

2018

Corporate Social Responsibility Report

Inventec

Greater Responsibility, Greater Concern



Top 5% in Corporate Governance Evaluation for 4 consecutive years

Constituent of Sustainable Indices

Forbes Magazine



2016

2017

2018

2019



Inventec is selected as a constituent of the following indices :

- FTSE4Good TIP Taiwan ESG Index
- Taiwan Sustainability Index
- TWSE RAFI® Taiwan High Compensation 100 Index
- TWSE Corporate Governance 100 Index
- TWSE RA Taiwan Employment Creation 99 Index



The 2018 Digital 100

- Companies selected from 17 countries
- Only 6 Taiwanese companies were selected, and Inventec is the 4th one among them
- Inventec is the only Taiwanese computer system company selected

Taiwan Corporate Sustainability Award

The Citizen Award of Commonwealth Corporation

CommonWealth Magazine



- TOP50Taiwan Corporate Sustainability Award

- Corporate Sustainability Report Award- Gold Award

- The Citizen Award of Commonwealth Corporation

- 2018 top 2000 enterprises - No. 9 in manufacturing

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SDGs



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1.1 Top Management Commitment

The comprehensive impacts of the trade war between China and The United States, fluctuations in exchange rate and Brexit development have led the market recovery in uncertain sentiment for the World's major economies. Due to the profound influence of the trade war between China and The United States on the global economy, the worldwide industry chain faces challenge of readjustment on optimization of industrial layout, and the information industry also embraces the severe adaption consequently. However, Inventec continues actively to implement resource integration and provide customers with superb products of core competency on the basis of its strong R&D capability along with the manufacturing advantage on the skill of software and hardware. Thanks to the efforts of all our employees, we had achieved performance growth for the past four years and had more than TWD 500 billion turnover for the first time in 2018.

Regarding revenue and profit in 2018, the consolidated revenue reached more than TWD \$506.8 billion, 8.42% growth compared with 2017 (Consolidated revenue of TWD 467.5 billion). Consolidated pre-tax operating profit was more than TWD 8.1 billion, indicating a growth of 13.17% compared with 2017. The after-tax net profit attributable to the parent company's shareholders was more than TWD 6.4 billion, a slight decrease compared with the previous year due to the influence of product portfolio factors; consolidated after-tax earnings per share was TWD 1.81, decreasing from the previous year (2017) when it was TWD 1.88.

Overall, the performance growth of 2018 continues to be attributed to the customer product layout and differentiated operation of the group's manufacturing process. Of those, the revenue of the Company's main product, the notebook computer which was about TWD 232.0 billion, increased by 14.46% compared with the same period last year due to increasing business demand. The revenue of server products was about TWD 181.0 billion, indicating 10.76% growth compared with the same period last year due to actively developing new customers and new products. With the impact of market demand and extreme production capacity, the operating revenue of smart device products was TWD 85.6 billion, which is generally in line with that of the same period last year. Since the overall industry outlook is still pessimistic with a stagnant market, despite having approximately TWD 8 billion in revenue, the solar energy company of the group is continuously making efforts to adjust its resource allocation strategy in pursuit of future opportunities.

In 2018, a challenging year, performance was affected by significant changes in the political and economic environment, the exchange rate, and the business cycle. Despite facing adverse condition of the trade war between The United States and China, Inventec has still managed good performance by changing its operating plan and adjusting its production line layout. Inventec continues to maintain an experimental spirit and actively seeks transformation and innovation to overcome changes in both the external and internal environment and achieve its objectives and plans.



President

Maurice Wu

1.1 Top Management Commitment

Inventec focuses on software and hardware integration and develops high-quality and efficient products through its strong R&D capability and efficient operations team to meet customer needs. The specific implementation policy is divided into the following aspects:

(1) Product business: As the leader of high-end laptop design and professional manufacturing in the past years, Inventec endeavors to continue thorough customer development, improve product average prices, and maintain the same level of operations. With regard to server business development, driven by the strong capital expenditure of major global network technology enterprises and the continuous demand from data centers, this year, the Company will expand its cooperation with strategic partners and focus on designing and manufacturing a new generation of platforms to enhance operation performance. As for intelligent device products, based on its accumulated experience in smart terminal, broadband, and acoustic fields, the Company expects to achieve more diversified development.

(2) Product technology: The Company will continuously invest in the key technology fields of ABCD5 (Artificial Intelligence, Blockchain, Cloud Computing, Big Data, and 5G), including the artificial intelligence application research center deployed in Taiwan, integrate resources of all factories and 5G application research and development, and simultaneously recruit talents in related fields to develop in the direction of new trends.

(3) Establishment of smart factory: Detailed strategies and development plans are respectively created according to four aspects: improvement on production process (industry 4.0), Toyota production system (TPS), lean six sigma (LSS), and production line automation (Automation).

(4) Continue to focus and develop new businesses: The Company will develop business opportunities in the automotive electronics and health care fields. The Company will extensively develop product innovation to meet market demands.

With rapid changes in the global market and rapid technical development, Inventec will adopt three strategies, namely "customer satisfaction", "value creation, profit pursuit" and "promotion on younger talented executives" to foresee customers' needs, create value for customers, and pursue profits for the Company's shareholders. We deeply believe that only by enhancing ability, quality, and customized service, our core competitiveness can be improved through the circular system of value creation value through knowledge for the Company to create greater enterprise value for both shareholders and employees.

Inventec prioritizes its reputation and thus operates with integrity and sustainability. Inventec espouses "innovation, quality, open mind, and execution" in its operations and maximum asset accumulation during operation as its business philosophy. The Company abides by corporate governance internally and practices corporate citizenship externally. With its high regard for corporate governance and its various implementation forms, Inventec was ranked among the top 5% of the most excellent corporate-governance companies for four consecutive years of Corporate Governance Assessment. In the spirit of "one more responsibility, one more concern", we will continue to improve corporate governance by strengthening the functional committee of the board and establishing a corporate governance organization, in addition to continuing to serve society, contributing to society, and fulfilling our corporate social responsibility through Inventec Group Charity Foundation.

Greater Responsibility, Greater Concern

Chairman

Tom Cho



1.2 Editorial Guideline

Thank you for reading the Inventec CSR Report. Since 2008, Inventec has issued the corporate social responsibility reports for 11 consecutive years, which transparently disclose the value and performance created by Inventec every year. The content standards of this report are consistent with the previous year's CSR Report and are in line with the GRI Standards issued by the Stock Exchange and the Global Sustainability Standards Board (GSSB).

Scope and Boundaries

The disclosure scope of the report includes the Inventec Group (including subsidiaries listed in the combined annual report).

- ◆ 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 Pudong, Chongqing, Czech and Mexican plants).
- ◆ Inventec Appliances' 3 plants (New Taipei, Pudong, and Nanjing)
- ◆ Inventec Solar Energy, E-Ton Solar Tech., AIMobile, etc.

With regard to 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.

Preparation Principle

Inventec's 2018 "Corporate Social Responsibility Report" 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.

- ◆ the "Core option" of the GRI Standards
- ◆ AA1000
- ◆ IR (Integrated Reporting)
- ◆ SDGs (Sustainable Development Goals)

Quality of Report

The relevant information in this report is provided by the CSR window of the respective units of Inventec and the group companies. The information is reviewed by the heads of the units for correctness and completeness, and then the "Corporate Social Responsibility Report Integration Team" assembles the data and organizes.

- ◆ The financial statement data of "Corporate Governance" and "Operational Development" is published after certification by KPMG. The information is published in NTD.
- ◆ The calculation basis and unit of data related to "Friendly Workplace" and "Environmental Sustainability" are derived from government public information and verification by third-party related management systems.
- ◆ The data on "Social Inclusion" covers Inventec Group Charity Foundation.
- ◆ Other quantified data units, if they have other special meanings, will be explained in an annotated manner.

Third Party Assurance

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 a assurance operation based on the contents and data of the report according to

- ◆ The "Core Option" of the GRI Standards
- ◆ AA1000 AS 2008 Type 2, High level assurance

Report Issuing

Inventec will issue its Corporate Social Responsibility Report periodically every year and upload it to Inventec's CSR website for the stakeholders to download.

- ◆ Current issued version: issued in June 2019
- ◆ the disclosure period chiefly starts from January 1st, 2018 to December 31st, 2018
- ◆ The last issued version: June 2018
- ◆ Next issued version: expected in June 2020

Inventec

Opinion Feedback

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

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

Supplementary Information

Website



Email



Facebook



Annual Report



1.3 About Inventec

1.3.1 Company Introduction

Company name: Inventec Corporation **Inventec**

Date of establishment: June 9, 1975

Industrial category: ICT (Information and Communications Technology)

Operation headquarters: located in Taipei City, Taiwan, operating points are established globally (Asia, North America, Europe, etc.)

Chairman: Mr. Tom-Hwar Cho

President: Mr. Yung-Tsai Wu

Total employees: 18,976 (2018/12/31)

Inventec stock code: 2356 (listed company in the Taiwan Stock Exchange). Please refer to the "Company Profile", "Fundraising Situation ", "Operation Profile ", and "Financial Overview" of Inventec Corporation 2018 Annual Report for the important investments, equity, share capital, shareholder structure, business scope, payments to government and sales volume.

Revenue in 2018 : approximately NTD 506.8 billion

2018 Inventec Annual Report :



Taipei Headquarters

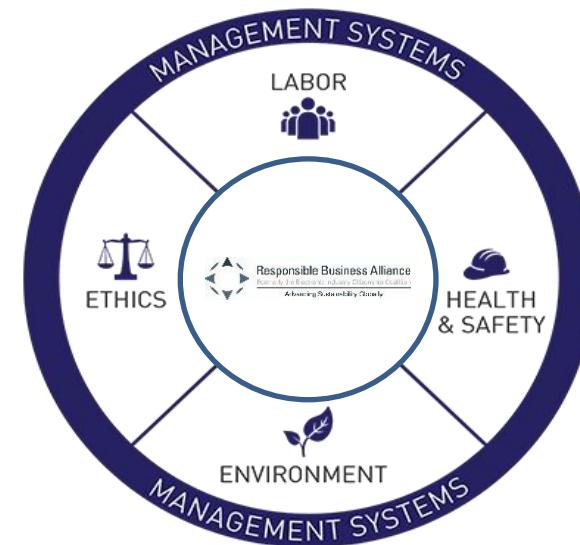


Taoyuan Technology Park

1.3.2 RBA Member



- ◆ Inventec is the member of RBA (Responsible Business Alliance) and complies with RBA Code of Conduct. Inventec integrates RBA regulation into the employee training.
- ◆ Inventec Group's plants accept SAQ (Self-Assessment Questionnaire). Inventec's plants in Pudong and Nanjing of China, Mexico, and Czech accepted VAP (Validated Assessment Program), and the findings contain no priority non-conformance. The relevant remediation took place to be verified in compliance with RBA' s requirement.



RBA member's compliance framework



1.3 About Inventec

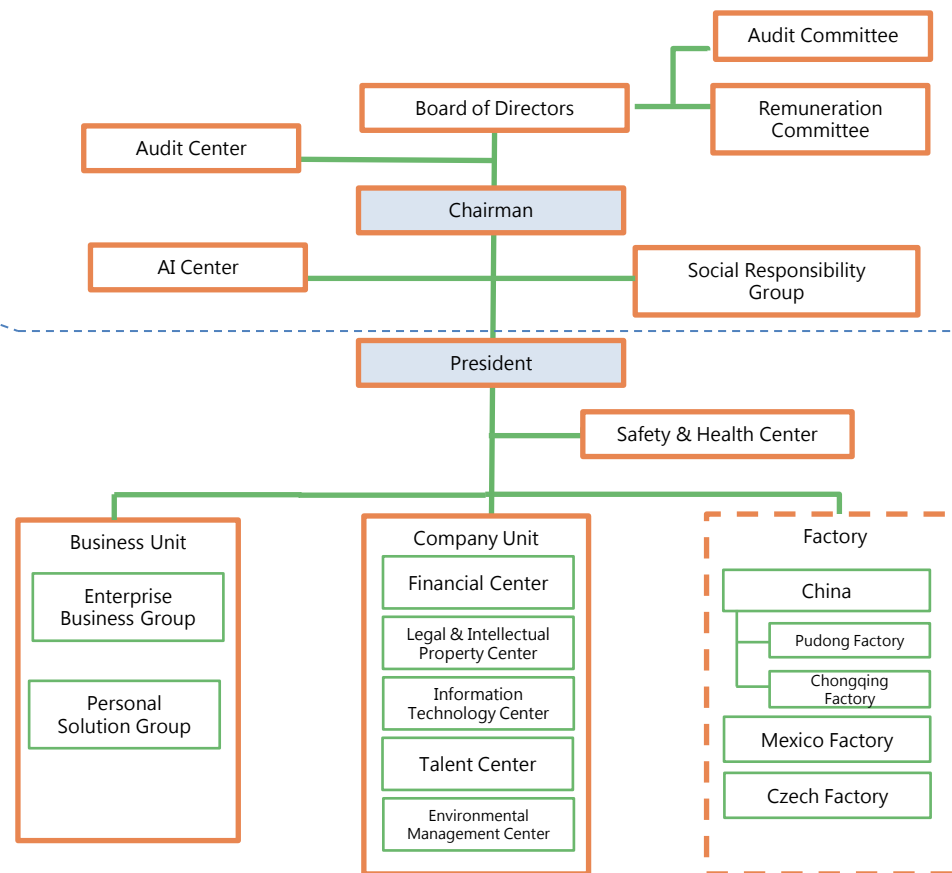
1.3.3 Social Responsibility Unit

- ◆ 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, report the implementation plan and results to the board every year.
- ◆ The Company has formulated corporate social responsibility policies pursuant to the "Inventec Corporation Code of Corporate Social Responsibility", believes in "corporate governance" internally, practices "corporate citizenship" externally, and promotes relevant works and activities through the Board of Directors operation, internal control system, and four directions of "environmental protection, culture, poverty relief, and community".

1.3.4 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.

Innovation for Changes **Quality and Character** **Open Mind with Modesty** **Execution on PDCA**

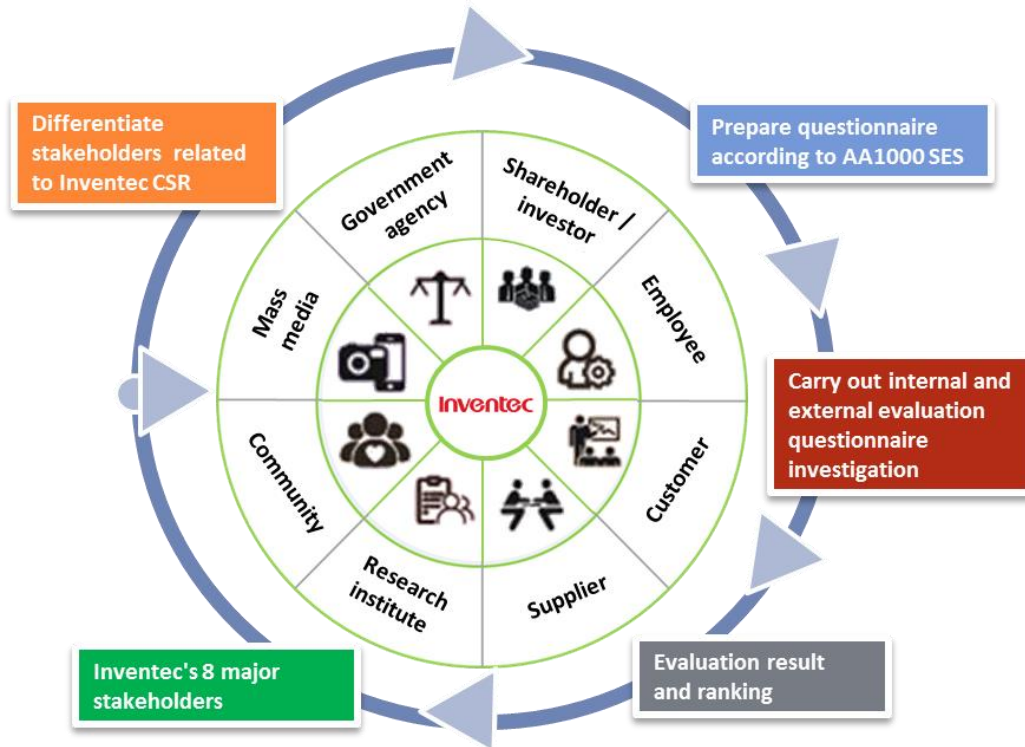


Social Responsibility Group

Inventec Group Charity Foundation

1.4 Sustainable Communication

Stakeholders Identification Management Process



Material Topic Identification Management Process

Chapter : 1.4.3 Topic Identification

Note : Refer to the GRI Standards topics, and search international standards, customer requirements, and news events to identify the relevance of material issues within and outside the company.

Chapter : 1.4.4 Ranking

Note : Invite stakeholders to conduct material topic impact assessments. Sort material topic matrices to identify material topics.

Chapter : 1.4.5 Material Topics

Note : Identify material topics and disclose management approaches of the material topics, goals, and development priorities.

Chapter : 1.4.6 Report Response

Note : The preparation unit issues the Inventec Corporate Social Responsibility Report in accordance with the CSR Report Compilation Operation Management Procedures. Review the 2018 report to fully present the company's performance and impact, and provide a 2019 annual report editorial reference.



1.4.1 Stakeholder Identification Management

- ◆ 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, mass communication media, competitors, non-governmental organizations, research institute, labor unions, etc.



1.4.2 Material Topic Identification Management

- ◆ Inventec's ten beliefs are aimed at the employees of Inventec who are able to respond best to issues of concern to stakeholders. For the interaction and communication with stakeholders, Inventec establishes communication channels and dedicated personnel, listens to the needs of stakeholders, and tries its best to provide relevant consultation and services. In order to implement information transparency and strengthen communication between various stakeholders, Inventec has a "material topic identification management process". Through the process of identification and response, the basic communication channel between stakeholders and Inventec achieves transparent communication and responses to major topics, as described in the "material topic identification management process" of this page.



1.4.3 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) at home and abroad, customer requirements (e.g. RBA), SDGs, 3rd party questionnaires, and major events at home and abroad and so on, so as to ensure full understanding of the topics related to the stakeholders. 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. Inventec's approach to each topic is described in the chapters.

1.4 Sustainable Communication

Communication with the 8 major stakeholders



Employee

Critical information	Stakeholder communication	Content
Welfare and training expenses NT\$ 560 million	The method, frequency, and channel of mutual communication between Inventec and the employees	<ul style="list-style-type: none"> ◆ Every year, the responsible unit shall irregularly communicate via employee care meetings, employee symposiums, foreperson symposiums, the Internet, and the employee opinion mailbox. ◆ Every year, the human resources unit shall organize the labor-management meetings irregularly or the monthly meetings to communicate. ◆ The responsible unit shall irregularly post an announcement on problems and countermeasures on the bulletin board.
	Inventec's way of engaging the employees	<ul style="list-style-type: none"> ◆ Consult, negotiate, involve, and collaborate
Average employee salary NT\$ 1.1 million	The employees' concerned topics	<ul style="list-style-type: none"> ◆ Talent recruitment ◆ Employee welfare ◆ Cultivation of talent ◆ Financial performance ◆ Employee occupational health, safety, and hygiene
	Inventec's response	<ul style="list-style-type: none"> ◆ Inventec decides the government's make-up workdays to be the holidays to improve the employees' work-life balance. ◆ The employees passing the English, Japanese, and Internet tests have salary raises. ◆ Inventec's iService App enables employees to download and use the innovative mobile services to meet their needs. ◆ Inventec's global facilities had zero occupational disease cases in 2018.

1.4 Sustainable Communication



Customer

Critical information	Stakeholder communication	Content		
Green product customer service 341 environmental marks	The method, frequency, and channel of mutual communication between Inventec and the customers	<ul style="list-style-type: none"> ◆ Every year, each responsible unit through the committee shall irregularly and proactively respond to the standards, audits, and questionnaires required by the customers. ◆ Every year, the responsible unit shall periodically fill in SAQ on RBA-ONLINE. 		
	Inventec's way of engaging the customers	<ul style="list-style-type: none"> ◆ Consult, negotiate, involve, and collaborate 		
Product safety customer service 539 certifications	The customers' concerned topics	<table border="0"> <tr> <td> <ul style="list-style-type: none"> ◆ Innovative research and development ◆ No discrimination ◆ regulation conformity (labor and environment) ◆ Customer information safety ◆ Supply chain management (RBA) </td> <td> <ul style="list-style-type: none"> ◆ Product quality management ◆ Green product management ◆ Risk of climate change ◆ Customers' health and safety (Product regulations conformity) </td> </tr> </table>	<ul style="list-style-type: none"> ◆ Innovative research and development ◆ No discrimination ◆ regulation conformity (labor and environment) ◆ Customer information safety ◆ Supply chain management (RBA) 	<ul style="list-style-type: none"> ◆ Product quality management ◆ Green product management ◆ Risk of climate change ◆ Customers' health and safety (Product regulations conformity)
	<ul style="list-style-type: none"> ◆ Innovative research and development ◆ No discrimination ◆ regulation conformity (labor and environment) ◆ Customer information safety ◆ Supply chain management (RBA) 	<ul style="list-style-type: none"> ◆ Product quality management ◆ Green product management ◆ Risk of climate change ◆ Customers' health and safety (Product regulations conformity) 		
Inventec's response	<ul style="list-style-type: none"> ◆ No.1 customer satisfaction among the ODMs. ◆ The customer satisfaction rating is 95%. 			

1.4 Sustainable Communication



Government agency

Critical information	Stakeholder communication	Content
Corporate governance assessment Top 5% for 4 consecutive years	The method, frequency, and channel of mutual communication between Inventec and the government agencies	<ul style="list-style-type: none"> ◆ The responsible unit shall disclose the information on the company's website every year, upload the company's annual report and CSR report, and disclose the information on Market Observation Post System. ◆ The corresponding unit shall coordinate with government inspections periodically every year through fire drills and emergency response drills ◆ 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. ◆ The corresponding unit shall irregularly participate in the government projects or activities.
	Inventec's way of engaging the government agencies	<ul style="list-style-type: none"> ◆ Consult, negotiate, and involve
Environmental expenditure NT\$ 370 million	The government agencies' concerned topics	<ul style="list-style-type: none"> ◆ Anti-corruption ◆ Investment strategy ◆ Risk management ◆ Energy management ◆ Air pollution emissions ◆ Waste water management ◆ Water resource management ◆ Waste management ◆ Employee equality and diversity ◆ Risk of climate change
	Inventec's response	<ul style="list-style-type: none"> ◆ All employees signed the employee code of conduct. In 2018, the global facilities' 9,427 employees participated in the integrity management training. ◆ Compared with 2017, the water consumption decreased by 242,000 metric tons in 2018, and the amount of recovered water increased by 62% (2,404 metric tons).

1.4 Sustainable Communication



Supplier (including contractor)

Critical information	Stakeholder communication	Content
Validated Assessment Program of Responsible Business Alliance 25% of high risk suppliers	The method, frequency, and channel of mutual communication between Inventec and the suppliers	<ul style="list-style-type: none"> ◆ The responsible unit communicates with the contractors including human resources agents, service outsourcers (security, cleaning, and meals), waste removal, and factory contractors. ◆ The responsible unit shall periodically conduct the Sustainable Supply Chain Convention and questionnaire every year. ◆ The responsible unit shall explain workplace safety and conduct interview in due time every year. ◆ The responsible unit shall irregularly respond through the supplier website every year.
	Inventec's way of engaging the suppliers	<ul style="list-style-type: none"> ◆ Involve and collaborate
	The suppliers' concerned topics	<ul style="list-style-type: none"> ◆ Supply chain management (RBA) ◆ Labor regulation conformity
Advanced Technology/ New Product Exchange Forum 232 sessions	Inventec's response	<ul style="list-style-type: none"> ◆ In 2018, 80 medium and high-risk suppliers were audited, with an implementation rate of 100% and a closing rate of 100%. ◆ The number of suppliers involved in the Advanced Technology/New Product Exchange Forum has reached 167. ◆ 2018 Inventec Group Sustainable Supply Chain Convention was held in Taipei and Chongqing respectively. A total of 265 supplier representatives participated in the two events.

1.4 Sustainable Communication



Shareholder / investor

Critical information	Stakeholder communication	Content
<p>Earnings per share</p> <p>1.81</p> <p>Board performance evaluated by the external party</p> <p>Good to excellent</p>	<p>The method, frequency, and channel of mutual communication between Inventec and the shareholders / investors</p>	<ul style="list-style-type: none"> ◆ Each year, the responsible unit shall periodically disclose information through shareholders' meeting, institutional investor conferences, shareholder service manuals, financial reports (monthly/quarterly), annual reports, company website, media news, etc.
	<p>Inventec's way of engaging the shareholders / investors</p>	<ul style="list-style-type: none"> ◆ Consult and involve
	<p>The shareholders' / investors' concerned topics</p>	<ul style="list-style-type: none"> ◆ Financial performance ◆ Investment strategy ◆ Risk management ◆ Risk of climate change
	<p>Inventec's response</p>	<ul style="list-style-type: none"> ◆ Inventec is selected as a constituent of the following indices: FTSE4Good TIP Taiwan ESG Index, Taiwan Sustainability Index, TWSE RAFI® Taiwan High Compensation 100 Index, TWSE Corporate Governance 100 Index, and TWSE RA Taiwan Employment Creation 99 Index. ◆ In 2018, the investment in equipment reached NT\$ 1.916 billion.

1.4 Sustainable Communication



Community

Critical information	Stakeholder communication	Content
Social donation expenditure NT\$ 30 million	The method, frequency, and channel of mutual communication between Inventec and the communities	<ul style="list-style-type: none"> ◆ Along with Inventec Group Charity Foundation, Social Responsibility Group or the responsible unit shall irregularly respond to the community issues through the website, visits, and telephone interviews and participate in the activities every year.
	Inventec's way of engaging the communities	<ul style="list-style-type: none"> ◆ Consult, negotiate, involve, and collaborate
Volunteer hours 11,192 hours	The communities' concerned topics	<ul style="list-style-type: none"> ◆ Environmental regulations conformity ◆ Social welfare
	Inventec's response	<ul style="list-style-type: none"> ◆ The annual volunteer hours grew by 58% for two consecutive years. ◆ 577 employees donated for a blood donation vehicle, with a total of more than NT\$ 6 million. ◆ Inventec has responded to blood donation activities for 25 years, accumulated 10,338 people, and donated 17,290 bags of blood (4,138,000 ml).

1.4 Sustainable Communication



Mass communication media

Critical information	Stakeholder communication	Content
<p>Forbes Magazine</p> <p>The 2018 Digital 100</p>	<p>The method, frequency, and channel of mutual communication between Inventec and the media</p>	<ul style="list-style-type: none"> ◆ Irregularly collect the news and respond to the questionnaires. ◆ Irregularly disclose the material information on Inventec's website and Market Observation Post System. ◆ Periodically hold shareholders' meetings and institutional investor conferences.
<p>CommonWealth Magazine</p> <p>2018 top 2000 enterprises - No. 9 in manufacturing</p>	<p>Inventec's way of engaging the media</p>	<ul style="list-style-type: none"> ◆ Negotiate and involve
	<p>The media's concerned topics</p>	<ul style="list-style-type: none"> ◆ Anti-corruption ◆ Financial performance ◆ Energy management ◆ Risk of climate change
	<p>Inventec's response</p>	<ul style="list-style-type: none"> ◆ The carbon emission in 2008 decreased by 8,830.890 metric tons of carbon dioxide equivalent compared to 2017. ◆ In 2018, the green power was 5.31 million kWh. ◆ In 2018, 1.12 million kWh was saved.

1.4 Sustainable Communication



Research institute

Critical information	Stakeholder communication	Content
R&D expenditure NT\$ 8.805 billion Global patents 15,500	The method, frequency, and channel of mutual communication between Inventec and the research institutes	<ul style="list-style-type: none"> ◆ Irregularly collect the research institutes' reports and respond to the visits, telephone interviews, and questionnaire surveys. ◆ Periodically hold the institutional investor conferences.
	Inventec's way of engaging the research institutes	<ul style="list-style-type: none"> ◆ Consult and involve
	The research institutes' concerned topics	<ul style="list-style-type: none"> ◆ Innovative research and development ◆ Supply chain management ◆ Customer information safety
	Inventec's response	<ul style="list-style-type: none"> ◆ In 2018, the suppliers completed all of the conflict minerals survey. ◆ In 2018, there were no complaints about customer privacy violations.

1.4 Sustainable Communication

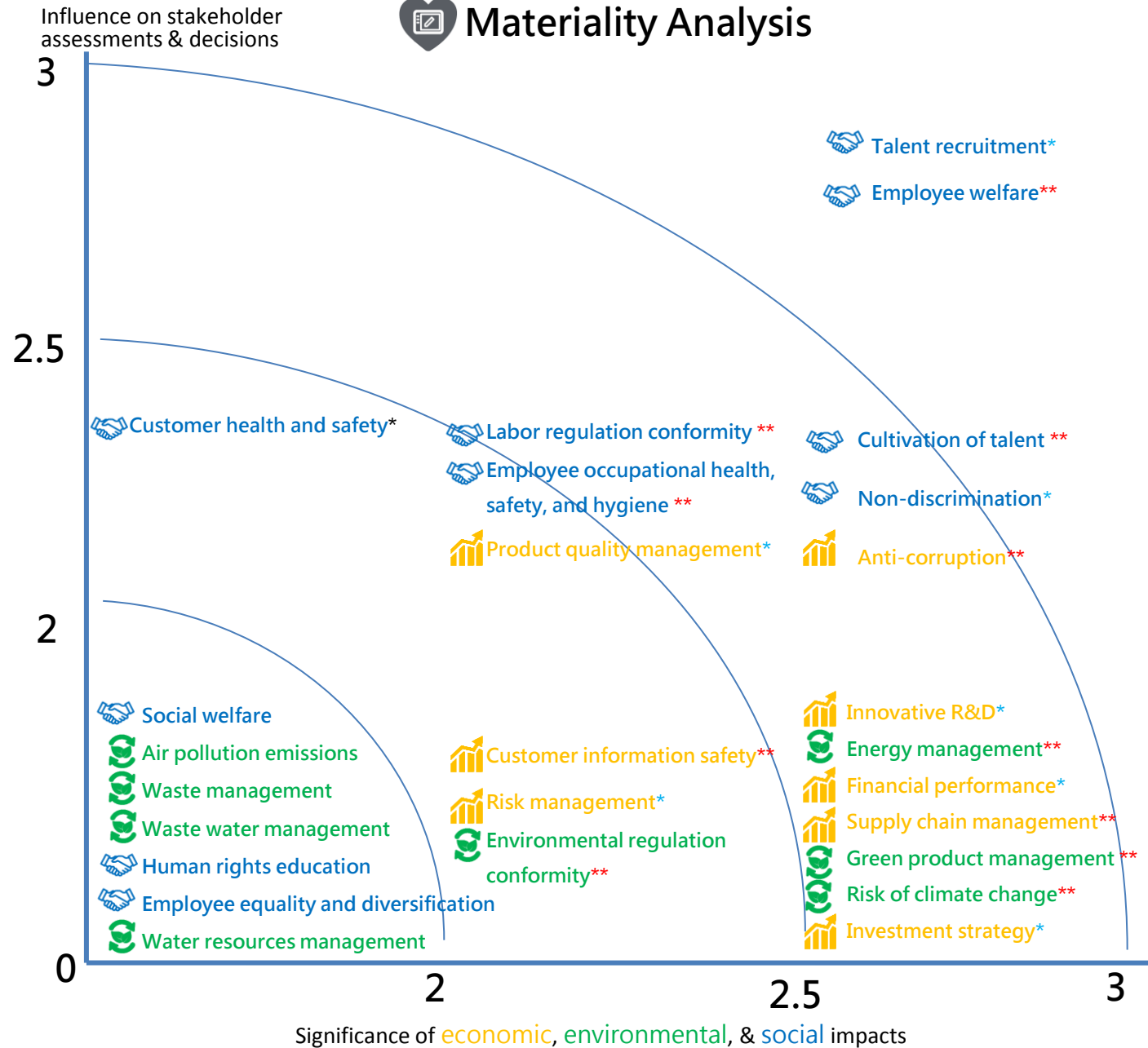


1.4.4 Ranking

- ◆ In addition to the major considerations of the “Inventec Corporate Social Responsibility Report 2017”, Inventec’s material topics are based on the Group’s internal needs, industry and stakeholder recommendations confirming the material topics of external and internal stakeholders. Through the communication channels with the eight major stakeholders, Inventec gathered the main stakeholders' concerns about the 26 topics which became the basis for the material topics ranking.
- ◆ The Inventec Corporate Social Responsibility Reporting Compilation Unit conducts interviews and questionnaire surveys of internal experts of the company, and invites relevant CSR committee representatives of Inventec Group to conduct weighted scoring of 26 topics of the eight major stakeholders. Inventec CSR organizers weighed the impact of various topics on economy, environment, and society, and the results of (1) topics affecting the concerns of stakeholders and (2) the impact of the topics on the economic, environmental and social aspects. The topic with a score higher than 2 points (as shown on this page) is listed as a material topic. After sorting and analyzing the 26 topics, 19 out of the thresholds were selected and became a material topics of Inventec (as shown in the table on this page).



