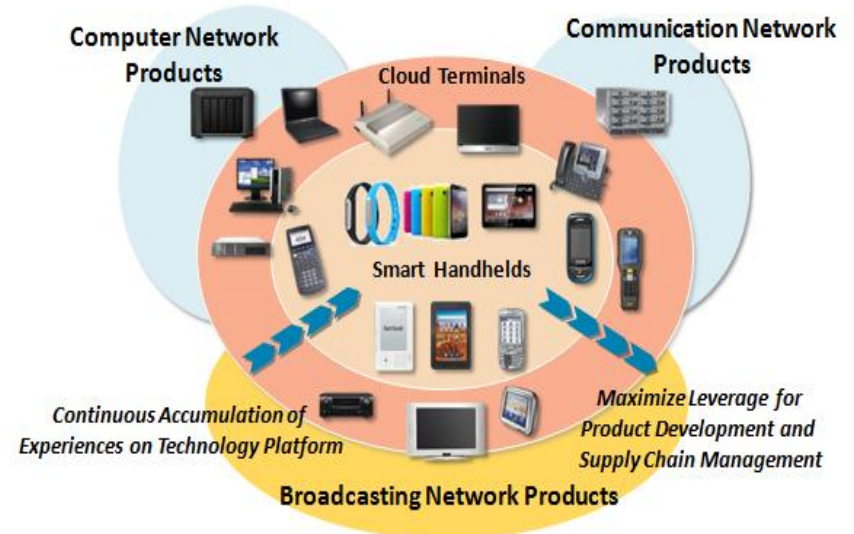
Green design refers to the design for environment. This means integrating considerable aspects such as environment and safety, etc. into product development design through a systematic approach and include such aspects into the product life cycle to impart the concept of green design into the manufacturing 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.

Furthermore, in response to the requirements of EU Eco Design Requirement for Energy-related Products (ErP Lot 6), 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.

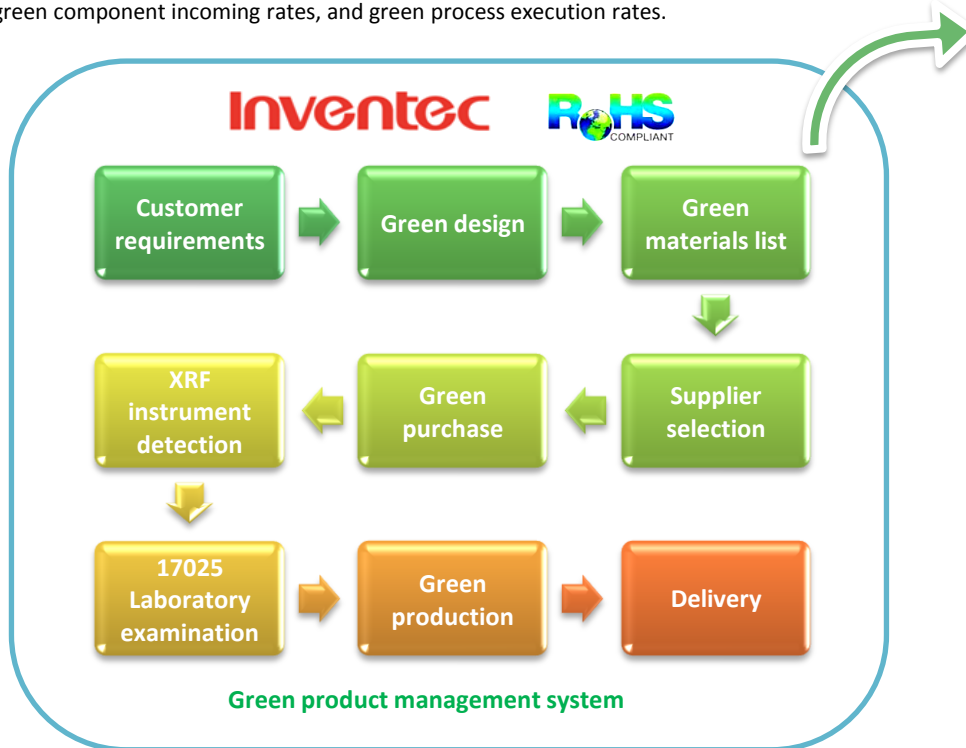


## 5.2 Environmental sustainability management system

### 5.2.2 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 3<sup>rd</sup> 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.



