

2017

Inventec

Corporate Social Responsibility Report



2017 Inventec CSR Awards



- The Taiwan Corporate Sustainability Award and Golden Prize - Corporate Sustainability Report Award by Taiwan Academy of Corporate Sustainability



- The Citizen Award of Commonwealth Corporation by the magazine, Commonwealth



- The Breakthrough Factory of the Women in Factories Program by BSR (Chongqing Factory)



- Hazard-Free Work Record Award by Ministry of Labor, Executive Yuan

CSR

Human Resources

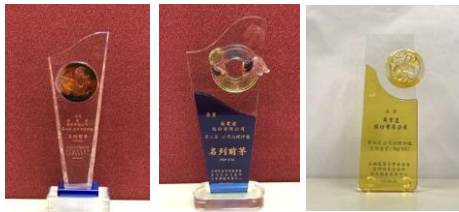
Governance

Inventec

Healthy Workplace



- Labor Safety Award by Taipei City Government



- Inventec is ranked in the top 5% of companies from the 2nd session to the 4th session of the corporate governance evaluation awarded by the Taiwan Stock Exchange.

Environment

Quality Management



- RBA Factory of Choice Award : One-Star Level (Chongqing Factory)



- SGS ISO Plus Award

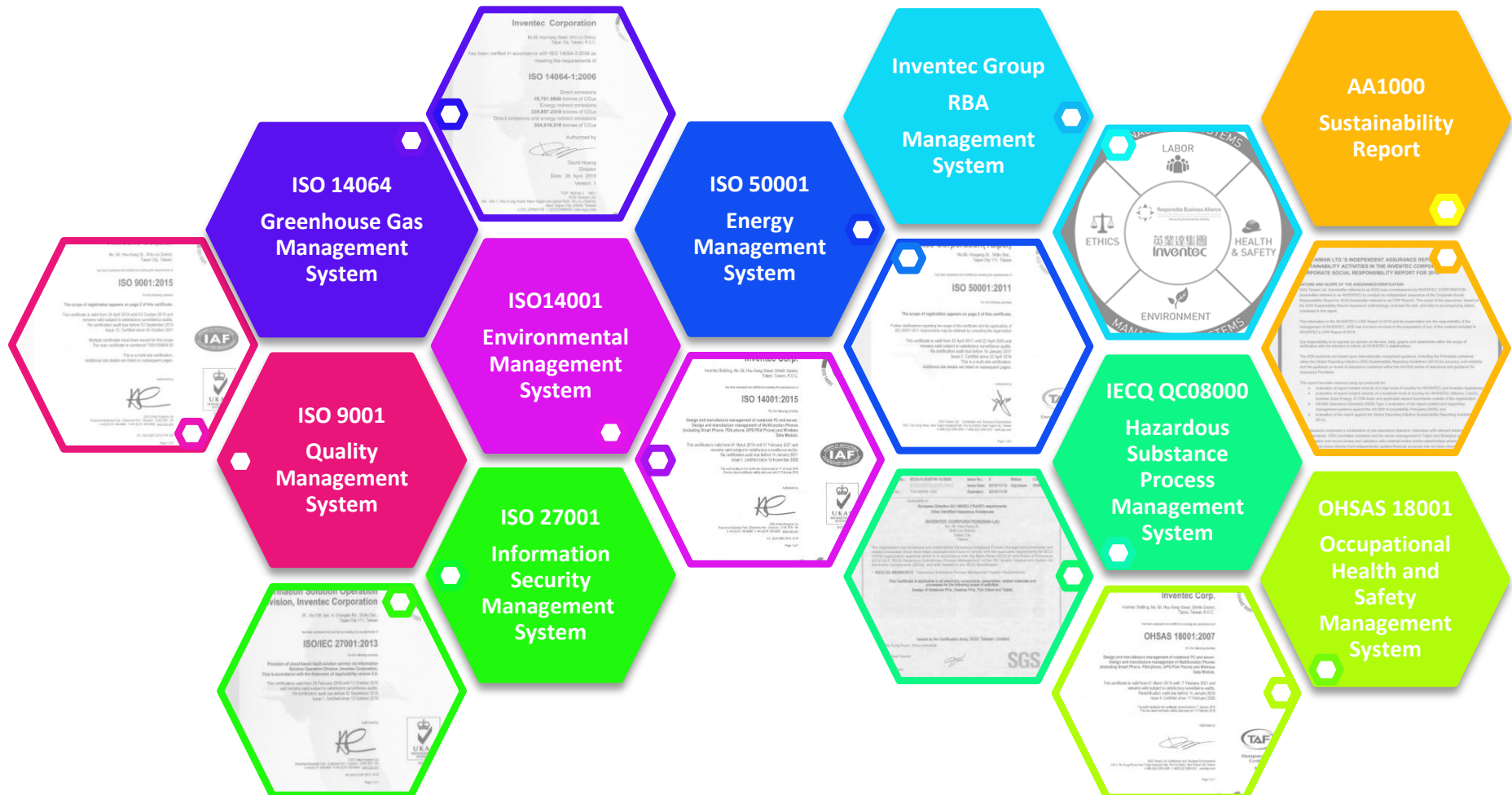


- Excellent Breastfeeding Room Award by Department of Public Health, Taoyuan City Government

CSR Management Systems



The 9 sustainable management systems are the internal control system of corporate daily ESG operation and the communicative foundation and the grievance channel to serve the stakeholders.



2017 Inventec CSR and IR Performance

Inventec corporate philosophy

- Innovation
- Quality
- Open Mind
- Execution

X

SUSTAINABLE DEVELOPMENT GOALS



X

Inventec corporate beliefs

- Talents Asset
- Equal Opportunity
- Ethic & Integrity
- Learning & Sharing
- Innovation & Improvement
- First Mover
- Customers Satisfaction
- Industry Reputation
- Shareholder Value
- Social Responsibility

Intellectual
R&D:
NT\$8.8bn

Financial
Consolidated revenue :
NT\$467.5bn

Manufactured
Equipment:
NT\$2.6bn

Human
Welfare and training:
NT\$5.2bn

Natural
Environmental protection:
NT\$0.4bn

Social and Relationship
Social welfare:
NT\$15.55m

Intellectual
More than 15,000
patent certificates

Financial
Net profit: NT\$6.7bn
EPS: NT\$1.88

Manufactured
IT Product:
368,844,000 pcs

Human
Turnover rate in Taiwan
became 5.11% lower

Natural
Carbon reduction:
4,997.98 tonnes of CO2e

Social and Relationship
Volunteer leave with pay:
10,133 hours

Inventec CSR and SDGs

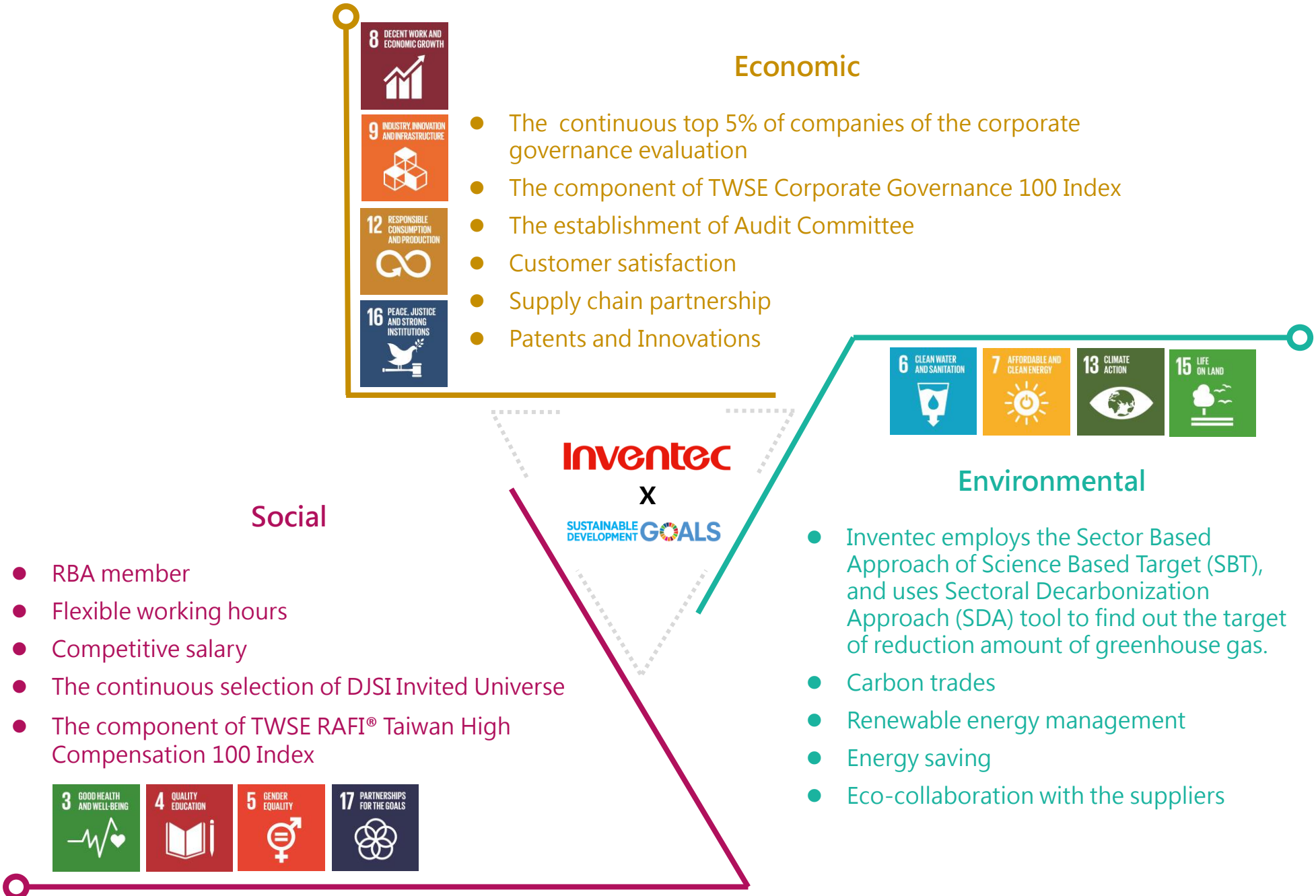


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1 Overview

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Inventec




1.1 Editorial Guideline

Report scope and boundaries

For worldwide synchronization, Inventec has followed the GRI Standards since 2017. The disclosure scope of the report 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 the society.

The boundaries disclosed in this year's report include 7 of Inventec's plants involved in actual production (3 plants in Taipei and Taoyuan, and the Putong, Chongqing, Czech and Mexican plants). With regard to Inventec Appliances, Inventec Solar Energy, E-Ton Solar Tech., and AIMobile listed in the consolidated annual report, the relevant financial information is disclosed in Inventec's annual report.

2017 Inventec Annual Report : 

Preparation principle and program

Inventec's 2017 "Corporate Social Responsibility Report" mainly follows the "Core option" of the GRI Standards published by GRI and refers to international standards such as AA1000, IR, SDGs, UN Global Compact, ISO 26000, TCFD and CSR Best Practice Principles for TWSE/TPEX-Listed Companies 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 approach and performance indicators.

This report is arranged and prepared according to the topics in which different stakeholders are interested including, mainly, overview, governance, corporate commitment, environment, and social engagement, amongst others, enabling the stakeholders 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 stakeholders 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 the 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 the society, and show its influence in society by implementing sustainable development, gaining more understanding and trust from the stakeholders 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 2018, the disclosure period chiefly starts from January 1st, 2017 to December 31st, 2017. (The last issued version: June 2017)
- ◆ Next issued version: expected in June 2019.

Third party assurance, 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 evaluation and an assurance operation based on the contents and data of the report according to the "Core Option" of the GRI Standards to ensure this report conforms to the GRI Standards Core Option and AA1000 AS 2008 Type 2, High level assurance.

Opinion feedback

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

Environmental Management Center , Inventec Corporation

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TEL : +886-2-2881-0721#27088

Website : 

Email : 

Facebook : 



1.2 Top Management Commitment



Chairman: *Cho, Tom-Hwar*



President: *Wu, Yung-Tsai*

Though major economies of the world in 2017 has gradually turned stable, the drive of recovery is apparently in slow pace. Besides, issues as increased interest rate in the US and Europe, bills of tax reform announced domestically and overseas, the unwinding of trade war around the globe, especially the foreign exchange policies among each of the major economies and the strong appreciation of New Taiwan Dollar in the early period last year have well rendered export industries confronted with risk of foreign exchange that corrodes corporate profit. However, under the joint efforts of our staffs Inventec continues to display rather a favorable operation performance last year. We will, hereby, like to express our gratefulness to the long-term support of our shareholders, and would summarize the operation performance for year 2017 as follows:

Business performance report for year 2017

For our revenue and profit, the combined revenue for year 2017 comes to NT\$467.5 billion, which has grown by 9.11% as compared to that of year 2016 (the combined revenue is NT\$428.4 billion). The combined operating income before tax is about NT\$7.1 billion, which grows mildly by 1.36% as compared to that of year 2016. As for the net profit after tax that goes to stock-holders of the parent company, it comes to about NT\$6.7 billion, which grows by 19.83% against that of the previous year, while the surplus combined is NT\$1.88 per share after tax.

As an overview, the performance growth in 2017 proves to be a successful result and it mainly comes from the diversified operation of company products. Among them, the streamline product of notebook has benefited from the shipment of commercial models so that there is slight growth against the same period of last year. As for server products, since the company has actively developed new products and expanded client distribution so that there is growth of 8.72% against the same period of last year. The aforementioned two

products have, in total, made a contribution of NT\$366.3 billion of revenue. In terms of smart device products, the shipments have been quite booming with the facilitation of new product lines with the clients, so that the revenue of operating income has increased by 36.12% against that of last year, bringing in contribution of about NT\$86.4 billion of income. In addition, the integrated benefits from solar-energy products by the group are satisfying, and the overall revenue has increased by 8.83% against the same period of last year, bringing in a contribution of NT\$14.7 billion.

Company governance and corporate social responsibility

Honesty, integrity, and sustainable operation are the cornerstone principles of Inventec, and they are regarded most highly in company governance. As such, these principles have been well echoed to the fact for Inventec has been, for three consecutive years, awarded the special honor as top best 5% companies in terms of company governance by "Company Government Assessment." We would, therefore, adhere to the spirit of "greater responsibility, greater concern" for we will strengthen the functional committees of the board established to improve company governance. In addition, we will continue to coordinate with "Inventec Charity Foundation" to serve the society, thus enhance to fulfill our corporate social responsibility.

Business plan and future prospect for year 2018

Inventec possesses strong R&D as well as high-efficiency operation team. Over a long period of time, we have built up favorable cooperation relationship with our clients; thus, though we are confronted with stringent environment of information industry Inventec should continue to adhere to unyielding spirit in order to overcome challenges domestic and oversea. Specific measures of implementation are found into following aspects:

1.2 Top Management Commitment

(1) We should continue to develop high-end notebook product so as to consolidate the market-share of Inventec in business computer. Aside from server and customized service for large-scale information center, Inventec will, in coping with high-tech development trend and future business opportunity worldwide, expand investment on technology area in 2018 in sequence by setting up three major R & D centers. These centers encompass AI application research center in Taiwan, industrial 4.0 application center at Tianjin, China, and 5G application research center of Inventec Appliances under Inventec Group. It is planned that these three centers will recruit talents concurrently.