Materiality Analysis



註：1. *8 new material topics in 2018 **11 lasting material topics from 2017

2. Economic Environmental Social




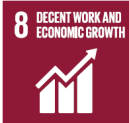



1.4 Sustainable Communication

1.4.5 Material Topics

Ranking	Material Topic	Inventec's Daily Operation System Correspondence Information	Corresponding International Indicators			Association with Inventec's Value Chain			Corresponding chapters and pages
			GRI	SDGs	IR	Supplier	Inventec	Customer	
1	Talent recruitment	Human resources service management system	GRI 401-1		Human capital		✓		<ul style="list-style-type: none"> • 4.1.1 Talent Management P.60-P.61
2	Employee welfare	Human resources service management system	GRI 201-3 GRI 401-2		Human capital		✓		<ul style="list-style-type: none"> • 4.2.2 Employee Welfare • P.66
3	Cultivation of talent	Manpower training management system	GRI 404-1 GRI 404-2 GRI 404-3		Human capital		✓		<ul style="list-style-type: none"> • 4.1.2 Cultivation of Talent • P.62-P.64
4	Non-discrimination	Global employee code of conduct management	GRI 406-1		Social capital		✓		<ul style="list-style-type: none"> • 4.2.3 Employee Communication • P.67
5	Anti-corruption	<ol style="list-style-type: none"> 1.Global employee code of conduct management 2. Employee complaints and external reporting management practices 	GRI 205-1 GRI 205-2 GRI 205-3		Financial capital Social capital	✓	✓	✓	<ul style="list-style-type: none"> • 2.3 Integrity Management • P.29-P.30
6	Innovative R&D	<ol style="list-style-type: none"> 1.New product development patent management process 2.Innovative proposal management approach 	GRI 201-1		Intellectual capital	✓	✓	✓	<ul style="list-style-type: none"> • 3.2.1 Intellectual Rights Innovation and Patent • P.45






1.4 Sustainable Communication

1.4.5 Material Topics

Ranking	Material Topic	Inventec's Daily Operation System Correspondence Information	Corresponding International Indicators			Association with Inventec's Value Chain			Corresponding chapters and pages
			GRI	SDGs	IR	Supplier	Inventec	Customer	
7	Energy management	<ol style="list-style-type: none"> 1. Energy management system (in accordance with international ISO 50001 requirements) 2. Energy conservation and carbon reduction project management measures 	GRI 302-1 GRI 302-2 GRI 302-3 GRI 302-4	 	Natural capital		✓		<ul style="list-style-type: none"> • 5.1.5 Energy Management • P.80-P.81
8	Financial performance	Corporate governance / board operations	GRI 201-1		Financial capital		✓		<ul style="list-style-type: none"> • 3.1.6 Operational Performance • P.42
9	Supply chain management	<ol style="list-style-type: none"> 1. Supplier purchasing management system 2. Supplier evaluation management system 3. Supplier social environmental responsibility (SER) management process 	GRI 204-1 GRI 308-1 GRI 308-2 GRI 414-1 GRI 414-2		Financial capital Natural capital Social capital	✓	✓	✓	<ul style="list-style-type: none"> • 3.3 Sustainable Supply Chain Management • P.49-P.54
10	Green product management	<ol style="list-style-type: none"> 1. Green product management system (in line with international IECQ QC 080000 requirement) 2. Quality Management System (in accordance with international ISO 9001 requirements) 	GRI 416-1 GRI 416-2		Manufactured capital Natural capital	✓	✓	✓	<ul style="list-style-type: none"> • 3.2.2 Green Design • P.45-P.46
11	Risk of climate change	Greenhouse gas management system (in accordance with international ISO 14064-1 requirements)	GRI 201-2 GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4 GRI 305-5		Natural capital		✓		<ul style="list-style-type: none"> • 5.1 Climate Action • P.73-P.81
12	Investment strategy	Corporate governance / board operations	GRI 201-1		Financial capital		✓		<ul style="list-style-type: none"> • 3.1.5 Long-term and short-term Development Plan • P.41




1.4 Sustainable Communication

1.4.5 Material Topics

Ranking	Material Topic	Inventec's Daily Operation System Correspondence Information	Corresponding International Indicators			Association with Inventec's Value Chain			Corresponding chapters and pages
			GRI	SDGs	IR	Supplier	Inventec	Customer	
13	Labor regulation conformity	<ol style="list-style-type: none"> Human resources service management system Responsible Business Alliance Code of Conduct Management Manual 	GRI 419-1		Human capital	√	√		<ul style="list-style-type: none"> 4.2.1 Regulation Conformity P.65
14	Employee occupational health, safety, and hygiene	<ol style="list-style-type: none"> Occupational safety and health management system (in accordance with international OHSAS 18001 requirements) Responsible Business Alliance Code of Conduct Management Manual 	GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-4 GRI 403-5 GRI 403-6 GRI 403-7 GRI 403-9		Human capital	√	√		<ul style="list-style-type: none"> 4.3 Healthy Workplace P.68-P.70
15	Product quality management	Quality Management System (in accordance with international ISO 9001 requirements)	GRI 416-1 GRI 416-2		Manufactured capital	√	√	√	<ul style="list-style-type: none"> 3.1.8 Customer Satisfaction P.44
16	Customer information safety	<ol style="list-style-type: none"> Information security management system (in accordance with international ISO 27001 requirements) Customer privacy management Procedure Trademark and copyright management procedures 	GRI 418-1		Intellectual capital		√	√	<ul style="list-style-type: none"> 3.1.7 Customer Privacy and Information Security P.43
17	Risk management	Prevention (risk control) internal control system	GRI 201-2		Financial capital		√		<ul style="list-style-type: none"> 3.1.4 Risk management and Countermeasures P.40-P.41

1.4 Sustainable Communication

1.4.5 Material Topics

Ranking	Material Topic	Inventec's Daily Operation System Correspondence Information	Corresponding International Indicators			Association with Inventec's Value Chain			Corresponding chapters and pages
			GRI	SDGs	IR	Supplier	Inventec	Customer	
18	Environmental regulations conformity	1. Environmental management system (in accordance with international ISO 14001 requirements) 2. Responsible Business Alliance Code of Conduct Management Manual	GRI 307-1	 	Natural capital	✓	✓		<ul style="list-style-type: none"> • 5.2.1 Environmental Responsibility • P.82
19	Customer health and safety	Green product management system (in line with international IECQ QC 080000 requirement)	GRI 416-2		Manufactured capital		✓	✓	<ul style="list-style-type: none"> • 3.2.2 Green Design • P.45-P.46



Inventec Issuing Corporate Social Responsibility Report Management Process

Report preparation

The report preparation unit performs related operations in accordance with the "CSR Report Preparation Operation Management Procedure".

Internal verification

The report preparation unit performs the internal verification of the report.

3rd party verification

Obtain the 3rd Party external verification.

Report to the Board

Submit the CSR annual performance and the next year's CSR report compilation plan to the Board of Directors.

Release report

After approval by the general manager, Inventec Social Responsibility Report will be uploaded to the company's website for disclosure.



1.4.6 Report Response

- ◆ In order to meet the needs of relevant stakeholders, the above 19 material topics are the focus of the report's response to the content of the report, as shown in 1.4.5 Material Topics, which correspond to Inventec's response to the daily operating system of the 19 material topics and the disclosures of management approach of the material topics.
- ◆ The Inventec Reporting Compilation Unit, Environmental Management Center, issues corporate social responsibility reports in accordance with the "CSR Reporting Compilation Management Procedures". The management procedure of the Inventec Corporate Social Responsibility Report is shown in the figure on this page.

Corporate Social Responsibility

Sustainable Development



Corporate Governance



Corporate Commitment



Environmental Protection



Social Participation

Corporate Citizenship



Protect the Environment

Committed to energy conservation and carbon reduction, attaching importance to ecological and environmental protection, and pursuing a sustainable supply chain of green products, green production and green living.



Promote the Culture

Establish a culture of integrity management, friendly health and gender equality. Promote the aesthetics of culture and art.



Help the Disadvantaged

Establishing Inventec's volunteer culture dedicated to charity, social support, welfare of the disadvantaged, and support for social enterprises.



Support the Community

Develop good community relations, participate in community greening, create sustainable development of the community, and achieve common prosperity.

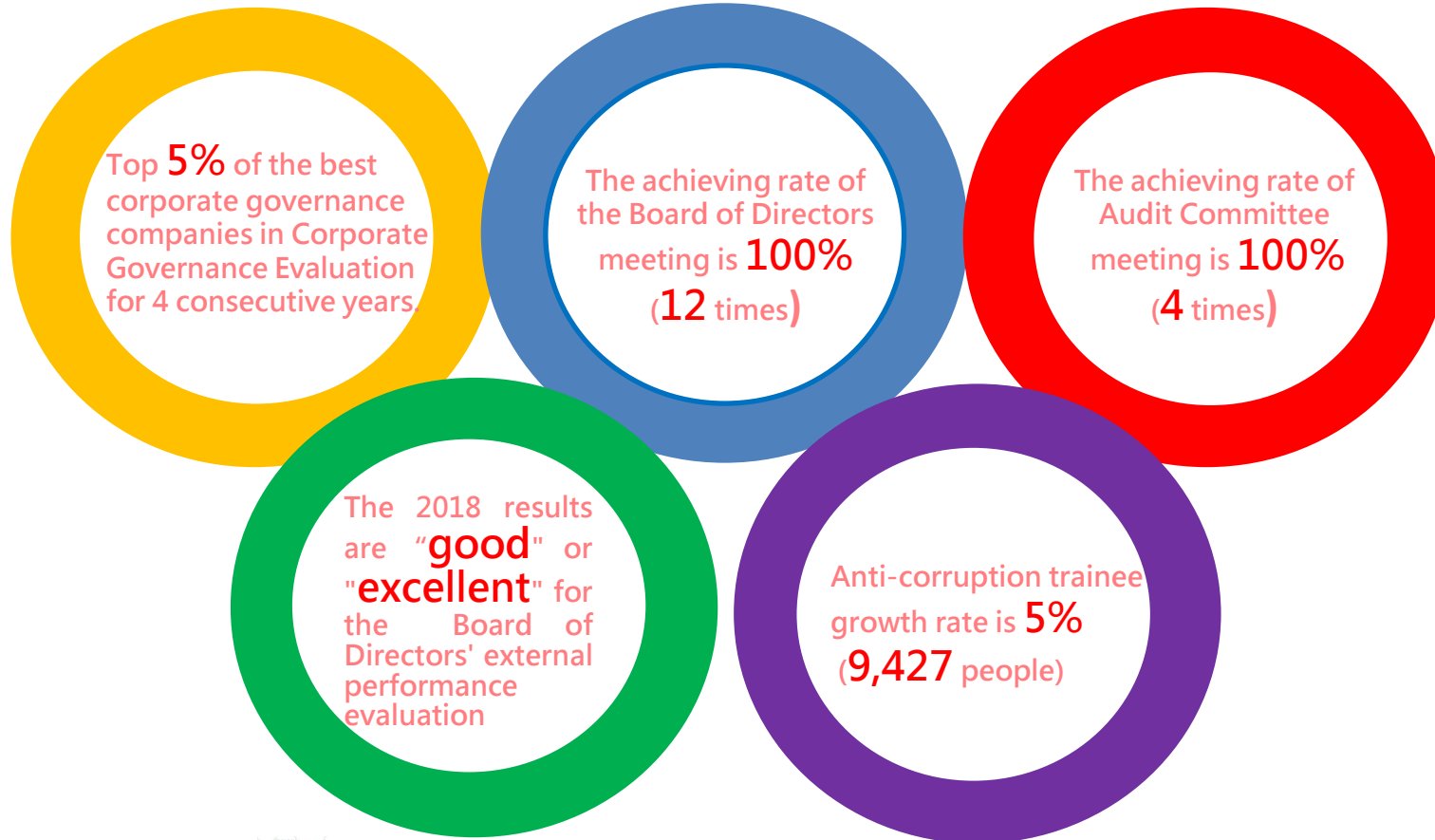
2 Corporate Governance

SDGs



2.1 Board of Directors	26
2.2 Committees	28
2.3 Integrity Management	29
2.4 Internal Control System	31
2.5 Information Disclosure	33

Corporate Governance Performance



- ◆ **Material Topic** : **Anti-corruption**
- ◆ **Key Practices** : **Establish management measures related to integrity management, continue to conduct training, set up "complaint mailboxes" that can be used internally and externally, and implement the operation of the Appeals Committee.**
- ◆ **Browse Suggestions** : **Government agencies, media, etc.**

2.1 Board of Directors

2.1.1 Board of Directors' Operation

The Board of Directors Meeting Regulation

- ◆ Inventec's Board of Directors has the main purpose of establishing a good governance system, improving supervision functions and strengthening management functions. Unless otherwise prescribed by laws and decrees or regulations, the Board of Directors meetings shall be conducted pursuant to the "Rules for Board of Directors' Discussion" of the Company. Upon convening a Board of Directors meeting, the discussion unit designated by the Board of Directors shall prepare relevant materials for the Board of Directors' examination at any time and notify managers from relevant departments who are not directors to attend according to the contents of the proposals. When necessary, the Company will also invite accountants and other professionals to attend meetings.
- ◆ Inventec has "Code of Practice on Corporate Social Responsibility". When fulfilling corporate social responsibility, it should consider the interests of stakeholders. It is advisable to treat customers or consumers in a fair and reasonable manner, and to solve social or environmental problems through business models. Inventec carries out the duty to supervise the integrity of operations and the policy about preventing conflicts of interest, and provides appropriate reporting channels. Inventec's "Rules of the Board of Directors Meeting" has a system of directors' interest avoidance to ensure that the relevant resolutions do not harm the company's interests.

2.1.2 Duties of Board of Directors

Responsibility of Board of Directors

- ◆ All of Inventec's current directors faithfully perform their duties. Each director can fully express and build mutual understanding. After the resolution is formed, it will be executed by the management team. They will continue to monitor its implementation effectiveness and fulfill the duties of Board of Directors. With respect to the key issues in 2018, please refer to the major information release record of Market Observation Post System.
- ◆ The Company adopted the system for nominating candidates in 2017 to elect the 15th session of directors and supervisors, electing nine directors (including three independent directors). All independent board directors will work as members of the Audit Committee, while a substitute supervisor will be installed for the Audit Committee. In order to strengthen the independence and diversity of the Board of Directors.
- ◆ The members of Board of Directors receive further continuous education during the term, the Company 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' important resolutions shall be published immediately on the company website for inquiry.

Supplementary Information

Annual Report



The Board of Directors meeting regulation



Corporate governance page on Inventec official website



The Correspondence between the Information of Inventec's 2018 Board of Directors and the Company's Annual Report

Information of Board of Directors		2018 Annual Report
Board meeting frequency	◆ Board meetings are held every month. In 2018, the Board of Directors of Inventec held 12 meetings and held corporate governance meetings every quarter.	◆ II. Corporate Governance Report →2.3 Implementation of Corporate Governance →2.3.1 Board of directors (p.15-p.16)
Board member diversity policy	◆ Men account for 100%. Age: 60 to 70 years old (including 70) accounting for 77.78%, over 70 years old (excluding 70) accounting for 22.22%.	
A department or a person dedicated to corporate governance, or on a part-time basis	◆ The company handles affairs related to corporate governance through the financial center. On February 26, 2019, by board resolution, CFO, who has more than three years of management experience in finance, stock affairs, and public company deliberation, was appointed the additional post of the corporate governance director.	
The Board performance assessment	◆ According to the performance evaluation regulations for the board of directors, the evaluation is performed by an external professional independent agency or an external expert team at least once every three years. ◆ In 2018, the external professional independent agency KPMG Enterprise Management Co., Ltd. was contracted for the external evaluation. The evaluation period was from September 4, 2018 to January 9, 2019. The evaluation range covers the entire board of directors, functional committees, and individual board members. The evaluation method includes data analysis, questionnaires, and interviews, and the performance evaluation reports are issued according to the evaluation results. ◆ The 2018 results are "good" or "excellent" for the external performance evaluation.	◆ II. Corporate Governance Report →2.3 Implementation of Corporate Governance →2.3.4 Corporate governance implementation status and deviations from "corporate governance best-practice principles for TWSE/GTSM listed companies" (p.20-p.25)

2.1 Board of Directors

2.1.3 Members of the Board of Directors

Name	Title	Gender	Education
Cho, Tom-Hwar	Chairman	Male	•Department of Electrical Engineering, National Taiwan University
Yeh, Kuo-I	Director	Male	•University of San Francisco
Lee, Tsu-Chin	Director	Male	•Bachelor of Economics, Tunghai University
Wen,Shih-Chih	Director	Male	•Xihu Vocational High School of Industry and Commerce
Chang,Ching-Sung	Director	Male	•Master of Electric Engineering, National Taiwan University
Huang,Kuo-Chun	Director	Male	•Bachelor of Electric Engineering, National Cheng-Kung University
Chang,Chang-Pang	Independent Director	Male	•Master of Laws, National Cheng-Chi University
Chen,Ruey-Long	Independent Director	Male	•Bachelor of Economics, National Chung-Hsing University
Shyu, Jyuo-Min	Independent Director	Male	•Ph. D. in Computer and Engineering Science, University of California, Berkeley •Bachelor and Master of Electric Engineering, National Taiwan University

Name	Experience	Current Position
Cho, Tom-Hwar	•Chairman, Inventec Solar Energy Corporation	•Chairman, Inventec Corporation
Yeh, Kuo-I	•Chairman, Inventec Corporation	•Director, Inventec Corporation
Lee, Tsu-Chin	•Chairman, Inventec Corporation	• Chairman of Inventec Group Charity Foundation
Wen,Shih-Chih	•Senior Vice President, Inventec Corporation	•Director, Inventec Corporation
Chang,Ching-Sung	•Chairman, Inventec Appliances Corporation	•Chairman, Inventec Appliances Corporation
Huang,Kuo-Chun	•President, Inventec Corporation	•Director, Inventec Corporation
Chang,Chang-Pang	•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	•Chief Executive Officer, Lien Chan Foundation for Peace and Development
Chen,Ruey-Long	•Chairman, Institute for Information Industry •Minister, Ministry of Economic Affairs	•Chairman, Sinocon Industrial Standards Foundation
Shyu, Jyuo-Min	•Minister, Ministry of Science and Technology •President, Industrial Technology Research Institute •Dean, National Tsing Hua University, College of Electrical Engineering and Computer Science	•President, Cloud Computing & IoT Association in Taiwan

2.1.4 Succession Plan



◆ To improve the function of the board of directors and strengthen the company's management mechanism, an appropriate board of directors shall be established with a diversified policy for the members of the board of directors according to the demand of operations and development of the company. On the principle of equality to shareholders, directors shall be elected according to the candidate nomination system. Pursuant to the company's "talent-oriented" philosophy, Talent Cultivation shall be the basis for the sustainable management of Inventec. In view of the core value, strategy, and goal of the company, the perfect succession plan shall be made. First, the talent shall be retained, which requires establishing a talent pool, education and training, performance assessment, incentives, and potential successor reserve. A systematic process shall be developed for talent elevation to guarantee the steady development of the company's human resources. Second, sustainable operation is needed. Talents shall be cultivated from within, the talent development plan shall be approved each year, the careers of crucial senior management successors shall be planned. By shifting different positions, personnel will learn through practice, and successors will be cultivated for the future. With a focus on the core value course, Inventec's enterprise culture and value will be conveyed, and its management philosophy will be identified. Through a hierarchical and functional course, personnel can learn industrial knowledge, management ability, and professional competence. Through position shifting, education, and training, trainers will be put to use in an integrated way in order to cultivate strategy and decision-making ability and pass down the experience and profession of the company.

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◆ II . Corporate Governance Report
→2.3 Implementation of Corporate Governance
→2.3.4 Corporate governance implementation status and deviations from "corporate governance best-practice principles for TWSE/GTSM listed companies" (p.26)

Supplementary Information

2.2 Committees

2.2.1 Audit Committee



- ◆ The Company adopted the system for nominating candidates in 2017 to elect the 15th session of directors and supervisors, electing nine directors (including three independent directors). All independent board directors will work as members of the Audit Committee, while a substitute supervisor will be installed for the Audit Committee. In order to strengthen the independence and diversity of the Board of Directors. A total of 4 (A) meetings of the audit committee were held in 2018.

2.2.2 Remuneration Committee



- ◆ The Remuneration Committee, consisting of 3 independent directors, is responsible for setting and regularly reviewing the policies, systems, standards and structures for performance evaluation and compensation for directors and managers.
- ◆ The remuneration committee held 2 meetings in 2018, and the average attendance rate of all members was 100%.

2.2.3 Remuneration of Employees and Directors



- ◆ According to the Articles of Incorporation of the Company, 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 the Company 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.
- ◆ The Board of Directors passed a resolution, determining that the remuneration of employees in 2018 is NTD 490,802,732, and the remuneration of directors in 2018 is NTD 97,342,541.

The Correspondence between Inventec's 2018 Committee Information and the Company's Annual Report

Committee Information		2018 Annual Report
Salary and compensation policy	◆ Employee salary and company operations grow together to fulfill corporate social responsibility.	◆ II . Corporate Governance Report →2.3 Implementation of Corporate Governance →2.3.6 Implementation of corporate social responsibility (p.28)
Remuneration for directors, general managers, and deputy general managers	◆ The Remuneration Committee reviews and submits for the resolution and decision of the Board of Directors.	◆ II . Corporate Governance Report →2.2 Directors, supervisors and management team →2.2.3.5 (p.14)

Supplementary Information

Organizational Regulation of Remuneration Committee



2.3 Integrity Management

2.3.1 Prevention and Reporting

Integrity Management Commitment

- ◆ 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.

Inventec

Integrity Management Procedures

- ◆ Integrity Operational Practices: Inventec sets the "Code of Integrity Code", "Ethical Code of Conduct", "Management Measures for Global Employee Code of Conduct", "Employee Appeals and External Reporting Management Practices" and "Integrity Operating Procedures and Conduct Guidelines" to prevent conflicts of interest."
- ◆ Resolutions of the Board of Directors: Matters relating to major operational policies, investment cases, asset acquisition and disposal, bank financing, capital loans and others and endorsements are evaluated and reported by the relevant authorities and reported to the board of directors.
- ◆ Object behavior clause : 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 addition, it has signed a contract with suppliers to prohibit the receipt of improper benefits, establish an effective accounting system and internal control system, regularly perform internal audits and self-assessment operations, and check the company's compliance to prevent the occurrence of dishonest behavior.

Reporting Channels

- ◆ System management and special personnel for special responsibilities : The Talent Center is deemed the co-current 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. 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.
- ◆ In accordance with the "Employees' Appeals and External Reporting Management Regulations", Inventec has a survey standard operating procedure and a confidentiality mechanism for accepting and reporting matters. When the authorities have confirmed the acceptance of the case, they will handle the investigation by the project team. For complaints filed by employees through the internal formal grievance mechanism, all investigations are conducted in accordance with the relevant regulations and procedures of Inventec. If the verification results are indeed illegal, the disciplinary action shall be taken in accordance with the principle of trial.
- ◆ the Company has designated a stakeholder zone for the grievance mechanism about anti-corruption and social / human rights / environmental issues of supply chain.

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2.3 Integrity Management

2.3.2 Implementation

2018 Integrity Management Implementation	
Information about Integrity Management	
Management measures for the high risk units	<ul style="list-style-type: none"> In accordance with the "Industry Integrity Code of Practice" and the "Integrity Operation Procedures and Behavior Guidelines", after the unit risk is assessed for the definition of improper benefits, the resolution of Finance Center, Legal & Intellectual Property Center, Talent Center, Environmental Management Center, Supply Chain Business Unit, and Quality Assurance Customer Service Center are required to complete the self-assessment. The 2018 coverage includes the Inventec Group to ensure that the company implements and follows the precautions set out in the Code of Conduct. The main risks of the self-assessment are unfamiliarity with the statutory and corporate requirements, and the management is enhanced through training.
Prevention and training measures	<ul style="list-style-type: none"> In order to ensure the implementation of integrity management, new employees are required to participate in the "implementation of internal control system" and related legal training. In 2018, a total of 9,427 people from Taiwan, mainland China and the United States received integrity management training. The number of hours of integrity management training was 6,609 hours. The training rate is as shown on this page. Board members' integrity management training rate is as shown on this page..
Acceptance of reports and findings	<ul style="list-style-type: none"> All cases accepted by the accepting personnel shall be transferred to the specific internal authorities. In 2018, one integrity related case is filed, and one case is closed, 2 cases in total.

Supplementary Information

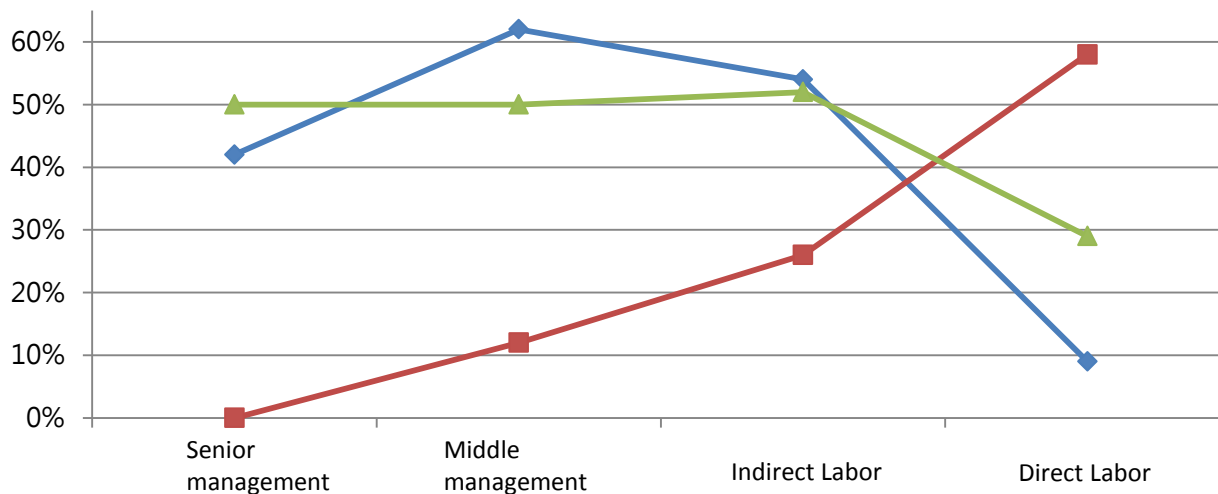
Stakeholder Zone



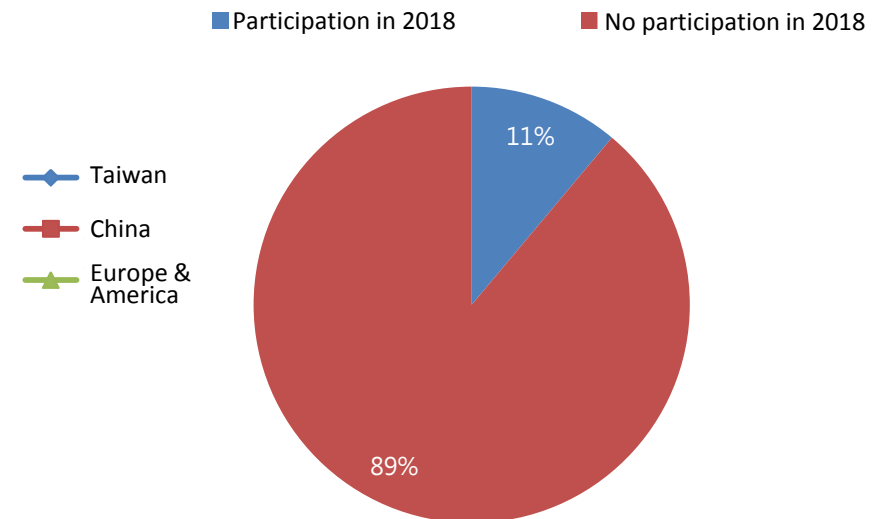
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2018 Employee Integrity Management Training Rates



2018 Board Members Integrity Management Training Rate



2.4 Internal Control System

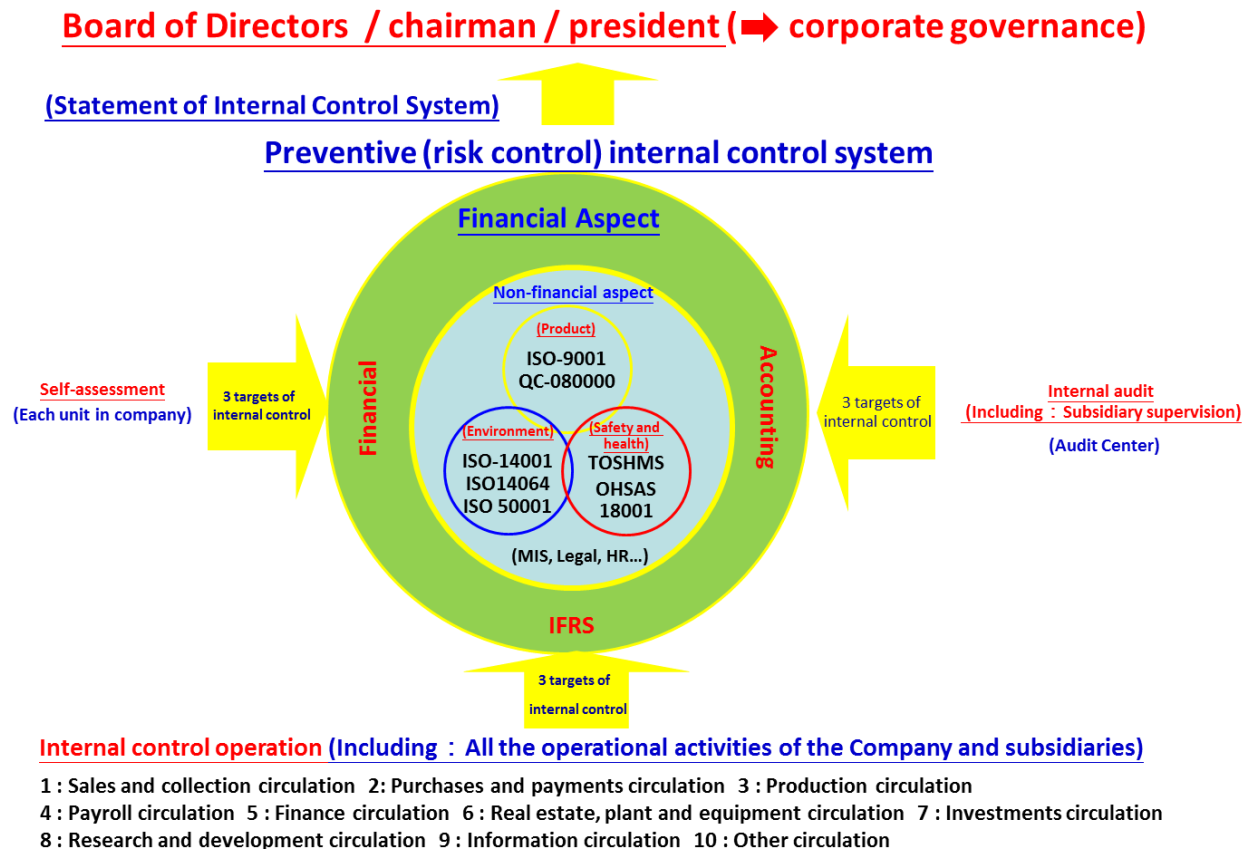
2.4.1 Preventive (Risk Control) Internal Control System

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 Board of Directors and senior supervisors of the Company attach great importance to corporate governance and the implementation of the internal control system, convening a Board of Directors meeting every month to review issues such as corporate governance, finance, operations and the internal control system, etc. A corporate governance meeting is also convened every quarter, appointing an accountant with checking and auditing (audit and review) the content and indicating the impact that the new laws and regulations will have on the Company, and propose suggestions and descriptions on new laws and decrees regarding examination each quarter, and the Board of Directors will coordinate with relevant laws and decrees to adjust the practice and regulation of corporate governance and the 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.



