



Greater Responsibility, Greater Concern

Inventec

2019 Corporate Social Responsibility Report

CSR Honor



Top 5% in Corporate Governance Evaluation for 5 consecutive years

Constituent of Sustainable Indices

CSR Annual Sustainable Elite



2016 2017 2018 2019 2020

Inventec is selected as a constituent of the following indices :

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

- The first CSR Sustainable Elite Award by SGS

Taiwan Corporate Sustainability Award

The Citizen Award of Commonwealth Corporation

CommonWealth Magazine



- TOP 50 Taiwan Corporate Sustainability Award
- Corporate Sustainability Report Award- Platinum Award
- Supply Chain Management Award
- The Citizen Award of Commonwealth Corporation – No.10
- 2019 top 2000 enterprises - No. 9 in manufacturing

National Talent Development Award TTQS Exercise Enterprise Certification Accredited Healthy Workplace



- 2019 National Talent Development Award



- Talent Quality-management System - Silver Award



- 2019 Exercise Enterprise Certification Award



- Badge of Accredited Healthy Workplace

National Occupational Safety & Health Award Best Quality Improvement Award Supply Chain Quality Award RBA VAP Platinum Award



- 2019 National Occupational Safety & Health Award



- 2019 Best Quality Improvement Award



- 2019 Supply Chain Quality Award



- Full marks for Responsible Business Alliance VAP Audit

▶ Four Major Development Fields



Establish Technology Development Centers

Industry 4.0 software design center **Tiangin**

5G communication technology center **Shanghai**

AI center **Shilin Headquarter**

Inventec

The Future Development Goals Of Inventec



Auto electronic



Medical care

▶ New Business Opportunities

1 Overview

- 1.1 Top Management Commitment... 6
- 1.2 Editorial Guideline... 8
- 1.3 About Inventec... 9

3 Operational Development

- 3.1 Operational Management... 33
- 3.2 Innovative Research and Development... 40
- 3.3 Sustainable Supply Chain... 44

6 Social Inclusion

- 6.1 Foundation... 87
- 6.2 Inclusive Growth... 89
- 6.3 Social Caring... 92

2 Sustainable Governance

- 2.1 Corporate Governance... 23
- 2.2 Integrity Management... 26
- 2.3 Information Disclosure... 30

4 Health and Well-being

- 4.1 Talent Cultivation... 55
- 4.2 Employee Relations... 61
- 4.3 Excellent Workplace... 64

7 Appendix

- 7.1 GRI Index... 94
- 7.2 SDGs Chart... 97
- 7.3 AA1000 Assurance Statement... 98

5 Sustainability and Environmental Protection

- 5.1 Climate Action... 71
- 5.2 Environmentally Friendly... 79
- 5.3 Green Life... 84



1 Overview

- 1.1 Top Management Commitment6
- 1.2 Editorial Guideline.....8
- 1.3 About Inventec9

SDGs



1.1 Top Management Commitment

Due to the impacts of the current trade protectionism, the ongoing trade war between China and the United States, and the stalled decision of Brexit, the global economy experienced a synchronized slowdown in 2019. Facing the challenge of diversified customer orders, Inventec persists in professional thinking of business innovation and strategic production planning to strive for the company's competitive advantages in the long term. Thanks to the efforts of all our employees, we achieved a TWD 500 billion turnover for two consecutive years.

The consolidated revenue reached more than TWD 500.9 billion, a slight 1.17% lower than in 2018 (consolidated revenue of TWD 506.8 billion). The consolidated pre-tax operating profit was TWD 6.5 billion, which was mainly affected by a change in product combination and non-operating income and expenses, indicating a decline of 19.97% as compared with 2018. The after-tax net profit attributable to the parent company's shareholders was more than TWD 5.5 billion, a decrease of 15.26% as compared with the previous year. The consolidated after-tax earnings per share was TWD 1.54.

Overall, the revenue of the notebook computers was about TWD 246.7 billion, increased by 6.3%, as compared with the same period last year, benefited by the adjustment of the portfolios of the high-end models and aggressive market demand to correspond with the tariff trade war. Meanwhile, the revenue of server products was about TWD 166.8 billion, decreased by 7.85%, as compared with the same period last year due to the successive generations of the product layout and the effects of global production line adjustment. As for the smart device products, the revenue contributed TWD 83.2 billion, decreased by 2.81% as compared with the same period last year due to the capacity adjustment and change of customer demands. The solar energy company of the group responded to reduce the scale of operation composition due to the industry-wide downturn. Solar-related revenue was TWD 4.1 billion.