Passed 3<sup>rd</sup> Party SGS validation every year

## 5.2 Environmental sustainability management system

### 5.2.3 Environmental protection expenditure

Inventec has been continuously adhering to the environment and quality policies and sustainable projects formulated, as well as implementing a series of plans. In 2015, the cost of relevant environmental protection expenditures of Inventec was approximately NTD118 million, which mainly included waste disposal, maintenance of pollution control equipment, environment detection, ecological afforestation, green management system validation, product environmental protection mark certification, environmental education, energy saving and carbon reduction projects, environmental preservation activities, occupational health, and green supply chain management, among others.

In 2015, no serious leakage event occurred in Inventec and so the company didn't suffer from any loss or punishment due to environmental pollution.

**In 2015, the cost of relevant environmental protection expenditures of Inventec was approximately NTD118 million**



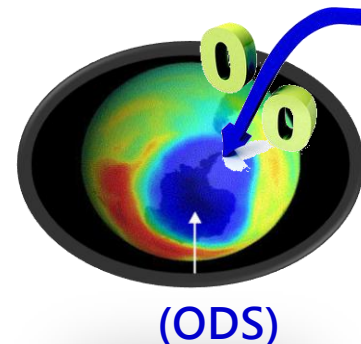
### 5.2.4 Clean production

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-12, R-22, R-123) initially included in some old refrigerant equipment includes ozone depleting substances. In 2015, the total emission of ozone depleting substances in the 9 plants of Inventec globally was 1.0981 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 2015**  
**1.0981 tons**



## 5.2 Environmental sustainability management system

### 2) Waste water treatment

Waste water management is not significant to the plants of Inventec but it is a significant issue for Inventec Solar Energy, which is located in the Taoyuan Science and Technology Park.

In 2015, Inventec Solar Energy's industrial waste water discharge was 348,388 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.