Inventec Corporate Governance and Operational Governance: Schematic

2.4 Internal Control System

2.4.2 Integration and Establishment of an All-in-one Preventive (Risk Control) Internal Control System

Internal control system: In order to implement integrity operations, 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, Consent of audit committee, 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.

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. Internal control system includes 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, ISO 27001 information security management system, etc.

Inventec has established a global e-in All In One preventive (risk control) internal control system, including: (1). Inventec Group's multi-in-one preventive (risk control) internal control system, (2). Total subsidiaries (36 in total) preventive (risk control) internal control system, (3). Implementation of "e-internal control system with computer" management.

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 their department through the internal website of the company at any time. If required, they can inquire about procedures across the plants 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".

2.4.3 Execution and Performance of the Preventive (Risk Control) Internal Control System

The Company has consolidated all domestic and overseas plants and all subsidiaries and plants to establish all-in-one preventive (risk control) internal control system. The parent company, Inventec, has issued a total of 415 preventive (risk control) internal control system procedure documents; a total of 36 subsidiaries have issued 1,277 preventive (risk control) internal control system procedure documents. As of now, a total of 1,692 procedure documents have been formulated. Meanwhile, the Audit Center along with the IT unit have established a computerized document management system of preventive (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 better environmental protection.

2.4.4 Preventive (Risk Control) Internal Audit

Internal audit lean progress: regulatory compliance audit -> detection and defect elimination audit -> factory governance audit -> computer-aided audit -> remote audit -> preventive (risk control) audit. Internal audit: : Preventive audits (risk control) are performed according to the audit policy for the following 11 high risks approved by the board of directors in 2018: ethics, audit authority, inventory management, receivables, costs and expenses, asset preservation, industrial safety and environmental protection, information security, financial reporting (IFRS), financial regulations, compliance with laws and regulations to establish the audit emphasis for the preventive (risk control) management mechanism, and identify potential operational risks as soon as possible, assist the operations team to take preventive actions in advance, and continuously improve the contribution and value of internal audits to Inventec and its subsidiaries.

Internal prevention audit (risk control) plan: The 2018 internal audit plan approved by the board of directors covers: factories (Shilin Factory, Taoyuan Factory, Taipei Computer Factory), subsidiaries (PSG Group, EBG Group, Solar Energy Group, a total of 25 and Inventec Appliances Group, a total of 11). The internal audit report and the follow-up report are submitted to the audit committee for inspection prior to the end of the following month after the completion of the audit project.

In addition to the "annual audit plan" approved by the board of directors, the preventive (risk control) internal audit shall be carried out for the control operations of each transaction cycle in all factory areas and subsidiaries. To expand the depth of internal audits and promote their greater synergy and contribution, the audit center will establish project audits when requested to do so by the board of directors for the important problems and high-risk businesses found in routine audits and shall conduct in-depth investigations and submit audit reports.

2.4 Internal Control System

2.4.5 Preventive (Risk Control) Self-assessment and Internal Control System Statement

According to Article 22 of the Financial Supervisory Commission's "Guidelines for the Establishment of Internal Control System for Public Issuance Companies": The public issuing company shall self-assess the internal control system, and shall first urge its internal units and subsidiaries to conduct self-assessment at least once a year. The internal audit unit then reviews the self-assessment report of each unit and subsidiary.

The Company implements internal control preventive (risk 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 overall effectiveness of Preventive (Risk Control) Internal Control System and issue the "Inventec Internal Control System Statement".

In order to implement the self-supervision mechanism of the Company and respond to environmental change in a timely manner, and in order to adjust the design and execution of the internal control system, in each November and December, the "Self-assessment Training Explanation Sessions" were arranged for the colleagues without experience in each plant and subsidiary which has more than 5 people, 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 7 training explanation sessions were held for self-assessment in 2018, and the total number of supervisors and colleagues participating in the self-assessment training explanation sessions was 214 people.

Inventec completed self-assessment on 300 units, identified 905 duties, 1,761 targets, and 2,155 risk items affecting target achievement. Meanwhile, the Company has prepared 3,455 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 519 departments from 35 subsidiaries was completed, identifying 2,291 duties, 4,200 targets, and 5,444 risk items affecting target achievement. Meanwhile, the Company has prepared 8,960 control points to reduce the occurrence of such risks in order to achieve those targets. The self-assessment explanation happened one month in advance, and the self-assessment units identified the risk and improved beforehand, so when the company and its subsidiaries conduct self-assessment, no further defect was found.

"2018 Inventec Corporation Statement of Internal Control System" has been approved by the Board of Directors in their meeting held on Mar. 26th, 2019 with zero of 9 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement. The details can be found on the website:



2.5 Information Disclosure

2.5.1 Information Disclosure Mechanism



Information Disclosure Channels

- ◆ The Company 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.
- ◆ 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.



Disclosure Channels

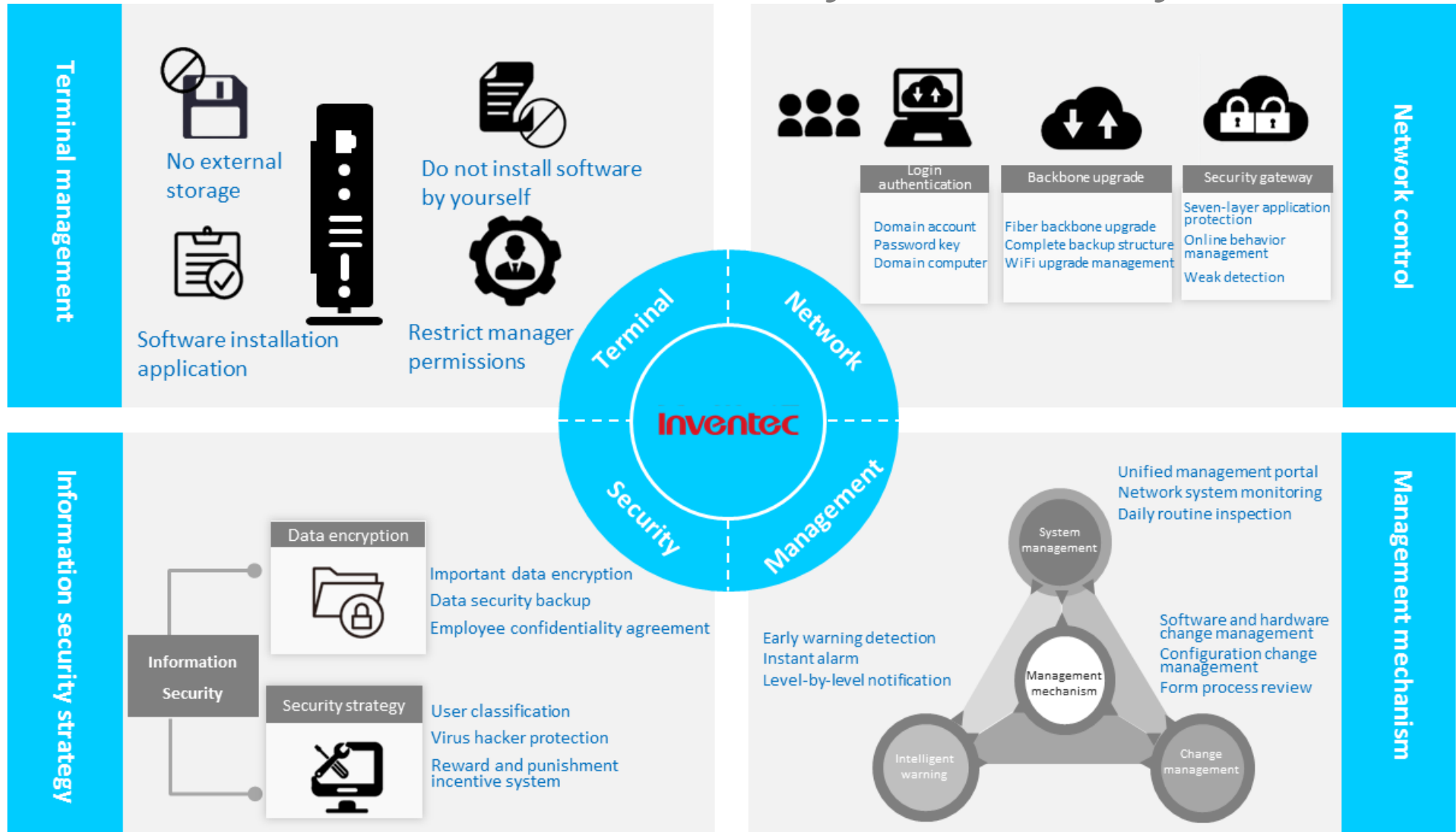
- Spokesperson
- Company website
- Institutional investors' conference
- Company annual report
- Shareholders' meeting
- Corporate Social Responsibility Report
- Market Observation Post System
- Stakeholder zone

2.5 Information Disclosure

2.5.2 Information Disclosure Security Management

◆ Inventec Information Security Management follows the "Information Security Policy" to develop guidelines for information security management and establishes Inventec's information security protection system to ensure that the stakeholders' needs and expectations of Investec's information security management are met. The operating system is shown below:

Inventec Information Security Protection System



3 Operational Development



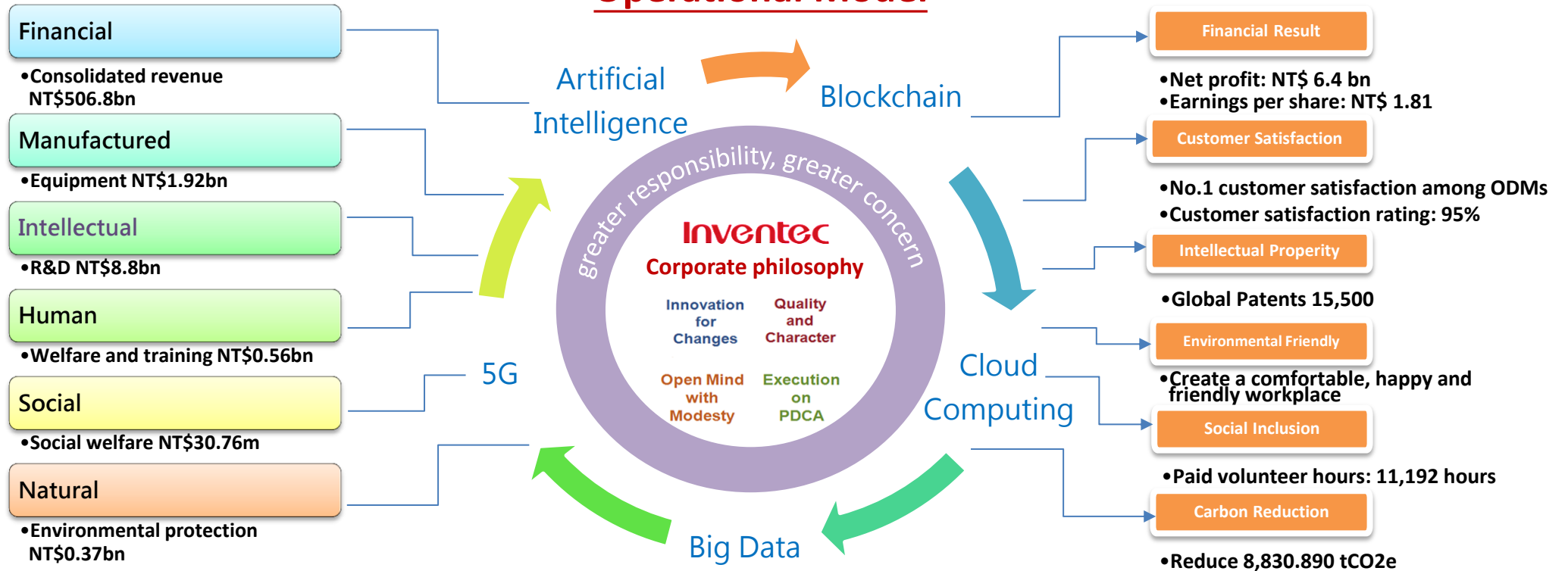
SDGs

8 DECENT WORK AND ECONOMIC GROWTH 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 
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Operational Development Performance

Operational Model



Inventec's 3 major strategies for the company's pursuit of profit

- Customer satisfaction
- Value creation, profit pursuit
- Promotion on younger talented executives



Inventec's development goals for the next three years

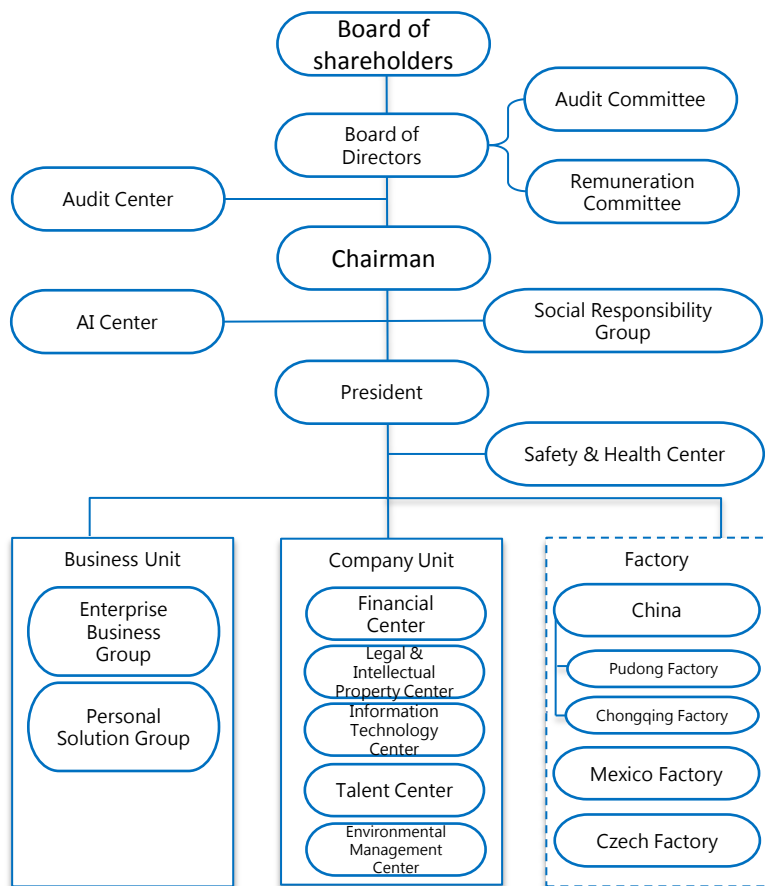
- Along with the industrial trends, continue the constant development of notebook computer's change in the four major areas
- Set up technology development centers for AI, Industry 4.0, and 5G
- Focus on new business opportunities for long-term development (medical care and automotive electronics)

3.1 Operational Management

3.1.1 Operational Team

Inventec Operational Team

- ◆ In order to strengthen the management physique, improve the work team, improve the organization efficiency, and strengthen the market layout, Inventec plans three organizational structures: business units, company units and factories to enhance the competitiveness of enterprises and meet the challenges of the latest industry.



Major Functions of the Operational Team

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.
Talent Center	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.
Environmental Management Center	Overall planning of the company's human resources related business.
Pudong Factory	Overall planning of the company's related management business and the integrated planning and supervision of environment and quality.
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 design and development, manufacturing, after-sales services, etc. of portable computers, wireless communication products, and corporate computers.
Czech Factory	Responsible for production, testing, troubleshooting, after-sales services, etc. of corporate servers and storage systems.

3.1 Operational Management

3.1.2 Operational Locations

Global Scale

Headquarters

Taipei



Production Compounds

Taoyuan



Shanghai



Brno



Juarez



Chongqing



Nanjing



Regional Office

Beijing, Tianjin, Xian, Nanchang

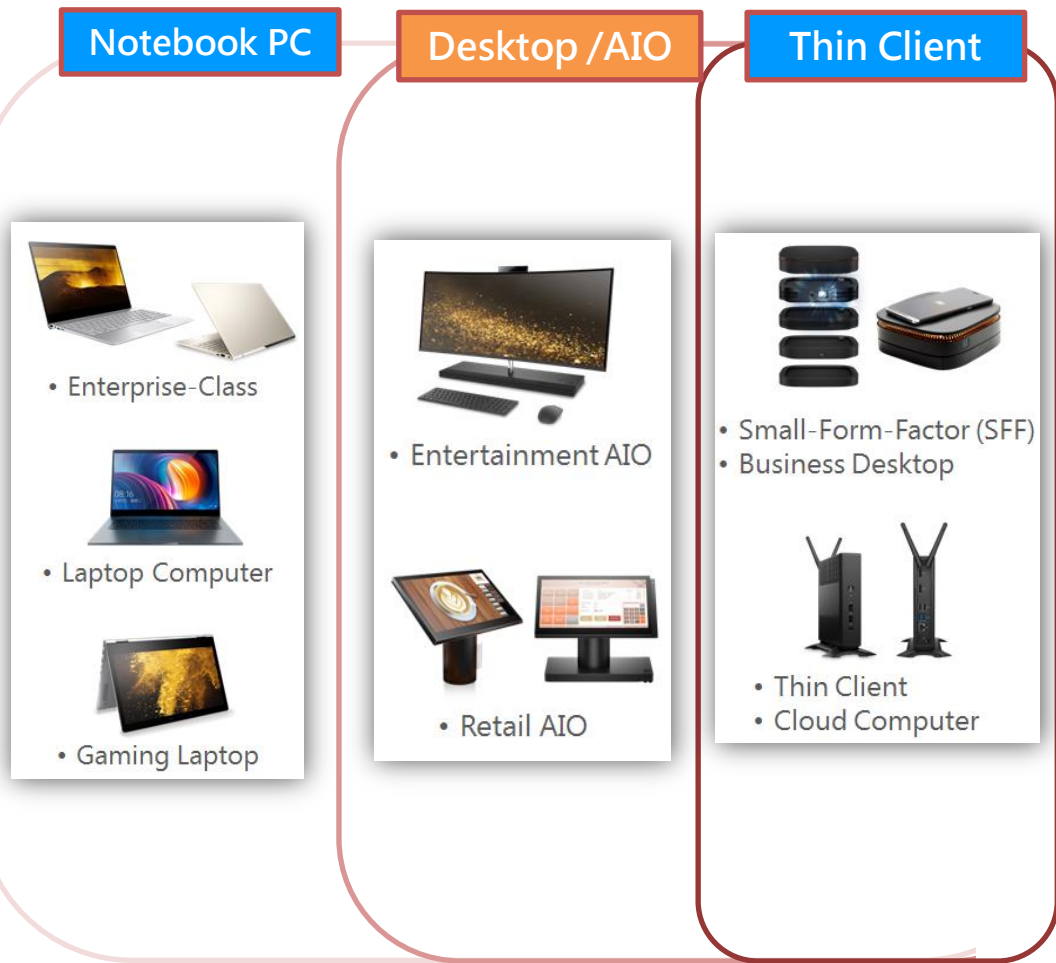
Tokyo, Silicon Valley, Austin, Houston

3.1 Operational Management

3.1.3 Product Development

Personal Solution Group (PSG)

Enterprise Business Group (EBG)



3.1 Operational Management

3.1.4 Risk Management and Countermeasures



Risk Assessment and Management Practices

- ◆ The prevention (risk control) internal control system of Inventec includes: (1).prevention (risk control) risk assessment, (2). prevention (risk control) internal control, (3).prevention (risk control) internal audit, and (4).prevention (risk control) self-assessment.
- ◆ Inventec CSR-related functional units design, revise and implement the necessary risk control points based on seven high-risk factors (such as the following) to assess and identify risks that are not likely to achieve the company's objectives, so as to reduce the risk that the target may not be achieved.
 - Group's high-risk projects
 - Ethics
 - Cost
 - Financial Reporting (IFRS)
 - Asset preservation
 - Compliance with regulations
 - Occupational safety and environmental protection
- ◆ Inventec identifies four major risk categories and evaluates the above risk categories, and proposes risk response strategies and emergency response measures. (Details such as table information)

Inventec's 4 Major Risks and Countermeasures

Risks	Countermeasures
The risk of technology change and industry change	<ul style="list-style-type: none"> ◆ Inventec aims to become a world-class plant. In order to fully promote the construction of an intelligent factory, we are developing and implementing a detailed strategy and development plan from four aspects: 4.0 (industry 4.0), TPS (Toyota production model), LSS (lean six standard deviation), and Automation (Automation). ◆ In terms of physical construction, the AI research center, industry 4.0 technology center, and 5G telecommunication technology center were successively established in 2018. The intangible, in-depth research is performed over the five core technologies vital for future product and market development: A (AI), B (Blockchain), C (Cloud Computing), D (Big Data), and 5 (5G). ◆ In the future, we will continue to carry out product innovation to implement diversified management and connect with science and technology. For the enterprise's sustainable development, we will continue to provide customers with comprehensive solutions from research and development, design, production, distribution, and service, in order to improve profitability and customer satisfaction. Furthermore, through the Internet and 5G mobile technology, the company's internal and external environment resources can be shared without boundaries. Importing an enterprise resource integration system and financial consolidation system will improve the overall operation and handling efficiency of financial affairs.
The risk of important policies change and law change	<ul style="list-style-type: none"> ◆ 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. ◆ 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.

3.1 Operational Management

3.1.4 Risk Management and Countermeasures

Inventec's 4 Major Risks and Countermeasures	
Risks	Countermeasures
Risks faced in goods purchase and sales	<ul style="list-style-type: none"> ◆ With their own manufacturing and quality advantages, Taiwan OEM companies pay more attention to software and hardware integration solutions and thus win the favor of international manufacturers. The company seeks diversification on both the customer side and the supply side. In addition to pursuing quality and quantity improvement and cost control, the demand for different product lines can stimulate more research and development momentum. Furthermore, multi-level customer relationships can prevent sales from becoming too concentrated.
The impact of interest rate, exchange rate, and inflation on loss and profit of the company and the risk management measures	<ul style="list-style-type: none"> ◆ Interest rate: Taiwan's central bank is expected to maintain its loose monetary policy in 2019 to fully support the private demand for funds and help the economy grow while exports weaken and investment momentum is vulnerable due to the impact of the US-China trade conflict. The company carefully evaluates the risk of interest rate changes in operating its funds and makes the best use of its capital portfolio after considering both liquidity and security.
	<ul style="list-style-type: none"> ◆ Exchange rate: Taiwan is an export-oriented economy, and the central bank is bound to maintain the dynamic stability of the exchange rate in the face of the uncertainty of the Sino-US trade war, the slowing economic growth in mainland China, and the political and economic situation in Europe in order to assist enterprises in their export and investment decisions. Since the company is deeply rooted in the international market, its main exchange rate policy is to naturally avoid risks after debt and creditors' rights are offset, as well as to reduce the exchange rate risk through currency hedging.
	<ul style="list-style-type: none"> ◆ Inflation: the central bank expects Taiwan's economic growth to remain moderate, so it will maintain a relatively stable pattern in 2019. In the future, the company will continue to actively observe market conditions and effectively control costs and operating expenses to mitigate the impact of currency inflation on operations and prevent the phenomenon of false profits and real losses.

3.1.5 Long-term and Short-term Development Plans

Short-term Business Development Plans

- ◆ Adheres to industry regulations, strives for innovation and improvement, and meets customer and market needs in the quickest and most direct way.
- ◆ Research and develop demand-oriented products and expand the depth and width of product research and development level.
- ◆ Starting with "innovation", "quality", "open mind" and "execution" management ideas, the company's operation technology and management tools are integrated to improve business performance.
- ◆ Actively carry out global arrangement, properly utilize each local resource advantage, and construct an optimized global supply chain and operation network.

Long-term Business Development Plans

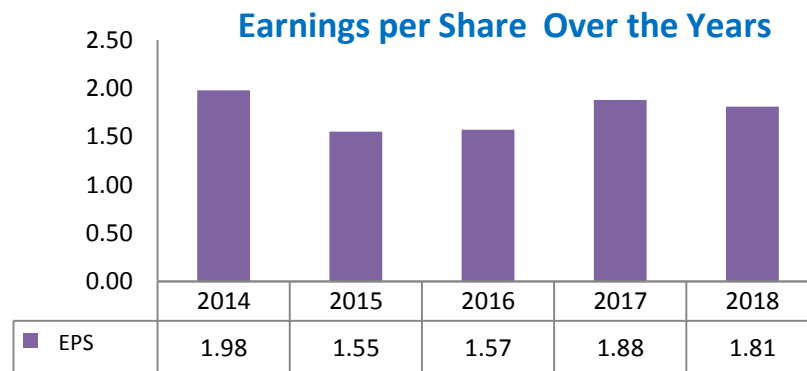
- ◆ The company's operation scale is expanded through product diversification. As a professional and solid original equipment manufacturer of laptop computers and servers, the company further develops artificial intelligence, Blockchain, Cloud Computing, using hardware design in the safe and fast cloud, Big Data, and application data to produce information value, 5G technology, etc.
- ◆ Combine software, hardware, and relevant applications to create relative advantage to maintain an international foothold. Unlike the traditional manufacturing concept of focusing on hardware only, emphasize the utilization of soft skills such as information, simulation, research and development, system integration, services, etc. and create product features and differentiation to improve added value.
- ◆ Focus on research and development and core capability management and develop towards the direction of "Creating high value". Seek cooperative international opportunities worldwide and cultivate technical talents with global competitiveness to accelerate the improvement of our technical level and implement innovative concepts.
- ◆ Explore new demands, and conduct research and development into products as determined by market demand through strategic alliance with customers. In addition, create a mutually-beneficial collaboration with partners to provide the best service and achieve customer satisfaction.

3.1 Operational Management

3.1.6 Operational Performance

Business Performance

- ◆ Inventec's business performance is detailed in the company's annual report information issued by Inventec in 2019, and each business performance information corresponds to the annual report section.
 - The notebook computer was about TWD 232.0 billion, increased by 14.46% compared with the same period last year due to increasing business demand.
 - The revenue of server products was about TWD 181.0 billion, indicating 10.76% growth compared with the same period last year due to actively developing new customers and new products.
 - With the impact of market demand and extreme production capacity, the operating revenue of smart device products was TWD 85.6 billion, which is generally in line with that of the same period last year.
 - Since the overall industry outlook is still pessimistic with a stagnant market, despite having approximately TWD 8 billion in revenue, the solar energy company of the group is continuously making efforts to adjust its resource allocation strategy in pursuit of future opportunities



Inventec Receives Government Subsidies

- ◆ Inventec received a major government financial subsidy of NT\$296 million in 2018.
 - Taiwan area: NT\$0.
 - Mainland China: NT\$ 269 million.

Inventec's Honor and Affirmation

- ◆ Constituent of TWSE RAFI® Taiwan High Compensation 100 Index
- ◆ Constituent of TWSE Corporate Governance 100 Index
- ◆ Constituent of TWSE RA Taiwan Employment Creation 99 Index
- ◆ Constituent of Taiwan Sustainability Index
- ◆ Constituent of FTSE4Good TIP Taiwan ESG Index



Correspondence Between Business Performance Information and Company Annual Report in 2018

Business Performance (NTD)		2018 Inventec Annual Report
Combined revenue	◆ In 2018, it was NT\$ 506.8 billion, up 8.42% from 2017 (467.5 billion).	◆ 5. Financial Information → 5.1 Five-year financial summary → 5.1.2 Five-year financial summary-Consolidated statement of comprehensive income
Net profit after tax	◆ The consolidated pre-tax operating profit was NT\$ 8.1 billion, up 13.17% from 2017. ◆ The net profit after tax attributable to shareholders of the parent company amounted to NT\$ 6.4 billion, a slight decrease from 2017.	
After-tax surplus	◆ The combined post-tax earnings per share was NT\$ 1.81, a slight decrease from 2017 (NT\$1.88).	
Employee benefits, training costs	◆ The employee welfare input expenses (including salary expenses, labor and health insurance expenses, pension expenses, and other employee welfare expenses) were NT\$ 550 million.	◆ 5. Financial Information → 5.4 Individual financial statements
	◆ The cost of employee training is more than NT\$ 15 million.	◆ 4.Operational Highlights→ 4.5 Labor relations
R&D cost	◆ The amount of research and development invested in 2018 is NT\$ 8.88 billion, and it is estimated to invest NT\$ 9.5 billion in 2019.	◆ 4.Operational Highlights→ 4.1 Business activities → 4.1.2 Industry overview

Note: The exchange rate of RMB against New Taiwan Dollar used in this report is NT\$4.537 for the closing price of Bank of Taiwan 2018/12/28.