(2) We will actively invest into the business opportunity for the area of automobile electronics and medical equipment, simplify product development and module design, thus integrating research and development resources so that products designed can be marketed with no time lag.

(3) Regarding goal orientation of intelligent production by industrial 4.0, we will carry out improvement to operation efficiency, and enhance the integral production performance through arrangement of flexible production system.

(4) We will maintain favorable relationship with our client and partners, and design customized products to cope with client demands. For supply chain management, we should work to deepen the cooperation relationship with our supplies. As for the possibility actively seeking for strategic alliance at terminal-end market, we should make effort to diversify our operation.

Since technological development is changing rapidly and so as innovations with ideas, we can discover that recent hot issues of topics have, most of all, gradually moving towards the integration of hardware and software, and ABCD5 is reckoned as the hottest of all. Among them, A refers to artificial intelligence (AI), B refers to block-chain, C refers to Cloud computing as it renders calculation via hardware design quickly and safely, D refers to big data as it employs figure data to produce valuable information, and 5 refers to 5G which is the dominating market of hardware in future telecommunication. In view of the aforementioned industrial development, Inventec will, aside from talents training, also actively deploy greater amount of resources to carry out product development with anticipation of some achievements in the near future. At the approaching point of time with global economic recovery, AI, and IoTs, Inventec will certainly utilize its competitive edge and master the business opportunity to enhance the core competitiveness of company, and grasp the chance to obtain profit so as to achieve greater corporate value for its entire shareholders and employees.



1.3 Sustainable Communication

1.3.1 Identify the stakeholders

In order to strengthen communication with the stakeholders, Inventec has created a management process for identifying internally the stakeholders pursuant to the GRI Standards and AA1000 Stakeholder Engagement Standard (2015) international standard, as shown in the following illustration. This is designed to effectively differentiate the stakeholders related to Inventec CSR, such as employees, customers, suppliers, shareholders/investors, government agencies, the community, media, competitors, non-governmental organizations, non-profit organizations, reporters, labor unions, etc.

Through mutual communication with the stakeholders, 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 stakeholders in great depth.



1.3.2 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. the GRI Standards concept) at home and abroad, customer requirements (e.g. RBA and CDP) and major events at home and abroad and so on, so as to ensure full understanding of the topics related to the stakeholders.





Management process of identifying the stakeholders

Customers	One of the main sources of company revenue	Governmental agencies	Standardize laws and regulations of the enterprise and offer resources support
Shareholders	One of the main sources of operating funds of the company	Community	One of the sources of internal employees of the company
Suppliers	One of the main sources for the production and materials of the company	3 rd Party Rating Agency	One of the sources of Corporate Performance appraisal information of the company
Employees	One of the major assets of the company	NGOs	One of the sources of Industry Information of the company

Eight Major Stakeholders of Inventec

1.3 Sustainable Communication

Communication with Stakeholders

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"> 1. Responsible unit shall periodically communicate via committee meetings every year. 2. Responsible unit shall periodically communicate via the Internet every year. 3. Human resources unit shall periodically communicate by holding quarterly meetings every year. 4. Responsible unit shall periodically post an announcement on problems and countermeasures on the bulletin board. 	<ul style="list-style-type: none"> ● Employee welfare ● Cultivation of talent ● Talent recruitment ● Financial performance ● Employee occupational health, safety, and hygiene
Customer	Standards, audit or questionnaire survey proposed by the customers	Each responsible unit shall automatically respond to customer requirements and questionnaires periodically through the committee.	<ul style="list-style-type: none"> ● Customer information safety ● Product regulations conformity ● Environmental regulation conformity ● Supply chain management ● Labor regulation conformity ● Product quality management ● Green product management ● Risk of climate change ● Human rights education
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"> ● Anti-corruption ● Environmental regulation conformity ● Labor regulation conformity ● Investment strategy ● Product regulation conformity ● Energy management ● Air pollution emissions ● Waste water management ● Water resource management ● Waste management
	Official documents from government department, in-plant inspection and declaration requirements	<ol style="list-style-type: none"> 1. Corresponding unit shall coordinate with government inspections periodically every year through fire drills and emergency response drills 2. The responsible unit shall periodically inspect the company's conformance to environmental protection laws and regulations every year, and collect and conduct statistics on relevant environmental protection. 	
	Government policy propaganda and project applications	Corresponding unit shall periodically participate in government projects or activities.	
Supplier (including contractor)	Questionnaire filled in by the suppliers	<ol style="list-style-type: none"> 1. Responsible unit shall hold supplier CSR and environmental protection explanation sessions periodically every year. 2. Responsible unit shall periodically explain workplace safety in due time every year. 3. Responsible unit shall periodically respond through the supplier website every year. 	<ul style="list-style-type: none"> ● Supplier environmental issues ● Supply chain management ● Conflict minerals ● Supplier labor practice and human rights
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 Inventec's annual report for details. Inquiry website: 	<ul style="list-style-type: none"> ● Financial performance ● Investment strategy ● Risk of climate change
Community	Suggestions or questionnaire survey proposed by the community	<ol style="list-style-type: none"> 1. Responsible unit shall participate in the proposal, respond to questionnaire surveys or participate in activities and exchanges periodically every year. 2. The Social responsibility group shall jointly participate in the Inventec Group Charity Foundation periodically every year. 	<ul style="list-style-type: none"> ● Environmental regulations conformity ● Air pollution emissions
3rd Party Rating Agency	questionnaire survey proposed by the 3rd Party Rating Agencies	<ol style="list-style-type: none"> 1. Responsible unit responses to the questionnaires 2. Responsible unit takes part in the evaluation. 3. Responsible unit discloses the information on Inventec's website.  	<ul style="list-style-type: none"> ● Anti-corruption ● Financial performance ● Energy management
Non-governmental organizations	Suggestions or questionnaire survey proposed by the non-governmental organizations	<ol style="list-style-type: none"> 1. Responsible unit shall participate in the proposal, respond to questionnaire surveys or participate in activities and exchanges periodically every year. 2. The Social responsibility group shall jointly participate in the Inventec Group Charity Foundation periodically every year. 	<ul style="list-style-type: none"> ● Supply chain management ● Green product management ● Conflict minerals ● Water resource management

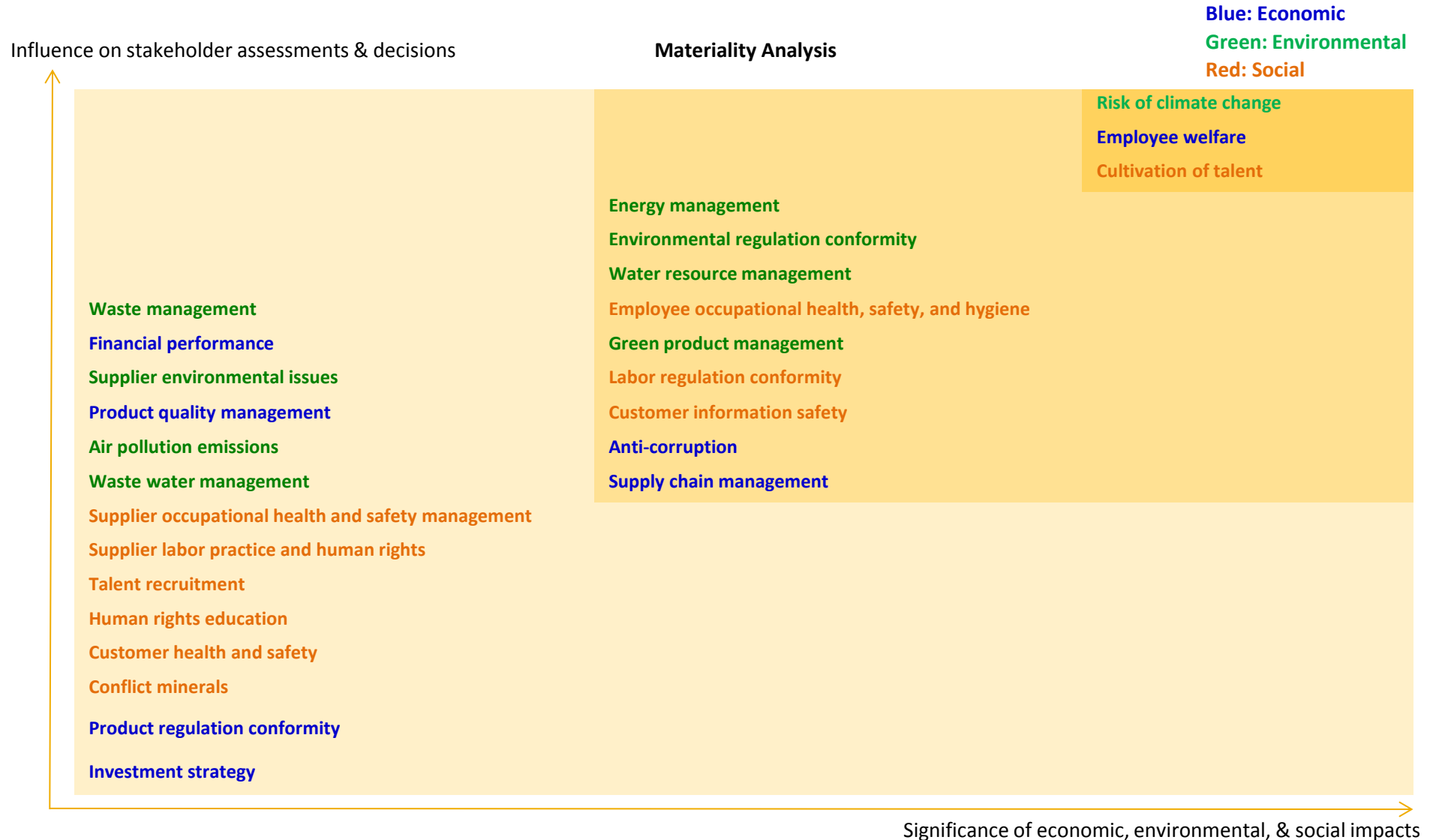
1.3 Sustainable Communication

1.3.3 Materiality

Inventec identified the material topics on the basis of the major stakeholders' feedbacks and Inventec's judgment.



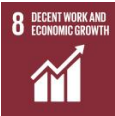
The selection of Inventec's material topics is primarily based on two key indicators, namely, the Influence on stakeholder assessments & decisions and the significance of economic, environmental, & social impacts.

As a result, 12 material topics are determined for Inventec 2017 Corporate Social Responsibility Report.




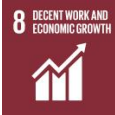




1.4 Management Approach

1.4.1 Material topic and management approach

Ranking	Material Topic	Progress in 2017	Goal in 2018	Corresponding International Indicators			Chapter
				GRI Topic-Specific Disclosures	Sustainable Development Goals	Integrated Reporting (IR)	
1	Risk of climate change	<ul style="list-style-type: none"> In 2017, the total greenhouse gas emissions decreased by 7.1%, i.e., 9,797 tonnes of CO₂e, compared to the emissions in 2015. 	<ul style="list-style-type: none"> In 2018, the total greenhouse gas emissions decreased by 3%, compared to the emissions in 2015. 	GRI 201-2 GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4 GRI 305-5		<ul style="list-style-type: none"> Natural capital 	<ul style="list-style-type: none"> 4.1 Climate Action
2	Energy management	<ul style="list-style-type: none"> The energy saving effect was 5,292,488 kWh. 	<ul style="list-style-type: none"> Headquarters in Shilin reduces 4% of electricity consumption in 2018, compared to 2014. 	GRI 302-1 GRI 302-2 GRI 302-3 GRI 302-4	 	<ul style="list-style-type: none"> Natural capital 	<ul style="list-style-type: none"> 4.1 Climate Action
3	Environmental regulations conformity	<ul style="list-style-type: none"> Inventec has no environmental penalty in 2017. 	<ul style="list-style-type: none"> Incorporates ISO 14001 : 2015 environmental management system and obtain the 3rd party certificate. 	GRI 307-1	 	<ul style="list-style-type: none"> Natural capital 	<ul style="list-style-type: none"> 4.4 Environmental Responsibility
4	Employee welfare	<ul style="list-style-type: none"> Employee welfare and service satisfaction is an average of 89.5%. 	<ul style="list-style-type: none"> Employee welfare and service satisfaction is an average of 90% or more. 	GRI 201-3 GRI 401-2		<ul style="list-style-type: none"> Human capital 	<ul style="list-style-type: none"> 3.1 Friendly workplace
5	Cultivation of talent	<ul style="list-style-type: none"> The average annual training hours per employee is 40.4 hours (the goal: 40 hours). 	<ul style="list-style-type: none"> The average annual training hours per employee continuously meets the 40 hours goal. 	GRI 404-1 GRI 404-2 GRI 404-3		<ul style="list-style-type: none"> Human capital 	<ul style="list-style-type: none"> 3.1 Friendly workplace
6	Supply chain management	<ul style="list-style-type: none"> More than 99% of the suppliers signed the environmental statement. 74.5% of the suppliers signed the RBA statement. 78 suppliers had the on-site audits and the audit completion rate was 100%. 	<ul style="list-style-type: none"> No less than 99% of the suppliers sign the environmental statement. 75% of the suppliers sign the RBA statement. 71 suppliers have the on-site audits and the audit completion rate is 100%. 	GRI 204-1 GRI 308-1 GRI 308-2 GRI 414-1 GRI 414-2		<ul style="list-style-type: none"> Financial capital Natural capital Social and relationship capital 	<ul style="list-style-type: none"> 3.5 Supply Chain Development

1.4 Management Approach

1.4.1 Material topic and management approach

Ranking	Material Topic	Progress in 2017	Goal in 2018	Corresponding International Indicators			Chapter
				GRI Topic-Specific Disclosures	Sustainable Development Goals	Integrated Reporting (IR)	
7	Green product management	<ul style="list-style-type: none"> The customers file no complaint about the violation of green product specifications. 	<ul style="list-style-type: none"> Develop the low carbon product and increase the recycling rate. 	GRI 416-1 GRI 416-2		<ul style="list-style-type: none"> Manufactured capital Natural capital 	<ul style="list-style-type: none"> 4.3 Green Product
8	Labor regulation conformity	<ul style="list-style-type: none"> Meet the legal requirement for the employment of people with disabilities. 	<ul style="list-style-type: none"> Keep the compliance with the up-to-date legal regulation. 	GRI 405-1 GRI 419-1		<ul style="list-style-type: none"> Human capital 	<ul style="list-style-type: none"> 3.1 Friendly Workplace
9	Customer information safety	<ul style="list-style-type: none"> No case and complaint about the infringement of customer privacy. 	<ul style="list-style-type: none"> Strengthen the intrusion detection exercise and the vulnerability scan. 	GRI 418-1		<ul style="list-style-type: none"> Intellectual capital 	<ul style="list-style-type: none"> 3.4 Customer Service
10	Employee occupational health, safety, and hygiene	<ul style="list-style-type: none"> 100% implement the occupational hazard evaluation, improvement, and prevention. 0 occupational disease. 	<ul style="list-style-type: none"> Continuously 100% implement the occupational health inspection. 0 occupational disease. 	GRI 403-1 GRI 403-2 GRI 403-3		<ul style="list-style-type: none"> Human capital 	<ul style="list-style-type: none"> 3.2 Occupational Health and Safety
11	Anti-corruption	<ul style="list-style-type: none"> 2 board members attended the anti-corruption training. 9,009 employees attended the anti-corruption training. 	<ul style="list-style-type: none"> The scope of integrity management monitoring expands. 	GRI 205-1 GRI 205-2 GRI 205-3		<ul style="list-style-type: none"> Financial capital Social and relationship capital 	<ul style="list-style-type: none"> 2.3 Integrity Management
12	Water resource management	<ul style="list-style-type: none"> The water recovery amount in 2017 is 5,506 tonnes (the goal: 4,140 tonnes). The water saving amount in 2017 is 15,536 tonnes (the goal: 15,000 tonnes). 	<ul style="list-style-type: none"> Continue the waste water recycling and reusing. 	GRI 303-1 GRI 303-3		<ul style="list-style-type: none"> Natural capital 	<ul style="list-style-type: none"> 4.2 Water Resources Management