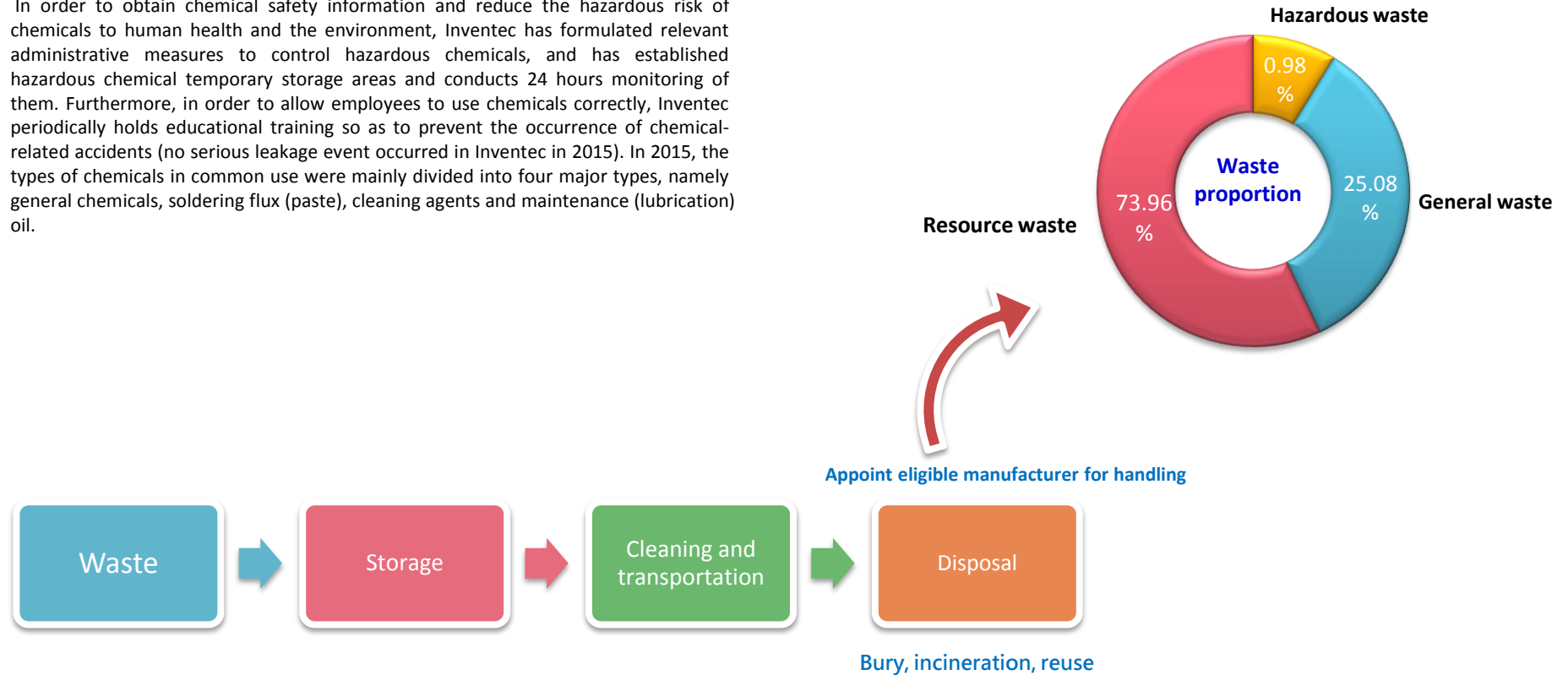
### 3) Chemical management

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 2015). In 2015, 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 2015, the total waste of the Inventec was 25,109.88 tons. Among them, the general waste and resource waste accounted for 25.08% and 73.96% respectively, and the hazardous waste only accounted for 0.98%.





## 5.3 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.

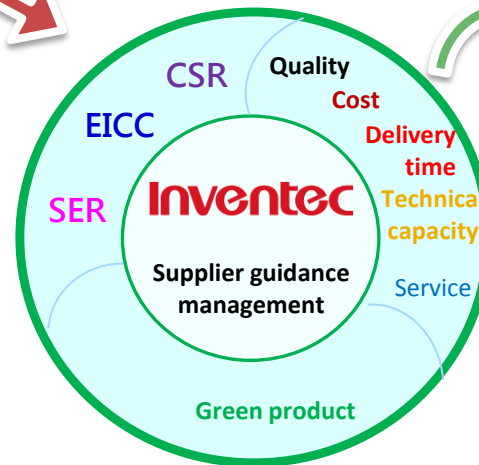
### 5.3.1 Supplier evaluation group

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.

### Supplier evaluation group



- Purchase personnel
- R&D personnel
- Component engineering personnel
- Supplier management personnel



### 5.3.2 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 CSR-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 2015, 100% of the new supplying manufacturers were conformed to Inventec's environmental and corporate social responsibility standard requirements. The suppliers other than the ones designated by the customers are asked to sign the pledge for environment, labor safety, human rights, ethics, etc. In 2015, 83% of Personal Solution Group's new suppliers and 100% of Enterprise Business Group's new suppliers signed the pledge. The suppliers with transactions signing the pledge is planned to be constantly tracked and counted in the future.

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 2015, there were 607 suppliers of medium or high risks, 86 of them had on-site audits, accounting for 14.2% of the suppliers of medium or 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.

## 5.3 Supply chain management

### 5.3.3 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 audits.

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 2015, 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.

### 5.3.4 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.



Inventec Supplier Portal, iSupplier

### 5.3.5 Localized supply chain management

Inventec preferentially uses local eligible suppliers. In 2015, for the 844 suppliers with transactions among eligible suppliers of Inventec's Personal Solution Group and the 406 suppliers with transactions among eligible suppliers of Enterprise Business Group, in terms of region, the suppliers were from greater China (including Taiwan, mainland China, Hong Kong, and Macau), Japan, Korea, Southeast Asia, USA, and Canada, amongst the other regions. In terms of Personal Solution Group's transaction amounts, 90% came from 767 manufacturers in greater China, and 77 manufacturers from the other regions only accounted for 10%. As to Enterprise Business Group's transaction amounts, 84% came from 302 manufacturers in greater China, and 104 manufacturers from the other regions only accounted for 16%.



Localized supply chain management

### 5.3.6 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.

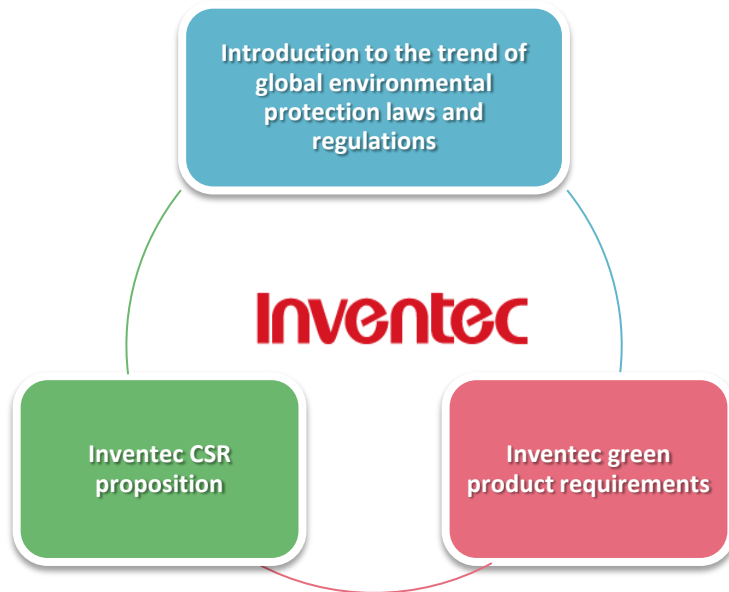
According to Inventec's no conflict minerals statement and US Dod-Frank Wall Street reformation and Consumer Protection Act, in the future, Inventec will carry out at least one conflict minerals survey every year and ensure that the respondents are suppliers with whom at least one transaction has been 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.conflictfreesmelter.org](http://www.conflictfreesmelter.org).