3.1 Operational Management

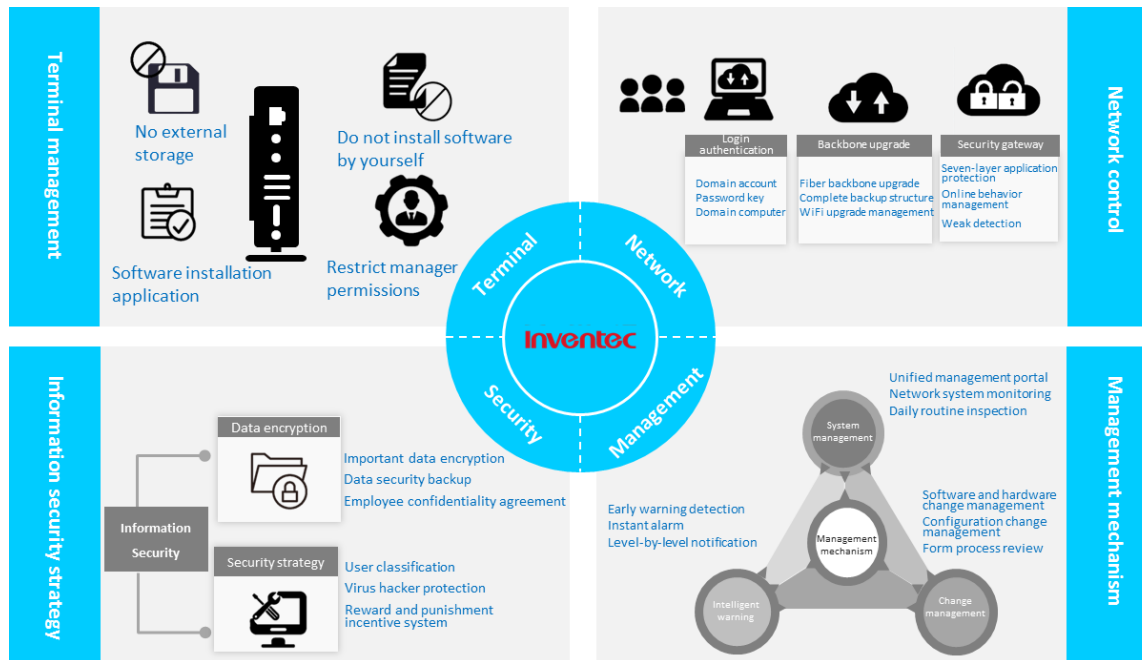
3.1.7 Customer Privacy and Information Security



Customer Privacy and Information Security Management

- ◆ In order to ensure the confidential information of the client's business contacts, Inventec must clarify the confidentiality of all company-related confidential information in the employee's code of conduct. The ethical policy of the factory also stipulates that the company establishes a confidentiality mechanism, and the site guarantees the confidentiality of all relevant parties. . Comply with privacy and information security regulations when collecting, storing, processing, transmitting, and sharing personal information.
- ◆ Inventec has established an information security management system in response to operational needs and customer requirements, and is certified annually by the third-party international standard ISO 27001.
- ◆ In 2018, Inventec did not receive any complaints about infringement of customer privacy or loss of customer information.

Inventec Information Security Management Framework



ISO 27001 certificate issued by a third-party certification unit



3.1 Operational Management

3.1.8 Customer Satisfaction

Quality Management

- ◆ Quality is an important part of Inventec culture. Inventec believes that the company's quality system standard operation, R&D design quality, material management quality, production process quality and personnel professional, and human quality including environmental management are the product quality.
- ◆ In addition to the international standard ISO 9001 Quality Management System certification, Inventec introduced the international standard ISO 13485 Medical Devices Quality Management System in 2018 to ensure that the quality of medical products meets the applicable regulations and medical equipment requirements.

Inventec Quality Policy ISO 9001 Certificate for Global Factories

英業達品質政策

貫徹適用法規
Comply with Medical Laws & Regulations

標高品質目標
Set high Quality Objectives

創造顧客需求
Create customers' new needs



Customer Satisfaction

- ◆ In 2018, Inventec achieved customer goals in terms of comprehensive customer evaluation and satisfaction and was awarded the trophies by the customer. The awards are as follows:
 - 2018 Supplier Innovation Award Notebooks
 - In Recognition of Outstanding Performance PBR#1 Ranked Supplier
 - In recognition of Inventec CQ 50 Million NB Shipment
 - Best Performance of Microbenefits EHS Training Program
 - 2018 Excellent Supply Chain Partner Award
 - 2018 Technology Innovation Award
 - Extraordinary Employer



2018 Supplier Innovation Award (Notebooks)



In Recognition of Outstanding Performance PBR#1 Ranked Supplier



In recognition of Inventec CQ 50 Million NB Shipment



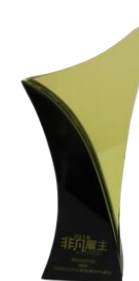
Best Performance of Microbenefits EHS Training Program



2018 Excellent Supply Chain Partner Award



2018 Technology Innovation Award



Extraordinary Employer

3.2 Innovative Research and Development

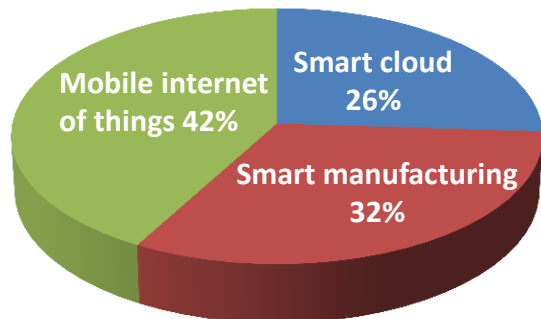
3.2.1 Intellectual Rights Innovation and Patent

Patents and Innovations Management

- ◆ "Innovation for changes, quality and character, open mind with modesty, and execution on PDCA" is the company's corporate philosophy set up from the first day of the founding of Inventec. Among them, "innovation for changes" and "quality and character" are the basis for the company's sustainable operation requiring employees with innovative mindset and innovative spirit.
- ◆ 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 employees 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.

Global Patent Advantage

- ◆ In 2018, the Inventec Group received more than 15,500 patents worldwide.
 - ✓ In 2018, the number of patents granted to the United States (IFI Claims Patent Services) was 907.
 - ✓ No. 426 among PwC Top1000 Global Innovative Enterprises and No. 16 among Taiwan Innovative Enterprises
 - ✓ The number of patents: No. 44 in Taiwan (Intelligent Property Bureau). The number of inventive patents: No. 30 in Taiwan (Intelligent Property Bureau).
- ◆ Inventec's patent portfolio covers 15 countries/regions: East Asia (Taiwan, China, Japan, Korea), Southeast Asia (Singapore, Malaysia, India), America (USA, Canada, Brazil), Europe (UK, Germany, France, Netherlands, EU).
- ◆ The technical field covers: mobile Internet of Things, smart manufacturing, smart cloud and so on.



3.2.2 Green Design

Green Design Strategy

- ◆ Spare no effort to seek approaches to reduce environmental impact.
- ◆ Lessen the total energy consumption in the product life cycle.
- ◆ Mitigate the burden on the land.
- ◆ Design for clean production and use.
- ◆ Design for durability.
- ◆ Design for best function.
- ◆ Design for reuse, recovery, and recycling.
- ◆ Avoid using raw materials with toxic substances in the product.

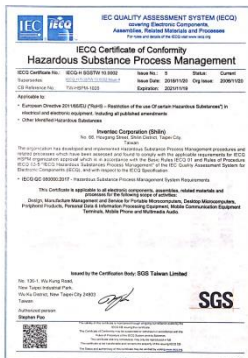


3.2 Innovative Research and Development

3.2.2 Green Design

Green Product Management

- ◆ Inventec's green products are manufactured in accordance with the customer's environmental requirements and the hazardous substances required by the sales area. Therefore, Inventec introduced the IECQ QC080000 Hazardous Substance Process Management System (HSPM) in 2006. Inventec's global factory has completed the implementation of the IECQ QC080000 management system and obtained the certificate through third-party impartial unit verification.
 - ✓ R&D and design :
 - The green product specialized unit collects the green product environmental protection regulations and the customer's green product standard requirements from time to time, conducts impact assessment and appropriately modifies the "Inventec Hazardous Substances Free (HSF) Management Specification" , and provides the basis for R&D units to select materials.
 - Establish and continuously optimize the Supplier Management Platform (iSupplier) to establish a green item number list and identify the HSF attribute information of the material by linking the internal product information system (PDM) to facilitate the material review and recognition of the responsible unit to ensure material conformity design requirements for HSF attributes.
 - ✓ Manufacturing :
 - The green products manufactured by Inventec are tested by the material inspection unit for the hazardous substances in the materials. The materials with doubts about the results of the sampling test are reviewed by the Pudong Chemical Laboratory or a third-party laboratory to ensure that the incoming materials meet the requirements of "Inventec Hazardous Substances Free (HSF) Management Specification" .
- ◆ The record of the provision and use of Inventec products in 2018 was not fined for violation of laws and regulations.

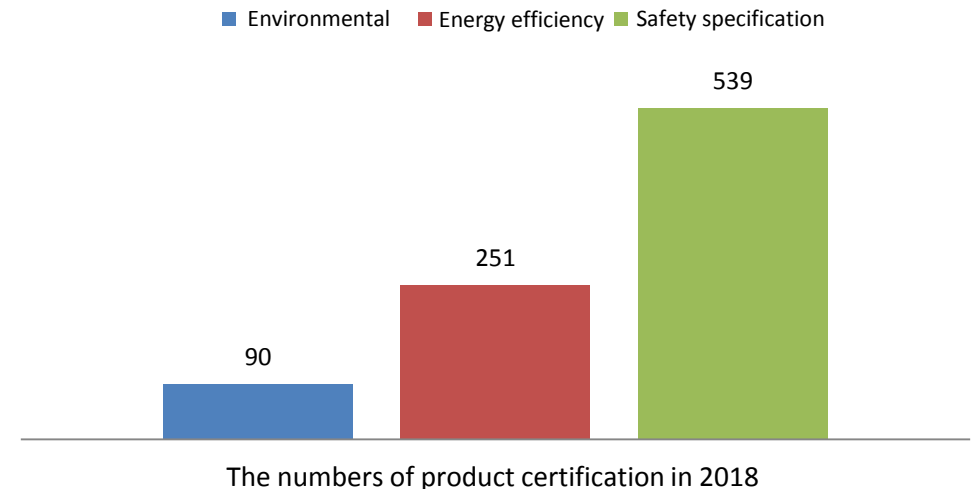


IECQ QC 080000 Certificate for Inventec's Global Factories

Customer Service - Product Certification

- ◆ Inventec provides environmentally friendly/energy-saving/safe products to serve the customers, and the product certification units are responsible for product certification management operations in accordance with their internal control procedures.
- ◆ Inventec's 2018 product certification totally includes the following 880 items:
 - ✓ Environmental label certification(90 items) : Include TGM, SEPA, EPEAT, TCO, etc. °
 - ✓ Energy efficiency label certification (251 items) : Include Energy Star, EU Energy Efficiency, MEPS, CECP, CEL, etc.
 - ✓ Safety specification certification (539 items) : 18 countries' safety specification certifications include UL, TUV, CE(CB), CCC, CSA, BSMI, NOM, etc.

Customer Service – 2018 Product Certification



3.2 Innovative Research and Development

3.2.3 Product Development Analysis and Solution

Favorable Factors Analysis

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.

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.

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.

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.

Unfavorable Factors Analysis

Low price computers quickly extending and the compressed profits

- ◆ 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.

Industrial technology rapidly changing and the shortened product life cycle

- ◆ 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.

Uneasily controlling sources and prices of the important key components

- ◆ 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.

Profit affected by the global operation and the exchange rate change

- ◆ 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.

3.2 Innovative Research and Development

3.2.4 Future Research and Development Plan



Notebook Computers

- ◆ The shipment of laptops in 2018 was high due to the combination of commercial and consumer market demand. In the future, the application of artificial intelligence in products will be one of the development directions of high-tech. In addition to differentiation, the company will continue to focus on commercial and consumer models with new technology, break through the saturated market, and increase profits.



Smart Phones

- ◆ The rise of 5G applications has created impossible tasks in mobile networks and devices and driven new business opportunities in both. Smart phones not only pursue speed but also have to be dizzying and beautiful in appearance and shape, such as folding and multi-lens, and being full of surprises. The company has been actively engaged in the 5G commercial use field. In addition to storage, memory, communication, multimedia applications and added value, by introducing relevant cloud technology, the company is expected to become the benchmark of the global wireless communication industry.



Servers and Cloud Services

- ◆ With the rise of artificial intelligence, enterprises have begun to recognize the cloud concept, which has also expanded the market demand for servers and the cloud. The company has profound software and hardware, R&D capabilities, and creativity, in addition to customized complete solutions that will increase the added value of products, and the company will strengthen customer confidence by upgrading the information security environment. In 2019, the company's server and cloud business revenue and shipments are expected to have good performance due to the new data center demand.

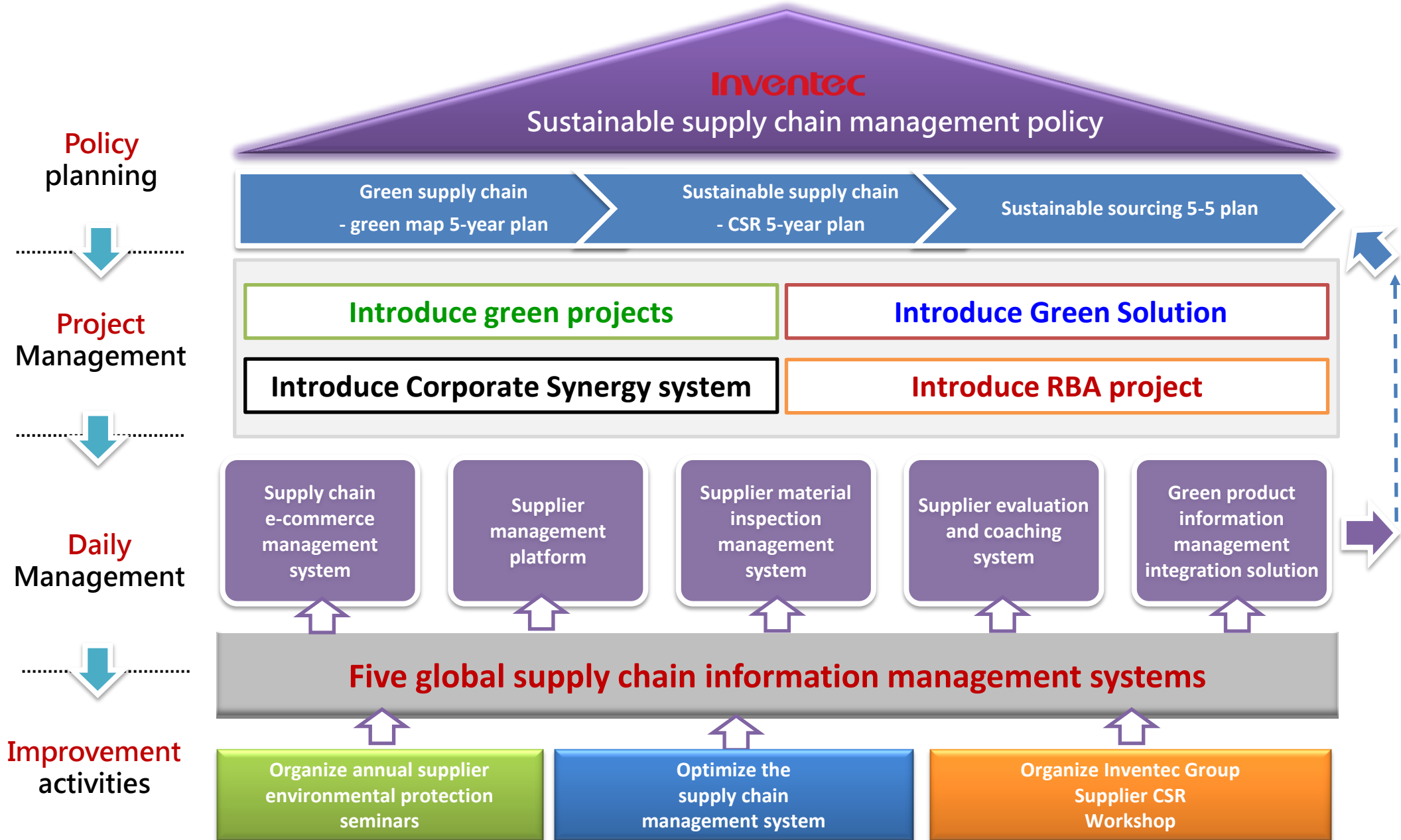


Research and Development Expenditure Expected to Be Invested

- ◆ At the rapid outbreak time of information communication, the future development plan of the Company will continue to move 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.

3.3 Sustainable Supply Chain Management

3.3.1 Sustainable Supply Chain Management Structure



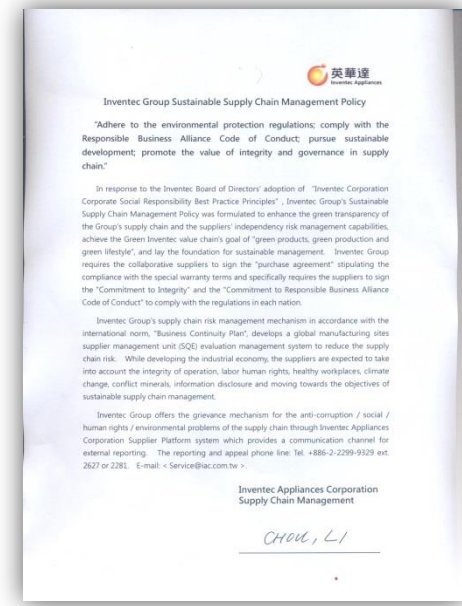
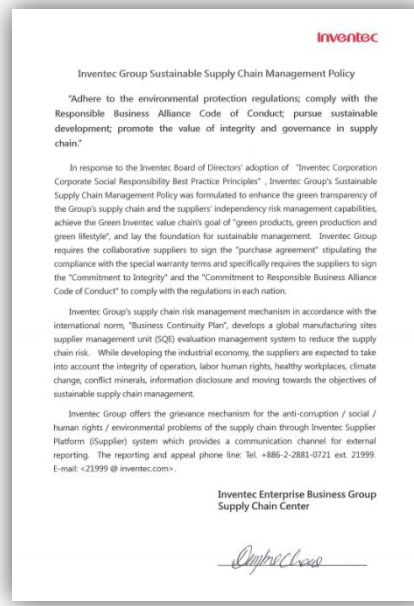
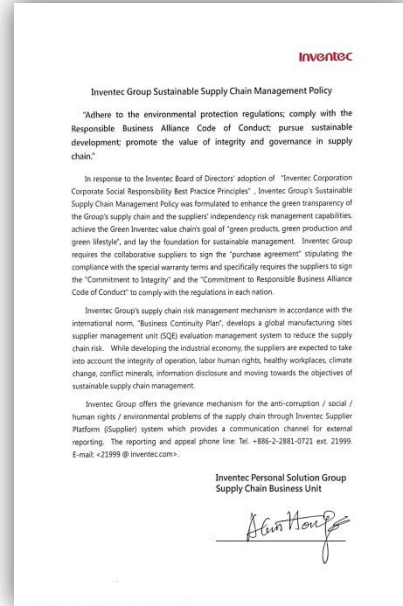
3.3 Sustainable Supply Chain Management

3.3.2 Sustainable Supply Chain Management Policy



- Adhere** to the environmental protection regulations.
- Comply** with the Responsible Business Alliance Code of Conduct.
- Pursue** sustainable development.
- Promote** the value of integrity and governance in supply chain.

Top management of sourcing units signed
Inventec Sustainable Supply Chain Management Policy



3.3 Sustainable Supply Chain Management

3.3.3 Sustainable Supply Chain Daily Management



Management Practice

- ◆ Inventec establishes a supplier risk identification process based on factors such as industry characteristics, procurement model, and regional relationship, and conducts risk classification for cooperative suppliers, and uses Responsible Business Alliance (RBA) specification. Inventec's foundation of supply chain management emphasizes the need for suppliers to seek a win-win situation through mutual understanding and cooperation.
- ◆ On the other hand, through the RBA specification, the suppliers are required to sign the Inventec Environmental Protection Statement and the Responsible Business Alliance Code of Conduct Compliance Statement, stipulating that the supplier is willing to cooperate with Inventec to continuously improve, develop and provide the latest products, technologies, and the sound process management system, and fulfill protect environmental protection and corporate social responsibility.
- ◆ Inventec's implementation of multi-assessment of suppliers is aimed at, in addition to quality, cost, delivery, technical capabilities and services, the scope of the evaluation through multifaceted evaluation. If a supplier is identified as high-risk supplier, the supplier management unit will coordinate the second and the third parties audits for continuous improvement through tracking to reduce the associated risks.



Inventec New Supplier Counseling Management

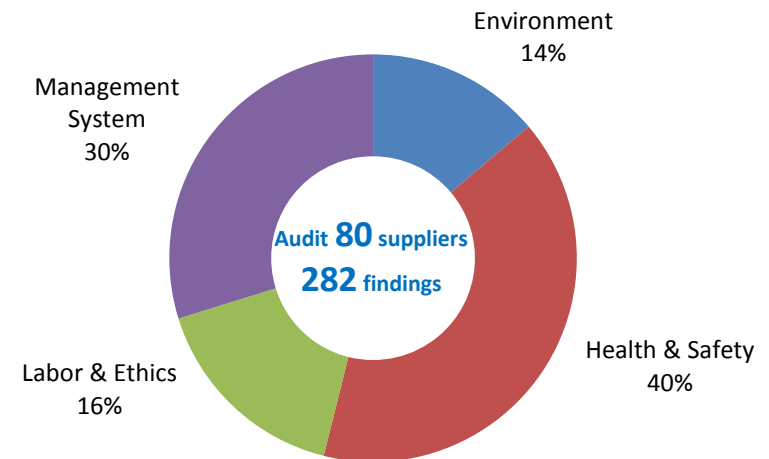
- ◆ The relevant departments such as design and R&D, sourcing, components engineering and supplier management, etc. jointly form the "sustainable supply chain counseling team" to be responsible for the new supplier evaluation and counseling.
- ◆ New supplier assessment :
 - Technical skill development and evaluation
 - subcontractor supply capability evaluation
 - purchasing operation system audits
 - HSF assessment, and signing of environmental protection affidavit
 - supplier corporate responsibility investigation and appraisal, and signing RBA Codes of Conduct compliance affidavit
- ◆ In 2018, there were a total of 124 new suppliers.



Existing Supplier Evaluation Management

- ◆ In terms of deciding the annual supplier audits, Inventec mainly and comprehensively assesses supplier management risk and material risk to screen out the annual supplier audit list, implements the supplier audit according to the internal control procedures of each plant, and tracks and coaches the supplier to complete the improvement or replace it.
- ◆ In 2018, Inventec planned and finished a total of 80 supplier audits, and the implementation rate of supplier audits was 100%. There were 282 supplier audit findings in terms of environment, health and safety, labor/ethics, the management system shown in the figure. The audit findings were totally tracked and improved, and emphasized in the Group's Sustainable Supply Chain Convention.

2018 Supplier Audit Findings



Note : The management systems include 1.BCP 2. Network security 3. RBA requirements except environment, occupational safety and health, labor, and ethics.

3.3 Sustainable Supply Chain Management

3.3.3 Sustainable Supply Chain Daily Management

High-risk Supplier Third-party Audit (RBA VAP)

- ◆ Inventec's sustainable supply chain assessment, in line with RBA's supply chain management requirements, the factory supplier auditors conduct on-site audits in accordance with the latest version of the supplier audit guideline (mainly including environmental, labor, safety and health, ethics, human rights and management systems, etc.)
- ◆ Inventec screens out high-risk suppliers through the RBA SAQ (Self-Assessment Questionnaire) program and supplier annual assessment results, and coordinates RBA third-party assessment (VAP) with high-risk suppliers to reduce correlated risks through tracking continuous improvement. In 2018, 25% of high-risk suppliers implemented VAP, and Inventec will continue to implement supplier VAP assessment in the future and fulfill its supply chain responsibilities.

Conflict Minerals Management

- ◆ Inventec is committed to working with the supply chain to reasonably ensure responsible raw material procurement, including but not limited to conflict minerals, to meet the Responsible Minerals Initiative (RMI) standards.
- ◆ In 2018, 100% of the suppliers completed the conflict minerals investigations and continues to conduct conflict minerals surveys in 2019, ensuring that 100% of Inventec's suppliers submitting conflict minerals investigation reports.



CSR Statement

Inventec RBA Statement

Inventec commits itself to comply with the Responsible Business Alliance (RBA) Code of Conduct, and Inventec expects our suppliers will also comply with the policies including no "conflict minerals" policy. For more information about RBA, please visit the web link <http://www.responsiblebusiness.org/>

Inventec Conflict Free Statement

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

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

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

Supplementary Information

Inventec Conflict Free Statement



3.3 Sustainable Supply Chain Management

3.3.3 Sustainable Supply Chain Daily Management

Supplier Transaction Ratio

- ◆ Inventec had 878 suppliers with transactions in 2018, with local (Greater China) suppliers accounting for the highest proportion (87%).

Sustainable Supply Chain Summit

- ◆ Inventec encourages supply chain partners to support and cooperate with Inventec's quality, cost, delivery, service and RBA-related work. Inventec regularly invites senior executives of strategic suppliers to participate in "Inventec Group Manufacturers Association" in each January. In addition to industry information exchange, Inventec also awarded 77 honorable trophies to suppliers for strategic partner awards, best supplier awards, and excellent manufacturer awards. In addition to continuing to establish good relationships with suppliers, Inventec Group expects to work together with the suppliers towards a sustainable development path.

Inventec Group Manufacturers Association's Honorable Awards for Suppliers

Awards		Numbers of Honorary trophies	
		2018	2019
1	Strategy Partner Award	7	8
2	Best Supplier Award	33	35
3	SUPPLIER OF THE YEAR	37	45
Total		77	88

2018 Trophy



2019 Trophy



3.3.4 Supply Chain Advanced Technology and New Product Exchange

Advanced Technology and New Product Exchange

- ◆ In order to encourage suppliers with Inventec to learn about advanced technology and new product development and to create supply chain industrial opportunities and comprehensive effects, Inventec has invited suppliers to hold advanced technology/new product exchange forums since 2009. By the end of 2018, Inventec had held 232 sessions, and the number of suppliers involved in the forum reached 167. In 2019, we continued to grow together with suppliers through holding technical exchange forums.

Results of Advanced Technology and New Product Exchange

Inventec held the Advanced Technology/New Product Exchange Forum from 2009 to 2018

Accumulate 232 sessions

A total of 167 participating suppliers



Inventec
SCM Activity



3.3 Sustainable Supply Chain Management

3.3.5 Sustainable Supply Chain Convention



Work with Partners to Create Sustainable Development

- ◆ In order to fulfill corporate citizenship responsibilities, and in response to customers' requirements for corporate social responsibility and environmental protection in the supply chain, Inventec Group continues the spirit of conducting supplier seminars in the past. Through the holding of a sustainable supply chain convention, the suppliers will understand Inventec Group's sustainable supply chain management policy and set goals to meet the Group's requirements.
- ◆ The 2018 Inventec Group Sustainability Supply Chain Conventions were held in Taipei and Chongqing respectively. The total number of suppliers involved in 2 the events was 265. Through the conventions, Inventec expects to work with its suppliers to promote the development from a "green supply chain" to a "sustainable supply chain".

Results of 2018 Inventec Group Sustainable Supply Chain Conventions

Dates	Location	Participating Suppliers	Main Agenda
12/14 12/19	Taipei Chongqing	117 people 148 people	<ul style="list-style-type: none"> ◆ Require suppliers to follow the RBA specification. ◆ Updated international environmental regulations. ◆ Explain the brand customers' requirements about corporate social responsibility and low carbon products. ◆ Inventec Group's updated Hazardous Substance Free Management Specification. ◆ Description of requirements for conflict minerals.

RBA : Responsible Business Alliance

2018 Sustainable Supply Chain Conventions – Taipei



2018 Sustainable Supply Chain Conventions – Chongqing



4 Friendly Workplace

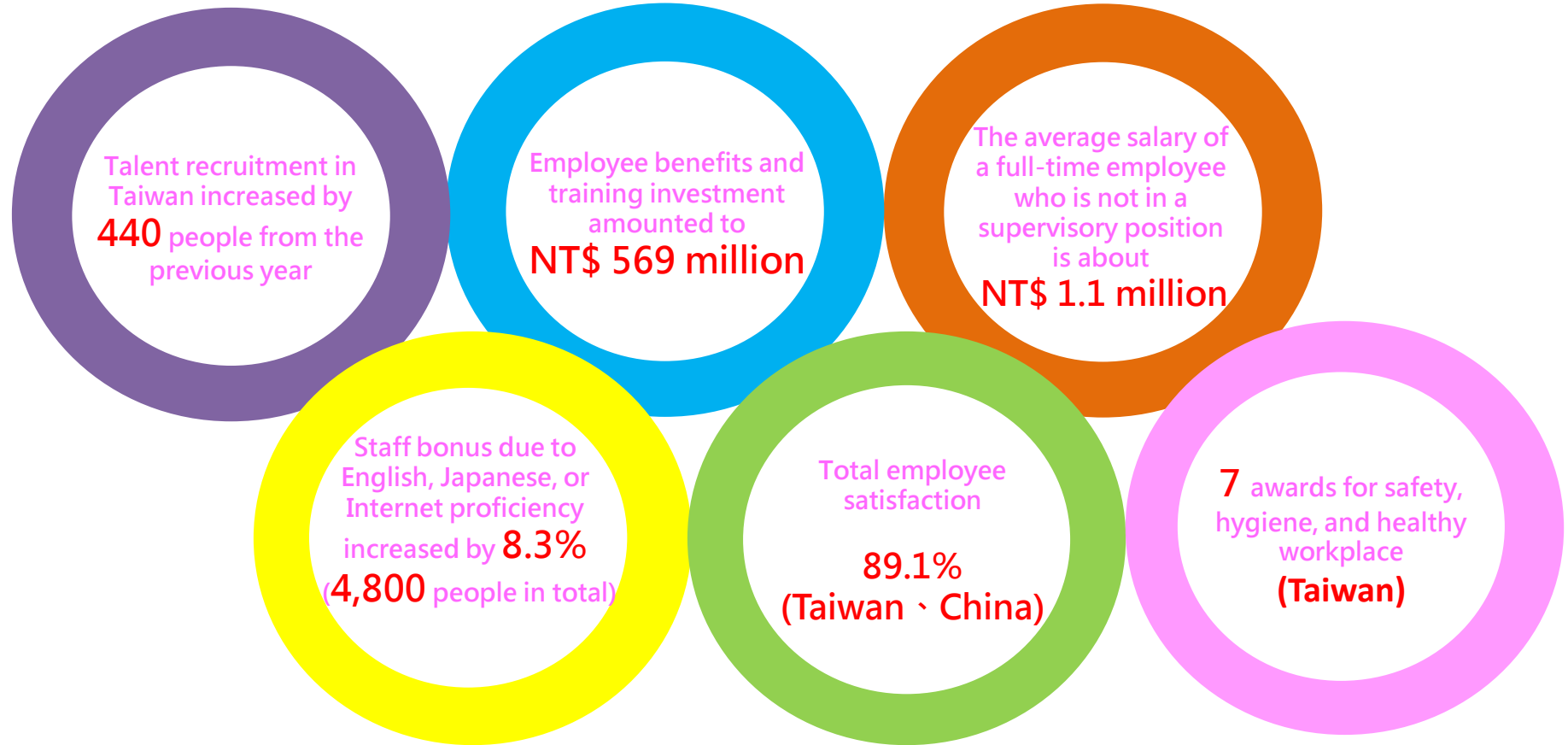


SDGs

4.1 Talent Resources	59
4.2 Employee Relations	65
4.3 Healthy Workplace	68



Friendly Workplace Performance



- ◆ **Material Topics :** Talent recruitment, employee welfare, cultivation of talent, non-discrimination, labor regulation conformity, employee occupational health, safety, and hygiene
- ◆ **Key Practices :** Formulate talent management policies, optimize human resources service management systems, promote employee relations, conduct satisfaction surveys, promote welfare measures such as multi-social activities, family days and sports events, and manage employee benefits through the Staff Welfare Committee. The OHSAS 18001 Occupational Health and Safety Management System is established in the Inventec Global 7 plants and is certified by an external third party.
- ◆ **Browse Suggestions :** Government agencies, employees, customers, suppliers, etc.