1.4 Management Approach

1.4.2 Company Introduction

- Company name: Inventec Corporation
- Date of establishment: June 9, 1975
- Industrial category: ICT (Information and Communications Technology)

- Operation headquarters: located in Taipei City, Taiwan, operating points are established globally (Asia, North America, Europe, etc.)
- Chairman: Mr. Tom-Hwar Cho
- President: Mr. Yung-Tsai Wu
- Total employees: 18,712 (2017/12/31)

- Inventec stock code: 2356 (listed company in the Taiwan Stock Exchange)
- Revenue in 2017: approximately NTD 467.5 billion
- 2017 Inventec Annual Report :



Headquarter

Taiwan

Production Campus

Taiwan
Shanghai
Nanjing
Chongqing
Czech/Brno
Mexico/Juarez

Regional Office

Silicon Valley
Austin Beijing
Houston Nanchang
Tokyo Tianjin
Xian



Taiwan



Shanghai



Nanjing



Chongqing



Czech/Brno



Mexico/Juarez

1.4 Management Approach

• Inventec Group of Companies



集團 companies



AIM

AIMobile
英研智能移動

K.C. Liu 劉克振
Timothy Chang 張國彬

IEC 55%



Besta

Inventec BESTA
無敵科技

Jonathan Yang 楊人捷
Peter Lee 李團正

IEC 37.53%



IAC

Inventec Appliances
英華達

Jackson Chang 張景嵩
David Ho 何代水

IEC 100%



ISEC

Inventec Solar Energy
英穩達

Harry Hsieh 謝瑞海
Haw Yen 煙浩

IEC 49.23%



E-TON

E-TON Solar Tech
益通光能

Frank Wen 溫清章
Stan Yang 楊信華

IEC 34.65%

1.4 Management Approach

1.4.3 Major products



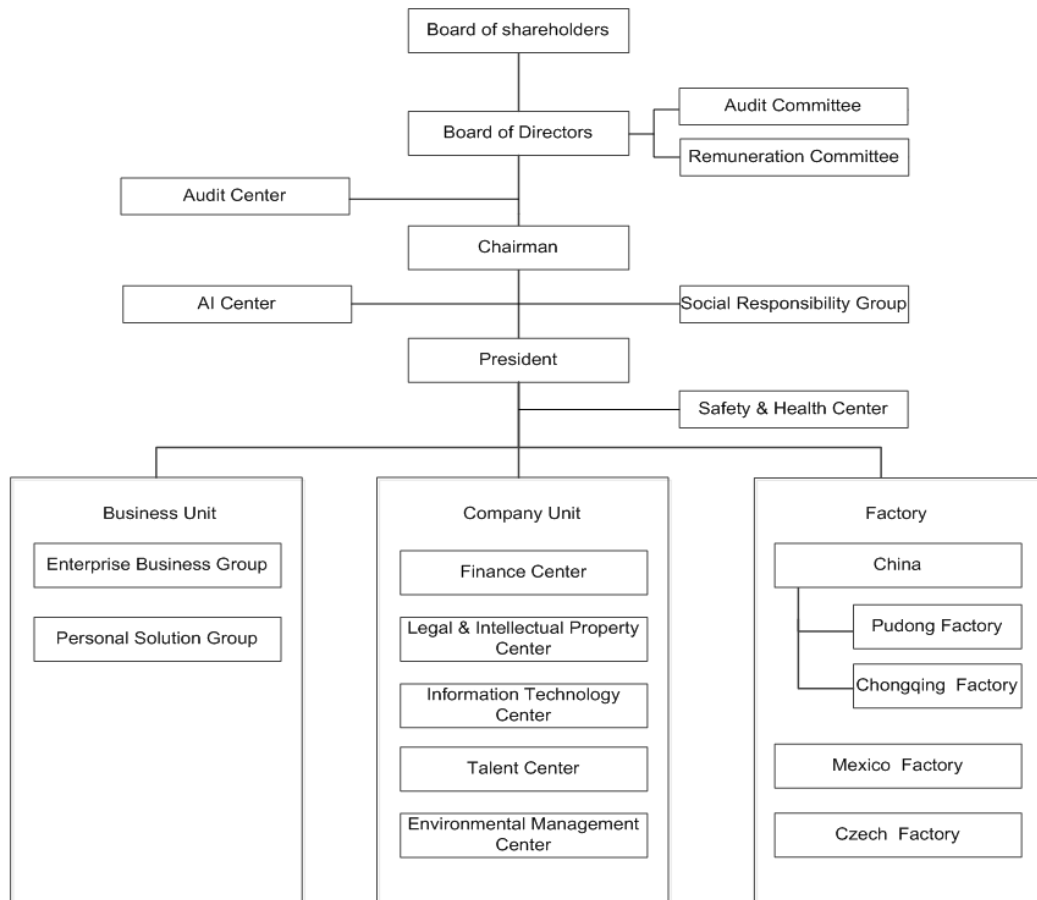
1.4 Management Approach

1.4.4 Corporate 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. For a long time, all employees of the Inventec Group adhere to the operation philosophy.

創新 品質 虛心 力行
Innovation for Changes **Quality and Character** **Open Mind with Modesty** **Execution on PDCA**

1.4.5 Organization Structure



Inventec



1.4 Management Approach

1.4.6 Major department and business activities

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.
AI Center	Research and development of artificial intelligence (AI) and IoTs, as well as the application of industry 4.0, are introduced.
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.
Finance Center	Overall planning of the financial, accounting, investment, and stock affairs business of the company.
Legal & Intellectual Property Center	Overall planning of legal affairs, intellectual property rights, and other relevant matters.
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.

1.4.7 Responsible department for Inventec's social responsibility

The enterprise level of "corporate social responsibility" of the Company is the Chairman of the Board of Directors, and the "Social Responsibility Group" is established under the Chairman to be dedicated to promoting corporate social responsibility related affairs and regularly report to the Board of Directors. Making social responsibility policy, system, or related management guidelines of responsible corporations and the proposal and implementation of a substantive launch plan.

Inventec embeds corporate social responsibility in the so-called "Top ten beliefs" taking "social responsibility" as its ultimate commitment. On the basis of integrity, Inventec fulfills its commitment to the stakeholders through "corporate governance" internally; Inventec carries out the role of "corporate citizenship" externally through the four directions of "protect the environment, promote the culture, help the disadvantaged, and support the community".



1.5 Management Performance

For our revenue and profit, the combined revenue for year 2017 comes to NT\$467.5 billion, which has grown by 9.11% as compared to that of year 2016 (the combined revenue is NT\$428.4 billion). The combined operating income before tax is about NT\$7.1 billion, which grows mildly by 1.36% as compared to that of year 2016. As for the net profit after tax that goes to stock-holders of the parent company, it comes to about NT\$6.7 billion, which grows by 19.83% against that of the previous year, while the surplus combined is NT\$1.88 per share after tax.

As an overview, the performance growth in 2017 proves to be a successful result and it mainly comes from the diversified operation of company products. Among them, the streamline product of notebook has benefited from the shipment of commercial models so that there is slight growth against the same period of last year. As for server products, since the company has actively developed new products and expanded client distribution so that there is growth of 8.72% against the same period of last year. The aforementioned two products have, in total, made a contribution of NT\$366.3 billion of revenue.

In terms of smart device products, the shipments have been quite booming with the facilitation of new product lines with the clients, so that the revenue of operating income has increased by 36.12% against that of last year, bringing in contribution of about NT\$86.4 billion of income. In addition, the integrated benefits from solar-energy products by the group are satisfying, and the overall revenue has increased by 8.83% against the same period of last year, bringing in a contribution of NT\$14.7 billion.

In 2017, Inventec's research and development expense was NT\$8.82 billion, and the research and development expense planned to be invested in 2018 is NT\$9.5 billion.

Item \ Year	Financial Summary (unit: NT\$1,000)				
	2013	2014	2015	2016	2017
Sales Revenues	461,091,703	435,599,968	395,470,221	428,466,015	467,512,347
Gross Profit from Operation	22,808,470	23,348,338	21,705,408	23,957,770	25,039,143
Basic Earnings Per Share	1.97	1.98	1.55	1.57	1.88



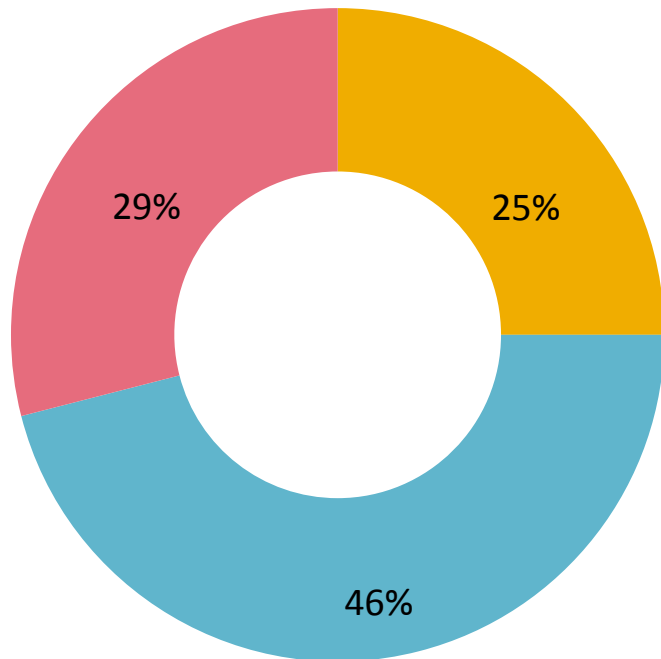
1.6 Patents and Innovations

As of December, 2017, the Inventec Group acquired over 15,000 patent certificates globally and had more than 1,000 ongoing patent applications. 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.

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, Inventec has successfully motivated colleagues to continuously develop diverse products according to the company portfolio, propose functional, technical and innovative ideas related to structure and processes and improve the value of products.



Domains of Patents



- Cloud Service
- Mobile Lifestyle
- Smart Manufacturing

1.7 Risk management

1.7.1 Operational strategy analysis and countermeasures

1) Favorable factors

(1) 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.

(2) 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.

(3) 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.



1.7 Risk management

(4) 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

(1) 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.

(2) 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.

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.

(3) 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.

(4) 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.



1.7.2 Risk management and countermeasures

1) The risks of technology and industry change

IoT's have triggered the rapid development of information and telecommunication technology, and what we are now familiar with as AI, block chain, cloud computing, big data, and 5G. To welcome the challenges of fluctuating technology, Inventec has actively invested in the application and research of industry 4.0, AI, and 5G communication. Through considerable efforts and hard work, in 2017, we have harvested significant results in these three fields for the group. In the future, we should continue to invest in novel products, such as auto electronics and health care in order to bring forward more diversified products that track concurrently with technology. In the short term, we will accelerate assets activation, and encourage research and development through combining innovations with the Internet. 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. In terms of the solar optoelectronic industry, though we are constrained by the environment so that no major breakthrough is obtained, we should continue to improve manufacturing and optimize products in order to accumulate sufficient capabilities and break loose from market limitations in the future. Through active and effective financial and information technology application, the Company will assist in integrating upstream of vision and strategy, medium of process and indicator, and down to management information, action plans, etc. in order to take it as the best management tool in response to the change of technology and industry.

1.7 Risk management

2) The risks of important policies and law change

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.

3) The risks faced in goods purchase and sales

The rise of white-box servers and fierce competition of trade markets around the world have rendered the design and service of products one of the primary reasons for increased revenue. In addition to developing white-box clients, the company will also bring along its excellent research and development technology to vie for manufacturers' favor. In addition to pursuing further improvement of quality and quantity and cost control, OEM dealers should go deep into establishing diversified customer relationships in order to avoid the awkward situation brought

by excessive concentration of sales. The purchases and sales of the Company are mostly from and to suppliers or international brand manufacturers with considerable scale in the industry. In addition to seeking alternative materials and properly managing inventory levels to reduce the risk of material shortage by actively dispersing supplier sources, the Company also continuously and actively opens channels and exploits overseas markets; by reducing sales risk through product quality optimization, it is expected to harvest potential global markets and grow against trends.

4) The impact of interest rate, change in exchange rate, inflation on loss and profit of Inventec, and risk management measures

Interest rate: In 2017, while global political and economic situations remained in flux, the Fed has made various moves to increase interest as the U.S. economy started to stabilize, which has affected the monetary policy of other countries. Like in Taiwan, since the labor market is filled with ups and downs, the investment momentum and employment has fallen short of expectations. Therefore, in 2018, the central bank will follow the trends in terms of interest rate manipulation in order to pursue stability. By focusing on the impact of the changes in interest rates on capital operations, the Company will still make the best of its portfolio by giving due consideration to liquidity and safety.

Exchange rate: Foreign exchange policies are absolutely not the primary reason affecting economic development, but economic development can be worked out when handling effective monetary, financial, and economic policy. Since the foreign exchange policy and trade war between China and the U.S. would inevitably affect the performance of the foreign exchange positioning of electronic OEM plants in Taiwan, the surging of hot money has to be conducted with suitable adjustments with force from the central bank. Therefore, if international major currencies are highly uncertain, the central bank would have to resort to being hawkish in the short run and a dove in the long run. As for the company, even though China and the U.S. differ in exchange rates, which could possibly undermine the natural hedging effect after balancing the claim against debt, we will deepen our relationships with international vendors and employ hedging manipulation via foreign exchange to reduce the risk of exchange rates and prevent the central bank from making use of appreciation instead of augmenting the interest rate.

Inflation: Monetary policies often need to consider inflation in order to prevent the actual interest rate from being distorted. Viewed holistically, the monetary policies of the U.S. remain the key issue of the global economy and financial risk. It is expected that the Central Bank will adopt an appropriate monetary policy in 2018. It must consider the consequences of real interest rates on the domestic economy to keep the economy in a relatively stable structure. In the future, the Company will still actively carry out cost and operation expenditure control, process reengineering and asset activation to mitigate the impact of inflation on business operations.



1.8 Reinvestment Strategy

1.8.1 Five major policies

◆**Rapid Innovation:** "Innovation" has been the fundamental spirit of the Company since our establishment and is not only the best catalyst for shaping up corporate differentiation values, but also represents our commitment to our clients and working partners. Therefore, whether we can win over others within this fiercely competitive market relies on whether the value we create can accommodate clients' expectations. The company would also make use of the innovative value chain to bravely explore novel domains. Furthermore, we would also benefit from integration with AI plants in order to further the operation scale and profit-making margin of the group and carry out our unique breakthroughs.

◆**Sustainable Energy:** Climate and environment are interconnected and indirectly render issues of nuclear power and air pollution; only a green enterprise can effectively trigger green life. To realize environmental protection protocols, the group has made use of the management platform from input to output with cross-departmental green product for operation and would also utilize the deployment of green energy enterprises to move towards a full-scale green enterprise. Therefore, the company can do well for itself and for the earth's sustainability.