## 5.3 Supply chain management

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 November 19, 2015, the Inventec Group (Inventec, Inventec Appliances) held the "2015 Inventec Group Supplier CSR Training Camp" in "National Taiwan Science Education Center (NTSEC)" 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.



**Inventec**

### 2015 Inventec Group Supplier CSR Training Camp



NO: 10402268



## 5.4 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.

### 5.4.1 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 2015, the energy (electric power, natural gas) consumption of Inventec was 823,799,386 million joules, which was reduced by 0.3% compared to 2014 (826,236,571 million joules).

In 2015, Inventec's energy emission intensity was 2847.56 million joules/million NTD; an increase by 13.97% compared to 2014 (2,498.45 million joules/million NTD), due to individual revenue being the population parameter in calculating energy intensity. Individual revenue in 2015 was reduced by 12.52% compared to 2014, causing the higher energy intensity calculation result, indicating that the increase of energy consumption has no positive correlation to individual revenue.

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

### 5.4.2 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 2015 (estimate the energy saving benefit before and after improvement according to the energy saving plan in 2015), the energy saving effect was a total 88,559,361 million joules, if divided according to the region, the energy reduction in Taiwan was a total of 1,003,910 million joules whilst the energy reduction in mainland China was a total of 87,555,451 million joules.



**Energy consumption in 2015**  
**823,799,386** million joules



reduced by **0.3%**  
compared to with 2014

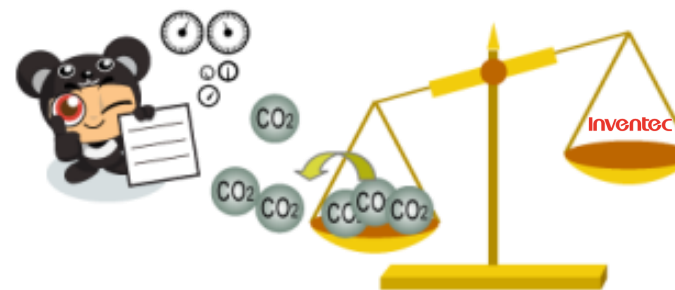


**Energy saving effect in 2015**  
**88,559,361** million joules

## 5.5 Greenhouse gas management

### 5.5.1 Climate change risk 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"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>Increase innovation and R&amp;D of low-energy consumption environmentally-friendly products to improve green competitive advantages of the company.</li> </ul>
	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
Physical property	<ul style="list-style-type: none"> <li>The increase of extreme climate frequency might have an impact on the enterprise in maintaining a stable production environment.</li> </ul>	<ul style="list-style-type: none"> <li>Each plant shall discuss and formulate emergency response measures to reduce the impact of climate disaster on company operations.</li> <li>Strengthen the maintenance of public facilities in the plant to enhance the stability of the production environment.</li> </ul>
	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct promotion of carbon management and water resources management for suppliers to improve risk management awareness.</li> <li>Look for other component supply sources to avoid impact on product delivery.</li> </ul>
	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Each plant shall take water resource saving measures, which may not only avoid unnecessary water waste, but also reduce costs.</li> </ul>
Other	<ul style="list-style-type: none"> <li>With the improvement of green consumption awareness, in the future, customers will increase requirements of green products.</li> </ul>	<ul style="list-style-type: none"> <li>Consider selecting raw materials and materials of low toxicity, low energy consumption and low carbon, and consider incorporating them into the ecological design system.</li> </ul>
	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>



## 5.5 Greenhouse gas management

### 5.5.2 Greenhouse gas management system

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 nine years (2007-2015) 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.

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

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 2016. In 2015, the Inventec Group’s total greenhouse gas emission was 270,564.911 tons of CO<sub>2</sub>e. 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 2017, 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.

### 5.5.3 Direct and energy indirect greenhouse gas emissions

The direct and energy indirect greenhouse gas emissions in 2015 were analyzed according to the scope and region of Inventec and Inventec Appliances.