2019 was a year full of changes and opportunities. Although the demand side was initially prosperous by the effect of order transfer due to the US-China trade war and the knock-on effect of prompting a massive wave of Taiwanese firms to leave China and bring their manufacturing home. The consuming ability in the US seems promising at the beginning, however, the global economy was heavily affected by the outbreak of COVID-19. Furthermore, the supply chain faces such adverse factors as a shortage of key components, strategic material preparation, and fluctuation of exchange rate, and the profitability was thus affected by cross effects. By appropriately adjusting operational strategies, accelerating global capacity arrangement, and reducing uncertain non-operating interferences, we expect to satisfy the need of end customers via innovative products and content of services.



President

Maurice Wu

1.1 Top Management Commitment

Such international institutions as IMF and OECD have lowered the 2020 global economic growth forecast. Inventec conducts group resource integration with the goal of providing comprehensive product design and resolutions, incorporated with global operational services and supply chain management, creating a win-win situation among customers, suppliers, and Inventec. The specific implementation policy is divided into the following aspects:

(1) Product business: With a global industrial chain affected by COVID-19, the notebook and server businesses are still the main product focus while their demands are relatively stable because the majority of clients are enterprises customers. The subsequent COVID-19 effects on consumer smart devices need to be observed, and the view of demand is of more conservative estimate. Inventec will make quick operational adjustments along with the development of the COVID-19 pandemic and market changes in order to carefully and conscientiously correspond with the change of the market.

(2) Product technology: AI research, 5G communications technology and industry 4.0 software designs are still our major technological orientation. Through mutual cooperation and support, Inventec will focus on such new trends, technologies, and applications as 5G mobile communications, AI, and edge computing in the future.

(3) Establishment of global smart manufacturing factory: The benefits of a smart factory integrating industry 4.0 and 5G application experiments will be gradually emerged starting in 2020, and a higher production efficiency will be generated in the future.

(4) Diversification of group strategy: Seek the next operational momentum and aim to the target of high-niche and high-margin products such as automotive electronics and smart medical devices under continuous development of cross-product integration.

Integrity and sustainability are always the prime directives of Inventec Corporation. Through the effective operation of functional committees under the Board of Directors and corporate governance organization, Inventec Corporation is able to perfect the corporate governance and improve both quality and competitiveness of business operation. With its high regard for corporate governance and various forms of implementation, Inventec was ranked among the top 5% of the most excellent corporate-governance companies for five consecutive years through Corporate Governance Assessment. We will continuously collaborate closely with "Inventec Group Charity Foundation" to fulfill our corporate social responsibility in the spirit of implementing the concept of social welfare and environmental sustainability.

"Innovation, quality, open mind, and execution" are the core concepts of Inventec's operation. During the era of industrial transformation, the rise of new technological applications, and rapid changes in international politics and economics, Inventec will use our competitive advantages to continue value innovation, potential talent training, and cutting-edge decision-making to promote our core competitiveness. It is hoped that all shareholders and employees will give recognition and support on our efforts and share the splendid results of our successful businesses.



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 12 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).

<h3>Preparation Principle </h3> <p>Inventec's 2019 "Corporate Social Responsibility Report" discloses the main concept of sustainability, management approach, relevant strategies, goals, measures and all varieties of achievements of Inventec through the key features of the performance indicators.</p> <ul style="list-style-type: none"> ◆ The "Core option" of the GRI Standards ◆ AA1000 ◆ IR (Integrated Reporting) ◆ SDGs (Sustainable Development Goals) 	<h3>Scope and Boundaries </h3> <p>The disclosure scope of the report includes the headquarters and major manufacturing sites of Inventec and the subsidiaries listed in the combined annual report.</p> <ul style="list-style-type: none"> ◆ Inventec's 7 plants (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, AIMobile, etc. ◆ Regarding AIMobile and Inventec Solar Energy listed in the consolidated annual report, the relevant financial information is disclosed in Inventec's annual report. 	<h3>Quality of Report </h3> <p>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 report's monetary unit is New Taiwan Dollar.</p> <ul style="list-style-type: none"> ◆ The financial statement data of "Sustainable Governance" and "Operational Development" is published after the audit by KPMG. ◆ The calculation basis and unit of data relating to "Health and Well-being" and "Sustainability and Environmental Protection" are derived from the government's public information and the management systems certified by the third-party. ◆ The data of "Social Inclusion" covers Inventec Group Charity Foundation. ◆ The other quantified data and units, if with special meanings, will be explained in an annotated manner on Inventec's website.
<h3>Third Party Assurance </h3> <ul style="list-style-type: none"> ◆ 3rd party: SGS ◆ The "Core Option" of the GRI Standards ◆ AA1000 AS 2008 Type 2, High Level Assurance ◆ Please refer to p. 98 for assurance statement. 	<h3>Report Issuing </h3> <p>Inventec will issue its Corporate Social Responsibility Report periodically every year and upload it to Inventec's CSR website for the stakeholders to download.</p> <ul style="list-style-type: none"> ◆ Current issued version: issued in June 2020 ◆ The disclosure period starts from January 1st, 2019 to December 31st, 2019 ◆ The last issued version: June 2019 ◆ Next issued version: expected in June 2021 	