◆**Cloud Solutions:** In recent years, the rise of applications with AI and IoTs has stimulated the need for large-sized information centers, and the diverse orientations of network enterprises have rendered cloud computing services to be carried differently. Therefore, the cloud computing market is developing prosperously, and the company will strive to develop software application services (Saas), platform services (Paas), and infrastructure services (Iaas) for Cloud computing and head towards three-in-one software, hardware, and service integration in order to provide a holistic solution. Furthermore, it will work closely with IoTs to enhance the level and value of its cloud services.

◆**Mobile Lifestyle:** Zero distance of intelligent life has spurred the further development of telecommunication technology. The rise of 5G has sped up the development of both chips and network deployment. As viewed, the application of IoTs has cast the network out from the core and transformed service into the hub of value creation. Therefore, telecom suppliers have started to seek cloud hosting as they dedicate more efforts to platform (PaaS) and software (SaaS) services. The company will then concentrate on the development of wireless and smart end-products by connecting cloud technology and services by providing multi-aspect smart hand-held devices and network application products.

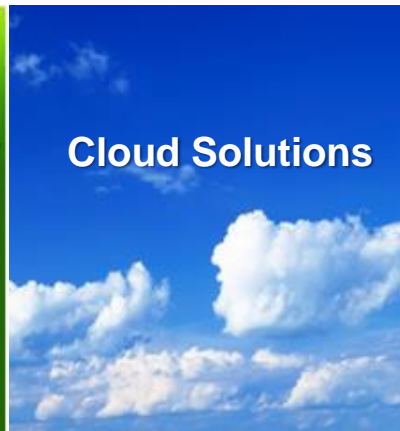
◆**Emerging Markets:** The rise of the cloud market, 5G, and AI has driven up the booming development of the server market, and the prospect is bright whether the market is the U.S. or China. Therefore, making use of low-end products to penetrate into undeveloped countries and high-end products to continue expanding the width and depth of developed markets should properly found the market share for the future. On the other hand, while the solar energy market stands still, research statistics have indicated that rapid growth will emerge in 2017, while the most prominent growth can be found in India and China, showing the unstoppable trend of the solar energy revolution. The anti-dumping and anti-subsidy trade measures that started in 2013 by the EU against Chinese solar-energy panels and batteries are about to expire, and if the trade barrier can be abolished, the development of the EU's solar power industry would benefit.



Rapid Innovation



Sustainable Energy



Cloud Solutions



Mobile Lifestyle

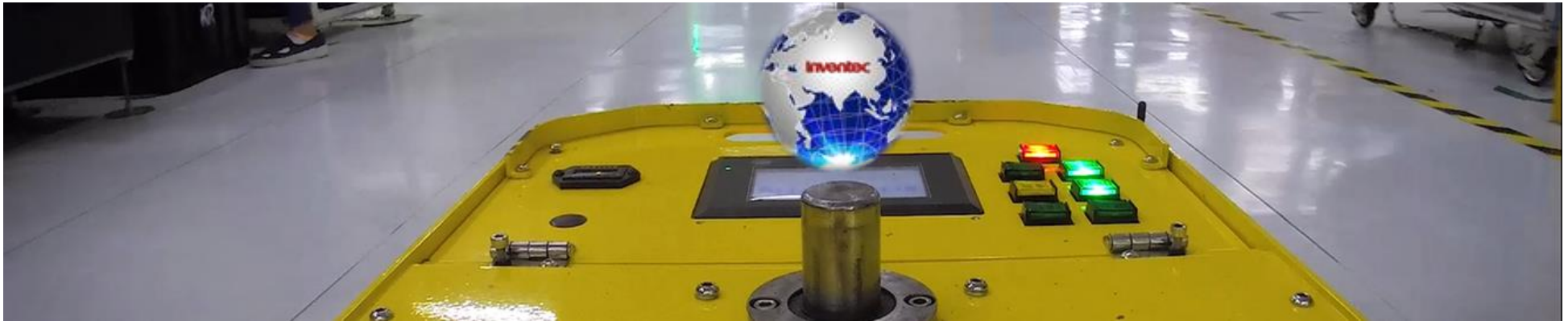


Emerging Markets

1.8 Reinvestment Strategy

1.8.2 Reinvestment status

From notebook computers and servers in its early period, Inventec has now stepped into the domain of smart devices and solar power and is now further striving toward becoming an IoT company. With diverse re-investments, it is hoped to increase profit for the group. Inventec Appliances has resorted to wireless and smart end products as its main line of merchandise, and by combining IoTs and smart applications, it will then develop brand-new high-tech products. It is hoped that the shipments in 2018 can make a certain contribution to the company with the addition of 5G. Besta Company Limited is currently the leading brand name of computer dictionaries and translation software in Chinese areas, and so it would continue to be based on related cloud products. Regarding solar energy, since market competition is becoming fierce and trade protectionism of every country tends to intensify, then it would primarily adhere to improving its manufacturing, yield rate, and vertical integration.



2 Governance

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2.1 Board of Directors

2.1.1 Board of Directors' operation

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". 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.

The Inventec Board of Directors exercises their powers in accordance with the law, articles of incorporation, and shareholders meetings resolutions. 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.

The Board of Directors performance assessment : By referring to the provisions of Article 37 of the Listed Company Governance Best Practice Principles, the Company formulated the Board of Directors Performance Assessment Measures to implement corporate governance with the aim of improving the purpose of the Board of Directors. The motion was



passed during the Board of Directors Meeting of September 28, 2016, and was published on the company website. Furthermore, the Board of Directors of the Company carries out an internal audit evaluation once every year. The 2017 performance evaluation consisted of internal evaluation of the board, while the evaluation criteria and measurement items are found in five major aspects: 1. extent of participation in company operations; 2. enhancing the decision-making quality of the board; 3. board composition and structure; 4. election and continuous learning of board directors; and 5. internal control. The rating of self-assessment in 2017 was "Excellent".

Board of Directors meetings shall be convened at least once every quarter. A total of 15 meetings of the Board of Directors were held in 2017, the average attendance rate is 96%. The important resolution matters are immediately disclosed on Inventec's website for inquiries.

2.1.2 The department dedicated to corporate governance

On February 21, 2017, the Board of Directors passed the second revision of the "Inventec Corporation Governance Best Practice Principles". Inventec assigns the responsibility of handling corporate governance and related affairs to the Financial Center under the supervision of its top executive. The primary duties and operations for the year 2017 are as follows:

Primary duties	2017 operation
Handle company registration and changes to registration status	Approved for change in June 2017
Handle matters related to the Board of Directors Meeting and the Shareholders' Meeting pursuant to relevant laws and regulations, and assist the company in adhering to relevant laws and decrees determined at the Board of Directors Meeting and the Shareholders' Meeting	Meeting is convened according to the law
Prepare meeting minutes for the Board of Directors Meeting and the Shareholders' Meeting.	Meeting minutes are rendered according to the law
Provide directors and supervisors with the necessary materials for executing the responsibilities of the business within their positions, and the development of latest laws and regulations related to the business operations of the Company, and in doing so, encouraging the directors and supervisors to abide by relevant laws and decrees.	Administer company governance meeting every quarter in order to hold company governance learning for board directors
Affairs related to investor relations.	Sponsor a meeting on institute briefing every quarter
Other matters stipulated in the Articles of Association or the contract	Already executed

2.1 Board of Directors

2.1.3 Members of the Board of Directors and their duties

The Company adopted the system for nominating candidates in 2017 to elect the 15th session of directors, electing nine directors (including three independent directors); the term of office is three years (from June 16th, 2017 to June 15th, 2020). In order to strengthen the independence and diversity of the Board of Directors, Inventec has its independent board directors working as members of the Audit Committee.

The diversified policy is adopted for the appointment of the director, including basic conditions and values: gender, age, nationality and culture, etc., and professional knowledge and skills: professional background, professional skills and industrial experience, etc. If a member of the Board of Directors receives further continuous education during the term of office, the Company will buy liability insurance for the business scope executed by all directors. The Board of Directors is responsible to the Shareholders' Meeting and exercise its function and power according to relevant laws and decrees, the Company's Articles of Association, and resolutions of Shareholders' Meetings. Members of the Board of Directors adhere to the attitude of loyalty, prudence, and fulfilling manager's responsibility, take company interests as their premise, assess company operation strategies, risk management, annual budget, and business performance, and supervise significant matters, such as major capital expenditure, investment disposal, etc. Board of Directors meetings shall be convened at least once every quarter, and important resolutions shall be published immediately on the company website for inquiry.



Members of the Board of Directors

Title	Name	Education and Experience
Chairman	Cho, Tom-Hwar	Department of Electrical Engineering, National Taiwan University Chairman, Inventec Solar Energy Corporation
Director	Yeh, Kuo-I	University of San Francisco Chairman, Inventec Corporation
Director	Lee, Tsu-Chin	Bachelor of Economics, Tunghai University 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 President, Inventec Corporation
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
Independent Director	Shyu, Jyuo-Min	Ph. D. in Computer and Engineering Science, University of California, Berkeley Bachelor and Master of Electric Engineering, National Taiwan University Minister, Ministry of Science and Technology President, Industrial Technology Research Institute Dean, National Tsing Hua University, College of Electrical Engineering and Computer Science

2.2 Committees

2.2.1 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." Inventec has its independent board directors re-elected in 2017 as members of the Audit Committee with 3 committee members (including 3 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.

The Remuneration Committee meeting is convened twice a year. In 2017, 3 meetings happened, and the attendance of committee members was 92%. 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 2017 annual report for further details.



2.2.2 Audit Committee

The Company adopted the system for nominating candidates in 2017 to elect the 15th session of directors, electing nine directors (including three independent directors); the term of office is three years (from June 16th, 2017 to June 15th, 2020). In order to strengthen the independence and diversity of the Board of Directors, Inventec has its independent board directors working as members of the Audit Committee.

2.2.3 Remuneration Management

According to the Articles of Incorporation of the Inventec, if the Company has annual profits, no less than 3% of them shall be allocated as employee remuneration, and no more than 3% as director remuneration. However, when Inventec experiences accumulated losses, it shall reserve the compensation amount in advance. The employee remuneration may be issued in cash or stock; the issuing object may include employees subordinated to the company that conform to certain conditions; and the conditions and methods thereof will be stipulated by the Board of Directors. Before Inventec's Audit Committee is established, the supervisor's reward will be apportioned based on the aforementioned condition.



The remuneration payment depends on the participation degree and contribution value of each director and also refers to normal industry standards; it will be decided by the Board of Directors after being reviewed by the Remuneration Committee and shall not exceed the upper limit stipulated in the Company's Articles of Incorporation. Directors of the Company carry out the duties of other company directors or supervisors stated in the consolidated statement on behalf of Inventec and thus receive a traffic allowance. Apart from that, they do not receive any remuneration from reinvestment business beyond Inventec.

The remuneration payment to the President and Vice President is reviewed by the Remuneration Committee and proposed to the Board of Directors for resolution before making a decision. Regarding the performance assessment and remuneration of the manager, apart from referring to normal industry standards and considering the personal time engaged, the responsibility assumed, achievement of personal targets, performance in assuming other duties, and the remuneration paid by the company to employees of the same position, the Remuneration Committee of the Company also takes the achievement of short-term and long-term business targets of the Company, related rationality of company operation performance and future risks, etc. as its basis.



2.3 Integrity Management

2.3.1 Implementation of ethical corporate management

The Company attaches importance to its reputation and takes integrity and sustainable operations as the maximum assets accumulated by company operations. Among them, the "Codes of Ethical Conduct" and "Code of Integrity Operation" are the ethical standards of conduct and specifications for integrity operation philosophy for directors, managers, employees, appointees, or those with substantial control capability of the Company in order to prevent the occurrence of conflicts of interest and acts without good faith, as well as let interested parties of the company better understand the above company standards by which they must abide. The official business discussion of the Board of Directors of the Company takes good governance system establishment, supervision function improvement, and management mechanism strengthening as its major purposes.

The Company has formulated the "Codes of Ethical Conduct", "Global Employee Code of Conduct Management Measures", and "Employee Complaints and External Reporting Management Specifications" to standardize the prevention of the occurrence of conflict of interest circumstances, explicitly stipulating that directors, managers, and all employees must not accept any gift or business entertaining and prohibiting transactions or business contact between the company and relatives of colleagues in order to avoid the impact of personal improper interests on company rights and interests. The Company has formulated a conflict of interest prevention policy in the "Code of Integrity Operations" and provides proper channel for directors, supervisors, managers, and other interested parties attending Board of Directors meetings to actively describe whether they have any potential conflict of interest with the company, which they shall evade.

The Company has formulated the "Inventec Corporation Corporate Governance Best Practice Principles" pursuant to the "Listed Company Corporate Governance Best Practice Principles." The document was

disclosed on the company website and mops.twse.com.tw. In order to establish good corporate governance and risk control, the Company takes creating shareholder value and integrity operations as its objective and formulates relevant corporate governance rules under the premise of complying with the basic requirements of laws and ethical standards. In order to guarantee shareholder equality, the Company has formulated the Code of Integrity Operation, Codes of Ethical Conduct, Global Employee Code of Conduct Management Measures, and Procedures for Handling Material Inside Information in order to regulate information confidentiality and prevent insider trading and conflicts of interest, which will impact the rights and interests of the Company. Furthermore, the Company provides complaint channels and procedures to strengthen the enterprise's attention to the rights and interests of interested parties. Through the internal and external company website, e-mail, and contract, the Company carries out educational propaganda on corporate governance laws and decrees, so that company directors, supervisors, managers, and employees can fully understand and abide by laws and codes of conduct related to the businesses engaged by them.

Every year, Inventec lets the Board of Directors decide to appoint an accountant and regularly examines the accountant's independence and evaluates whether there is circumstance of violating No. 10 of the Code of Ethics bulletin or the occurrence of circumstances stipulated in Article 47 of the Accounting Act. It further confirms that the accountant has no other financial interests and business relationship with the Company other than the costs of certifying and finance and taxation cases, and checks whether the accountant is a director, supervisor, manager, or shareholder of Inventec or gets payments from Inventec, confirming that the accountant is not an interested party. The appointment of an accountant and fee review can only be conducted after Inventec has confirmed its independence through the examination of the accountant independence assessment result.

The Company has established an effective accounting system and internal control system.

➤ Accounting system: In order to implement integrity operations, an effective accounting system has been established. The accounting system of the Company was formulated pursuant to relevant laws and decrees and principles, such as the Securities Exchange Act, Company Act, Business Accounting Act, Securities Issuer Financial Statement Preparation Standards and International Financial Reporting Standards recognized by the Financial Supervisory Commission, International Accounting Standards, interpretation and interpretation announcements, etc., and was designed in accordance with company regulations, aiming at meeting actual operation requirements.

➤ Internal control system: In order to implement integrity operations, an internal control system has been established. The internal control system of the Company is the management process following the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and was designed by its managers, passed by its board of directors, and implemented by the board of directors, managers, and other employees for purpose of promoting sound operations of the company, so as to reasonably ensure that the following objectives are achieved: (1). Effectiveness and efficiency of operations. (2). Reliability, timeliness, transparency, and regulatory compliance of reporting. (3). Compliance with applicable laws, regulations, and bylaws.