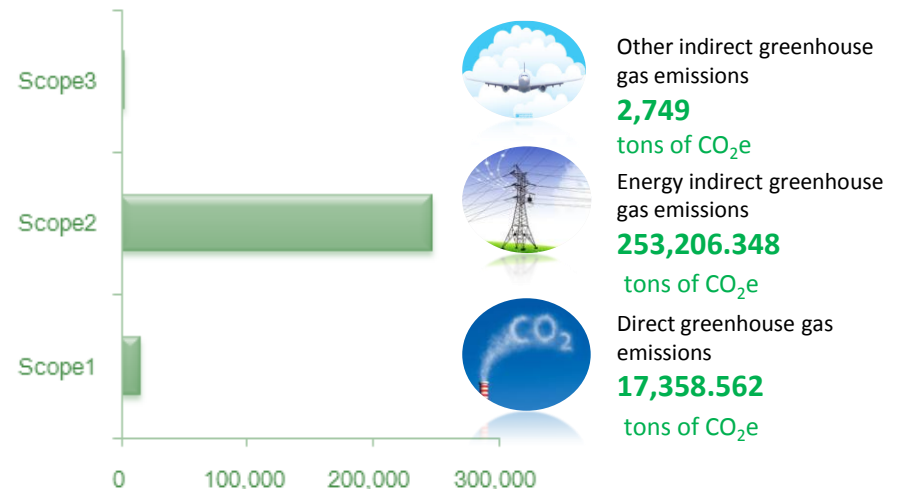
### 5.5.4 Other indirect greenhouse gas emission

Starting from 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 2015, Inventec (Taiwan, China Mainland) was 1927 tonnes of CO<sub>2</sub>e whilst Inventec Appliances was 822 tonnes of CO<sub>2</sub>e; for other indirect greenhouse gas emissions of Inventec, Taiwan was accounting for the highest proportion of 85%, and for other indirect greenhouse gas emission of Inventec Appliances, Taiwan was also accounting for the highest proportion of 65%, 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 2015:  
270,564.911 tons of CO<sub>2</sub>e**

## 5.5 Greenhouse gas management

### 5.5.5 Greenhouse Gas Verification Statement



Statement TW16/00016GG

## Greenhouse Gas Verification Statement

The inventory of Greenhouse Gas emissions in year 2015 of

### Inventec Corporation

No.66, Hou-Kang Street, Shin-Lin District,  
Taipei City, Taiwan, R.O.C.




has been verified in accordance with ISO 14064-3:2006 as meeting the requirements of


### ISO 14064-1:2006

Direct emissions  
**17,358.5627** tonnes of CO<sub>2</sub>e  
Energy indirect emissions  
**253,206.3482** tonnes of CO<sub>2</sub>e  
Direct emissions and energy indirect emissions  
**270,564.911** tonnes of CO<sub>2</sub>e

Authorized by

  
 Dennis Yang  
 Chief Operation Officer of Eastern Asia  
 Date: 07 April 2016  
 Version 1

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This Statement is not valid without the full verification scope, objectives, criteria and findings available on pages 2 to 8 of this Statement. Page 1 of 8

## Inventec

INVENTEC provided the GHG assertion based on the requirements of ISO14064-1: 2006. The GHG information for the period 01 January 2015 to 31 December 2015 disclosing emissions of 270,564.911 metric tonnes of CO<sub>2</sub> equivalent and 0.0000 metric tonnes of direct CO<sub>2</sub> emissions from the combustion of biomass are verified by SGS to a reasonable level of assurance, consistent with the agreed verification scope, objectives and criteria.

The emission of each site is described as below: Unit: tonnes of CO<sub>2</sub>e

Site	Direct emissions	Energy indirect emissions	Direct emissions and energy indirect emissions
IET	249.7651	3,287.9789	3,537.744
TAO	518.2041	5,500.5096	6,018.714
TRDC	198.3209	3,885.5805	4,083.901
IPC	519.6908	16,328.0821	16,847.773
IPE	224.2518	17,309.5580	17,533.810
IPT	2,299.8398	51,882.3267	54,182.167
ICC	5,015.7426	61,769.0060	66,784.749
ICZ	752.3508	1,340.4895	2,092.840
IMX	133.9570	1,961.4776	2,095.435
IACT	70.7947	1,026.0053	1,096.800
IACJ	5,433.7847	40,719.7523	46,153.537
IACP	1,941.8604	48,195.5817	50,137.442

## 5.5 Greenhouse gas management

### 5.5.6 Greenhouse gas emission intensity

With regards to the intensity of greenhouse gas emissions, Inventec increased by 13.10% in 2015 compared to 2014, and hence an analysis of reasons was conducted.