Friendly Workplace Quick Index



Major Stakeholders : Quick guide for government agencies, employees, customers, suppliers

Manpower composition
Globally 8,976 people

4.1.1 Talent Management

Taiwan 4,313 people	
Male 2,779 people	Female 1,534 people

China 13,497 people	
Male 8,677 people	Female 4,820 people

Europe and America 1,166 people	
Male 616 people	Female 550 people

Training hours
Globally 32.4 hours in average

4.1.2 Cultivation of Talent

Taiwan	
Male 14.8 hours	Female 11.9 hours

China	
Male 40.2 hours	Female 40.0 hours

Europe and America	
Male 14.3 hours	Female 10.5 hours

Employee total working hours

4.3.2 Safe and Healthy Area

Taiwan	
Male 5,269,200 hours	Female 2,784,232 hours

China	
Male 17,294,592 hours	Female 9,783,680 hours

Europe and America	
Male 788,452 hours	Female 695,980 hours

Parental leave

4.3.2 Safe and Healthy Area

Taiwan		
Reinstatement rate	Male 33%	Female 80%
Retention rate	Male 67%	Female 78%

Europe and America		
Reinstatement rate	Male 0%	Female 63%
Retention rate	Male 0%	Female 100%

Friendly Workplace Quick Index



Major Stakeholders : Quick guide for government agencies, employees, customers, suppliers

Employee work injury rate	Taiwan		China		Europe and America	
	Male	Female	Male	Female	Male	Female
	0.19	0	1.04	1.43	13.95	14.37

4.3.2 Safe and Healthy Area



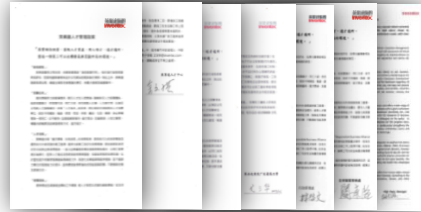
Region	Gender	Total working hours	Work injuries	Work injury rate
Taiwan	Male	5,269,200 hours	1	0.19
	Female	2,784,232 hours	0	0
China	Male	17,294,592 hours	18	1.04
	Female	9,783,680 hours	14	1.43
Europe and America	Male	788,452 hours	11	13.95
	Female	695,980 hours	10	14.37
Agency employee work injury	Male	449,480 hours	2	4.45
	Female	305,160 hours	2	6.55

4.1 Talent Resources

4.1.1 Talent Management

Inventec Talent Management Policy

- ◆ In response to differences in labor policies across the world, each plant has a talent management policy.
- ◆ Implement ethical corporate management; value human resources; execute talent-oriented employment without discrimination; have right person in the right place; shape an environment for the employees' sustainable development and contribution made with their excellence

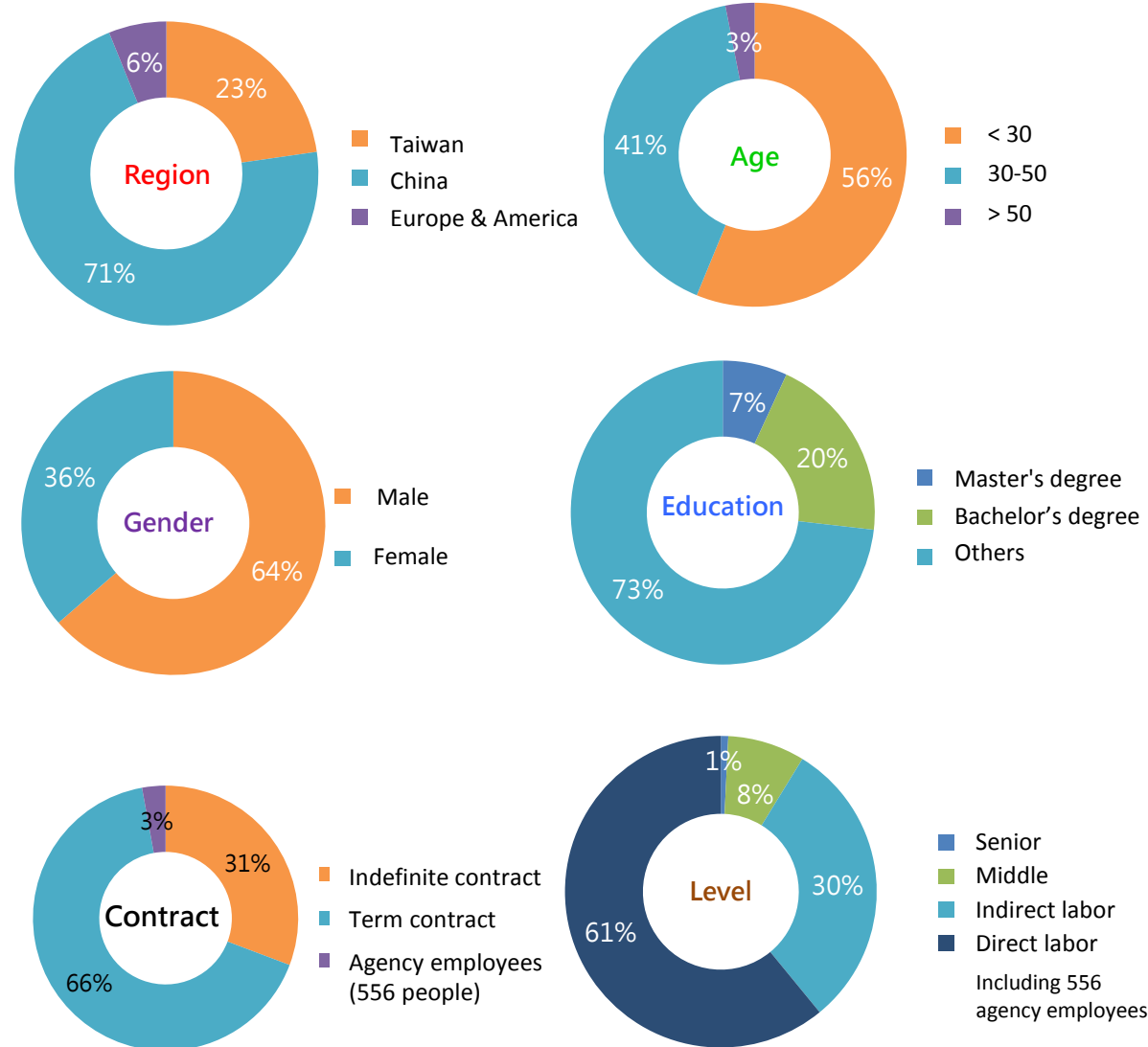


Inventec

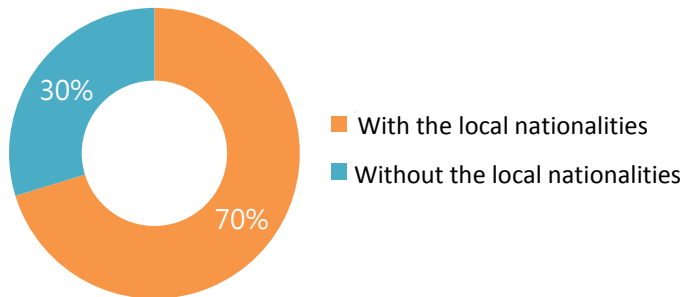
Talent-oriented

- ◆ Among Inventec's top ten beliefs, "talent-oriented" is the first priority. Inventec provides all the basic labor conditions, including working hours mechanism and perfecting the leave system, in accordance with local government laws and corporate personnel management methods. In addition to basic benefits such as labor insurance, health insurance, and pensions, there are regular health check-ups and group insurance, as well as a comprehensive employee retirement plan. In addition to the above benefits, regular staff are entitled to additional benefits such as bonuses and performance bonuses.
- ◆ The analysis of the Inventec manpower on December 31, 2018 by region, age, gender, education, employment contract, type, and rank is shown on the right.
- ◆ The nationality of the senior executives in 2018 is as follows.

2018 Manpower : 18,976 Employees



The Nationalities of Senior Executives in 2018 (148 people)



4.1 Talent Resources

4.1.1 Talent Management



Corporate Image / Community Management

- LinkedIn professional management
- Line@ two-way communication
- YouTube video promotion

Recruitment Channel

- HR bank
- Talent recommendation plan
- Overseas talents
- Employment Service Agency and Jobs Expo
- New southbound talent program

Campus cultivation

- Internship and industry-school training program
- Campus recruitment activities
- Master of Industry
- R&D cooperation plan
- Raise plan
- Gloria global research & industry alliance
- Advisor exchange
- Corporate visit
- Competition



Talent search system



AI comparison system

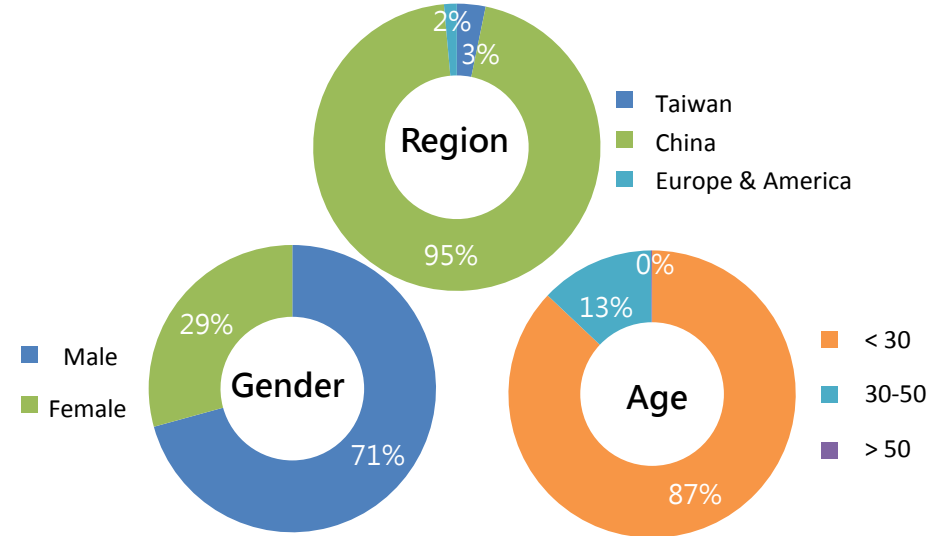
4.1 Talent Resources

4.1.1 Talent Management

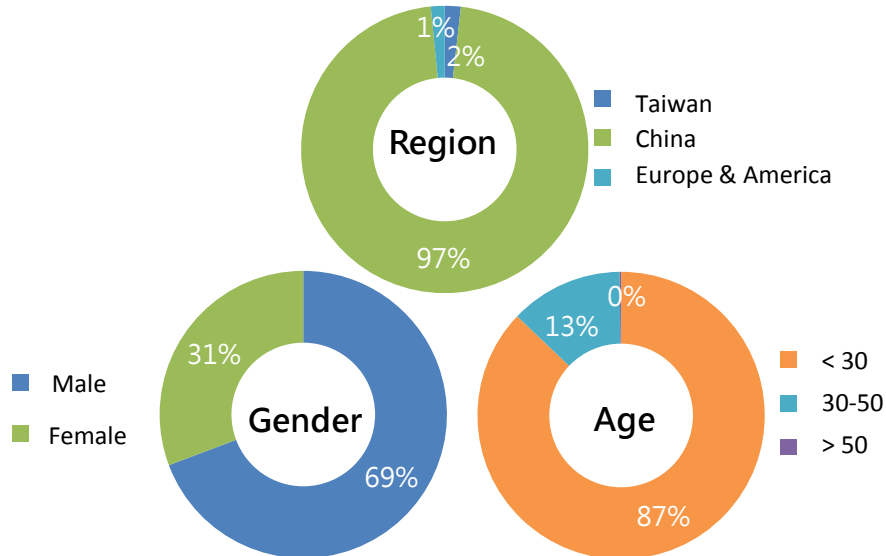
Selection and Retention

- ◆ Inventec attracts talented people and retains talents through compensation and benefits, retention bonuses, friendly environment, humane management, smooth internal rotation and training development.
- ◆ Inventec's belief in "talent-oriented" clearly stipulates the recruitment of talents in global factories for different races, colors, classes, nationalities, ages, languages, ideas, religions, parties, gender, marriage, physical and mental disabilities, etc. Treating them equally and treating them fairly, and it is strictly forbidden to use the above matters as an evaluation criteria in the recruitment process; it is strictly forbidden to employ child labor and prohibit human rights violations such as forced labor to comply with local government laws and regulations.
- ◆ In 2018, new and resigned personnel are analyzed by region, gender, and age. In 2018, the recruits resigned during their first 3 months are analyzed by region, and the turnover rates of Taiwan and China over the years is shown in the figure.

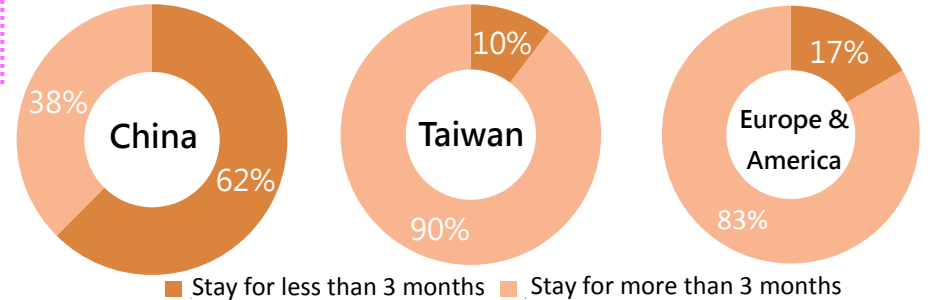
Analysis of the 27,067 Recruits in 2018



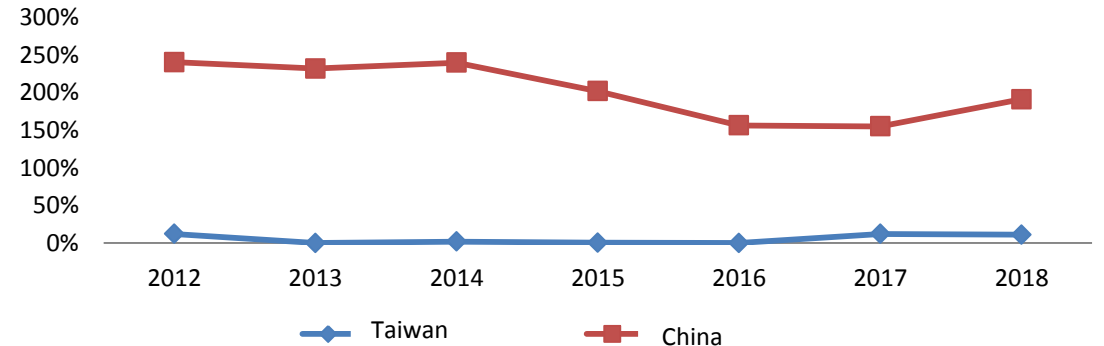
Analysis of the 26,685 Employees Resigning in 2018



The 2018 Analysis of Recruits Resigning during their First 3 Months



The Turnover Rates of Taiwan and China over the Years



4.1 Talent Resources

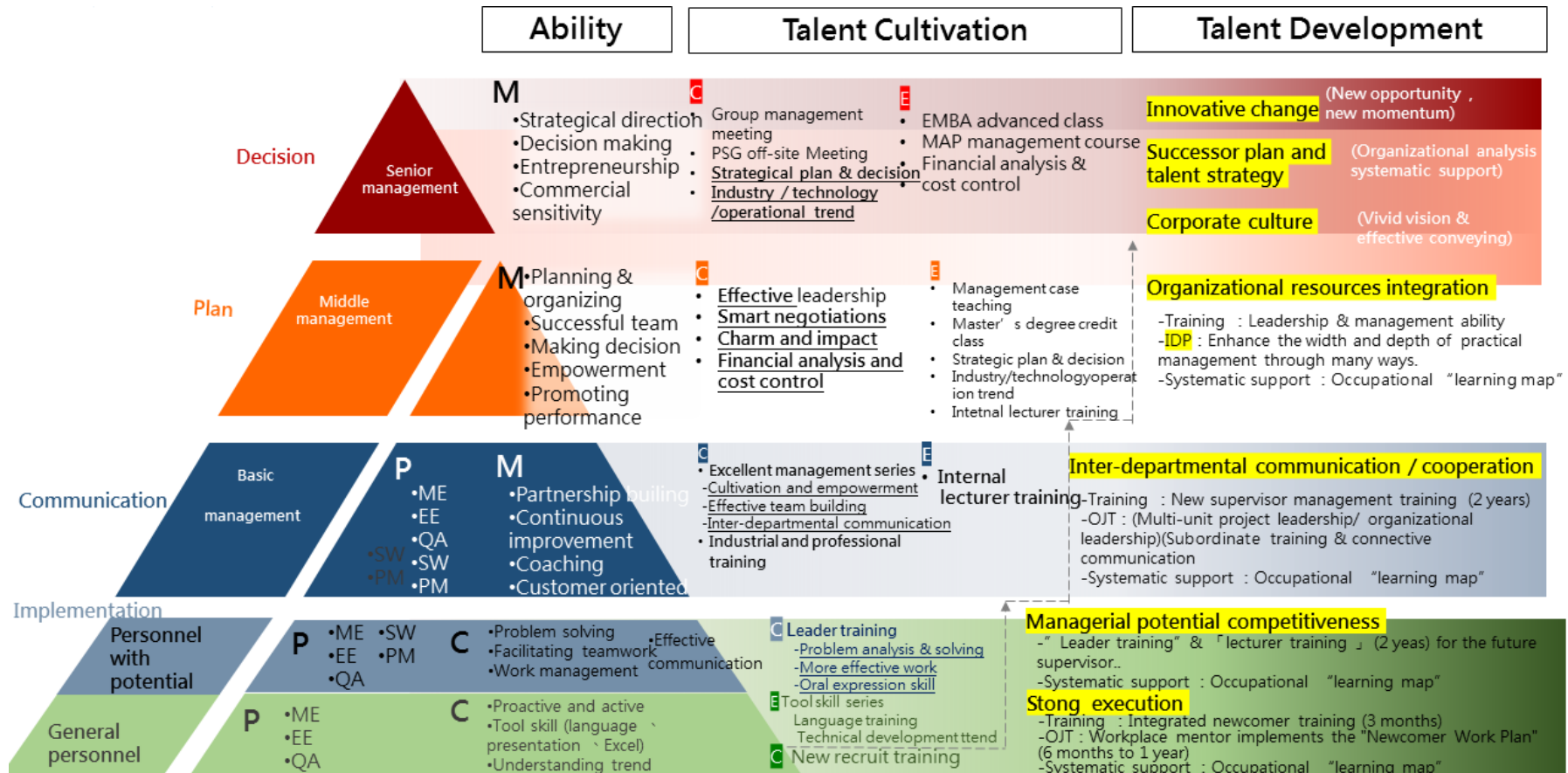
4.1.2 Cultivation of Talent

Talent Development Management Principles

- ◆ Balanced education, training and development: providing a diversified nurturing channel and excellent internal and external faculty for staffs to select.
- ◆ Shape the learning organization that constantly innovates and improves: Avoid the education training as mere conventionality or out of the corporate goals to provide professional services such as talent development and education consultation.
- ◆ "Talent-oriented" corporate culture: In addition to the strategic improvement of relevant management functions and professional capabilities, in order to strengthen international competitive advantage, focus on the improvement of language ability, and strengthen effectiveness tracking and feedback.

Training System and Framework

- ◆ Link management strategy and training plan: Cultivate the leadership training and authorization ability of the succession echelon, promote the foundation and advanced management training to enhance the management ability and the spirit of accountability, and pursue the hierarchy simplification and management optimization.
- ◆ Closely integrated with the business unit: Formulate and implement its personal development plan for the ability of key personnel of the institution to be strengthened.



Note : P: Proficiency, C: Common ability, M: Management ability, **C** Compulsory courses, **E** Elective courses

4.1 Talent Resources

4.1.2 Cultivation of Talent

Foreign Language Learning and Proficiency Assessment

- In order to be in line with international standards, the company arranges space as a language learning area for employees to learn foreign languages, and cooperates with industry trends and corporate transformation needs. Inventec launches English, Japanese, and Internet assessment. The employees who pass the assessment can have bonuses: English or Japanese level A has NT\$ 2,500 per month; level B has NT\$ 1,500 per month. Passing Internet assessment leads to NT\$ 2,000 per month. Until 2018, the cumulative number of language verification and Internet verification: 2,108 in English, 647 in Japanese, and 2,045 in the Internet.



Welcome to join
Language Self-learning Area!

Digital Learning

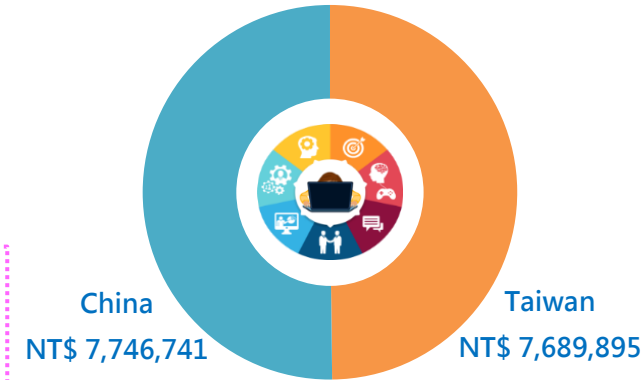
- Inventec encourages employees to use the e-Learning platform to understand the industry's dynamic trends and new technological know-how, and promote innovation and growth. The 2018 digital course theme targets AI trends and AI applications.



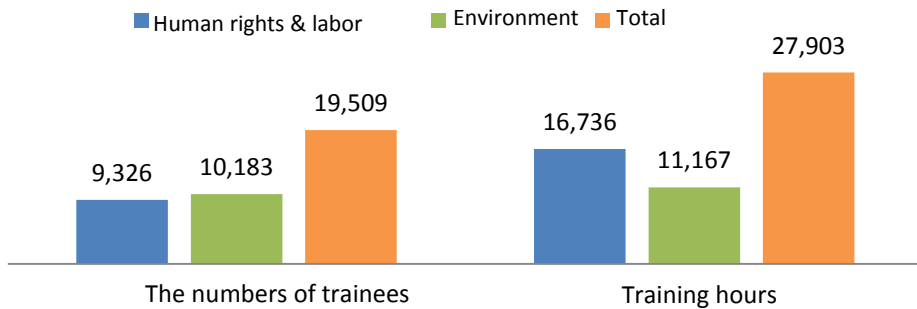
Specific Training Topic

- In addition to investing lots of funds and time to train staff, each new employee receives training courses on human rights and anti-corruption. In addition, Inventec's security personnel in Taiwan and China also receive training in human rights-related courses. 100% of the internal security personnel and outsourced security personnel receive human rights education and training.
- Training expenditures in Taiwan and China in 2018, the number of trainees and training hours in each region, and training results on specific topics are shown on this page. The total numbers of training hours and training hours per person in Taiwan and China are shown on the following page.

2018 Training Expenditures



2018 Training Results on Specific Topics



The Numbers of Trainees in 2018

	Male	Female
Taiwan	2,779	1,534
China	8,221	5,276
Europe & America	616	550

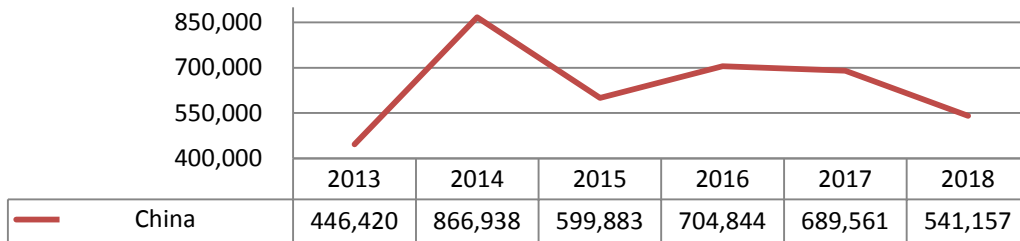
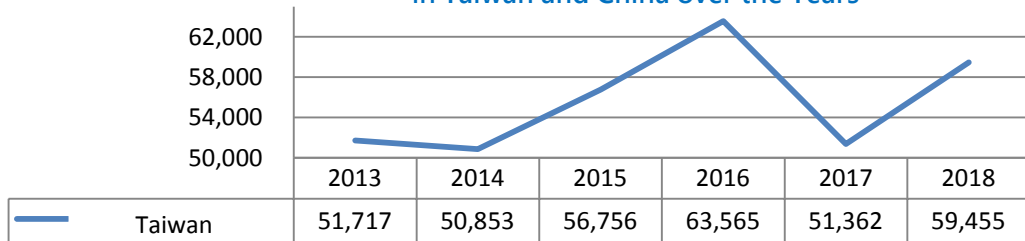
The Training Hours in 2018

	Male	Female
Taiwan	41,266	18,190
China	330,139	211,018
Europe & America	8,789	5,757

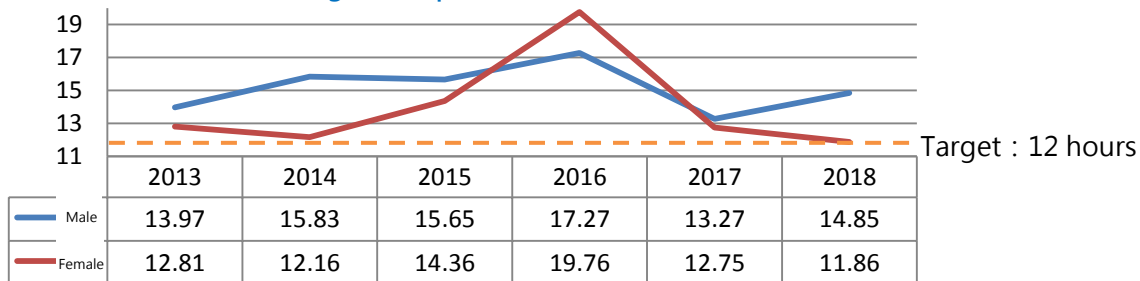
4.1 Talent Resources

4.1.2 Cultivation of Talent

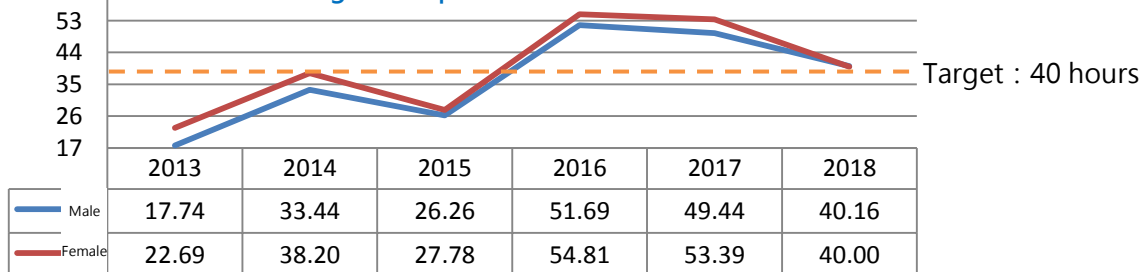
The Total Numbers of Training Hours in Taiwan and China over the Years



The Training Hours per Person in Taiwan over the Years



The Training Hours per Person in China over the Years



4.1.3 Performance Management



Inventec Performance Management System

- ◆ Through the performance management education and training, Inventec Human Resources Unit provides professional guidance and consultation to all management executives, introduces correct performance management methods, and achieves organizational goals. Through the performance management cycle as shown on this page, it is emphasized that supervisors and employees need continuous communication and improvement of work performance, so that the expectations of both parties are consistent, and the benefits of performance management have been fully utilized.
- ◆ The management performance appraisal is conducted regularly at the end of each year to accurately understand the employee's work performance results affecting employee promotion, year-end bonus, training development. The performance appraisal aims to review the improvement from the past and the development of future goals and performance. With respect to the colleagues with inferior performance, through counseling and communication, we work together to improve and to enhance the work efficiency, thereby enhancing the overall productivity and competitiveness of the company.
- ◆ In 2018, 100% of Inventec's formal employees in the 7 global plants accepted performance appraisal.



4.2 Employee Relations

4.2.1 Regulatory Compliance

Flexible Working Hours

- ◆ The sites in Taiwan have flexible working hours system so that all employees can adjust their off-duty time according to their personal circumstances. The working hours are accumulated throughout the month, as long as the number of hours in the factory + the number of hours of leave in the month > the basic working hours of the month (the number of working days per month X 8 hours). In addition, as long as the working hours are equivalent to or more than 4 hours, after reporting to the supervisors, the employees can leave the factory early without asking for leave. In addition, Inventec regards the make-up workday announced by the Personnel Administration Bureau as a holiday.

Compliance and Labor Inspection Results

- ◆ Inventec's employees in Taiwan are entitled by "Labor Standards Law" and the "Retired Labors' Pensions". The number of Taiwanese employees involved in the the old and new retirement systems is shown on this page. In order to meet the requirements of the regulations, the amount required for the old system should be fully paid in the next year. The actuary has calculated the amount of the vested obligation. The "Employee Welfare Committee" provides the employee benefits in accordance with the law. The purposes include annual gift giving, employee emergency assistance, and insurance benefits (such as medical insurance, work injury insurance, and accidental injury insurance). In accordance with the provisions of the Labor Contract Law and the Social Insurance Law, employees in China have social insurance according to law.
- ◆ In 2018, Taoyuan Municipal Government Labor Bureau announced that Inventec's extended working hours were not paid according to regulations, and the penalty was NT\$ 50,000. Inventec has strengthened its guidance and asked colleagues to pay attention to their application for overtime pay.

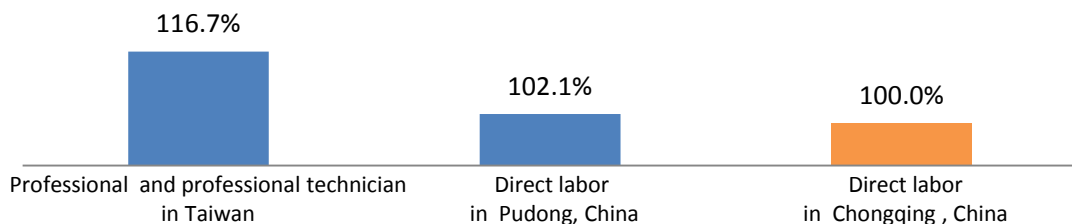
Salary

- ◆ Inventec is a constituent of Constituent of TWSE RAFI® Taiwan High Compensation 100 Index. The salary of every employee, regardless of gender and race, in the 7 factories worldwide, is greater than or equal to the regulations. The comparison between the basic salaries in Taiwan and China and the local minimum salaries is shown on this page. In addition, the Taiwan factories rewards bonuses for all employees, and the China factories share the performance bonus and the annual bonus with all employees.
- ◆ In Taiwan, the number of full-time employees who were not in charge of directorship in 2018 was 4,053 people. The average salary of non-executive employees was NT\$ 1.102 million, and in 2017, the numbers were 3,613 people and NT\$1.136 million. Difference analysis: In 2018, the number of people increased by 440, and the average salary of employees decreased by NT\$ 34,000.