Components of Inventec's internal control system include: control environment, risk assessment, control activities, information and communication, and monitoring activities. The prevention (risk control) internal control system of Inventec includes: prevention (risk control) risk assessment, prevention (risk control) internal control, prevention (risk control) internal audit, and prevention (risk control) self-assessment.



2.3 Integrity Management

2.3.2 Prevention and reporting

Inventec revised the "Inventec Corporation Code of the Integrity of Operations" in 2015. The Talent Center was deemed the dedicated (part-time) department responsible for the integrity of operations within the enterprise, and the relevant departments shall report on matters of execution to the Board of Directors every year.

Inventec formulated the "Codes of Ethical Conduct" and "Global Employee Code of Conduct Management Measures". In "Purchase Contracts", it shall explicitly stipulate that the supplier shall abide by the special guarantee clause, in which the payment of commission, proportion commission, brokerage fees, tail end fees, or other beneficial behaviors are prohibited. In case of violation, the Company is entitled to terminate the contract immediately, and the supplier shall unconditionally cooperate to ask such person that received benefits for compensation.

In order to ensure the implementation of integrity operations, all new employees of Inventec must participate in the "Implement Internal Control System" and relevant legal courses training, and an audit supervisor will report the important poor external and internal control cases, deficiency analysis, and self-prevention countermeasures in the Board of Directors meetings. Furthermore, the Company signs improper benefits banned purchase contract with its suppliers, establishes an effective accounting system and internal control system, regularly executes internal auditing and self-assessment operations, and actually checks the company's compliance in order to prevent the occurrence of acts without good faith.

Each plant of Inventec has set up an "Employee Complaint System" to guarantee a fair arbitration mechanism when employees suffer from human rights related infringements.

Inventec's standard operation procedure to accept and investigate the reported cases is as follows:

- System management and special personnel for special responsibilities: In order to solve major violations or misconduct, etc. complained about by employees, the Company has set up external and internal complaint management. When employees suffer from improper, illegal, or unreasonable events, they can submit a complaint according to the complaint system.
- Pursuant to the "Employee Complaints and External Reporting Management Specification", the Company has established investigation standard operation procedures and a confidentiality mechanism to accept reporting matters and imposes punishment by referring to trial principles.
- In the "Employee Complaints and External Reporting Management Specifications", the Company has designated a dedicated complaint acceptor and complaint and reporting hotline:

Tel.: +886-2- 2881-0721 ext. 21999

E-mail: 21999@inventec.com

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

The number of cases externally raised in 2017 is 0.



2.4 Internal control system

2.4.1 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, Audit Committee members 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.

In order to continuously implement corporate governance, the internal control system, and internal audit operations, the Board of Directors has been instructed to formulate the "Internal Audit Reward and Penalty Points Regulation", which was approved in August 2006 for implementation and combines the internal control system of all units, execution effect of self-assessment, and personal annual performance appraisal. "Internal Audit Reward and Penalty Points Regulation" are not only the commitment and oath of the Board of Directors to pay attention to corporate governance and implementation of the internal control system, but also exert a rooting and deepening effect on Inventec's promotion of corporate governance and implementation of the internal control system.

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.

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

The internal control system of the Company is the management process following the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and was designed by its managers, passed by its Audit Committee and board of directors, and implemented by the board of directors, managers, and other employees for purpose of promoting sound operations of the company, so as to reasonably ensure that the following objectives are achieved: (1). Effectiveness and efficiency of operations. (2). Reliability, timeliness, transparency, and regulatory compliance of reporting. (3). Compliance with applicable laws, regulations, and bylaws.

Through considering the company's ethical value, organizational structure, authority assignment, human resources policy, performance evaluation, reward and punishment, 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".



2.4 Internal control system

2.4.3 Execution and performance of the prevention (risk control) internal control system

The Company has consolidated all domestic and overseas plants and all subsidiaries and plants to establish all-in-one prevention (risk control) internal control system. The parent company of Inventec has issued a total of 370 prevention (risk control) internal control system procedure documents; a total of 35 subsidiaries have issued 1,245 prevention (risk control) internal control system procedure documents. As of now, a total of 1,615 procedure documents have been formulated. Meanwhile, the Audit Center along with the IT unit have established a computerized procedure document system of prevention (risk control) internal control system, which significantly reduced not only the manpower of documentation, review, countersignature, issuing, revise, reading, etc., but also the restriction of time and space. And the way of paperless meets the trend of environmental protection better.

2.4.4 Prevention (risk control) internal audit

Internal audit lean progress: Since June 2013, in order to improve internal audit mechanisms, in addition to detection (wrongdoing prevention) audits, the Company also actively promotes prevention (risk control) audits. The 2017 prevention (risk control) audit is subject to 11 major high risk policies: code of ethics, permission to make decision, inventory management, receivables, cost, asset preservation, industrial safety and environmental protection, security for information and communication, International Financial Reporting Standards (IFRS), financial regulations, and compliance with regulations. The Company drafts prevention (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.

Prevention (risk control) internal audit plan: In 2017, the internal audit plans include: company part (Shilin Plant, Taoyuan Plant), subsidiary part (EBG group, solar energy group, a total of 25 groups and 10 Inventec Appliances groups). After submitting and approving the internal audit report and tracking report, they shall be delivered to each independent director for review before the end of the following month after completing audit items.

In addition to the "Annual Audit Plan" approved by the Board of Directors, the Audit Center also carries out prevention (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.

2.4.5 Prevention (risk control) self-assessment and 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 Board of Directors and President to assess the effectiveness of the "Internal Control System" and issue the "Internal Control System Statement".

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 14 training explanation sessions were held for self-assessment in 2017, and the total number of supervisors and colleagues participating in the self-assessment training explanation sessions was 285 people.

In 2017, the Company completed the parent company part by completing self-assessment on 277 units, identifying a total of 1,655 unit operation targets and 2,004 risk items affecting target achievement. Meanwhile, the Company has prepared 3,126 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 512 departments from 34 subsidiaries was completed, identifying a total of 4,091 unit operation targets and 5,383 risk items affecting target achievement. Meanwhile, the Company has prepared 8,696 control points to reduce the occurrence of such risks in order to achieve those targets.

Inventec Corporation Statement of Internal Control System has been passed by the Board of Directors in their meeting held on Mar. 26th, 2018 with zero of 9 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.



2.5 Information Disclosure

Inventec has established a spokesman system, dedicated to handling relevant matters, and the company website has created an interested party zone to maintain communication channels with interested parties at any time through information delivery by telephone, fax, e-mail, etc., for important corporate social responsibility issues that concern interested parties and their feedback. The Company will also properly handle matters to respect and maintain its due rights and interests.

Inventec has set up Chinese and English websites and assigned dedicated personnel to be responsible for the collection and disclosure of company information; it has also set up a spokesman and agency spokesman system; when convening an Investor Conference, the Company will also place the process materials on the company website for investor's to look up and input them at mops.twse.com.tw as required.

Through the company website (<http://www.inventec.com>), the Company updates and discloses financial business and corporate governance information regularly and for special matters. Furthermore, the Company utilizes Shareholders' Meetings and Investor Conferences to describe the governance situation of the Company to investors.

Pursuant to internal stock affairs operation procedure, the Company assigns stock affairs and relevant responsible units to be responsible for handling shareholder suggestions, doubts, disputes, litigation, etc. and implement them according to procedures; the Company otherwise appoints a professional stock affairs agency as the window for serving shareholders.

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.

From 2016 to 2018, Inventec was ranked in the top 5% of companies from the 2nd session to the 4th session of the corporate governance evaluation awarded by the Taiwan Stock Exchange.



3 Corporate Commitment

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3.1 Friendly workplace

3.1.1 Manpower composition

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.

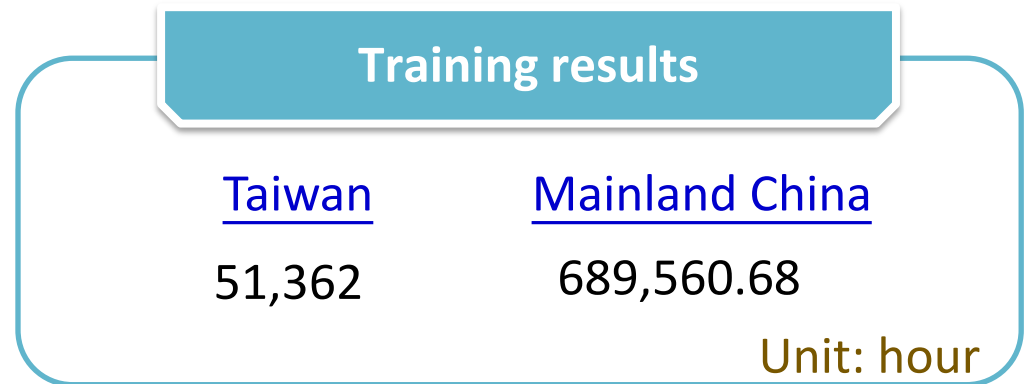
Pursuant to laws and regulations of each local government, Inventec provides all kinds of basic required labor conditions, including a sound working hours mechanism and thorough ask for leave system, and provides a stable, healthy and safe working environment and basic benefits of employee insurance, 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.

As of the year ending 2017, the number of employees disclosed (including 7 plants of Inventec) in the report is 18,712. If the agency employees are included, the number is 19,354(4,155 employees in Taiwan, 13,529 employees in mainland China, 349 employees in Czech, and 1,321 employees in Mexico). In 2017, 99.07% of supervisors above department level in Taiwan were locals, and 0% of supervisors above department level in mainland China, Europe and America were locals to the community.

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”.

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. Inventec recruits excellent talent externally and on a regular basis. 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.



3.1 Friendly workplace

Manpower composition

Region	Employment contract		Employment type	Gender			Regional Total	Global Percentage (%)
				Male	Female	Total		
Taiwan	Indefinite	Permanent	Full-time	2468	1129	3,597	4,155	18.59%
		Migrant employee	Full-time	0	164	164		0.85%
	Fixed term	Interns	Full-time	11	2	13		0.07%
		Contract employee	Full-time	78	73	151		0.78%
	Other workers	Agency employee	Full-time	111	119	230		1.19%
Mainland China	Indefinite	Permanent	Full-time	507	322	829	13,529	4.28%
		Migrant employee	Full-time	0	0	0		0.00%
	Fixed term	Interns	Full-time	1,177	507	1,684		8.70%
		Contract employee	Full-time	6,607	4,409	11,016		56.92%
	Other workers	Agency employee	Full-time	0	0	0		0.00%
Czech	Indefinite	Permanent	Full-time	135	177	312	349	1.61%
		Migrant employee	Full-time	0	0	0		0.00%
	Fixed term	Interns	Full-time	0	0	0		0.00%
		Contract employee	Full-time	0	0	0		0.00%
	Other workers	Agency employee	Full-time	20	17	37		0.19%
Mexico	Indefinite	Permanent	Full-time	529	411	940	1,321	4.86%
		Migrant employee	Full-time	4	2	6		0.03%
	Fixed term	Interns	Full-time	0	0	0		0.00%
		Contract employee	Full-time	0	0	0		0.00%
	Other workers	Agency employee	Full-time	193	182	375		1.94%
			總計				19,354	100.00%

3.1 Friendly workplace

3.1.2 Talent development system

"Talent-oriented" is one of Inventec beliefs and the following is its talent development principles:

- Education and development

Inventec adheres to the value of "learn together, grow together", providing the diversified training channels and coaches for employees.

- Establishment of innovative cultivate system

Inventec provides its talents with excellent educational environment to avoid such a circumstance that trainings can't keep up the pace with its corporate objective. Inventec cultivation systems is employee oriented, and uses corporate operation objective and developmental strategy as its framework. Inventec provides its talents with professional educational services and implement diversified educational activities.

- "Talent-oriented" as Inventec corporate belief

In addition to the management capabilities and professional abilities, Inventec continually focuses on the enhancement of language ability and the Internet capability to increase its international competitiveness. Inventec also keeps tracing the training effect and talent's feedbacks to ensure it is able to have the nonstop innovation and communication.



To ensure the training system is consistent with the corporate objective and positive training effects, Inventec implements the training quality programs as follows:

Plan:

Focus on the connection between training and corporate operation development objectives

Design:

Focus on the design of training program, combining stakeholders' participation

Do:

Focus on training implementation and systemized degree of training record and management system

Review:

Focus on regularly implementation analysis, monitoring and abnormal handling

Outcome:

Focus on training evaluation results, completeness and continuous improvement

1) Connection between management strategy and training planning

Echoing management strategy is one of Inventec's talent development features. It allows Inventec to have completed integration of corporate core value and talent's individual career development.

Inventec builds up the solid foundation of sustainable development via succession plan, empower ability and talent rejuvenation. It also implements basic and advanced management trainings for talents to upgrade their management ability and accountability spirit. In addition, Inventec encourages talents to jump out of comfort zone, to take challenges, to learn/try new things to give its culture better shape. Furthermore, Inventec upgrades talent's selling ability and their technique to explore new business opportunities. To enhance the core competitiveness, Inventec finally enhances its RD technique and identify product market trends.

2) TTQS award

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.

Inventec offers a series of courses to meet the transformation needs, such as innovational thinking, market trends identification, Earnings analysis, team motivation, problem solving and business negotiation. It also establishes e-library and e-learning with the goal of "learning anytime and anywhere". With these efforts, Inventec achieved TTQS (TTQS · Talent Quality-management System) silver award from Workforce Development Agency of Ministry of Labor, Executive Yuan , in 2016. The award is valid until October, 2018.

TTQS is a standard that government regards it as an evaluation tool. It emphasizes the value of talents development and allows education system to be systemization and institutionalization. TTQS can also be a tool to strengthen the ability of conducting training and optimize training effect. Based on the official analysis, 8 out of 100 companies achieve the silver award or above.

Overall, the following are goals of talent development and training:

- The appreciation of talent asset,
- Corporate culture communication,
- Management cultivation plan
- Enhancement of professional capabilities
- Team building



3.1 Friendly workplace

3) Training resources and characteristics

In 2017, Inventec’s total training hours in Taiwan was 51,362 hours; the total training hours in mainland China was 689,560.68 hours – due to the demand of production management, the average training hours was higher than that of other regions. In 2017, the spending on employee training was NT\$7,865,571 in Taiwan, NT\$768,117 in the Pudong plant, and NT\$1,854,472 in the Chongqing plant. In Taiwan, mainland China, Europe, and America, every new employee shall undergo relevant training courses on human rights and anti-corruption. Furthermore, Inventec’s security personnel in Taiwan and mainland China also undergo relevant training courses on human rights, and all internal security personnel undergo human rights educational training.

Chongqing plant establish a learning goal for each employee, which is 40 hours learning per year. The annual goals will be various based on individual, department need, online questionnaire, paper questionnaire, meeting discussion, and interview talk. To increase safety awareness, Inventec provide employees with safety training, such as dangerous chemical management, firefighting training, driver safety training, sub-contractor training. Chongqing plant also introduced employees to core lean manufacturing concepts. Inventec established a classroom for frontline employees and management to carry out on-site lean manufacturing scenarios exercise.

3.1.3 Employee performance evaluation

Inventec implements employee performance management system through the cycle consisting of “performance plan”, “performance communication”, and “performance evaluation”. In 2017, the system covers 100% of Inventec’s full time employees in Taiwan, mainland China, and Europe and America.