Opinion Feedback

Should you have any suggestions or comments, please contact us as follows:
 Environmental Management Center, Inventec Corporation
 Address : No. 66, Hou-Kang St., Shih-Lin Dist., Taipei 11170, Taiwan
 TEL : +886-2-2881-0721#27088

Supplementary Information

<p>Website</p>	<p>Email</p>	<p>Facebook</p>	<p>Annual Report</p>	<p>Formula & Definition</p>
----------------	--------------	-----------------	----------------------	---------------------------------

1.3 About Inventec

1.3.1 Company Introduction

Company name: Inventec Corporation
 Date of establishment: June 9, 1975
 Industrial category: ICT (Information and Communications Technology)
 Operation headquarters: located in Taipei City, Taiwan, operating points are established globally (Asia, North America, Europe, etc.)
 Chairman: Mr. Tom-Hwar Cho
 President: Mr. Yung-Tsai Wu
 Total employees: 18,977 (2019/12/31)
 Revenue in 2019 : approximately NTD 500.9 billion
 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 2019 Annual Report for the important investments, equity, share capital, shareholder structure, business scope, payments to government and sales volume.



2019 Inventec
Annual Report



Taipei Headquarters

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 Asia, North America, and Europe 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.



The VAP scores of Inventec's plants in Asia, North America, and Europe are higher than 180 out of 200.