First: Inventec's greenhouse gas emissions reduced by 1.06% in 2015 compared to 2014, 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 12.52% in 2015 compared to 2014 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.

In the future, Inventec 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.

### 5.5.7 Greenhouse gas reduction performance

In order to relieve the environmental impact caused by greenhouse gas emitted from company activities, the Inventec continuously promotes energy saving and carbon reduction to effectively reduce emissions. In 2015, the carbon reduction result was a total of 20,441.773 tons of CO<sub>2</sub>e. If divided according to region, the total carbon emission reduced in Taiwan was 145.287 tons of CO<sub>2</sub>e, and the total carbon emission reduced in mainland China was 20,296.485 tons.

### 5.5.8 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 7<sup>th</sup> year running. For three 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.



Company name	Disclosure score
Inventec Co Ltd	95
CDP supply chain average	60

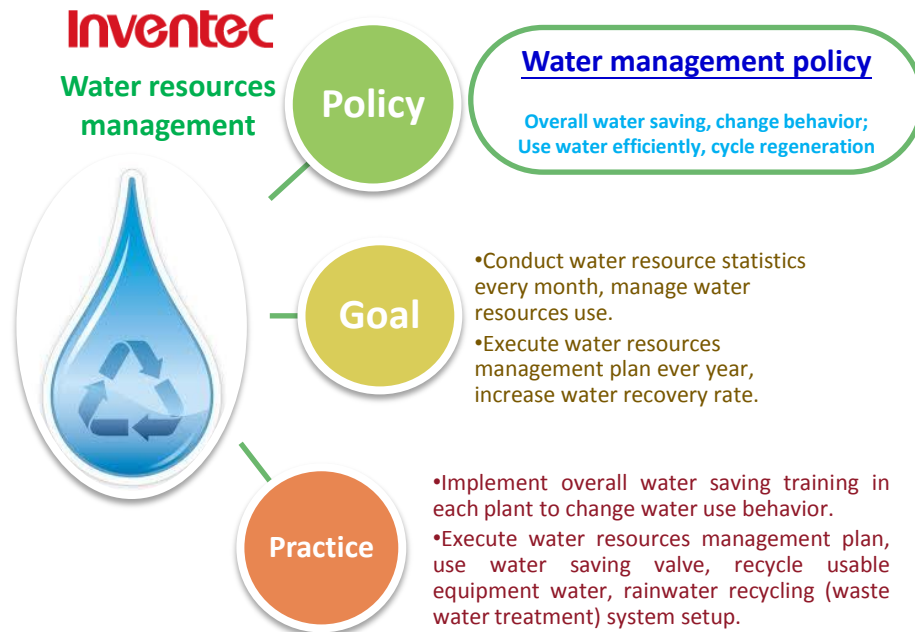
Company name	Performance band
Inventec Co Ltd	B
CDP supply chain average (for companies that qualify for a performance band)	D

The performance scores are expressed as bands (A, A-, B, C, D, E).

## 5.6 Water resources management

### 5.6.1 Water management policy

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.



### 5.6.2 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 2015, the total water use of Inventec was 1,439,241 tons, among them, underground water accounted for 60,412 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.

### 5.6.3 Water resources management plan

In 2015, the annual water recovery amount of Inventec (plants in Taiwan and mainland China) was 63,390 tons, due to the differences of industry process characteristics and saving recovery .



**Inventec**

**Water recovery reuse amount in 2015**  
**63,390** tons





## 5.7 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.

### 5.7.1 Adopt important national wetlands

Inventec has been devoted to environmental and ecological protection for a long time. In response to the implementation of the "Environmental Education Act", in addition to amending the company "Code of Corporate Social Responsibility", constructing an environmental education workplace, and implementing educational training on environmental management, Inventec also adopts community parks, holds community environmental protection lectures, and participates in the preservation of the important national wetland "Kwan-tu Nature Park". Since 2012, Inventec and Inventec Group Charity Foundation has adopted the important national wetland "Kwan-tu Nature Park" with the five-year plan of "Love · Happiness - Let us care for the ecological environment on earth together". Through the company environmental protection volunteers' participation in wetland maintenance, we hope to enable more citizens and children to understand the function and importance of wetlands and properly care for such precious land in order to maintain biodiversity. With regard to ecological education, in order to let children from the community's disadvantaged families learn about wetlands, Inventec has continuously cooperated with Kwan-tu Nature Park to hold the "Aquatic Family Nature Exploration Experience Course" to promote ecological conservation, which allows children with a lack of resources to cultivate proper concepts and actions to protect Taiwan's wetlands. In 2015, a total of eight courses were held, benefitting 225 school children.