Training System

Special topic training results

Human rights, labor principles	13,201.20
Anti-corruption	8,877.50
Environmental protection	12,057.65

Unit: hour

Range: Taiwan, mainland China, Europe and America

3.1 Friendly workplace

3.1.4 Employees' welfare

1) Flexible working hours

Inventec has a flexible working hours system in both Shihlin headquarter and Taoyuan facility. All employees are able to adjust their own working hours based on their own needs. In Shihlin headquarter, the employees should clock in before 9:00 am. In Taoyuan facility, there is no requirements for the start working time. In short, Inventec's requirements for flexible working hours is as follows: the total of monthly working hours + leave hours \geq basic monthly working hours (working days on monthly calendar times 8 hours). In addition, employees are allowed to leave the office without taking days off if they get the management's approval and have 4 working hours on that day.

2) Wage

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. With respect to Taiwan, the basic salaries of the professional staffs and the professional technicians are higher than the local minimum wage. For the male, it is 1.154 times, and for the female, it is 1.161 times. As far as mainland China is concerned, the basic salary of direct personnel in the Pudong plant, Shanghai, is 1.02 times higher than the local minimum wage, and the one in the Chongqing plant is equal to the local minimum wage. Wages are equal regardless of gender or ethnic group.

3) Legal compliance

In Taiwan, pursuant to the standards of the "Labor Pension Act", Inventec has formulated thorough employee retirement programs and actually implement them pursuant to the relevant laws and decrees, liberating employees from any worry at work.

In Chongqing facility, employees are eligible to have social insurances in compliance with "Law of the People's Republic of China on Employment Contracts" and "Social Insurance Law of the People's Republic of China". Inventec offers social insurances since day one and receives irregularly audit from government. In Pudong facility, Inventec provides qualified retired employees with retirement benefits in accordance with relevant law in Shanghai.

4) Welfare measures

In terms of the employee welfare, Inventec's sites meet the employees' needs like transportation, accommodation, sports, meals, leisure activity, etc. in accordance with the regional difference.



Welfare

3.1.5 Employee communication

1) Communication channels

As well as caring about employee's rights and interests, Inventec also pays attention to human rights issues. As for communication mechanisms in Taiwan and mainland China, there are various channels and communication talks to listen to the 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 with the employee relations unit, it maintains the mutual communication with the employees though the legal pattern without collective bargaining agreement.

As for the Chongqing plant's communication mechanism, it includes advice box, WeChat consultation, 24-hour care hotline, one-stop service window, care committee in each department, irregular symposium, etc. The dedicated personnel collect the employees' suggestions in order to answer the employees' questions in time. Inventec fully respects employee participation in labor unions and complies with local laws and regulations, thus guaranteeing due rights of employees. The operation methods of Inventec's employee communication mechanism are as the table below:

Six channels for employee communication

- Two-way talks between grassroots employees and senior supervisor
- Management policy and business process communication
- Cross-department communication and labor-management communication
- Instant response to question and information consultation
- Employee welfare policy and welfare promotion
- Grassroots employees care group



Our Commitment

Inventec is committed to provide a happy, healthy, comfortable and friendly workplace whereby talent resources, talent development and friendly workplace are the three core aspects of our corporate commitment.

3.1 Friendly workplace

2) Code of conduct

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. The code of conduct is hereby summarized below:

- (1) Safeguard a healthy work environment without sexual discrimination.
- (2) All company-related confidential information must be kept confidential.
- (3) Employees must protect the personal information of other persons circulated internally or acquired upon business execution.
- (4) Employees must protect intellectual property rights.
- (5) Employees must abide by copyright regulations.
- (6) Employees must not be involved in corruption or bribery of any kind.
- (7) Employees must not participate in insider trading and avoid conflicts of interest.

Punishment in accordance with the regulation will happen in the case of non-compliance.



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 “Employee Grievances System” 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.

3) Employee grievances mechanisms

Inventec establishes “employee grievances mechanisms” in each facility to ensure employee human rights are fully protected. Take Pudong facility for example, employee caring PIC reviews and collects employee’ complaints from various channels, such as communication mailbox, communication e-platform, and WeChat. Afterward, PIC analyzes these disputes and uploads them to “grievances and communication system”. Next, PIC will talk to the applicants to better understand the whole story. The final results will be firstly reviewed by the manager of employee relations section and reviewed by the department managers. The whole process takes 7 days.

The Chongqing facility also sets up communication hotline and mailbox to deal with disputes, such as the violation of corporate regulation, bribes, corporate blackmail, embezzlement, violation of labor law. Reporting to the management and communicating if the investigation should be proceeded after PIC receives the application. If respondent does violates corporate regulation, Inventec will impose punishment in accordance with the relevant laws and regulations. To keep the personal safety, Inventec ensures that the applicant’s personal information remains confidential. No retaliation is allowed.

In respect to labor practice complaints in 2017, there were 1 cases in Czech and 2 cases in mainland China (1 case in the Pudong plant and 1 case in the Chongqing plant). These cases were mostly related to miscommunication, so the remediation is to improve the grassroots supervisors’ communicative education. There was no grievance case related to environmental issues, discrimination, human rights, corruption or society in Taiwan, mainland China, Europe and America.

In the “Employee Complaints and External Reporting Management Specifications”, Inventec has designated a dedicated complaint acceptor and complaint and reporting hotline:

Tel.: +886-2-28810721 ext. 21999

E-mail: 21999 @inventec.com,

According to the treatment principle, Inventec will protect the reporter from discriminations, threats, post transfers, and other unfavorable treatments. In 2017, 0 external complaint was raised, and 0 employee’s complaint was formally filed in Taiwan.

Human rights training result

100%

All internal and outsourced security personnel in Taiwan and mainland China undergo human rights educational training.

3.2 Occupational Health and Safety

3.2.1 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 the certifications of OHSAS 18001 occupational health and safety management system in its plants in Taiwan and mainland China, and the certification of Taiwan Occupational Safety and Health Management Systems in its Shilin headquarters, Taiwan. 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 prevent the occurrence of occupational accidents and illness, and provide a stable, safe and healthy working environment.



TOSHMS Certificate



OHSAS 18001 Certificate

3.2.2 Healthy workplace

1) Health management

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

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

2) Health promotion

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



Working Environment

3.2 Occupational Health and Safety

3) Smoke-free workplace

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

4) Breastfeeding

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

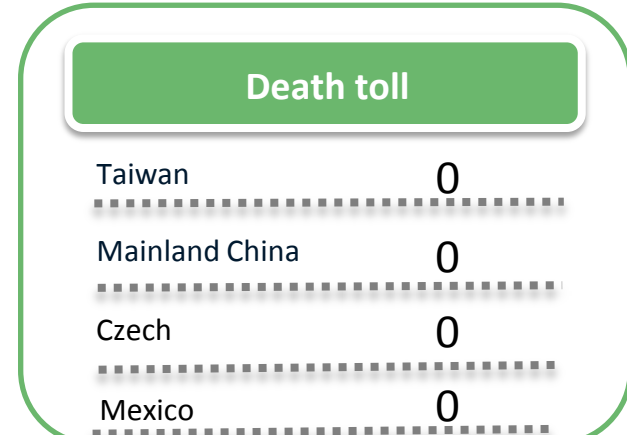
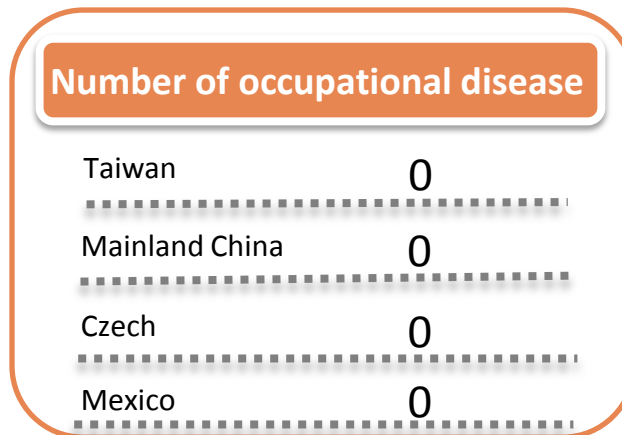
5) Health and safety

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

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

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

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



3.2 Occupational Health and Safety

Awards



Hazard-Free Work Record Award by Ministry of Labor, Executive Yuan



Labor Safety Award by Taipei City Government



Excellent Breastfeeding Room Award by Department of Public Health, Taoyuan City Government



Certificate of Work Safety Standardization for the Chongqing plant

3.3 Management systems

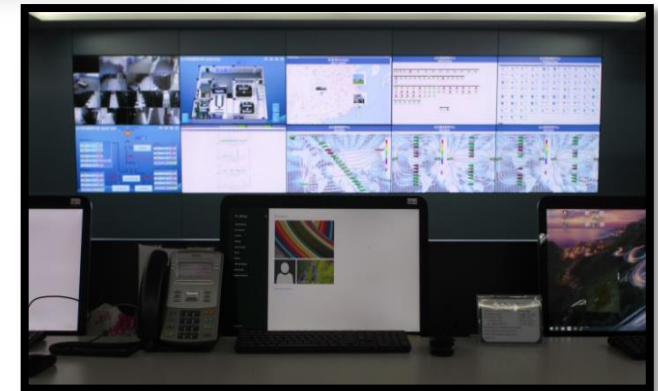
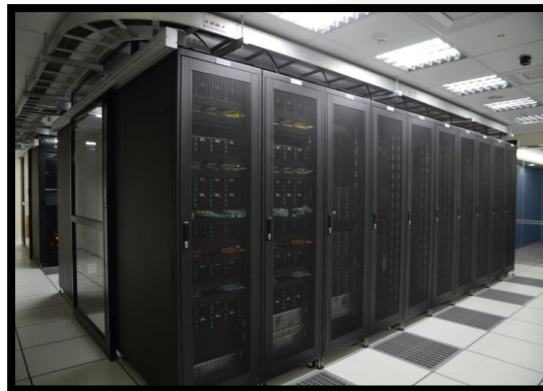
In order to pursue corporate sustainable development and social responsibility, Inventec is constantly optimizing the existing comprehensive management system. It takes the circulation of PDCA (Plan, Do, Check, Action) as the basis to gradually optimize all kinds of management systems, such as ISO 9001 quality management system, ISO 14001 environmental management system, IECQ QC 080000 hazardous substance process management system, ISO 14064 greenhouse gas management system, ISO 50001 energy management system, ISO 27001 information security management system, OHSAS 18001 occupational health and safety management system, and the other management systems.



3.4 Customer Service

Inventec provides customers with a comprehensive and thorough customer relations management service mechanism, from order receiving to the stage of product development and to the stage of mass production. After product delivery, we track the product condition to the customer end and actively care about all feedback from the customer. Through the customer complaint management system and with a complete customer complaint standard operation procedure, Inventec prepares reason analysis, correction and prevention solutions in project review, and confirms effectiveness in order to give feedback on problem solving to customers and understand real customer demands to achieve the highest customer satisfaction.

Furthermore, by periodically holding customer business review meetings, the Company can discuss relevant issues, such as technology research and development, product delivery, product quality, after-sales service, quotation cost, energy saving and carbon reduction, green products, corporate social responsibility, etc., in response to the issues that concern customers. In order to solve the problems reflected by customers, the customer service and quality assurance departments have established a 24-hour customer service hot line and customer service website and provide instant services and response mechanisms through a stationed service mechanism at customer end.



3.4 Customer Service

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.

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) Customer privacy and information security

It is the principle that Inventec attaches great importance to the confidentiality of customers' confidential information based on business dealings. Inventec imports ISO 27001 information security management system to ensure confidentiality, integrity, and availability of the information asset. In 2017, no complaint about violating the customers' privacy or the loss of customers' data was raised to Inventec.

4) 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 two important stations in Shilin and Taoyuan, 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 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 and Chongqing 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.

5) Customer satisfaction

Inventec provides customers with a comprehensive and thorough customer relations management service mechanism, from order receiving to the stage of product development and to the stage of mass production. After product delivery, we track the product condition to the customer end and actively care about all feedback from the customer. Through the customer complaint management system and with a complete customer complaint standard operation procedure, the Company prepares reason analysis, correction and prevention solutions in project review, and confirms effectiveness in order to give feedback on problem solving to customers.



Inventec

3.5 Supply Chain Development

3.5.1 Supply Chain Partnership

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

1) Supplier evaluation group and supplier evaluation

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.

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 labor 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 forced labor and ensuring rights of collective negotiation. 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 2017, 50% of Personal Solution Group's new suppliers and 91% of Enterprise Business Group's new suppliers signed the pledge

for RBA code of conduct. The suppliers with transactions signing the pledge is planned to be constantly tracked and counted in the future.

With regard to the supplier evaluations, in compliance with RBA's supply chain management requirements, Inventec performs the on-site audits on existing suppliers with medium and high risks and asks for improvement made within a given time frame. The criteria of existing supplier audits include evaluation items such as environment, labor, health and safety, ethics, human rights and management systems. The suppliers' improvements are completed after the confirmation of the SQE engineers. In 2017, the closure rates of audits conducted by the Chongqing plant and the Pudong plant were 100% and 97% respectively.

In 2017, the Chongqing plant team conducted the on-site audits in 33 suppliers, and the Pudong plant team conducted in 45 suppliers. The total is 78 suppliers in 2017, and the target for 2018 is 71 suppliers. The numbers of the audited suppliers' issues found by the teams of Chongqing plant and Pudong plant in 2017 are as follows: 47 for environmental management system (Enterprise Business Group: 11 / Personal Solution Group: 36), 120 for occupational safety and health management system (Enterprise Business Group: 11 / Personal Solution Group: 109), 144 for labor and ethics (Enterprise Business Group: 13 / Personal Solution Group: 131), 70 for management system (Enterprise Business Group: 70 / Personal Solution Group: 0). The total is 381 (Enterprise Business Group: 105, Personal Solution Group: 276).

2) 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 RBA, 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, 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 2017, there were no cases of violations found with suppliers. Through Inventec Supplier Portal (iSupplier), Inventec provides grievance mechanism and external communication channel for anti-corruption / social / human right / environmental issues of the supply chain.

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In 2017, the total number of complaint cases proposed by suppliers following official complaint procedure was zero.

3) 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.

3.5 Supply Chain Development

4) Localized supply chain management

Inventec preferentially uses local eligible suppliers. In 2017, for the 744 suppliers with transactions among eligible suppliers of Inventec's Personal Solution Group and the 359 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), USA and Canada, Southeast Asia, and Japan and Korea, amongst the other regions. In terms of Personal Solution Group's transaction amounts, 93.1% came from 650 manufacturers in greater China, and 94 manufacturers from the other regions only accounted for 6.9%. As to Enterprise Business Group's transaction amounts, 91% came from 292 manufacturers in greater China, and 67 manufacturers from the other regions only accounted for 9%.

In 2017, over 99% of the suppliers with transactions signed the pledge for environmental protection and ensure that the raw materials, components, modules, packaging materials, and indirect materials for production and maintenance for Inventec comply with the present and future international environment laws and Inventec's environmental requirements.

Also, in 2017, 72% of Enterprise Business Group's suppliers with transactions signed the pledge for RBA code of conduct, and 77% of Personal Solution Group's suppliers with transactions signed the pledge for RBA code of conduct.

5) Contractor performance evaluation

Inventec's managerial priority attaches importance to the contractors' attention to safety and health issues and their relevant performance through evaluation.

3.5.2 Annual Sustainable Supply Chain Convention

In order to continuously fulfill corporate social responsibility and in response to customers' requirements on the supply chain CSR and environmental protection, on December 8th, 2017, Inventec Group (Inventec and Inventec Appliances) held the "2017 Inventec Group Sustainable Supply Chain Convention" in Guandu Nature Park.