1.3 About Inventec

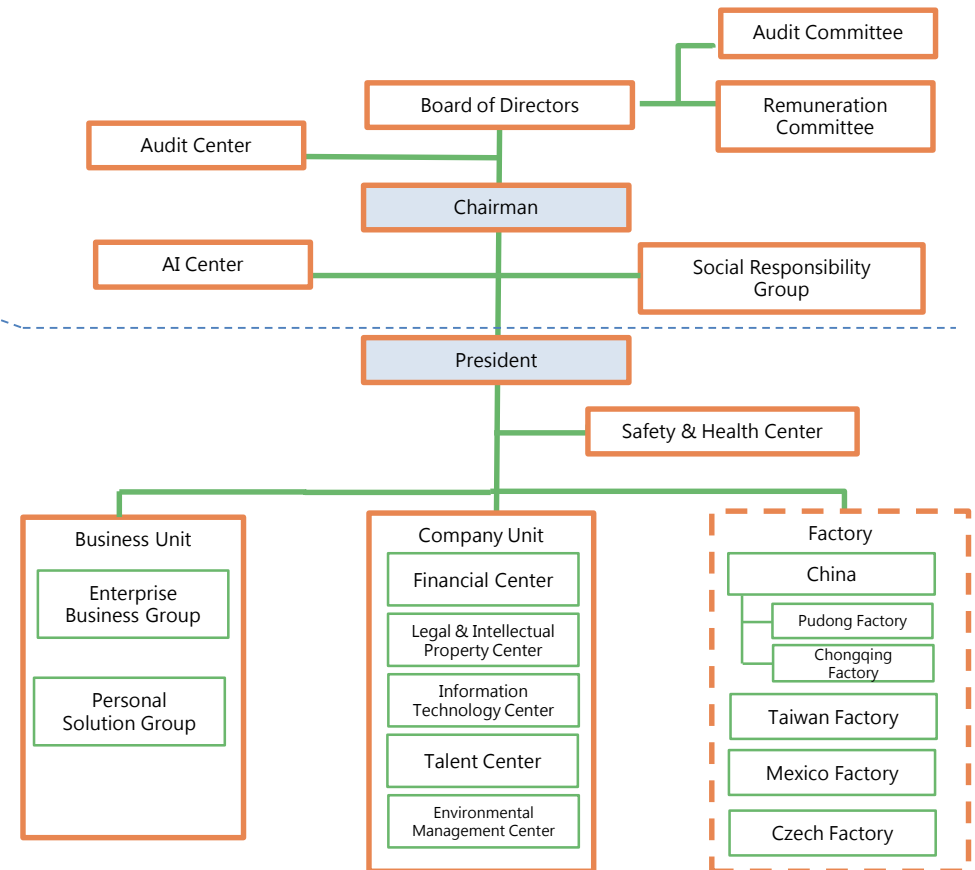
1.3.3 Social Responsibility Unit

- ◆ 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**

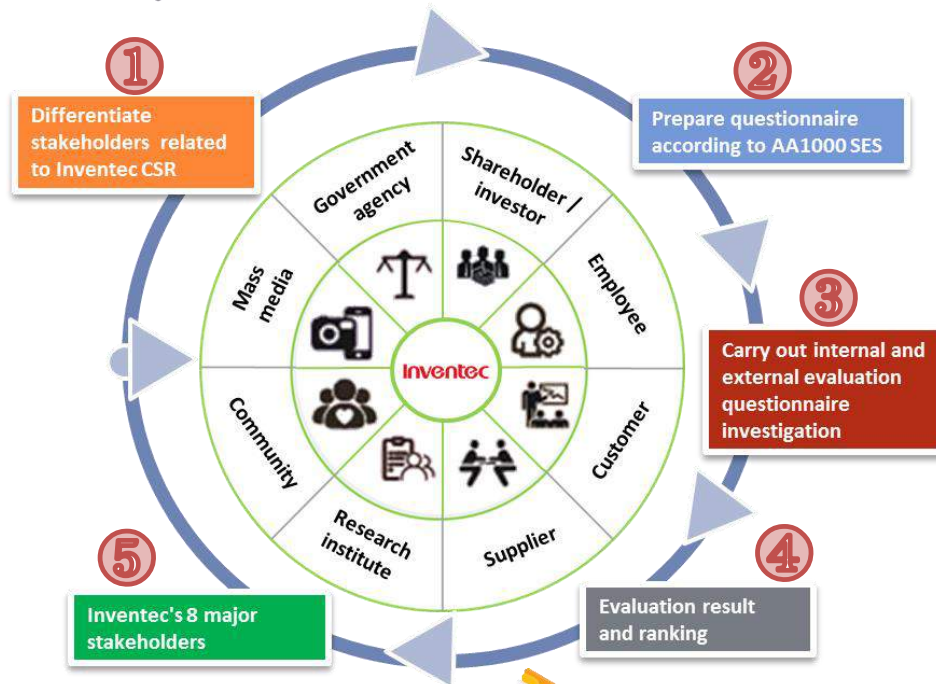


Social Responsibility Group

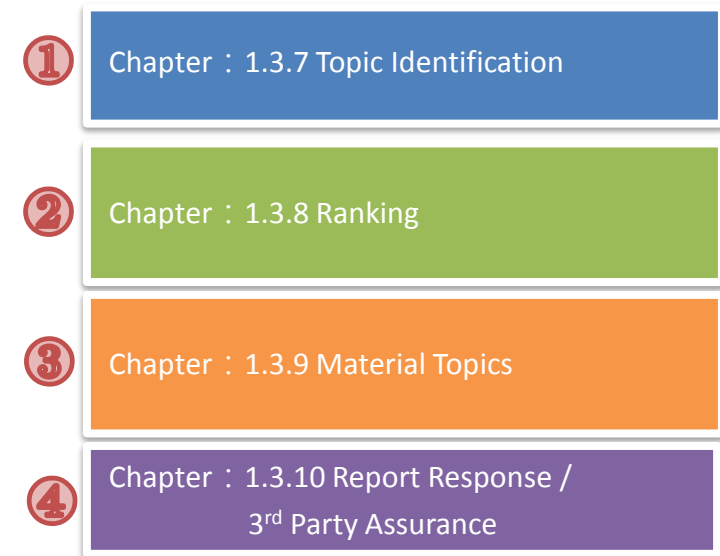
Inventec Group Charity Foundation

1.3 About Inventec

Stakeholders Identification Management Process



Material Topic Identification Management Process



1.3.5 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. 8 major stakeholders are identified.

1.3.6 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.

1.3.7 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), the CSR reports of customers and competitors, 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.