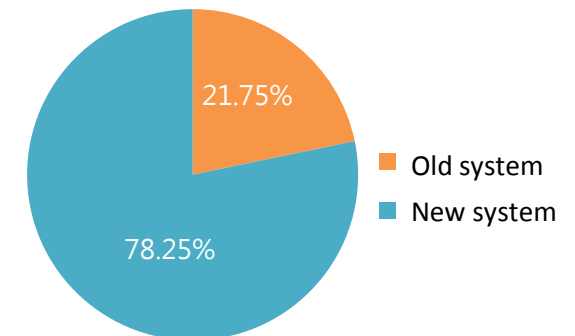
Codes of Conduct

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

Comparative Proportions between Employees' Basic Wages and the Legal Minimum Wages



The Proportion of Taiwanese Employees Participating in the New and Old Retirement Systems



4.2 Employee Relations

4.2.2 Employee Welfare

Welfare Measures

- ◆ Inventec provides comprehensive welfare measures to all employees. Inventec's various factories arrange hardware facilities such as food, accommodation, transportation, fitness, entertainment, gymnasium, and art works to update and display according to their unique characteristics. Examples of recreational activities include club activity grants, special discount stores, singing competitions, spring and autumn hiking activities, year-end tourism, departmental gatherings, festival setting and fun activities, massage by the visually impaired, film appreciation, art performances, soft lectures, family day, Inventec Olympic, year-end banquet, etc.

Club Activities

Through the employee welfare committee subsidy, Inventec encourages employees to participate in club activities outside of work, and to meet like-minded friends across the department to relieve stress and enrich life. There are 12 clubs such as basketball club, handicraft club, billiard club, aerobic society, yoga club, softball club, badminton club, golf club, guitar club, bicycle club, bowling club, mountaineering club and so on.



Club activities adjust employees' mind and body

Soft Lectures

In order to achieve work-life balance, Inventec holds soft lectures covering practical knowledge such as health, livelihood, pressure relieving, communication, language, parenting, food, travel, wealth management, and life law. There were 10 sessions in 2018.



Soft lecture – happiness cafeteria

Year-end Banquet

Inventec appreciates the employees for their contributions every year through the year-end banquets to create growth, strength and new opportunity.



Lively and joyful Inventec year-end banquet

Inventec Olympic

A total of 4,300 employees in 8 teams participated in 2018 Inventec Olympic to fight for glory, enthusiasm and sweat, and created the passionate memory. In addition, with the arrangement of photography exhibitions, interesting games and food stalls, it added more fun to Inventec Olympic.



Employees enthusiastically participated in various events of Inventec Olympic

Engineer's Day Series

Engineers are the core talents of Inventec, and Inventec has hosted 3 Engineers' Day celebrations. A series of related activities in 2018 include the AI Smart Car Championship, which showcases the technical strength of Inventec engineers, and the "Best Shooter" shooting competition.



The winning teams of Engineers' Day AI smart car race

4.2 Employee Relations

4.2.3 Employee Communication

Communication Channel

- ◆ Through the six communication mechanisms, Inventec provides employees with immediate response and regular communication channels, listens to employees' voices, promotes the harmonious work atmosphere, and creates a win-win situation for both employers and employees.
- ◆ Inventec respects the right of employees to freely associate, organize trade unions, and freely participate in trade unions. The China (Pudong) factory has the trade union. There is no trade union in Taiwan, it communicates in the form of quarterly labor-management conferences.

iService App

- ◆ In order to provide more convenient mobile information services for employees, Inventec Headquarters develops the mobile integration service, iService App, for employees to download and use, and continues to launch innovative mobile application services through iService App, making smart mobile technology closer to employees' needs.



The 6 Communication Mechanisms for Inventec Employees

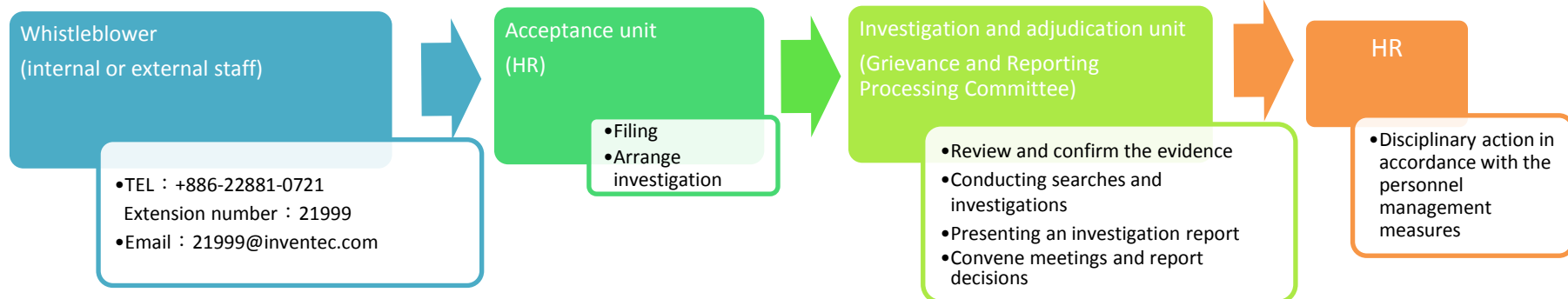
Mechanism	Example
✓ Two-way talks between grassroots employees and senior supervisor	• Foreman/employee representative conference
✓ Management policy and business process communication	• Senior executive meeting • Monthly meeting
✓ Cross-department communication and labor-management communication	• Labor-management conferences
✓ Instant response to question and information consultation	• Free social media (WeChat, LINE, Facebook) • Company APP • Internal grievance and communication website • 24-hour care hotline • One-stop service window • Suggestion box
✓ Employee welfare policy and welfare promotion	• Employee welfare committee conference
✓ Grassroots employees care group	• Staff Care Committee

Labor Rights Complaint Mechanism

- ◆ Inventec's factories have established an "employee appeal system" to protect employees' fair arbitration mechanisms in the event of human rights violations. Inventec's "Global Employee Code of Conduct Management Measures" and "Employee Appeals and External Reporting Management Practices" expressly encourage reporting illegal or unethical behaviors with disciplinary measures. The "Global Employee Code of Conduct Management Measures" have verification mechanism. The violation of relevant regulations shall be handled in accordance with the relevant provisions of the "Global Staff Code of Conduct Management Measures" and "Personnel Management Measures". Inventec protects whistleblower from discrimination, coercion, transfer, or other unfavorable treatment.

- ◆ In terms of labor complaints in 2018, there are 1 in Taiwan; 4 in Europe and America; and 5 in China. Most of these cases are related to poor communication. The improvement measures are to strengthen the communication education of grassroots supervisors. None of the global factories have received complaints about environmental damage, human rights violations, child labor, discrimination, and bribery. The number of external reports received in 2018 was one, and it was not accepted after the investigation. In 2018, there were no official complaints from employees in Taiwan.

Inventec Internal and External Grievance Process

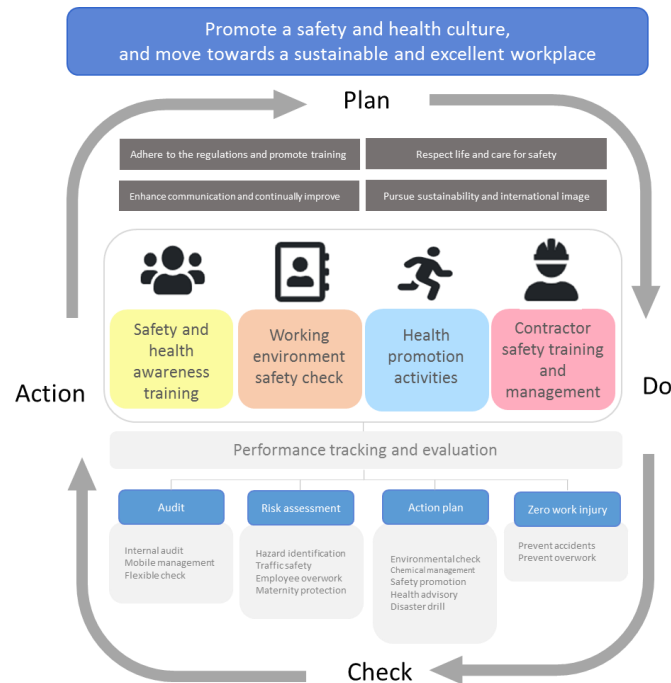


4.3 Healthy Workplace

4.3.1 Occupational Safety and Health Management System

Management System

- In order to achieve the goal of sustainable development, the company firstly implements safety and health management. Inventec's global 7 plants are verified by the International Occupational Health and Safety Management System (OHSAS 18001), and Inventec headquarters is verified by the Taiwan Occupational Safety and Health Management System (TOSHMS). In order to effectively implement the safety and health management system, Inventec prevents the occurrence of occupational accidents and diseases by promoting the four steps of the PDCA (Plan, Do, Check, Action) cycle, providing the stable, safe, and healthy working environment to employees or non-employees whose works and / or workplaces are subject to Inventec's management.



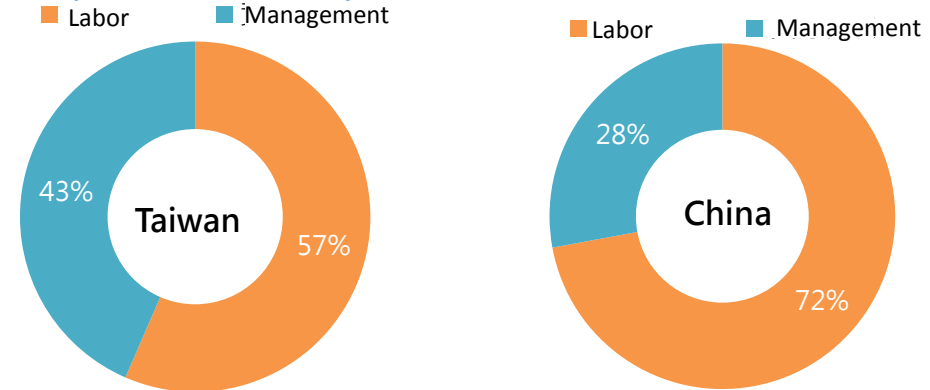
TOSHMS Certificate



OHSAS 18001 Certificate



Proportions of 2018 Safety, Health, and Environment Committee Members



Safety, Health, and Environment Committee's Responsibility

- ✓ Regulations about safety, health, and environment
- ✓ Educational implementation plan
- ✓ Prevent damage from mechanical equipment or raw materials
- ✓ Research on countermeasures for monitoring results of working environment
- ✓ Health management
- ✓ Regularly review the implementation performance of safety, health, and environment

Safety, Health, and Environment Committee and Communication

- The safety, health, environment committee is set up through the public selection system, and the safety, health, environment committee is held at least quarterly. The statistics of the safety, health, environment committee members in Taiwan and China are as shown on this page. Its responsibilities are to review the company's various security strategies and proposals; in the safety, health, environment committee, it also reviews the issues about accidents of employees and contractors, occupational incidents, and energy anomalies. It analyzes the cause and find out the improvement strategy to avoid recurrence. Through the company's internal website, employee suggestion box, etc., Inventec timely conveys the latest regulations and related information of safety, health, and environment to employees, and at the same time collect employees' various feedbacks in terms of safety, health, and environment.

4.3 Healthy Workplace

4.3.1 Occupational Safety and Health Management System

Safety, Health, and Environment Check and Safety Change Management System

- ◆ Safety, health, and environment and related units form a joint audit team to regularly check the various safety, health, and environment documents, operation control items, supervision and measurement results, risk assessment, and contractor verification through the comprehensive safety, health, and environment audit plan; for high-risk operation (overhead / pipeline disassembly / fire / hanging / constrained space), project inspections are carried out from time to time, potential hazards are proactively explored, and various energy-consuming facilities are monitored and controlled. When there are changes to the plant facilities, process equipment, work processes or chemicals used, it is necessary to follow the safety change management system, and all relevant units will conduct evaluation and review together to ensure safe implementation.

Operating Environment Monitoring

- ◆ According to the different characteristics of each plant, the third party regularly conducts the working environment measurement, monitors the concentration of harmful substances. Through regularly monitoring the hazardous substances in the working environment, it simultaneously carries out risk control. By means of timely engineering improvement or operation control, it reduces the occurrence of occupational accident and improves the health and safety of employees.

Safety, Health, and Environment Risk Assessment and Identification

- ◆ In order to be aware of the potential high-risk factors in the plant, the safety, health, and environment seed members of each unit regularly assemble every year to carry out the danger identification, risk assessment, and environmental considerations in the plant. The factors in the plant are sorted according to the level of hazardous risk. In 2018, the intolerable risks identified in Taiwan or China plants include workers controlling mechanical arms, traffic accidents, aging wire, and flammable gas leakage, food poisoning, natural disasters, damages, etc. According to the procedures and provisions, priority is given to the targets for improvement, and risk control is implemented through management plans and engineering improvement methods.

Incident Prevention and Emergency Response

- ◆ Inventec regularly conducts in-plant fire drills every year to develop countermeasures and post-disaster recovery plans to enable employees to understand the firefighting information, including the usage of fire-fighting tools, evacuation routes, and related countermeasures. An emergency response team is established to timely convey and understand the information.
- ◆ In 2018, the emergency response and disaster prevention safety drills were held twice in all factories in Taiwan. One of them was the fire equipment drill and course teaching (first aid training such as cardiopulmonary resuscitation), and the other was the whole plant evacuation drill and AED emergency training course. The fire drills in China factories are divided into daytime shift and nighttime shift for evacuation drills.
- ◆ Inventec develops chemical safety related management measures, conducts risk assessment at the time of chemical purchase, evaluates risk levels according to its health hazards, distribution status and usage, and adopts chemical classification management measures. There is a temporary storage area for hazardous chemicals in the factory, which is monitored 24 hours a day. In addition, through the education and training network, the global reconciliation system for chemicals and the management of related hazards are promoted.

4.3.2 Safe and Healthy Area

Health Management

- ◆ Inventec attaches great importance to employee health. The Taiwan factory regularly conducts health checkups for in-service personnel every year. If there are employees with abnormal health condition, a doctor will be arranged in the plant to evaluate and suggest on the basis of health check report in different years. Based on health check results, the health management related measures and vaccination will be conducted. All employees in China factory have medical examinations. In addition to routine health checks, Inventec also conducts special health checks for personnel of specific operations in accordance with local regulations. Special operations for special health checks in China site are shown on this page. In 2018, Inventec had no work-related occupational diseases.
- ◆ Through regular cooperation with medical and health institutions, Inventec organizes various health talks and consultations, and carries out various health promotion activities with the company clubs. In 2018, there were 25 health lectures (15 in Taiwan and 10 in China). The total number of participants was 1,497 (834 in Taiwan and 663 in China).

Special health check arranged for the special operations in the China factory in 2018

AED location certification



4.3 Healthy Workplace

4.3.2 Safe and Healthy Area

Safety and Health Promotion Mechanism

- ◆ The safety and health occupational training of Inventec employees includes: general in-service personnel education and training, fire management personnel training, CPR first aid training, work safety and health training and various on-the-job training. As for special personnel operation training, the items in Taiwan or China include stackers, organic solvents, X-ray management, pressure vessels, boilers, etc.
- ◆ With the goal of zero workplace incident, Inventec conducts regular safety and sanitation inspections, such as fire equipment inspection, machine room inspection, special operation area control, special operator qualification review, smoking area control, and building safety inspection. Inventec also has a reward system to encourage employees to take the initiative to improve the workplace. At the same time, it actively promotes smoke-free workplaces and breastfeeding, and has systems such as wedding benefits, maternity benefits, paternity leave, maternity leave, parental leave, family care leave and female physique leave.

**2018
Honor and Affirmation
about Safety & Health**



National Occupational Safety & Health Award



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



Labor Safety Award by Taipei City Government

**2018
Honor and Affirmation
about Healthy Workplace**



National Healthy Workplace Management Award



Healthy Workplace Management Award by Taipei City Government



Excellent Healthy Workplace Award by Taipei City Government



Excellent Breastfeeding Room Certification by Taipei City Government

Agency Employee Management

- ◆ Regarding the agency personnel whose workplace controlled by Inventec in 2018, each factory has a work injury notification mechanism. The indicators of work injury statistics include occupational incident cases, commuting accidents, false alarm incidents and contractors' occupational incident statistics. The work injury information is from the service record of the factory's infirmary. In 2018, except the cases of work-related injuries happening to agency personnel in Europe and the United States, Inventec was not aware of work-related accidents or absenteeism due to loss of labor.

Contractor Management

- ◆ Inventec has formulated the "Management Measures for Contractors' Safe Operation", and the relevant units hold the contractor's safety and health management meeting. The contractors whose workplace controlled by Inventec shall sign the Contractor Safety and Health Management Statement according to the regulations before the implementation of the project. It conducts engineering hazard notification, convenes an agreed organizational meetings, and requires contractors to complete the contractor safety and health education and training to perform various work activities. The contractor's work injury notification mechanism has been established. During the execution of various operational activities in the factory, the contractor can use the relevant services of the company's infirmary and nursing room if necessary. In 2018, Inventec was not informed that the contractor had an accident at work or was absent from work due to loss of labor.

5 Environmental Sustainability

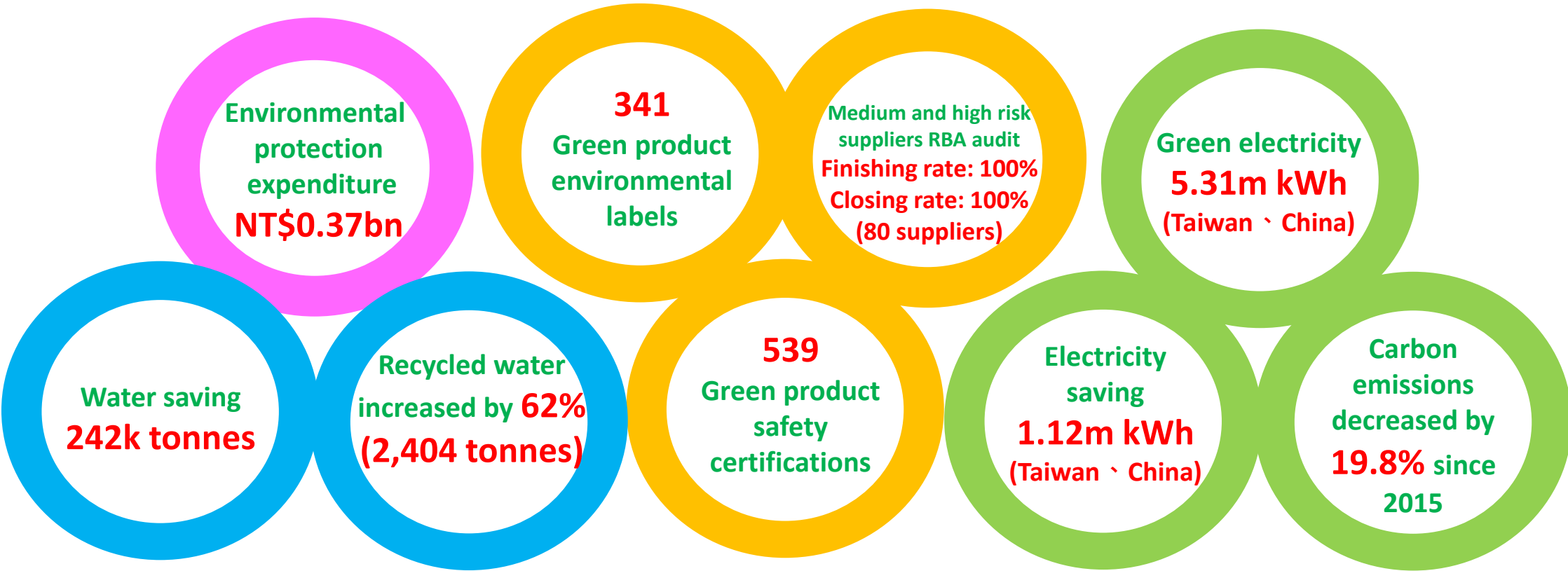


SDG



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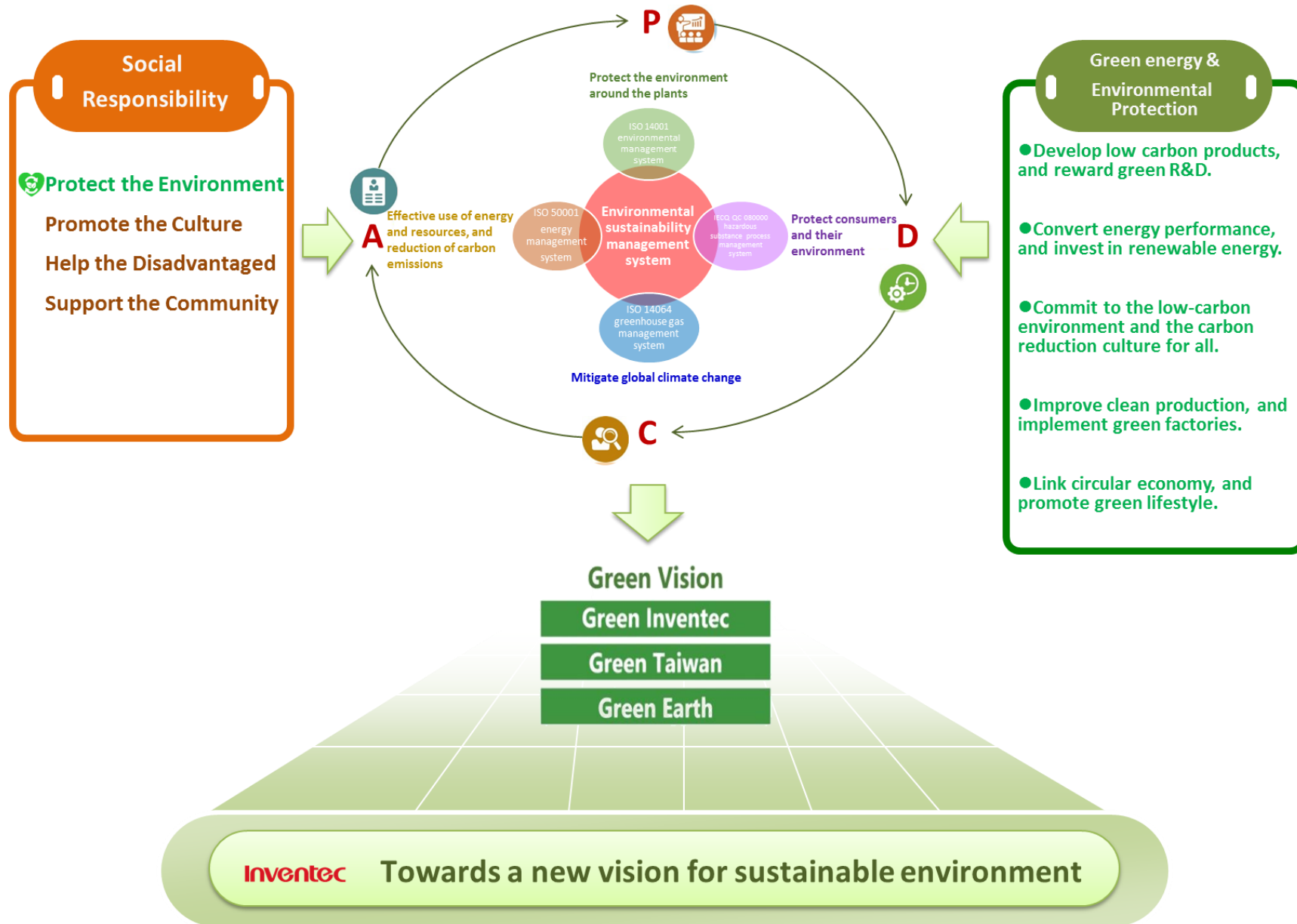
Environmental Sustainability Performance



- ◆ **Material Topics :** Risk of climate change, energy management, environmental regulation conformity
- ◆ **Key Practices :** Establish environmental sustainability systems, such as ISO 14064-1 , ISO 50001, and ISO 14001, based on PDCA . Environmental sustainability systems obtain the 3rd party certificate.
- ◆ **Browse Suggestions :** Stakeholders/ investors, customers, communities, media, etc.

5.1 Climate Action

5.1.1 Environmental Sustainability Structure



5.1 Climate Action

5.1.1 Environmental Sustainability Structure



Environmental Sustainability Policy

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

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



Environmental Sustainability Practice

- ◆ In response to environmental issues, in addition to establishing goals and policies based on protecting environmental interests, Inventec has established “green energy environmental protection” as its environmental goal and also followed TCFD as the preparation principle.
- ◆ 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. 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, enhancing 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. Inventec uses RPN (Risk Priority Number) technique to identify the priorities of the risks with 3 rating scales: severity, occurrence, and detection.



5.1 Climate Action

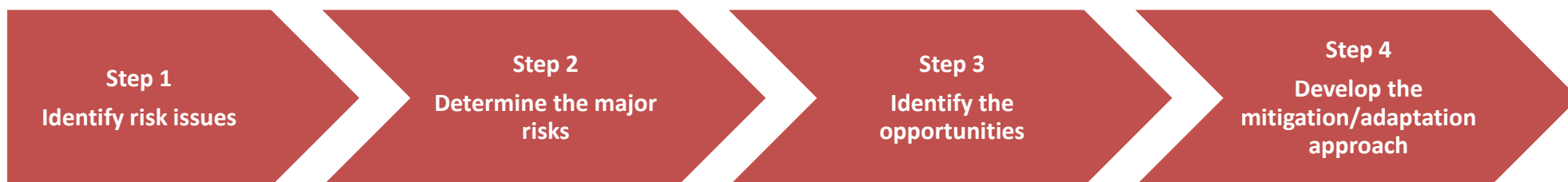
5.1.2 Climate Change Governance Structure



Climate Change Framework



5.1.3 Climate Action Practice

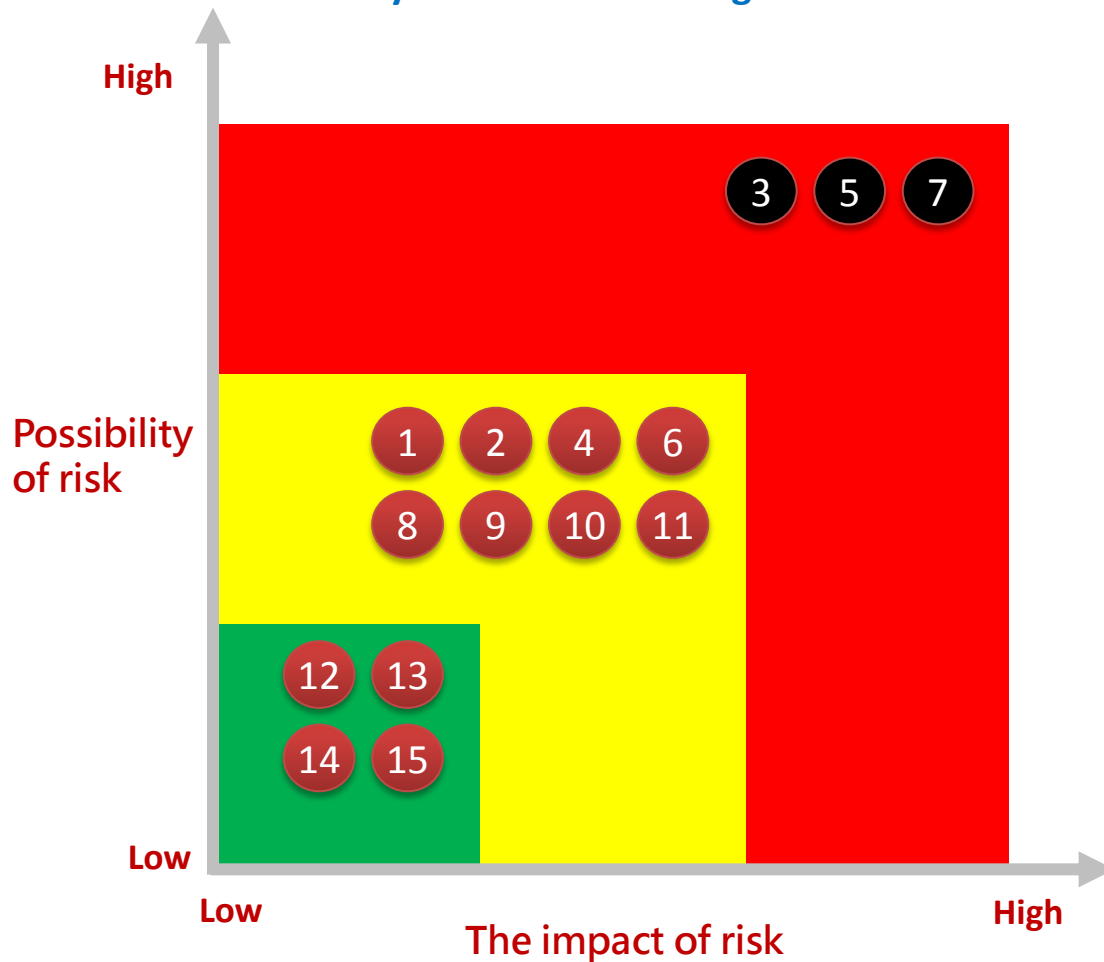


5.1 Climate Action

5.1.3 Climate Action Practice

1. Identification of major issues in climate change

Analysis of climate change risk issues



Major Risk Issues

1. Obligation to declare the increase of carbon emission and the status of energy saving.
2. Increase carbon tax, energy tax and carbon transaction.
3. Increase costs of carbon-price setting and carbon transaction.
4. The increase need of renewable energy globally.
5. Increased competition for low carbon products and service technologies.
6. The increased awareness of green consumption
7. The increased need of green procurement (the raised material sourcing cost)
8. The increased attention from stakeholders
9. The increase frequency of heat wave, rainstorm, drought and flood.
10. The lack of water resources leads to negative impact on water usage of supply chain.
11. Increase the costs of water management and damage recovery.

The Other Risk Issues

12. The enlarged scope of carbon emission disclosure.
13. Renewable energy certificates are not easy to obtain.
14. The uncertainty of new regulation
15. The rising mean sea level

5.1 Climate Action

5.1.3 Climate Action Practice

2. The practice of mitigation / adaptation



	Risk Types	Major Risk Issues	Mitigation/Adaptation
Transformation Risks	Regulation and Legislation	<ol style="list-style-type: none"> 1. Obligation to declare the increase of carbon emission and the status of energy saving 2. Increase carbon tax, energy tax and carbon transaction. 3. Increase costs of carbon-price setting and carbon transaction. 	<ul style="list-style-type: none"> ◆ To ensure the reliability of carbon emission, the Inventec adopts the ISO 14064-1 international norm for implementing carbon inventory. ◆ Inventec sets up the target of reduction amount of greenhouse gas with the employment of the Sector Based Approach of Science Based Target (SBT). ◆ Inventec use ISO 50001 as a framework to implement carbon-saving projects with the aim of lowering the cost of carbon transaction ◆ Establishment of solar power system and increase the percentage of solar clean energy to lower the transaction costs from carbon tax and energy tax
	Technology	<ol style="list-style-type: none"> 4. The increase need of renewable energy globally. 5. Increased competition for low carbon products and service technologies. 	<ul style="list-style-type: none"> ◆ Plan to establish the solar power system ◆ Find the opportunity of the purchase of Renewable Energy Certificates ◆ Establish carbon cost management system
	Market	<ol style="list-style-type: none"> 6. The increased awareness of green consumption 7. The increased need of green procurement (the raised material sourcing cost) 	<ul style="list-style-type: none"> ◆ Design green products and apply for environmental marks to raise the green competitiveness. ◆ Purchase the Eco-friendly materials/products ◆ Manage purchasing cost of materials/ products via the Group's sourcing system.
	Goodwill	<ol style="list-style-type: none"> 8. The increased attention from stakeholders 	<ul style="list-style-type: none"> ◆ Issue the annual report and CSR report and also announce them on corporate official websites for the stakeholders to read. ◆ Respond stakeholders' disclosure requests of carbon emission and carbon management via CDP
Physical Risk	Extreme Climate	<ol style="list-style-type: none"> 9. The increase frequency of heat wave, rainstorm, drought and flood. 10. The lack of water resources leads to negative impact on water usage of supply chain. 11. Increase the costs of water management and damage recovery 	<ul style="list-style-type: none"> ◆ Hold CSR seminar to raise the awareness of carbon management and water management in the supply chain ◆ Evaluate risks level in the supply chain and find the secondary-source supplier to ensure the quality of production operation and shipment ◆ Conduct BCP risk management system and build the emergency plan to raise the ability to deal with the sudden of disasters. Inventec BCP includes five phases: assessment phase, declaration phase, recovery phase, relocation phase, and return to primary site phase. ◆ Establish water management cost.