With the environmental protection and low carbon activity LOGO promulgated by Taiwan EPA, the event was designed and implemented in a way to reduce the impact on the environment. Guandu Nature Park's eco-pond adopted by Inventec Group Charity Foundation echoed the event's theme emphasizing the importance of environmental protection.

As an RBA member, Inventec conveyed the importance of complying with RBA code of conduct to the supplies. Also, the event includes the topics such as the regulations about hazardous substance free management and conflict minerals to follow the up-to-date international laws and the brand name customers' requirements.

A total of 121 representatives from the suppliers attended the event. The interaction with the suppliers promotes the sustainable development of Inventec Group.



3.6 RBA Member

Inventec became the member of RBA (Responsible Business Alliance) on May 26th, 2016, and complies with RBA Code of Conduct through the mechanisms include SAQ (Self-Assessment Questionnaire), VAP (Validated Audit Process), member compliance reporting, etc. for Inventec itself and Inventec's suppliers.

The 5 sections of RBA Code of Conduct are as follows:

1) Labor: RBA members committed to uphold the human rights of workers, and to treat them with dignity and respect as understood by the international community..

2) Health and Safety: RBA members recognize that in addition to minimizing the incidence of work-related injury and illness, a safe and healthy work environment enhances the quality of products and services, consistency of production and worker retention and morale. RBA members also recognize that ongoing worker input and education is essential to identifying and solving health and safety issues in the workplace.

3) Environmental: In RBA members' manufacturing operations, adverse effects on the community, environment and natural resources are to be minimized while safeguarding the health and safety of the public.

4) Ethics: RBA members and their agents are to uphold the highest standards of ethics including (1) Business integrity, (2) No improper advantage, (3) Disclosure of information, (4) Intellectual property, (5) Fair business, advertising and competition, (6) Protection of identity and non-retaliation (7) Responsible sourcing of minerals, (8) Privacy.

5) Management system: The management system shall be designed to ensure: (a) compliance with applicable laws, regulations and customer requirements related to the RBA member's operations and products; (b) conformance with RBA Code; and (c) identification and mitigation of operational risks related to RBA Code. It should also facilitate continual improvement.

The Pudong plant and the Chongqing plant integrate RBA regulation into their employee training. In 2017, Inventec's plants in Chongqing and Pudong of China, Mexico, and Czech accepted VAP, and the findings contain no priority non-conformance. The relevant remediation took place to be verified in compliance with RBA's requirement.

Inventec Conflict Free Statement:



RBA Member

Inventec—The member of Responsible Business Alliance (RBA)

Vision

A global electronics industry that creates sustainable value for workers, environment, and business.

Mission

Members, suppliers, and stakeholders collaborate to improve working and environmental conditions through leading standards and practices.

Inventec commits to conform to the RBA code of conduct in its own operations, progressively implementing the RBA approach and tools in the spirit of the industry's common goals.

Inventec also commits to progressively apply the RBA code of conduct to its first tier suppliers, to monitor its application to the best of its ability using RBA practices and tools, and to encourage and support its suppliers to do the same.

4 Environment

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RESEARCH & DEVELOPEMENT



4.1 Climate Action

4.1.1 Carbon disclosure

In response to environmental issues, aside from establishing goals and policies based on protecting environmental interests, Inventec has also established "green energy environmental protection" as one of the 5 directions and actively engages with the green energy industry (ISEC and E-Ton). In response to the demand of the government, customers and international investment institutions on the issue of climate change,

Inventec employs the Sector Based Approach of Science Based Target (SBT), and uses Sectoral Decarbonization Approach (SDA) tool to find out the target of reduction amount of greenhouse gas. Given with the fact as based on 2015 as the basis year, it is found that the emission amount of greenhouse gas for 2025 should be reduced by 19%. Inventec has also aggressively pursued green industries, and continuously pursues the reduction of the impact of production on the environment through green research and development, establishing green plants, increasing energy savings, water savings, and reducing production energy consumption, with the aim of making real contribution to the green economy in the times of climate change.

Furthermore, the "Inventec Group Greenhouse Gas Inventory Report" is periodically disclosed and updated on the company website. The Company has adopted a greenhouse gas inventory system since 2008, and so far it has completed eleven years (from 2007 to 2017) of greenhouse gas inventory processes. Meanwhile, in response to the government's implementation of the Greenhouse Gas Reduction and Management Act, and to allow the results of the aforementioned inventory be known to interested parties, all greenhouse gas inventory procedures and documentation are conducted and created based on the Greenhouse Gas Emission Inventory Registration Management Measures promulgated by the Environmental Protection Administration, Executive Yuan, the Greenhouse Gas Inspection Guidelines, GHG Protocol, and the ISO 14064-1 international norm.

Following completion of the inventory, internal and third-party external verification is conducted to ensure completeness and credibility of the data gathered. In 2017, the total greenhouse gas emissions of major companies under the Inventec Group was 354,661.365 tonnes of carbon dioxide (inventory scope: 9 plants of Inventec, 3 plants of Inventec Appliances, 1 plant of Inventec Solar Energy, E-TON Solar Tech, AIMobile Co., Ltd.), an increase of 10,357.553 tonnes of carbon dioxide compared to the 344,303.812 tonnes of emissions in 2016. The main factor is the increasing productivity of Inventec Appliances' Pudong plant and Inventec Solar Energy. The contributing sources of primary greenhouse gas emission by Inventec Group in 2017 are under scope 2 -- electric power purchased from external sources, amounting to 94.71% of the total emissions. As for the additional carbon emissions, Inventec works with the local government to implement a carbon management mechanism and head to the stipulated transaction center platform to carry out carbon trades and purchase carbon rights in order to carry out carbon neutralization.

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.

Compared to 2015, Inventec's greenhouse gas emissions will be reduced by 19% in 2025.



4.1 Climate Action

The table of climate change risk and opportunity identification

Item	Risk/opportunity description	Future strategy/action
Legal Adjustment	<ul style="list-style-type: none"> The Taiwan Environmental Protection Administration has issued Administrative Measures for Greenhouse Gas Emission Declaration, regulating specific objects to carry out greenhouse gas emission declarations, which might entail the risk that the enterprise is not able to respond. The local government in mainland China implements a carbon management mechanism for the additional carbon emissions. 	<ul style="list-style-type: none"> Despite that, currently, Inventec is not regulated by laws and takes action in accordance with the regional difference. In Taiwan, for implementing carbon inventory, Inventec adopts the Greenhouse Gas Emission Inventory Registration Management Measures promulgated by the Environmental Protection Administration, Executive Yuan, and the Greenhouse Gas Inspection Guidelines. In mainland China, Europe and America, Inventec adopts GHG Protocol and the ISO 14064-1 international norm for implementing carbon inventory. The "Inventec Group Greenhouse Gas Inventory Report" is periodically disclosed and updated on the company website to respond to the stakeholders' needs. Inventec heads to the transaction center platform stipulated by the local government in mainland China to carry out carbon trades and purchase carbon rights in order to carry out carbon neutralization.
	<ul style="list-style-type: none"> With the rapid development of product energy efficiency marks and product carbon mark systems in each country, if a customer requests this in the future, there could be a risk that the enterprise cannot respond. However, the enterprise is able to ensure that low-energy consumption and low-carbon products have a competitive advantage. 	<ul style="list-style-type: none"> In response to the government's promotion of carbon marks and carbon footprints, Inventec has completed a preliminary project for carbon and water footprints of products to prepare in advance a response to customers' potential requirements. Increase innovation and R&D of low-energy consumption environmentally-friendly products to improve green competitive advantages of the company.
	<ul style="list-style-type: none"> In response to the formulation of energy tax/carbon tax by each country, in the future, the market demand of renewable energy will increase, providing the enterprise the opportunity to develop or invest in renewable energy. 	<ul style="list-style-type: none"> Inventec is actively involved in green energy business (ISEC and E-Ton) to implement the green energy environmental protection policy.
Climate Change	<ul style="list-style-type: none"> Increase in frequency of extreme rainfall or drought, causing water shortage, which might have an impact on suppliers who require water in their production processes. 	<ul style="list-style-type: none"> Conduct promotion of carbon management and water resource management for suppliers to improve risk management awareness. Look for other component supply sources to avoid impact on product delivery.
	<ul style="list-style-type: none"> The change of rainfall type makes many enterprises aware of the importance of water resource management; the enterprise can reduce operation costs through such an opportunity. 	<ul style="list-style-type: none"> Each plant shall discuss and formulate emergency response measures to reduce the impact of climate disaster on company operations. Strengthen the maintenance of public facilities in the plant to enhance the stability of the production environment. Each plant shall take water resource saving measures, which may not only avoid unnecessary water waste, but also reduce costs.
Low Carbon Product	<ul style="list-style-type: none"> Global companies focus on the low-carbon economic transformation risks and the dramatic variation in climate change, which may lead to the risks to the corporate entities. Inventec Group actively aims at "resource efficiency, clean energy, low-carbon products and services, new markets and zero carbon emissions from the smart factories", and through the management of carbon assets in the future, Inventec reduces the operational losses caused by climate change, thereby enhancing the competitiveness and profit of the industry. 	<ul style="list-style-type: none"> The new product design uses low-carbon, low-energy, low-toxic raw materials, and introduces an environmental design system to increase the recycling rate of products and reduce the impact of low-carbon products on the environment. Through Inventec Group Greenhouse Gas Inventory Report, Inventec CSR Report, CDP, or RBA questionnaire, Inventec actively responds to the strategy and action taken by the stakeholders with respect to Inventec's carbon management so as to fulfill its corporate citizenship responsibility.

4.1 Climate Action

4.1.2 Greenhouse gas reduction performance

In order to relieve the environmental impact caused by greenhouse gas emitted from company activities, Inventec continuously promotes energy saving and carbon reduction to effectively reduce emissions. In 2017, the carbon reduction result was a total of 4,997.98 tonnes of CO₂e. If divided according to region, the total carbon emission reduced in Taiwan was 42.74 tonnes of CO₂e, and the total carbon emission reduced in mainland China was 4,955.24 tonnes of CO₂e.



**Carbon reduction result in 2017:
4,997.98 tonnes of CO₂e**



**Greenhouse gas emission intensity decreased
by 20.95% in 2017 compared to 2016**

4.1.3 Greenhouse gas emission intensity

With regards to the intensity of greenhouse gas emissions, it was 40.56 tonnes of CO₂e/100 million NT\$ which decreased by 20.95% in 2017 compared to 2016, and hence an analysis of reasons was conducted. First of all, Inventec's greenhouse gas emissions reduced by 17.25% in 2017 compared to 2016. Secondly, Inventec's individual revenue increased by 4.67% in 2017 compared to 2016, therefore causing a natural decrease in the calculation result of greenhouse gas emissions intensity, indicating that the decrease of the intensity of greenhouse gas emissions has no positive correlation to individual revenue.



4.1 Climate Action

4.1.4 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.

1) Energy consumption

Inventec's (9 plants) 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 boilers. In 2017, the energy (purchased electric power and natural gas) consumption of Inventec (9 plants) was 637,280,505.91 million joules. The purchased electric power consumption was 571,853,909.16 million joules (89.73%), and the natural gas consumption was 65,426,596.75 million joules (10.27%).

2) Energy saving

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.

In 2017, the energy saving effect was a total 19,052,956.80 million joules, if divided according to the region, the energy reduction in Taiwan was a total of 290,869.20 million joules whilst the energy reduction in mainland China was a total of 18,762,087.60 million joules.



Energy saving effect in 2017:
19,052,956.80 million joules

3) Energy intensity

In 2017, Inventec's energy intensity was 1,972 million joules/million NT\$; a decrease by 18.37% compared to 2016. In 2017, the energy consumption of Inventec was reduced by 14.55% compared to 2016. Individual revenue in 2017 increased 4.67% compared to 2016, causing the lower energy intensity calculation result, indicating that the decrease of energy consumption has no positive correlation to individual revenue.

4) Renewable energy management

With regards to environmental sustainability, as well as actively saving energy and carrying out improvements of equipment to increase energy efficiency, Inventec Group is also dedicated to breaking through the current situation and establishing solar power devices in Taiwan and mainland China. In 2017, the available solar power generation was 284,837 kilowatts (1,025,414.64 million joules) in Taiwan and 3,380,561 kilowatts (12,170,019.60 million joules) in mainland China.



4.2 Water Resources Management

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

4.2.2 Water resource management plan

In 2017, the annual water recovery and saving amounts of Inventec (plants in Taiwan and mainland China) was 5,506 tonnes and 15,536 tonnes respectively. The ways of recovery and saving vary because of the differences of industry process characteristics.

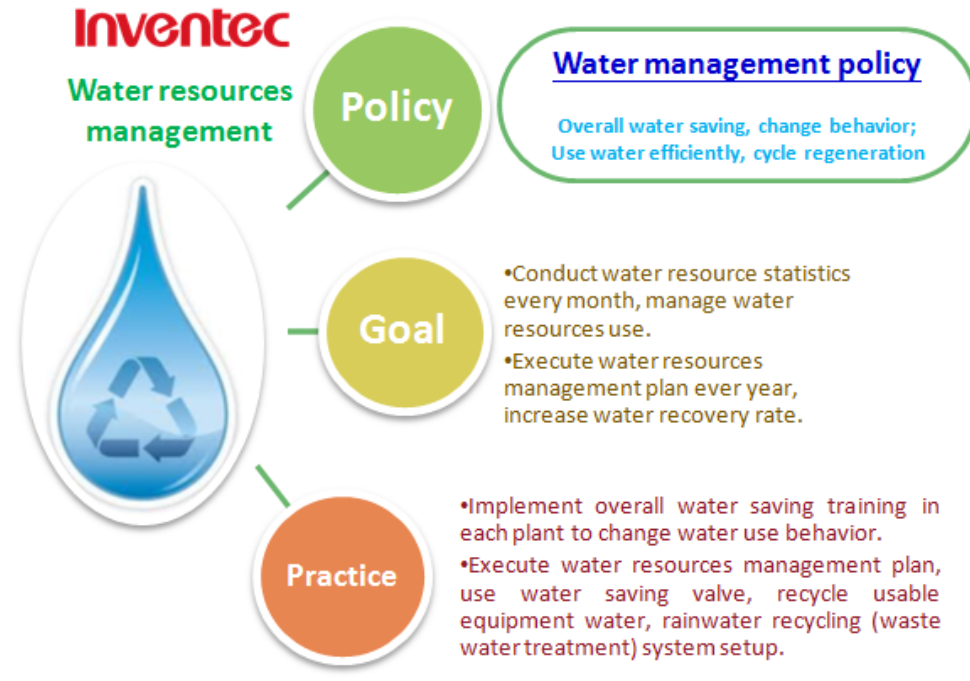
4.2.3 Wastewater treatment

The majority of Inventec's wastewater is domestic sewage which is legally treated and causes no serious impact on the environment.

4.2.1 Water resources statistics

In order to reduce the waste of local water resources and effectively implement the water resource management plan, Inventec periodically conducts statistics on water resources use so as to analyze and propose a feasible water saving plan and measures. In 2017, the total water use of Inventec was 1,616,452 tonnes.

In response to the government's collection of water consumption fees in the future, as well as the water resource management plan, Inventec 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.