### 5.7.2 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



# 6 Social participation

6.1 Charity support	63
6.2 Volunteer team	65



## 6.1 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. The social participation expenditure of Inventec in 2015 was NTD 25.43million .

### 6.1.1 Public charity

Inventec encourages employees to actively participate in public benefit activities, such as minority group caring, literary and artistic activity, ecological education, etc. In 2010, the Inventec Group Charity Foundation was established. Over the years, it has been carrying out heart-warming activities before the Spring Festival and donating to dozens of social welfare charity groups, assisting them to input long-term social welfare occupation. It also evaluates the fund-raising projects of social benefit charity institutions from all walks of life and selects projects that conform to the establishing purpose of Inventec Foundation for donation. Since 2012, it has been adopting school children from Huiming Blind School in Taichung City every year, and in the dust explosion that occurred in Formosa Fun Park in June 2015 and earthquake that occurred in Tainan, Kaohsiung in February 2016, it provided donations to respond to the disaster relief work of the government.

Furthermore, the social responsibility group of the Company also calls on colleagues to fundraise and regularly donates to social welfare institutions, such as "Hsinchu City Charity Foundation" and "New Life Social Welfare Development Promotion Association", every month. The Talent Center encourages colleagues to participate in World Vision - Hunger Thirty Experience Camp activity and also actively responds to the Ministry of Health and Welfare to propagate the purchase of Mid-Autumn festival gift boxes promoted by disability social welfare institutions in order to support disabled people to acquire the expertise to become independent.

With regard to literary and artistic activities, in 2015, the Company donated to the Taipei Philharmonic Foundation in order to hold the Taipei International Choral Festival activity; with regard to ecological conservation, over the years, the Company has cooperated with the Wild Bird Society of Taipei to promote the environmental education course plan of Kwan-tu Nature Park. In addition to subsidizing school children in remote districts for environmental and ecological education courses, it also calls on colleagues to serve as conservation volunteers at the Kwan-tu wetlands.

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.

### 6.1.2 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.



## 6.1 Charity support



2015

The 26<sup>th</sup> 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

### 6.1.3 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 2015, 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.





## 6.2 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 2015 are as follows:

Type	Environmental protection volunteer	Transportation volunteer	Love volunteer	Community volunteer
Hours	108	1778	1990	3462
Total	7338 hours			

### 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.

### 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.





# 7 Attachment

Inventec

7.1 Research and development expenditure expected to be invested	67
7.2 Major Resolutions of Board Meetings	68
7.2 AA1000 Assurance statement	69



## 7.1 Research and development expenditure expected to be invested

•The future development plan of the Company will continue to move in five major directions, namely independent innovation, green energy environmental protection, cloud service, wireless broadband, and emerging market by mastering market fluctuation and understanding customer demands. In response to new market environments, manufacturing process improvement, and technology development, the Group is expected to input more than NTD 9.1 billion in research and development this year and will control the product development and market sales schedule within six months.

•The research and development plans in recent years, current progress of unfinished research and development plans, research and development expenses that need to be invested, expected time of completing mass production, and major factors influencing the success of research and development in the future:

**Inventec**



Personal Computing Solutions



Enterprise Systems Solutions



Renewable Energy Products



Cloud Software and Services Solutions

Recent annual plans	Current progress	R&D expenses to be invested	Time of completing mass production (Note)	Major factors influencing the success of research and development in the future
Notebook computer	Under development	NTD 1.9 billion	2017	Provision of long-term accumulated software and hardware technology and customized overall solutions
Server and cloud computing	Under development	NTD 4.5 billion	2017	Provision of long-term accumulated software and hardware technology and customized overall solutions
Solar energy	Under development	NTD 200 million	2017	Group resource integration and combination of automation import, manufacturing process conversion rate improvement, and optimization of personnel quality
Smart phone and wireless communication devices	Under development	NTD 2.3 billion	2017	Continuous innovation, good quality, excellent talent, design, manufacturing, marketing, and after-sales service capability

Note: This refers to the mass production time currently expected; the actual situation is still subject to market and customer demands.