5.1 Climate Action



5.1.3 Climate Action Practice

2. The practice of mitigation / adaptation

	Opportunity	Potential Chances	Mitigation/Adaptation
Opportunity	New Energy	1.Engage in renewable energy.	◆ Actively invest in solar industry
	Resource Efficiency	2.Increase energy efficiency 3.Manufacturing transformation by lowering the water usages 4.Reuse and recycle resources	◆ Analyze the systemized energy data via the establishment of the energy monitoring system ◆ Lower the water usage via the reuse of manufacturing water ◆ Products recovery rate is above that of WEEE; package material recycling rate meets the customers' green purchasing standards
	Product/Service	5.Low carbon products/services	◆ Continually upgrade the product energy efficacy with new innovate design ◆ Enhance the value chain relationship and develop new carbon products/services together.
	Market	6.Participate projects from government and obtain awards	◆ Phase out energy-intensive equipment and obtain government compensation

5.1 Climate Action

5.1.4 Greenhouse Gas Emission Management

Scope 1/ Scope 2 Greenhouse Gas Emissions

- ◆ In 2018, the total greenhouse gas emission in Inventec was 138,934.082 tCO₂e. The emission from China area, which was 115,758.577 tCO₂e, was the primary contributing source. In 2018, Scope 1 emission was 7,878.3163 tCO₂e, which accounted for 5.67% of total emissions. As for scope 2 emission, it was 131,055.7658 tCO₂e, which accounted for 94.33% of total emissions.
- ◆ Compared to 2017, Inventec's emission in 2018 increased by 7,868.505 tCO₂e. The emission from China area was the primary contributing source, and the primary reason was the productivity adjustment.
- ◆ In 2018, the total emission in Inventec Group (Inventec, Inventec Appliances, Inventec Solar Energy, E-Ton Solar Tech, AIMobile, etc.) was 345,830.475 tCO₂e, which decreased by 8,830.890 tCO₂e compared to 2017. (The emission in 2017 was 354,661.365 tCO₂e.)

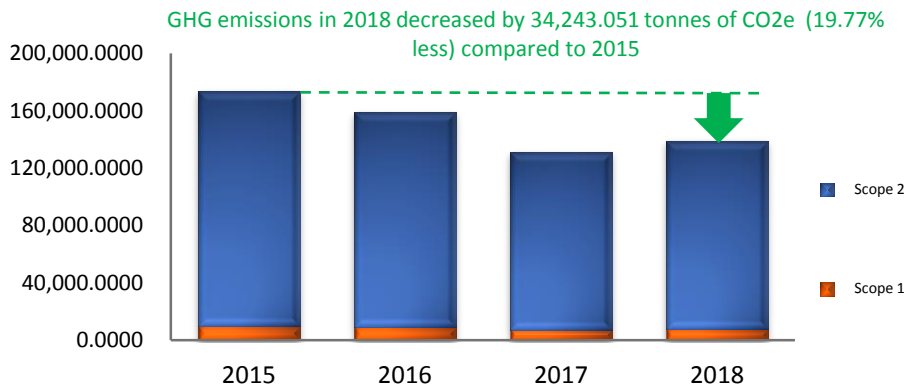
Scope 3 Emissions

- ◆ To meet the customers' requests, scope 3 emission in Inventec includes business travel, transportation of wastes and specific notebook computer shown on this page.
- ◆ To ensure the reliability of product transportation carbon emission number, Inventec received external audit and obtain verification statement from the third party.
- ◆ Inventec's 2018 carbon emissions from employees' air transportation were 1,300.857 tCO₂e.

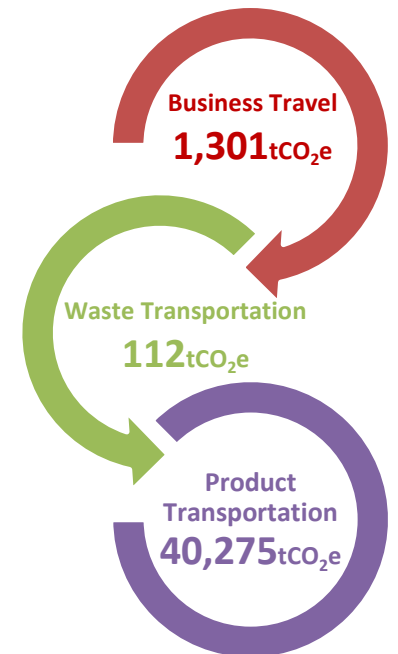
Greenhouse gas reduction goal:

Compared to 2015, Inventec's Scope 1 and Scope 2 greenhouse gas emissions will be reduced by 19% in 2025.

Greenhouse Gas Emissions (unit: tCO₂e)



INVENTEC GHG Inventory 3rd Party Certificate



5.1 Climate Action

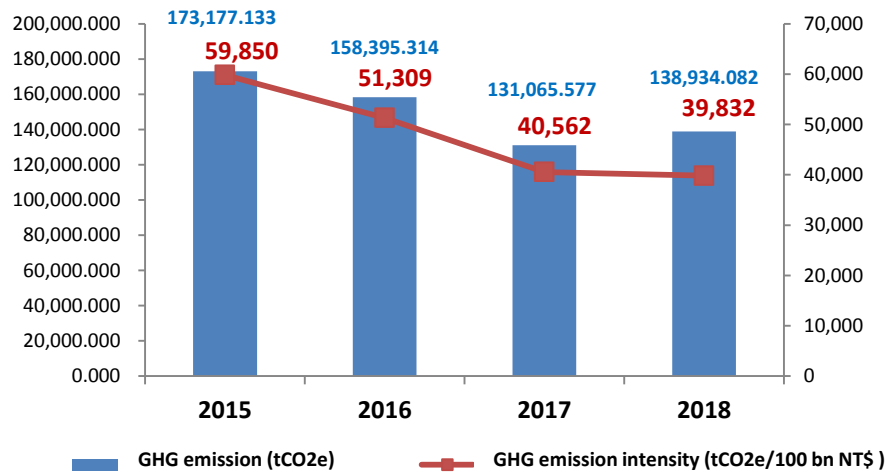
5.1.4 Greenhouse Gas Emission Management



Greenhouse Gas Emission Intensity

- ◆ In 2018, Inventec's GHG intensity (Scope 1 and Scope 2) was 39,832 tCO₂e/NT\$ 100 bn, 1.8% less compared to 2017 and 33.45% less compared to 2015.
- ◆ Both GHG intensity and emission have followed a declining trend since 2015 while the revenue increased at the same time. In addition, Inventec not only continually lower the electricity consumption, but also access to renewable energy and implement energy-saving projects.

Greenhouse Gas Emission Intensity



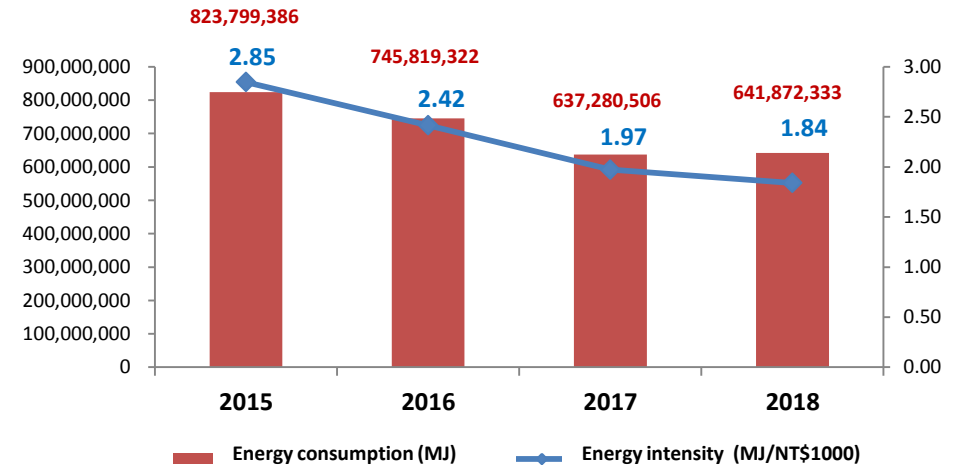
5.1.5 Energy Management



Energy Consumption and Energy Intensity

- ◆ In order to fulfill its corporate social responsibility and sustainable business objectives, Inventec will adhere to the concept of energy conservation and carbon reduction and promote an energy management system that meets international standards. Our commitment to energy policy:
 - **Continuously improve energy efficiency and reduce energy use costs**
 - **Comply with regulatory requirements and comprehensively identify various energy sources.**
 - **Review energy targets and ensure access to information and resources.**
 - **Implement energy management systems to reduce greenhouse gas emissions.**
- ◆ Energy consumption : In 2018, the energy (purchased electric power and natural gas) consumption of Inventec was 641,872,333 million joules, 0.72% more compared to 2017.
- ◆ In 2018, Inventec's energy intensity was 1.84 million joules/thousand NT\$; a decrease by 6.69% compared to 2017.
- ◆ Both energy intensity and energy consumption have followed a declining trend since 2015 when the revenue increased at the same time. It shows that Inventec continually lower the energy need when pursuing its revenue growth.

Energy Intensity



5.1 Climate Action

5.1.5 Energy Management

Energy Saving and Carbon Reduction

- ◆ In order to relieve the environmental impact caused by greenhouse gas emitted from company operation, each site gradually has established ISO 50001 system and continually implement energy-saving projects with an aim to lower the carbon emission.
- ◆ There were totally 9 energy saving projects implemented in Inventec in 2018. With these efforts, Inventec saved around 1.12 million KWh, which is equivalent to establishing two Daan Forest Parks.

ISO 50001 Certificate (Taiwan)



ISO 50001 Certificate (Pudong)



Energy Saving and Carbon Reduction Projects and Performances in 2018

Region	Energy Saving and Carbon Reduction Projects	Energy reduction (kWh)	Annual carbon reduction (tCO2e)
Taiwan	• Headquarters : Switch to energy efficient HVAC equipment	236,371	130.95
	• Site : Replace T5 with LED lighting in motorcycle parking lot	5,548	3.07
	• Site : Replace axial flow fan with centrifugal fan	67,200	37.23
	• Site : Change to LED lighting in meeting rooms	6,747	3.74
China	• Site : Change to LED lighting in meeting rooms	366,031	265.15
	• Site : Remove ice machine in SMT	231,814	167.93
	• Site : Implement energy saving projects in clean room	72,664	52.64
	• Site : Use sensors in staircase	18,501	13.40
	• Dorm : Implement water saving projects	116,760	84.58
Total		1,121,635.79	758.69

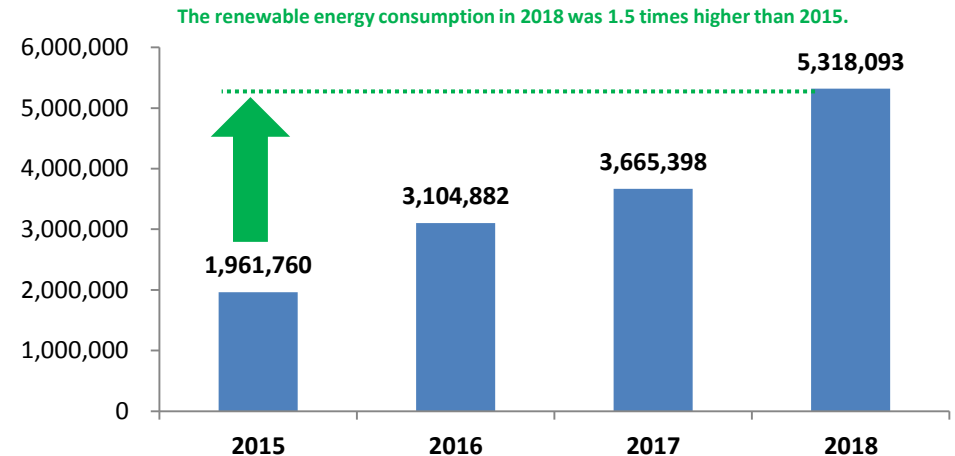
Renewable Energy

- ◆ In 2018, Inventec Group's (Inventec, Inventec Appliances, Inventec Solar Energy, E-Ton Solar Tech, etc.) available solar power generation was 5,318,000 kWh, increased by 1,652,000 kWh (45% more) compared to 2017. The renewable energy consumption in 2018 was 1.5 times higher than 2015. It shows it actively implement the green energy environmental protection policy.
- ◆ In addition to saving energy and promoting energy efficiency, Inventec Group dedicates itself to breaking through the current situation and establishing solar power devices in Taiwan and China.

2025 renewable energy target:

Expand the use of renewable energy facilities and continue to increase the proportion of renewable energy by 5%.

Inventec Group Solar Power Generation



5.2 Environmental Responsibility

5.2.1 Approach to Environmental Responsibility

Environmental Management

- ◆ To avoid causing pollution to the surrounding environment due to the operation, Inventec takes the circulation of PDCA (Plan, Do, Check, Action) as the basis to implement ISO 14001.
- ◆ Inventec has established management and control systems to effectively prevent from air pollution, waste water, chemical, waste, and toxic or hazardous substance.

Waste Water Treatment

- ◆ The majority of Inventec's wastewater is domestic sewage which is legally treated and causes no serious impact on the environment.
- ◆ Domestic sewage from facilities is all managed by wastewater treatment plant. All processes are in compliance with local laws and no serious impact on the environment.

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. In addition, Inventec periodically holds educational training so as to prevent the occurrence of chemical-related accidents.
- ◆ No serious leakage event occurred in Inventec in 2018.

Air Pollution Prevention

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



5.2 Environmental Responsibility

5.2.2 Waste Management

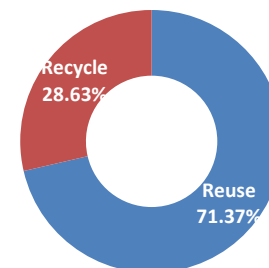
Regulatory Compliance

- ◆ 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 .
- ◆ Inventec has no illegal environmental case in 2018.

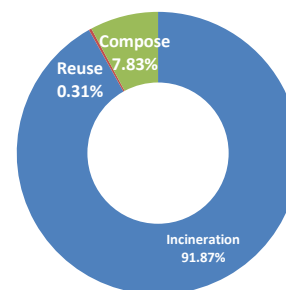
Waste Management and Amounts of Waste

- ◆ Three types of wastes : resource waste , general waste and hazardous waste
- ◆ Amounts of Waste : In 2018, the total waste of Inventec was about 21,000 tonnes. Among them, the general waste and resource waste accounted for 14.46% and 85.44% respectively, and the hazardous waste only accounted for 0.1%.
- ◆ Waste Treatment :
 - (1) Resource waste : Reuse / recycle.
 - (2) General waste : Incineration is the majority, followed by compost and reuse.
 - (3) Hazardous waste : Incineration is the majority, followed by reuse / recycle and landfill.
- ◆ From the amounts of waste treatment since 2014, it indicates that the amount of wastes has been reduced. Compared to 2014, the amount of waste in 2018 was 29% less.

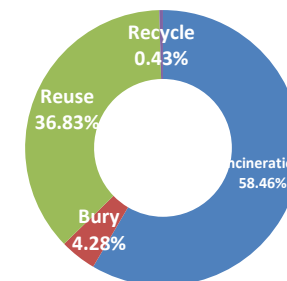
Resource waste



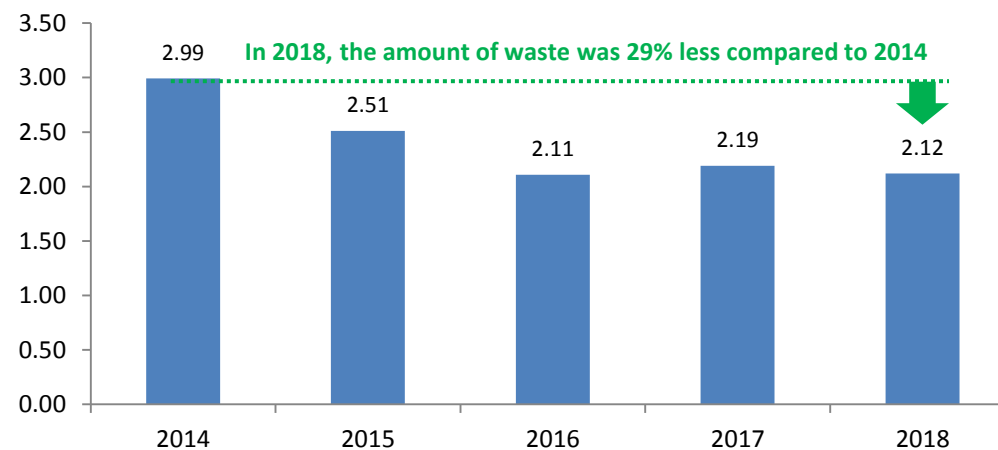
General waste



Hazardous waste



Amount of Waste(unit: 10,000 tonnes)



5.2 Environmental Responsibility

5.2.3 Water Management



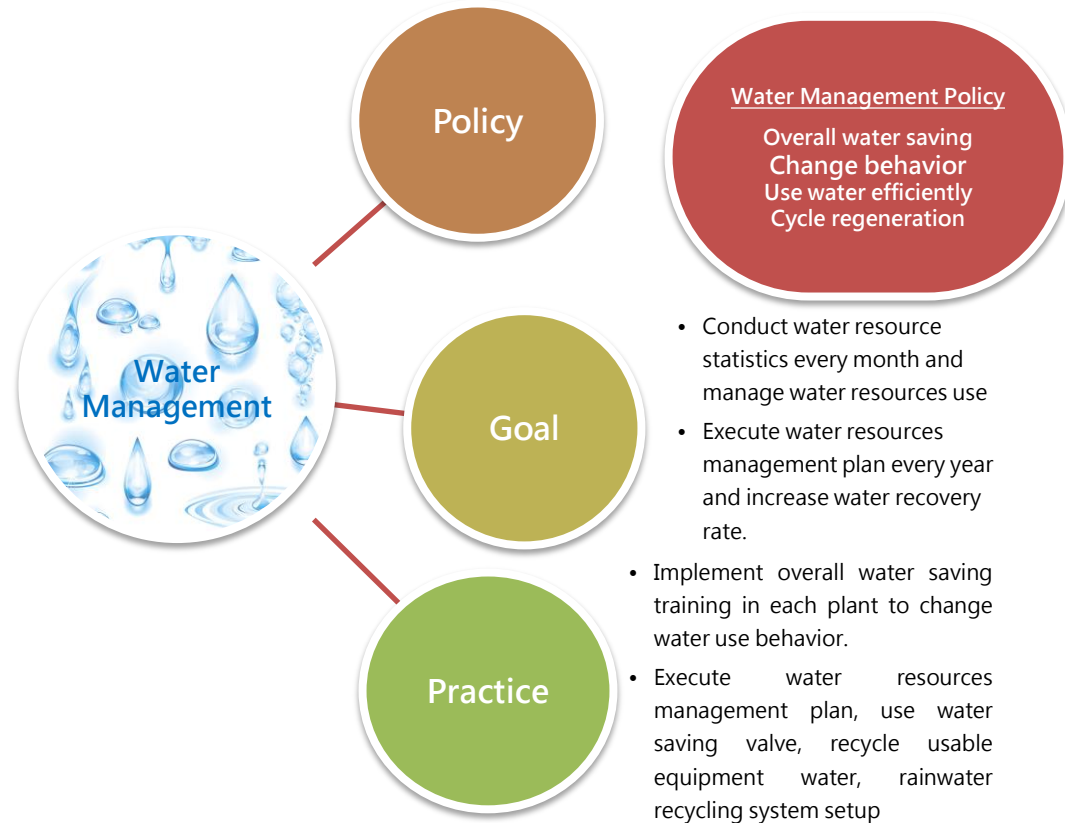
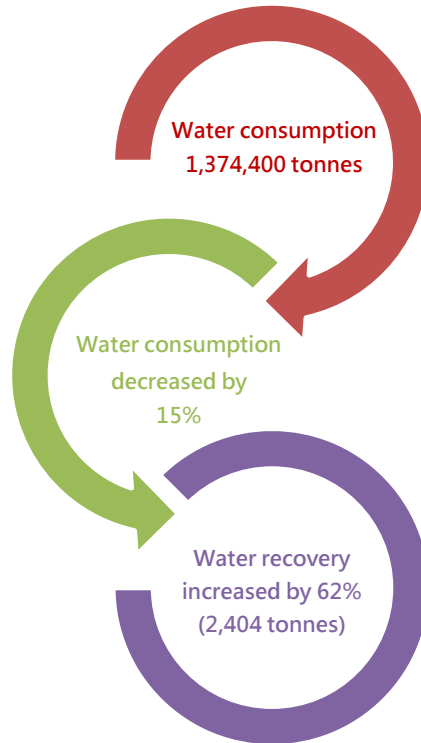
Management Approach

- ◆ In coordination with water issues from stakeholders, 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.
- ◆ Inventec's water-related risk assessments consider the contextual issues such as water availability, implications of water on the key commodities/raw materials, water-related regulatory frameworks, and access to fully-functioning, safely managed water, sanitation, and hygiene services for all employees, etc.



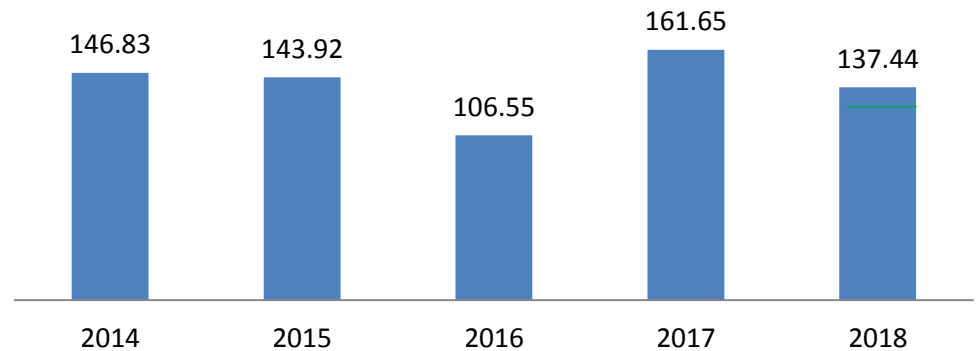
Water Consumption and Reuse

- ◆ Water consumption : Municipal tap water is Inventec' s main water source. In 2018, the total water consumption was 1,374,400 tonnes, 15% less compared to 2017.
- ◆ Water reuse : Inventec implemented 2 water-saving projects in 2018. With this effort, the total amount of water recovery and reuse is up to 6,310 tonnes, accounting for 0.5% of total water consumption.



Water Consumption (unit: 10,000 tonnes)

In 2018, the total water consumption was about 15% less compared to 2017



5.2 Environmental Responsibility

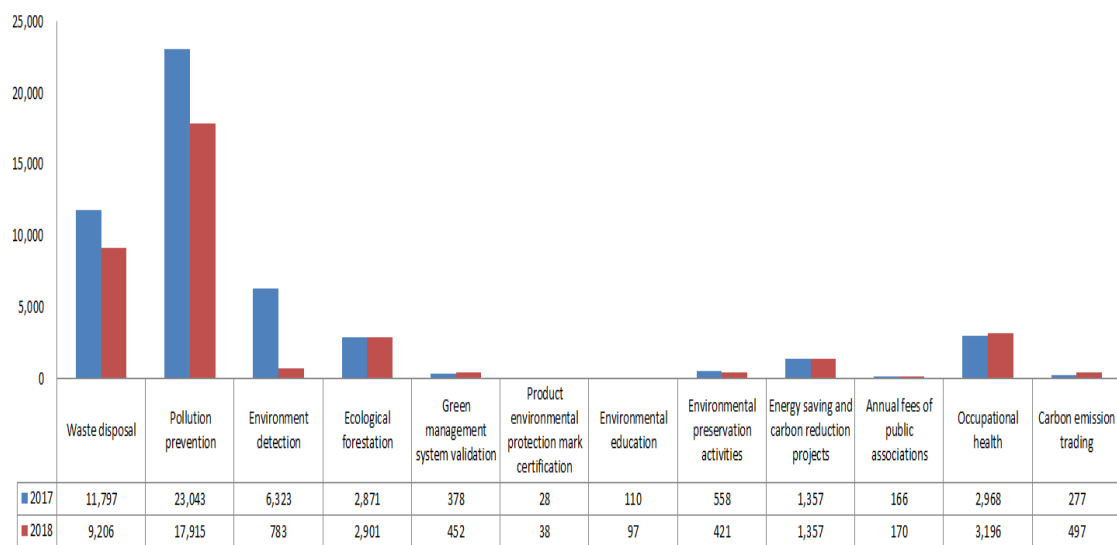
5.2.4 Environmental Protection Expenditures



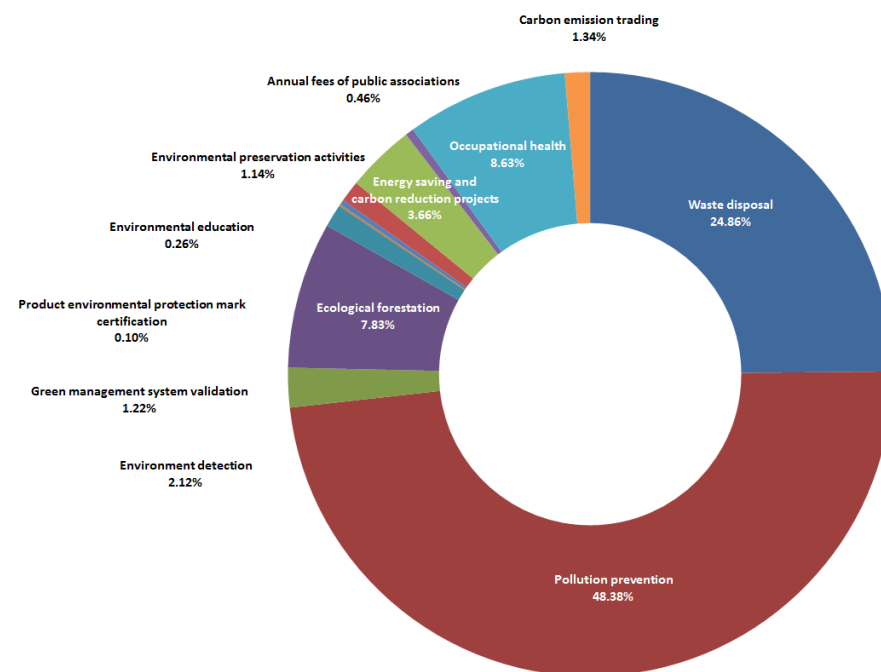
Environmental Protection Expenditures

- ◆ In 2018, the environmental protection expenditures of Inventec Group was approximately NT\$370 million. Inventec accounts for 35.37%, Inventec Appliances accounts for 11.96%, Inventec Solar Energy accounts for 31.48%, and E-Ton Solar Tech accounts for 21.19%. The details are shown on this page.
- ◆ Compared to 2017, Inventec Group's total environmental protection expenditure in 2018 approximately decreased by NT\$ 128 million. It lowered environmental expenditures in categories of waste disposal, pollution prevention, and environment detection. Instead, it raised up the expenditures in the categories of ecological forestation, environmental preservation activities, and energy saving and carbon reduction projects. The comparison is shown on this page.

Inventec Group's Environmental Protection Expenditures and Related Comparison (unit: NT\$10,000)



Inventec Group's 2018 Environmental Protection Expenditures Proportion



5.3 Green Life

5.3.1 Life Education

Green Life Environmental Education

- ◆ In response to the implementation of the "Environmental Education Act", Inventec does not only amend the company "Code of Corporate Social Responsibility", but also implement various environmental education and green life activities from aspects of employee, product and community :
- ✓ Employee Aspect : Inventec raised employees' environmental awareness by conducting environmental class. Employees are aware that they can simply lower their carbon footprints by changing their daily activities, such as taking public transportation, switching to a paper-free working mode, using reusable tableware, etc.
- ✓ Product Aspect : With the Inventec Green E-paper and CSR seminar, Inventec is able to regularly share sustainability experiences with suppliers. Inventec plans to march towards its sustainable corporate objective of "Energy saving, waste reduction and health" with its supply chain.
- ✓ Community Aspect : Inventec also adopts community parks, holds community environmental protection lectures, and adopts the important national wetland "Kwan-tu Nature Park" with an aim to maintain biodiversity.

Adopt Community Parks and Participate in Community Clean-Ups



5.3.2 Wetland Protection

Sponsor Wetland Protection and Hold Volunteering Activities

- ◆ 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's 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.
- ◆ On Dec. 14th, 2018, Inventec teamed up with the suppliers to develop the green awareness through the eco-tour in Kwan-tu Nature Park.



6 Social Inclusion

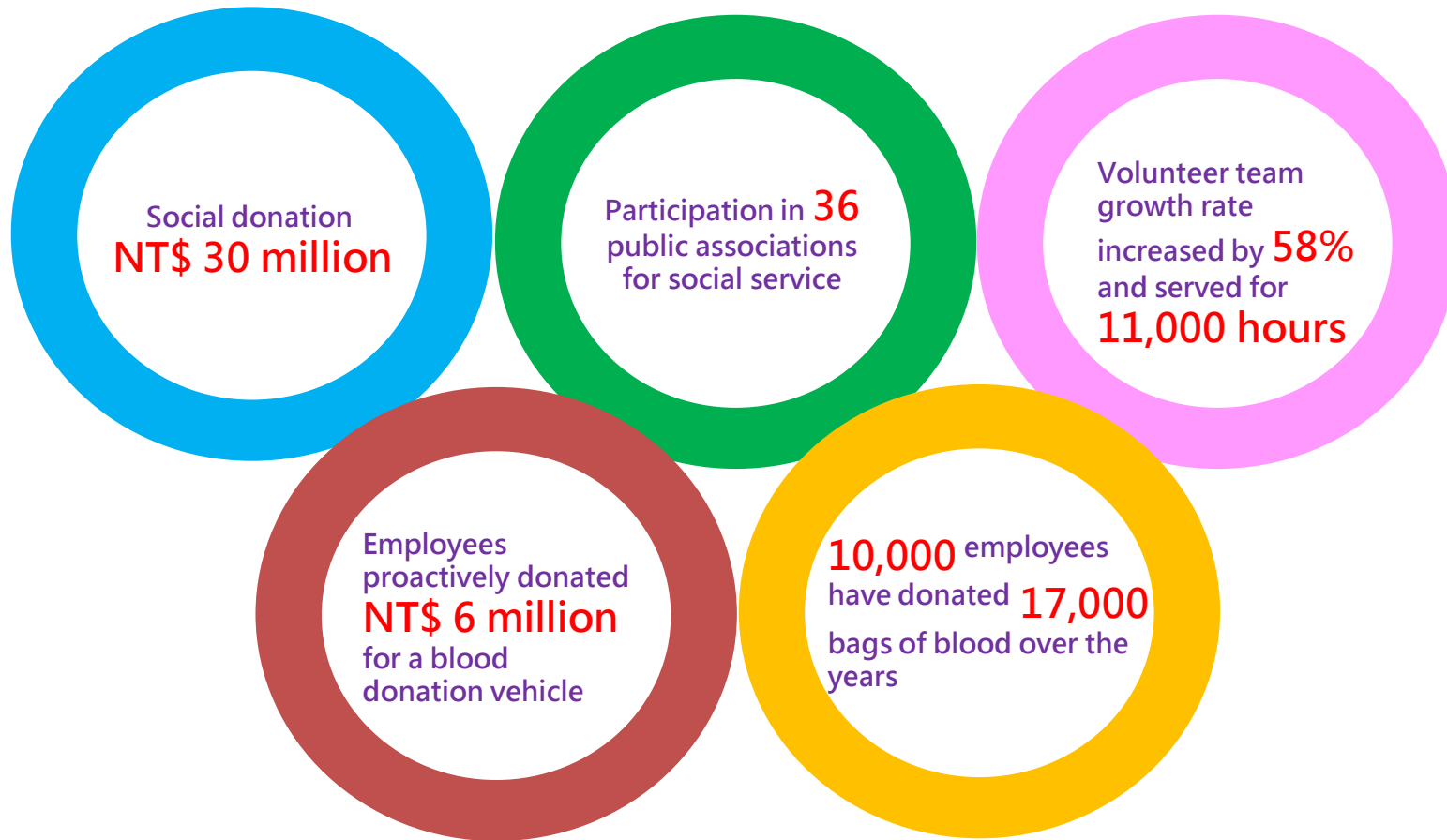
6.1 Foundation	89
6.2 Inclusive Growth	91



SDGs



Social Inclusion Performance



- ◆ Strategy : Inventec adheres to the spirit of “greater responsibility, greater concern ” and shoulders the responsibility for those in need.
- ◆ Key Practices : Expand the volunteer team, hold public welfare lectures, collaborate with social groups, serve communities, adopt parks, and have volunteer leave.
- ◆ Browse Suggestions : Employees, communities, media, etc.