Water recovery amount in 2017 :

5,506 tonnes



Water saving amount in 2017 :

15,536 tonnes

4.3 Green Product

4.3.1 Green design

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







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

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.



Products & Solutions

Enterprise Business Group (EBG)

Server <ul style="list-style-type: none"> • Intel/AMD/ARM platforms • ODM/OTS models • Rackmount /Blade/Pedestal 	Rack Solutions <ul style="list-style-type: none"> • Open specs • RSD Infrastructure 	Storage <ul style="list-style-type: none"> • Hot/Cold /Warm Storage • RAID card 
AI Solution <ul style="list-style-type: none"> • Nvidia/AMD GPU • FPGA 	Network Switch <ul style="list-style-type: none"> • L2/L3 • SDN/Openflow 	Software <ul style="list-style-type: none"> • Server Management • Rack Management 

Personal Solution Group (PSG)

Notebook PC  <ul style="list-style-type: none"> • Enterprise-Class  <ul style="list-style-type: none"> • Laptop Computer  <ul style="list-style-type: none"> • Gaming Laptop 	Desktop /AIO  <ul style="list-style-type: none"> • Entertainment AIO  <ul style="list-style-type: none"> • Retail AIO 	Thin Client  <ul style="list-style-type: none"> • Small-Form-Factor (SFF) • Business Desktop  <ul style="list-style-type: none"> • Thin Client • Cloud Computer
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4.3 Green Product

4.3.2 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 3rd Party SGS validation every year. This allows the company to implement green materials purchases and adopt resource management from the suppliers end. Aside from asking suppliers for cooperation, in internal product materials systems, Inventec has also established a green material number list to strengthen the requirements of establishing the green material number list 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.

Based on the IPC-1752A international standard, Inventec's Enterprise Business Group established the data collection and reporting output capability in terms of Full Material Disclosure (FMD), and can provide the products' corresponding green compliance data needed by the customers .



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 BOM and 100% green component incoming rate. In 2017, Inventec faced no fine about case violating the law and the regulation in terms to product supply and use.

4.3.3 Product certification for customer service

In response to environmental protection legal issues of each country throughout the world and provide customers with better environmental protection service, Inventec assists customers in acquiring product green mark certification, including such certification mechanisms as TGM, SEPA, CECP, CEL, EPEAT, TCO, Energy Star, EU Energy Efficiency, MEPS, Korea E-Standby, CEC, etc., in order to provide global customers more environmentally friendly products and services.



4.3.4 "Product safety regulation" certification for customer service

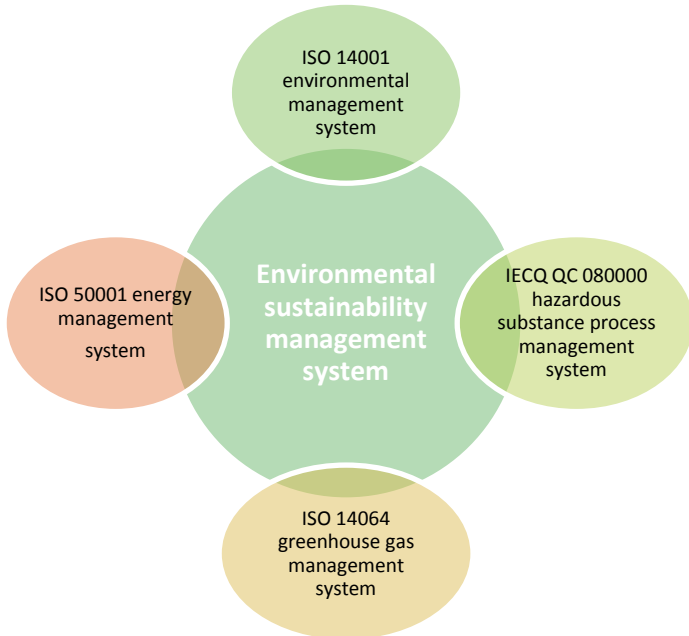
In order to ensure the product safety, Inventec implements the customer service acquiring the certifications including UL, CSA, CCC, BSMI, etc.



4.4 Environmental Responsibility

4.4.1 Environmental management system

Inventec's environmental sustainability systems include ISO 14001 environmental 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 environment.



ISO 14001 Certificate

4.4.2 Air pollution control

For Inventec, 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 smoke exhaust equipment, electrostatic range hoods, etc. are installed, and exhaust funnel high-altitude emissions are established to avoid causing pollution to the surrounding environment.

4.4.3 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 2017.



4.4 Environmental Responsibility

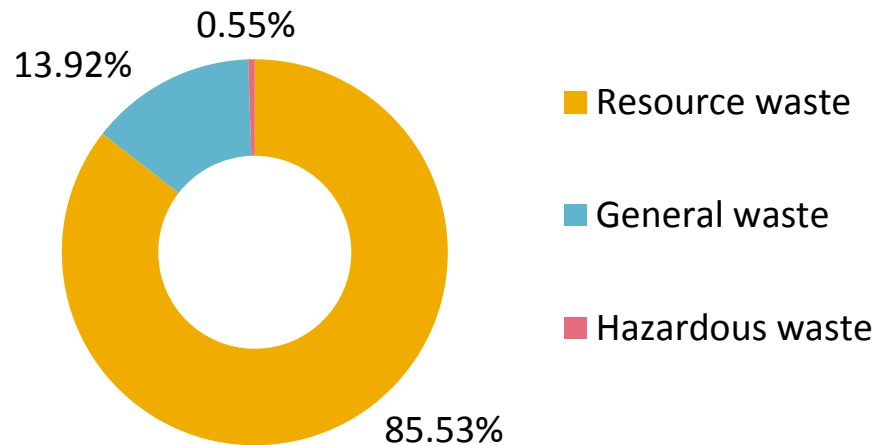
4.4.4 Waste disposal

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 2017, the total waste of the Inventec was 21,896.48 tonnes. Among them, the general waste and resource waste accounted for 13.92% and 85.53% respectively, and the hazardous waste only accounted for 0.55%.

In 2017, no serious leakage event occurred in Inventec and so the company didn't suffer from any loss or punishment due to environmental pollution.

2017 Waste proportion



4.4.5 Environmental protection expenditure

In 2017, the cost of relevant environmental protection expenditures of Inventec was approximately NT\$498.75 million, which mainly included waste disposal, pollution prevention, environment detection, ecological forestation, green management system validation, product environmental protection mark certification, environmental education, environmental preservation activities, energy saving and carbon reduction projects, annual fees of public associations, occupational health, and carbon emission trading.



In 2017, Inventec's cost of relevant environmental protection expenditures was approximately **NT\$498.75 million**



4.5 Green Life

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.

4.5.1 Environmental education

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.

In 2017, Inventec teamed up with the suppliers to develop the green awareness through the eco-tour in Kwan-tu Nature Park.

The suppliers joined Inventec to protect the environment.



4.5.2 Sponsor wetland protection

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 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.

4.5.3 Initiate tree planting activity

Adhering to the belief of "Green energy environmental protection," Inventec encourages employees to respond to ecological preservation activities, increase natural green lands, and reduce carbon emission. In 2017, Inventec Chongqing plant initiated tree planting environmental protection activities led by more than one hundred volunteers to plant saplings around the plant, which motivated company employees to care for the forest.

The tree planting activity in Inventec Chongqing plant.



The Natural preservation sponsored by Inventec in Kwan-tu Nature Park.



5 Social Engagement

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5.1 Foundation

5.1.1 About the foundation

Since its establishment in Jan 2010, Inventec Group Charity Foundation has been endeavoring in the aspects of the social welfare affairs and the emergency relief. With the cognition of Inventec's Social Responsibility - LOVE is to shoulder Inventec's responsibility to our societies for those in needs, each member of the Inventec Community realizes and shares the social responsibilities as a corporate citizen. By integrating the external and internal resources of the Corporate and combining the warm hearts of our Staff, Inventec Group Charity Foundation delivers the humanity cares to the underprivileged groups with actual assistance. Inventec Charity Foundation not only consistently contributes donations to the social welfare organizations and also participates other social public activities or services held by the government or other social organizations. We hope to help the underprivileged to obtain more sufficient social resources to improve their living and raise their rights.

The aims of Inventec Group Charity Foundation :

1. Emergency Aids and Disaster Relief Affairs
2. Medical Allowance
3. Social Welfare Affairs for Children Welfare, Youth Welfare, Women welfare, Seniors Welfare and Disabilities Welfare
4. Scholarships and Support Funds for Students of Lower-Income Family
5. About Education and Culture Affairs
6. About Environment Protection Affairs
7. Contribution and Donations to Other Social Public Organizations or Social Public Activities
8. Social Welfare Affairs Instructed by the Competent Authorities
9. Other Social Public Affairs
10. Other Charity Affairs

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.

5.1.2 Social action

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 (Taiwan and mainland China) and Inventec Group Charity Foundation in 2017 was approximately NT\$15.55 million.



Inventec joins the Youth Anti-Drug Justice Alliance and supports the Taipei City Youth Anti-drug Project and other activities.

5.2 Social Participation

5.2.1 Organizational participation

Inventec actively engages in the public associations and closely learns, observes, and exchanges through the public associations' operation.

5.2.2 Volunteerism

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 2017 are shown on the right table :

Type	Environmental protection volunteer	Transportation volunteer	Public welfare volunteer	Community volunteer	Total
Hours	84	6,198	1,126	2,725	10,133



Protect the Environment



Promote the Culture



Help the Disadvantaged



Support the Community



2013



2014



2015



2016



2017

Since 2013, Inventec has supported the series activities of "Hunger 30 Assembly" held by "Taiwan World Vision" every year.

6 Attachment

6.1 Research and Development Expenditure Expected to Be Invested	65
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6.1 Research and Development Expenditure Expected to Be Invested

The future development plan of the Company will continue to move in five major directions, namely Rapid Innovation, Sustainable Energy, Cloud Solutions, Mobile Lifestyle, and Emerging Markets 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 9.5 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:



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 2.3 billion	2019	Provision of long-term accumulated software and hardware technology and customized overall solutions
Server and cloud computing	Under development	NTD 3.3 billion	2019	Provision of long-term accumulated software and hardware technology and customized overall solutions
Solar energy	Under development	NTD 200 million	2019	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 1.8 billion	2019	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.

6.2 Major Resolutions of Board Meetings

Meeting date	Important resolution matters
2017.01.24	Passed the loans of Inventec (Chongqing) Corp. and Inventec (Pudong) Technology Corp..
2017.02.21	Passed to issue the 2016 "Inventec Corporation Internal Control System Statement".
	Passed the revision of some articles of the Articles of Company.
	Passed the revision of some articles of the "Rules of Procedure for Shareholders' Meetings" of the Company.
	Passed the revision of some articles of the "Regulations Governing the Acquisition and Disposal of Assets" of the Company.
	Passed the revision of some articles of the "Endorsement Implementation Measures" of the Company.
	Passed the revision of some articles of the "Procedures of Granting of Loans" of the Company.
	Passed the revision of some articles of the "practice guidelines of company governance".
2017.03.28	Passed the 2016 employees, directors and supervisors' rewards distribution deliberated by the Remuneration Committee of the Company.
	Passed the 2016 financial statement, consolidated financial statement and business report of the Company.
	Passed to re-elect directors of the Company.
	Passed to agree upon relevant matters of the 2017 general meeting of the Company.
	Passed to nominate independent director candidates.
	Passed the appointment of the certified public accountant.
	Passed the asset disposal case for the Company's reinvestment in subsidiary Inventec Huan Hsin (Zhejiang) Technology Co., Ltd
2017.04.25	Passed the the 2016 surplus distribution proposal of the Company.
	Passed the qualification examination case of director candidates of the Company.
2017.05.15	Passed the 2017 first quarter consolidated financial statement of the Company.
	Stipulations on the organization regulations of the company's Audit Committee were passed.
	Scope guidelines of the responsibilities of the company's independent directors were revised and passed.
	Procedure rules of the company's board were revised and passed.
2017.06.16	Election of the chairman
	The appointment of the third salary and Remuneration Committee was passed.
	The appointment of the President and the release of competitive restrictions were passed.
	Appointment of the board Secretary.

6.2 Major Resolutions of Board Meetings

Meeting date	Important resolution matters
2017.06.27	Passed the ex-dividend base date for cash dividends.
	The practice guidelines of company governance were revised and passed.
	The honest management guidelines were revised and passed.
	The ethical behavior guidelines were revised and passed.
	The management procedure of important internal information was revised and passed.
	The management procedure of applying for temporary suspension and resuming transactions was revised and passed.
	The change of the acting spokesperson was passed.
2017.07.25	Passed the revision of the "2017 Internal Audit Plan (Second version)".
	The agreement on the abandonment of mutual claims and debt among subsidiaries was passed.
2017.08.14	Passed the 2017 second quarter consolidated financial statement of the Company.
	The organization regulations of the company's Audit Committee were revised and passed.
2017.09.26	The agreement of subsidiaries for capital loans, repayment of bank loans, and abandonment of mutual claims and debt among subsidiaries was passed.
2017.10.31	The capital loan among subsidiaries was passed.
2017.11.10	Passed the 2017 third quarter consolidated financial statement of the Company.
	Passed the "2018 Internal Audit Plan".
	The "Internal control system of Inventec Corporation" was revised and passed.
	The scope guidelines of responsibility of the company's independent directors were revised and passed.
	Expenses of auditing CPA
2017.11.21	Investment stock held by the company was passed for disposition.
2017.12.26	The organization regulations of the company's salary and Remuneration Committee were revised and passed.
	The remuneration and annual bonus of directors and managers and the allocation proportion of remuneration to employees and directors were passed.
	NT\$18 million was agreed to be awarded to Inventec Charity Foundation as a donation.
	The 2018 business plan was passed.
	The approval of loans to Inventec (Chongqing) Corp. and Inventec (Pudong) Technology Corp. was passed.
	The approval of Inventec (Shanghai) Corp. to increase the investment to Inventec Asset-Management (Shanghai) Corporation was passed.
	The approval of Inventec (Pudong) Technology Corp. to increase the investment to Inventec (Shanghai) Corp. was passed.

6.3 AA1000 Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE INVENTEC CORPORATION'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2017

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 2017 (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 2017 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 2017.

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 Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 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 report content veracity at a high level of scrutiny for INVENTEC and Inventec Appliances;
- evaluation of report content veracity at a moderate level of scrutiny for Inventec Solar Energy, E-TON Solar and applicable aspect boundaries outside of the organization;
- 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 Standards (2016)

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.

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The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 28000, 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 2017 verified is accurate, reliable and provides a fair and balanced representation of INVENTEC sustainability activities in 01/01/2017 to 12/31/2017.

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 Standards in accordance with 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. In the future, reporting on two-way or multi-way engagements such as joint projects and sustainable initiatives are encouraged.

Materiality

INVENTEC has established effective processes for determining issues that are material to the business. Broad range of societal expectations and future challenges in the sector were taken into account to evaluate the significance of INVENTEC's sustainable impacts. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these in a balance way 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 transparent manner.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS (2016) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, INVENTEC's CSR Report of 2017, is adequately in line with the GRI Standards in accordance with Core Option. The material topics 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 topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. The management approach for each material topics were reported appropriately aligned with GRI 103 requirements. For future reporting, external benchmarking is recommended to further evaluating the effectiveness of the applied management approach.

Signed:

For and on behalf of SGS Taiwan Ltd.

David Huang, Director
Taipei, Taiwan
29 May, 2018
WWW.SGS.COM



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