## 7.2 Major Resolutions of Board Meetings

Date	Major resolutions
2015.01.27	Approved the proposal of the salary and year-end bonus for managers, employees bonuses and compensation of Directors and Supervisors.
	Approved to amend the Corporate Social Responsibility Best Practice Principles.
	Approved to amend the Corporate Governance Best Practice Principles.
	Approved the internal control statements issued by the Inventec Corporation (Hong Kong) Ltd., Inventec (Cayman) Corp., and Invnetec Investments Co., Ltd. of the Company.
	Approved to establish a subsidiary in India.
2015.02.25	Approved to issue the 2014 Internal Control System Statement.
	Approved to amend the Codes of Ethical Conduct.
	Approved to amend the Rules of Procedure for Shareholders Meetings.
	Approved to amend the Ethical Corporate Management Best Practice Principles.
2015.03.24	Approved the 2014 financial statements, consolidated financial statements and business report.
	Approved the 2015 Shareholders' meeting date, place, and meeting agenda.
2015.04.21	Approved the 2014 employee bonuses and compensation of Directors and Supervisors.
	Approved the 2014 earnings distribution.
2015.05.11	Approved the 2015Q1 consolidated financial report.
	Approved Inventec (Chongqing) Corp. to invest Chongqing YuYa Cloud Service Co., Ltd.
2015.06.30	Approved the ex-dividend record date.
2015.07.21	Approved to donate NT\$10 million by Inventec Group Charity Foundation to the special account under New Taipei City Government to support medical care for the Powder Explosion injured at the Formosa Fun Coast.

Date	Major resolutions
2015.08.11	Approved the 2015Q2 consolidated financial report.
2015.09.08	Approved the agreement between Inventec (Cayman) Corp. and Top Victory Investment Co., Ltd. to terminate the joint venture agreement of TPV-Inventa Holding Ltd. and change the board seats.
	Approved Inventec (Cayman) Corp. to reinvest TPV-Inventa Holding Ltd..
2015.09.30	Approved to increase investment to TPV- Inventa Technology (Fujian) Ltd. via subsidiary TPV- Inventa holding Ltd. by means of Debt for Equity Swap.
2015.10.20	Approved managerial officers to engage in competitive conduct.
2015.11.10	Approved the 2016 Internal Audit Plan.
	Approved the 2015Q3 consolidated financial report.
	Approved to amend the Ethical Corporate Management Best Practice Principles.
	Approved the selling of 47.68% of the common stock equity of Inventec Energy Corporation held by the Company to Inventec Solar Energy Corporation
2015.12.29	Approved to formulate operation procedures for the Company to apply to suspend and resume transactions.
	Approved to amend Internal Control Systems.
	Approval of the Amendments to Articles of Incorporation.
	Approved to hire certified public accountants
	Approved the 2016 corporate business plan.
	Approved the remuneration of directors, supervisors, and managers and year-end bonus planning scheme of the Company.
	Approved to purchase plant building in Taoyuan Science and Technology Park.
	Approved to donate NT\$7.5 million to Inventec Group Charity Foundation.



## 7.3 AA1000 Assurance statement



### ASSURANCE STATEMENT

#### SGS TAIWAN LTD.'S INDEPENDENT ASSURANCE REPORT ON SUSTAINABILITY ACTIVITIES IN THE INVENTEC CORPORATION'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2015

##### 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 for 2015 (hereinafter referred to as CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables, contained in this report.

The information in the INVENTEC's CSR Report of 2015 and its presentation are the responsibility of the management of INVENTEC. SGS has not been involved in the preparation of any of the material included in INVENTEC's CSR Report of 2015. Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all INVENTEC's stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (2013) for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

This report has been assured using our protocols for:

- evaluation of content veracity at a high level of scrutiny for INVENTEC (Taipei, Taoyuan, Pudong, Chingqing); and evaluation of content veracity at a moderate level of scrutiny for INVENTEC (Mexico, Czech), Inventec Appliances, Inventec Solar Energy and applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard (2008) Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008); and
- evaluation of the report against the Global Reporting Initiative Sustainability Reporting Guidelines (G4 2013).

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, CSR committee members and the senior management in Taiwan; 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 affirm our independence from INVENTEC, being free from bias and conflicts of interest with the organisation, 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 2015 verified is accurate, reliable and provides a fair and balanced representation of INVENTEC sustainability activities in 01/01/2015 to 12/31/2015.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting. 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 (2008) 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 employees, customers, investors, suppliers, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, INVENTEC may consider disclosing outcomes from direct two-ways engagements with stakeholders.

###### Materiality

INVENTEC has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.



###### Responsiveness

INVENTEC has established policy and strategy statements in this report which respond to the material issues and to its stakeholders in a comprehensive and balanced manner. Constant reviews of the future management performances are recommended.

##### GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES (G4 2013) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, INVENTEC's CSR Report of 2015, 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. Further disclosures on EC5 and LA13 are encouraged.

**Signed:**  
For and on behalf of SGS Taiwan Ltd.



**AA1000**  
Licensed Assurance Provider  
000-8

Dennis Yang, Chief Operating Officer  
Taipei, Taiwan  
23 May, 2016  
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