6.1 Foundation



Shouldering the corporate citizen's responsibility, since its establishment in Jan. 2010, Inventec Group Charity Foundation has been integrating the external and internal resources of the Group 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.



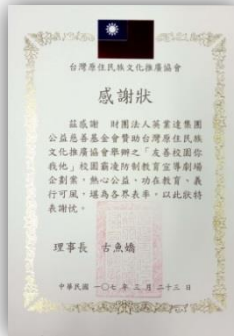
6.1 Foundation



- ◆ Inventec Group Charity Foundation assists and supports charitable organizations in different domains to engage in social welfare work, evaluate fundraising projects of public welfare organizations in different domains, and select excellent social welfare organizations for charitable donations. In 2018, the Foundation interacted with 53 public welfare organizations, focusing on environmental conservation, art and culture, social welfare such as the elderly, physical and mental disability, children, adolescents, women, etc.

The Partners Expressing Gratitude to Inventec Group Charity Foundation

Art and culture



Welfare for Physical and Mental Disability



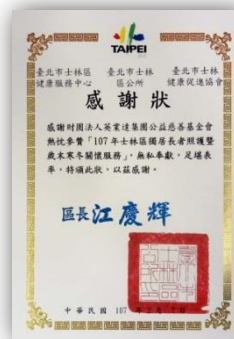
Inventec Group Charity Foundation Supports Youth Anti-drug Project

- ◆ In 2018, the Foundation accepted the invitation of the Taipei City Government to participate in the "Adolescent Anti-drug Justice Alliance" to jointly promote the youth anti-drug project and was awarded a certificate of appreciation by the Taipei City Government.
- ◆ In 2018, the Foundation published 14 public service advertisements in well-known media.

Children's welfare



Welfare for the elderly



6.2 Inclusive Growth

6.2.1 Long-term Focus and Donation Expenditure

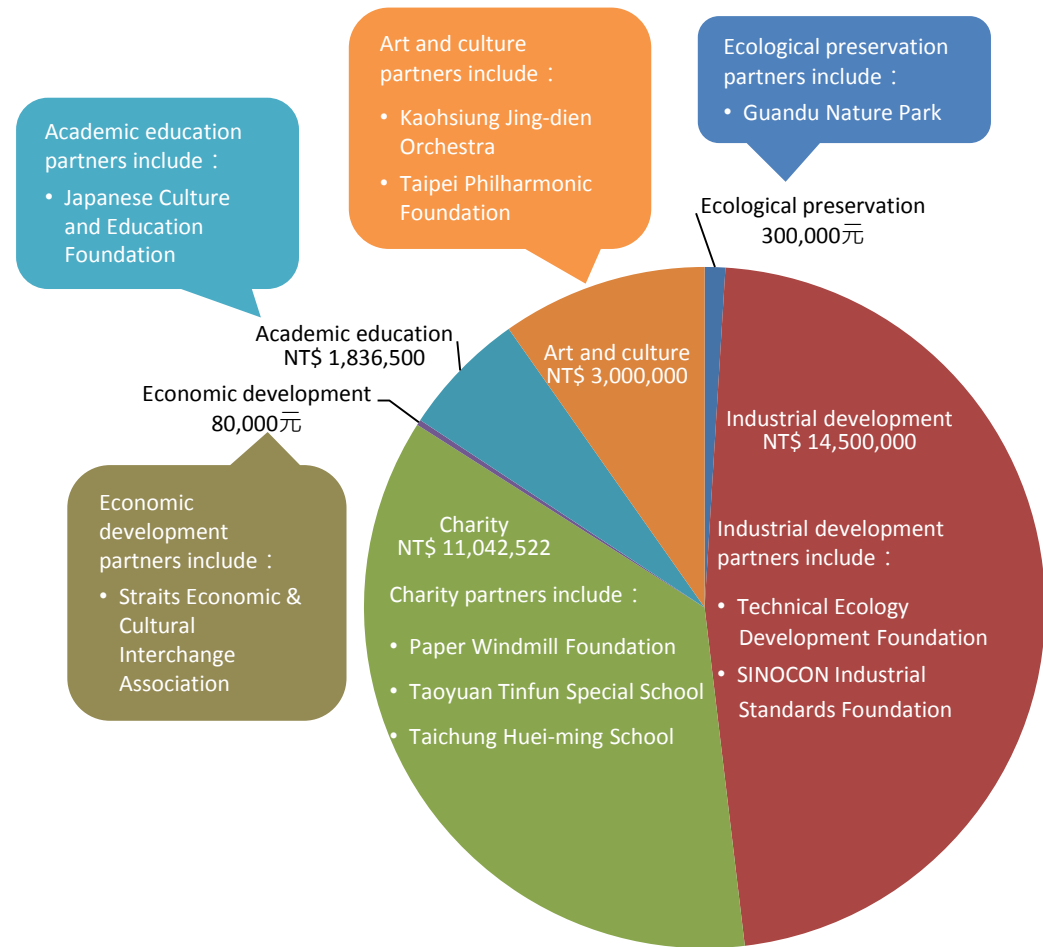


◆ Inventec and the "Inventec Group Charity Foundation" have spared no effort in charitable support, social care and major disaster relief for many years. Upholding the charity concept that "love" is shouldering the responsibility for social need, we shoulder the responsibility of corporate social citizens.



◆ The total social donation expenditure of Inventec and the Inventec Group Charity Foundation in 2018 was **NT\$ 30,759,022**

Inventec's Long-term Focus



6.2 Inclusive Growth

6.2.2 Employee's Social Enterprise Activity

◆ Inventec Group Charity Foundation supports the Hsinchu Renai Social Welfare Foundation to host the 2018 and 2019 charity fairs.



Support charity fairs.



Volunteers in charity fair.

Adhere to the spirit of “greater responsibility, greater concern” and shoulder the responsibility for social need.

◆ Since 2013, Inventec has supported World Vision Taiwan for 6 consecutive years to hold the “30 Hour Famine” activities, and the company subsidized the activity registration fee as donation to the event.



Support 30 Hour Famine

◆ Inventec supports social enterprises. In 2018, the Social Enterprise Week activity invited 3 social enterprises for product exhibition and special lectures.



2018 Social Enterprise Week activity



Successfully challenge "30 Hour Famine: 12-hour DIY Hunger Experience"



Product exhibition



Special lecture



◆ Inventec attaches great importance to the environment of its operational locations, participates in neighborhood cleaning activities, and engages in community environmental protection.



Participate in neighborhood cleaning

◆ Through the Love in Shoebox activity, Inventec employees collected stationery and living items and gave them to the children of disadvantaged families. After the collection for 2 weeks, 150 gifts were successfully gathered.



Inventec employees collected materials for caring for the disadvantaged schoolchildren

◆ In China, Inventec takes part in social welfare through paying attention to poor students, disabled children, orphans with critical diseases, the elderly, and mountain cleaning.



Mountain cleaning activity

6.2 Inclusive Growth

6.2.3 Blood Donation Vehicle Project



Adhering to the spirit of "greater responsibility, greater concern", the Inventec Social Responsibility Group initiated the fundraising with Inventec employees in June 2018, in view of the fact that the Blood Donation Center's blood donation vehicle will be expired. A car was donated to the Taipei Blood Donation Center to collect the blood of love and to help the patients in need. With the employees' enthusiastic response, Inventec Group (Inventec, AIMobile, BESTA, Inventec Appliances, and Inventec Solar Energy) had a total of 577 employees generously donated a total of NT\$ 6,392,750. The blood donation car officially started to serve on May 15, 2019.



The employees donated NT\$ 6,392,750 for the blood donation car.

6.2.4 Long-term Blood Donation



Inventec fulfills its corporate social responsibility and alleviates the blood shortage: it has responded to blood donation activities for 25 years, and currently it has 4 blood donation activities every year to be a stable blood supply cooperation unit for blood donation centers. The employees responded positively, and 10,338 people donated 17,290 bags of blood which is equal to 4,138,000 ml.



Certificate of appreciation given to Inventec by the Blood Donation Center in 2018



Inventec's happy blood donor



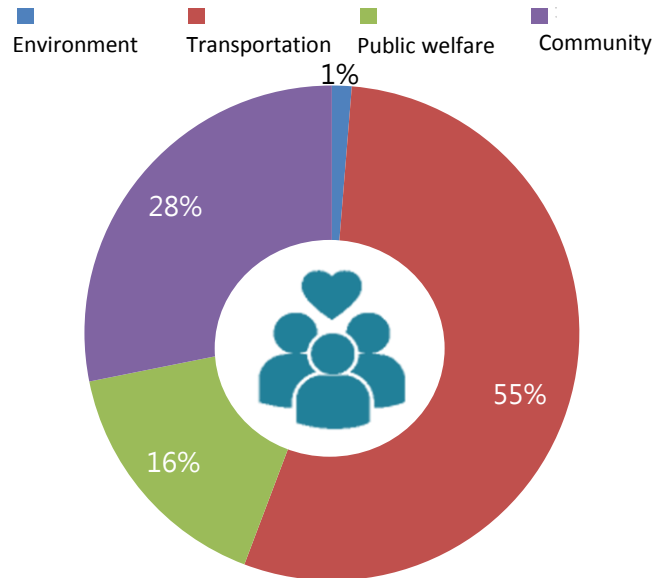
6.2 Inclusive Growth

6.2.5 Volunteer Participation

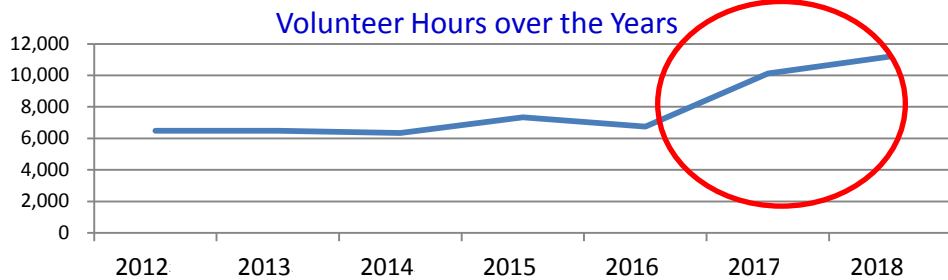


◆ Inventec Group established general leave and management practices in Taiwan, gives each employee 16 hours of paid work leave per year, and actively encourages them to volunteer for the beneficial social activities. The numbers of volunteering hours in 2018 and over the years are as follows:

2018 Volunteer Hours



The annual volunteer hours grew by 58% for 2 consecutive years.



6.2.6 Social Engagement



◆ Inventec actively participates in the public associations to be a bridge serving the society shown on this page.

Organization	Role	Organization	Role	
Responsible Business Alliance	Regular Member	Chinese International Economic Cooperation Association (CIECA), Taiwan	Member	
Taiwan Electrical and Electronic Manufacturers' Association	Member /Vice chairman	Monte Jade Science & Technology Association of Taiwan		
The Chinese National Association of Industry and Commerce, Taiwan	Member /Director	Electric-Electronic & Environmental Technology Development Association of R.O.C.		
Cloud Computing & IoT Association in Taiwan	Member /Vice chairman	Chinese National Federation of Industries		
Taiwan Association of Information and Communication Standards	Member /Vice chairman	Taipei Computer Association		
Taiwan India Business Association	Member /Director	Information Service Industry Association of R.O.C.		
Straits Exchange Foundation	Member /Director	Straits Economic & Cultural Interchange Association		
Cross-Strait CEO Summit (Taiwan)	Member /Director	Taiwan Corporate Governance Association		
Taiwan IOT Technology and Industry Association	Member /Committee member	Importers and Exporters Association of Taipei		
Taiwan Internet Of Things Alliance	Member	The Business Council for Sustainable Development of Taiwan		
Taiwan Intelligent Aerropolis Association		The Third Wednesday Club		
Taiwan V-team		SINOCON Industrial Standards Foundation		
Asia Silicon Valley IoT Industry Major League		The Association of Taiwan Investment Enterprises on the Mainland		Member /Director
Chinese Excellent Management Association		Shanghai Association of Taiwan Investment Enterprises - Minhang District		Member /Director
ROC-USA Business Council		Shanghai Association of Taiwan Investment Enterprises - Xuhui District		Member /Director
Chinese Society for Quality		Business Association of Shanghai Caohejing New Technology Development Zone		Member /Director
Taipei Electrical Commercial Association		Chongqing Cloud Computing Industry Association		Member /Deputy director
Chinese National Export Enterprises Association		Chongqing Quality Association		Member

7 Group Companies

A close-up photograph of a person's hand in a dark suit jacket and white shirt cuff, carefully placing a white puzzle piece onto a dark, reflective surface. Several other white puzzle pieces are scattered around, some already partially assembled. The background is blurred, showing another person's hand in a similar suit.

7.1 Inventec Appliances	96
7.2 Inventec Solar Energy	97
7.3 E-Ton Solar Tech	98

7.1 Inventec Appliances

01 Talent Recruitment, Employee Welfare, Cultivation of Talent , Labor Regulation Conformity

1. Talent Recruitment - 30 newcomers are in Taipei site. Pudong site and Nanjing site have the diversified recruitment channels such as on-site job fairs and online recruitment, and they add mobile phone recruitment.
2. Employee Welfare - Taipei site held 12 employee health activities, Pudong site held 13 employee activities, and Nanjing site held 12 employee activities.
3. Cultivation of Talent – The Courses were 100% implemented.
4. The employee contracts and social insurances of Pudong / Nanjing sites were 100% implemented.

02 Anti-corruption

1. 100% of IACT new employees sign a staff service code to comply with anti-corruption regulations.
2. IACP made anti-corruption posters and site-wide announcement and promotion. 100% of the new employees had "Code of Conduct" training.
3. The signing rate of the IACP senior director <Commitment on Prohibition of Commercial Bribery > reached 100%.

03 Employee Occupational Health, Safety, and Hygiene

1. Taipei site had 0 serious safety incident throughout the year, and Pudong site achieved 6.4 seasonal safety training hours per person.
2. The statutory achievement rate of the in-plant health check in Taipei was 91%, and the rate of general health check of Nanjing site's new/in-service colleagues and the health check-up for special hazardous operations was greater than 90%.
3. Taipei site had 5 health lectures, and Nanjing site conducted 20 health trainings and lectures.

04 Supply Chain Management

1. 99% of the new suppliers signed the RBA Codes of Conduct Compliance Statement.
2. 99% of Inventec Appliances' supplier with transaction signed the RBA Codes of Conduct Compliance Statement.
3. 100% of the suppliers signed the Environmental Protection Statement.
4. Nanjing site's SQE conducted 10 on-site supplier audits.
5. 100% Nanjing site's SQE finished 100% of the on-site supplier audits.

05 Green Product (Hazardous Substances Free / Easy to Disassemble)

1. Pass the IECQ QC080000: 2017 (revision) annual external audit by SGS and obtain the certificate.
2. Inventec Appliances filled in the "WEEE Recovery Rate Evaluation Form" according to customer requirements.
3. In 2018, 0 violations of the law about product and service.

06 Environmental Regulation Conformity

1. The 3 sites 100% complied with the environmental regulations, and there is no violation record.
2. The annual environmental protection lectures: 4 in Taipei site, 4 in Pudong site, and 4 in Nanjing site.

07 Risk of Climate Change and Energy Management

- Pudong site: Greenhouse gas emissions decreased by 7.07% compared to 2017.
1. The solar power generation capacity is 2MW
 2. Generate 7,577,100 MJ of renewable energy
- Nanjing site: Generate 3,581,539 MJ of renewable energy

Material Topics / Major Performance



Company Introduction

- ◆ Based on the concept of "integrity sharing, active innovation", Inventec Appliances dedicates itself to the development of smart handheld products and cloud terminal products. The two concepts are linked to each other to carry out the mission of "creating performance and benefiting the people."

2018 Inventec Appliances CSR Report is available on Inventec Appliances' official website:



7.2 Inventec Solar Energy



Company Introduction

- ◆ Based on the innovation and improvement of green energy, Inventec Solar Energy has invested in the professional research team and process technology to promote the research and development of green energy technology, create a pollution-free environment, and take into account the win-win vision of environmental protection and human technology. Solar energy is a new energy source with no pollution and stability in the 21st century. With the goal of sustainable regeneration of the earth's resources and the creation of human well-being, Inventec Solar Energy continues to develop solar power technology and high-performance products that are superior to the industry, looks at the future, operates globally, and becomes an excellent leader.

2018 Inventec Solar Energy CSR Report is available on Inventec Solar Energy's official website:



7.3 E-Ton Solar Tech



Company Introduction

- ◆ E-Ton Solar Tech Co., Ltd. was founded in December 2001 and is part of the Inventec Group. Its main business projects are solar cells and related applications. The site is located in Annan District, Tainan City. The current chairman is Mr. Wen Qing-zhang.
- ◆ E-Ton is committed to the production of high-efficiency solar cells with advanced R&D technology. Through continuous innovation, it develops high-efficiency and high-value-added products, and uses various business technologies and management tools to improve operational performance and create maximum value for customers and stakeholders.
- ◆ Since 2011, the company has made significant breakthroughs in the average conversion efficiency of solar cells with the continuous efforts of the new management team. The average efficiency of single crystals was 18.3% in 2011 and increased to 21.7% in the fourth quarter of 2018; the average efficiency of polycrystals was 16.9% in 2011 and 18.8% in the fourth quarter of 2018. These results show that the company already has World-class product and technical capabilities. In order to effectively separate the market, the management team is still tirelessly continually innovating and developing high-efficiency and differentiated products, so as to avoid price wars and create an industry blue ocean with this advantage.

- Industry category: Optoelectronics industry (green energy technology industry, and high-performance battery chip research and development, production and manufacturing)
- Main products: R&D, manufacturing and sales of silicon solar cells
- Management approach: talent-oriented, profit-making, investing in future
- Quality policy: Provide "highest quality" and "best service" to achieve comprehensive customer satisfaction; comply with hazardous substances free regulations and management, and strive to protect the green earth with environmental protection.
- Environment, safety, and health policy: Comply with regulations and fulfill the responsibilities. Prevent pollution and reduce risks. Eliminate occupational disasters and promote health. Full participation and continuous improvement.
- E-Ton Solar Tech Stock Code: 3452 (Taiwan Stock Exchange Corporation), please refer to E-Ton Solar Tech Co., Ltd.'s 2018 annual report for important investments, equity, shareholder structure, business scope, payments to government, and sales volume.

**Innovation
for
Changes**

**Quality
and
Character**

**Open Mind
with
Modesty**

**Execution
on
PDCA**



2018 E-Ton Solar Tech CSR Report is available
on E-Ton Solar Tech's official website:





8 Appendix

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8.1 GRI Index

GRI 102 : General Disclosure 2016

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102-2	Activities, brands, products, and services	3.1.3 Product Development 39
102-3	Location of headquarters	1.3.1 Company Introduction 7
102-4	Location of operations	3.1.2 Operational Locations 38
102-5	Ownership and legal form	1.3.1 Company Introduction 7
102-6	Markets served	3.1 Operational Management 40-41
102-7	Scale of the organization	1.3.1 Company Introduction 7 3.1.6 Operational Performance 42
102-8	Information on employees and other workers	4.1.1 Talent Management 59
102-9	Supply chain	3.3 Sustainable Supply Chain Management 49-54
102-10	Significant changes to the organization and its supply chain	3.3 Sustainable Supply Chain Management 49-54
102-11	Precautionary Principle or approach	5.1.3 Climate Action Practice 76-78
102-12	External initiatives	No external initiative signed in 2018 -
102-13	Membership of associations	6.2.6 Social Engagement 94
2. Strategy		
102-14	Statement from senior decision-maker	1.1 Top Management Commitment 4-5
102-15	Key impacts, risks, and opportunities	3 Operational Development 47
3. Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	2.3.1 Prevention and Reporting 29
		4.2.1 Regulatory Compliance 65
102-17	Mechanisms for advice and concerns about ethics	2.3.1 Prevention and Reporting 29
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GRI 102 : General Disclosure 2016

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102-19	Delegating authority	1.3 About Inventec 8 2.1 Board of Directors 26 2.3.1 Prevention and Reporting 29
102-20	Executive-level responsibility for economic, environmental, and social topics	1.4 About Inventec 8 2.1 Board of Directors 26 2.3.1 Prevention and Reporting 29
102-22	Composition of the highest governance body and its committees	2.1 Board of Directors 26-27 2.2 Committees 28
102-23	Chair of the highest governance body	2.1 Board of Directors 26-27
102-24	Nominating and selecting the highest governance body	2.1 Board of Directors 26-27
Omission : Currently the nomination and selection of Board members does not consider the environmental and social professional and experience.		
102-25	Conflicts of interest	2.3.1 Prevention and Reporting (Please refer to the "Rules of the Board of Directors Meeting" for the interest conflict prevention policy.) 29
102-26	Role of highest governance body in setting purpose, values, and strategy	2.1 Board of Directors 26-27
102-27	Collective knowledge of highest governance body	2.1 Board of Directors 26-27
102-28	Evaluating the highest governance body's performance	2.1 Board of Directors 26
Omission : The current performance evaluation of the Board of Directors does not yet include environmental and social performance.		
102-30	Effectiveness of risk management processes	2.4.1 Preventive (Risk Control) Internal Control System 31
102-31	Review of economic, environmental, and social topics	2.4.1 Preventive (Risk Control) Internal Control System 31
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8.1 GRI Index

GRI 102 : General Disclosure 2016

GRI 102 : General Disclosure 2016			
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Omission : Currently the remuneration policy and distribution principle of the Board of Directors do not include environmental and social performance.			
5. Stakeholder engagement			
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102-41	Collective bargaining agreements	No collective bargaining agreement signed because of no union	-
102-42	Identifying and selecting stakeholders	1.4 Sustainable Communication	9-17
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6. Reporting practice			
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102-46	Defining report content and topic Boundaries	1.4 Sustainable Communication	9-22
102-47	List of material topics	1.4 Sustainable Communication	19-22
102-48	Restatements of information	The measurement method in the 2018 report has no impact on the information in 2017 report.	-
102-49	Changes in reporting	1.2 Editorial Guideline	6
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102-56	External assurance	8.3 AA1000 Assurance Statement	104-105

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Disclosure		Chapter / Note	Page
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		6.2.1 Long-term Focus and Donation Expenditure	91
201-3	Defined benefit plan obligations and other retirement plans	4.2.1 Regulatory Compliance	65
201-4	Financial assistance received from government	3.1.6 Operational Performance	42
204-1	Proportion of spending on local suppliers	3.3.3 Sustainable Supply Chain Daily Management	53
205-1	Operations assessed for risks related to corruption	2.3.2 Implementation	30
205-2	Communication and training about anti-corruption policies and procedures	2.3 Integrity Management	29-30
205-3	Confirmed incidents of corruption and actions taken	2.3.2 Implementation	30

GRI 302: Energy 2016

Disclosure		Chapter / Note	Page
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302-3	Energy intensity	5.1.5 Energy Management	80
302-4	Reduction of energy consumption	5.1.5 Energy Management	81

8.1 GRI Index

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305-3	Other indirect (Scope 3) GHG emissions	5.1.4 Greenhouse Gas Emission Management	79
305-4	GHG emissions intensity	5.1.4 Greenhouse Gas Emission Management	80
305-5	Reduction of GHG emissions	5.1.5 Energy Management	81
307-1	Non-compliance with environmental laws and regulations	5.2 Environmental Responsibility	82-83
308-1	New suppliers that were screened using environmental criteria	3.3 Sustainable Supply Chain Management	49-54
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401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.1.1 Talent Management 4.2.2 Employee Welfare	59 66
401-3	Parental leave	4 Friendly Workplace	57

GRI 403: Occupational Health and Safety 2018 · GRI 404: Training and Education 2016 · GRI 406: Non-discrimination 2016 · GRI 414: Supplier Social Assessment 2016 · GRI 416: Customer Health and Safety 2016 · GRI 418: Customer Privacy 2016 · GRI 419: Socioeconomic Compliance 2016

Disclosure		Chapter / Note	Page
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403-3	Occupational health services	4.3.2 Safe and Healthy Area	69-70
403-4	Worker participation, consultation, and communication on occupational health and safety	4.3.1 Occupational Safety and Health Management System	68-69
403-5	Worker training on occupational health and safety	4.3.2 Safe and Healthy Area	70
403-6	Promotion of worker health	4.3.2 Safe and Healthy Area	69-70
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.3.2 Safe and Healthy Area	70
403-9	Work-related injuries	4 Friendly Workplace	58
404-1	Average hours of training per year per employee	4.1.2 Cultivation of Talent	64
404-2	Programs for upgrading employee skills and transition assistance programs	4.1.2 Cultivation of Talent	62-64
404-3	Percentage of employees receiving regular performance and career development reviews	4.1.3 Performance Management	64
406-1	Incidents of discrimination and corrective actions taken	4.2.3 Employee Communication	67
414-1	New suppliers that were screened using social criteria	3.3 Sustainable Supply Chain Management	49-54
414-2	Negative social impacts in the supply chain and actions taken	3.3 Sustainable Supply Chain Management	49-54
416-1	Assessment of the health and safety impacts of product and service categories	3.2.2 Green Design	46
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3.2.2 Green Design	46
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.1.7 Customer Privacy and Information Security	43
419-1	Non-compliance with laws and regulations in the social and economic area	4.2.1 Regulatory Compliance	65

8.2 SDGs Chart

United Nations Sustainable Development Goals (SDGs) Chart

The relevance of the content in Sustainable Development Goals (SDGs) to Inventec (direct or indirect)	Chapter	Page
Goal 1. End poverty in all its forms everywhere. (Indirect)	4.1.1	59-61
Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture. (Indirect)	4.2.2 6.2.1	66 91
Goal 3. Ensure healthy lives and promote well-being for all at all ages. (Direct)	4.3	68-70
Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. Goal 4.4. By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship. (Direct)	4.1.2	62-64
Goal 5. Achieve gender equality and empower all women and girls. (Direct)	4.1.1 4.2.1	61 65
Goal 6. Ensure availability and sustainable management of water and sanitation for all. Goal 6.3. By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated Wastewater and substantially increasing recycling and safe reuse globally. Goal 6.4. By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity. (Direct)	5.2.3	84
Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all. (Direct)	5.1.5	80-81
Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all Goal 8. 2. Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors. Goal 8.5. By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	3 4.1-4.2	36-54 59-67

The relevance of the content in Sustainable Development Goals (SDGs) to Inventec (direct or indirect)	Chapter	Page
Goal 8.7. Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms. Goal 8.8. Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment. (Direct)	4.1.1 4.3	61 68-70
Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation. (Direct)	3.1.3 3.2.1	39 45
Goal 10. Reduce inequality within and among countries. (Indirect)	4.1.1	59-61
Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable. (Indirect)	5.2	82-85
Goal 12. Ensure sustainable consumption and production patterns. Goal 12.4. By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment. Goal 12.5. By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse. Goal 12.6. Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle. (Direct)	1.4 3.2.2 3.3 5.2	9-22 45-46 49-54 82-85
Goal 13. Take urgent action to combat climate change and its impacts. Goal 13.3. Improve education, awareness-raising and human and institutional capacity on climate Change mitigation, adaptation, impact reduction and early warning. (Direct)	5.1	73-81
Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development. (Indirect)	5.3	86
Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss. (Direct)	5.3	86
Goal 16. Promote peaceful and inclusive societies for sustainable development, provide Access to justice for all and build effective, accountable and inclusive institutions at all levels. Goal 16.5. Substantially reduce corruption and bribery in all their forms. (Direct)	2.3	29-30
Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development. (Direct)	1.3	7

8.3 AA1000 Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE INVENTEC CORPORATION'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2018

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 2018 (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 2018 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 2018.

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 content veracity of the sustainability performance information based on the materiality determination at a high level of scrutiny for INVENTEC and Inventec Appliances; and moderate level of scrutiny for Inventec Solar Energy, E-TON Solar, and applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard (2008) Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008); and
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

The assurance comprised a combination of pre-assurance research, interviews with relevant employees 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 26000, ISO 20121, ISO 50001, SA8000, RBA, 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 2018 verified is accurate, reliable and provides a fair and balanced representation of INVENTEC sustainability activities in 01/01/2018 to 12/31/2018.

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. Processes are in place to prioritise the stakeholder groups and descriptions of the relationships with the identified stakeholder groups are well defined. 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.

Materiality

INVENTEC has established effective processes for determining issues that fairly address the needs and concerns of stakeholders, societal norms, financial considerations, peer-based norms and policy-based performance in order to understand its sustainability context. The materiality determination processes have resulted in a comprehensive and balanced understanding and prioritisation of its material sustainability issues.

Responsiveness

INVENTEC has established policy and strategy statements in this report which respond to the material issues and to its stakeholders in a timely and transparent manner.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, INVENTEC's CSR Report of 2018, 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. In the future, it is recommended to formalise ESG performance information collection processes to better harmonize the data quality of the ESG performance information of INVENTEC and the subsidiaries presented in the CSR report.

Signed:

For and on behalf of SGS Taiwan Ltd.

David Huang
Senior Director
Taipei, Taiwan
27 May, 2019
WWW.SGS.COM



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Corporate Sustainability

Inventec



Inventec's Future

2030 Vision

New Mission
Serving the society is the sustainable mission of the Group colleagues. Care more and work harder to serve the society.

New Value
Change the world and show the Group's core values. Continue to invest in the new technologies and build new thinking.

New Future
The global company is the shared future of the Group colleagues. Actively strategize as a "global company."

Inventec



Inventec's Sustainable Strategic Goals

2025 Strategic Goals

- Demonstrate "market value": Integrate the resources of the Group and invest in the future of the Group through the fixed assets activation and the intangible assets assessment.
- Becoming an "Internet company": All business activities of the group can be connected to the Internet to provide a comprehensive solution.

2030 Strategic Goals

- Becoming a "social enterprise" and actively assisting in solving social problems in a business manner and enhancing our "social responsibility."



Inventec

Greater Responsibility, Greater Concern