1.3 About Inventec

Communication with the 8 major stakeholders

Employee

Critical information	Stakeholder communication	Content
Welfare and training expenses NT\$ 840 million Average employee salary NT\$ 1.09 million	Employee's Meaning for Inventec	<ul style="list-style-type: none"> ◆ Inventec's main asset.
	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
	The employees' 5 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"> ◆ In 2019, the number of clubs increased by 23%, and the club participants increased by 55%. ◆ Inventec decides the government's make-up workdays to be the holidays to improve the employees' work-life balance. ◆ The employees passing the English and Japanese tests have salary raises. ◆ Inventec's iService App enables employees to download and use the innovative mobile services to meet their needs. ◆ Inventec obtained Exercise Certification Award of Sports Administration, Ministry of Education. ◆ Talent recruitment: Please refer to 4.1.1 talent management. ◆ Financial performance: Please refer to 3.1.6 Operational Performance.
	CSR report's chapters for employee	<ul style="list-style-type: none"> ◆ 3. Operational Development, 4. Health and Well-being

Customer

Critical information	Stakeholder communication	Content
Green product customer service 269 environmental marks Product safety customer service 662 certifications	Customers meaning for Inventec	<ul style="list-style-type: none"> ◆ Inventec's main income source
	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
	The customers' 9 concerned topics	<ul style="list-style-type: none"> ◆ Innovative research and development ◆ No discrimination ◆ regulation conformity (labor and environment) ◆ Customer information safety ◆ Supply chain management (RBA) ◆ 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"> ◆ Inventec obtained Best Quality Improvement Award from the customer. ◆ The customer gave Social & Environmental Responsibility score: 97. ◆ The RBA VAP scores of Inventec's plants were higher than 180 out of 200 and obtained platinum award. ◆ Inventec obtained B for CDP Supply Chain questionnaire. ◆ 69% of Inventec's suppliers required their suppliers to sign RBA Code of Conduct Compliance Statement. ◆ No grievance case about discrimination in 2019. ◆ No violation of laws and regulations on customer information security in 2019. ◆ Innovative research and development, product quality, green product, customers' health and safety-product regulations conformity: Please refer to 3.1.8 Customer Satisfaction, 3.2.1 Intellectual Rights Innovation and Patent, and 3.2.2 Green Design.
CSR report's chapters for customer	<ul style="list-style-type: none"> ◆ 3. Operational Development, 5. Sustainability and Environmental Protection 	



1.3 About Inventec

Government agency

Critical information	Stakeholder communication	Content
Corporate governance assessment Top 5% for 5 consecutive years Environmental expenditure NT\$ 160 million	Government agency's meaning for Inventec	<ul style="list-style-type: none"> ◆ Offer various regulations and resource supports for Inventec.
	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
	The government agencies' 10 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 ◆ Risk of climate change ◆ Employee equality and diversity
	Inventec's response	<ul style="list-style-type: none"> ◆ All employees signed the employee code of conduct. In 2019, the global facilities' 9,904 employees participated in the integrity management training. ◆ Invenetc has ISO 14001 environmental management system and ISO 50001 energy management system. ◆ Compared with 2018, the amount of recovered water increased by 221% (13,948 metric tons) in 2019. ◆ Risk management and investment strategy: Please refer to 3.1.4 Risk Management and Countermeasures and 3.2.4 Future Research and Development Plan ◆ Employee equality and diversity: Please refer to 4.1.1 talent management.
	CSR report's chapters for government agency	<ul style="list-style-type: none"> ◆ 2. Sustainable Governance, 3. Operational Development, 4. Health and Well-being, 5. Sustainability and Environmental Protection

Supplier (including contractor)

Critical information	Stakeholder communication	Content
Validated Assessment Program of Responsible Business Alliance 25% of high risk suppliers Advanced Technology/ New Product Exchange Forum 253 sessions	Supplier's meaning for Inventec	<ul style="list-style-type: none"> ◆ The main sources of Inventec's products and materials.
	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' 2 concerned topics	<ul style="list-style-type: none"> ◆ Supply chain management (RBA) ◆ Labor regulation conformity
	Inventec's response	<ul style="list-style-type: none"> ◆ In 2019, 67 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 188. ◆ 108 supplier representatives participated in 2019 Inventec Group Sustainable Supply Chain Convention. ◆ Inventec tracked the VAP findings of 52 suppliers' facilities through RBA-ONLINE.
	CSR report's chapters for supplier	<ul style="list-style-type: none"> ◆ 3. Operational Development



1.3 About Inventec

Shareholder / investor

Critical information	Stakeholder communication	Content
Earnings per share 1.54 Internal assessment of board performance Excellent	The meaning of shareholder / investor for Inventec	◆ The main source of Inventec's operational capital.
	The method, frequency, and channel of mutual communication between Inventec and the shareholders / investors	◆ Each year, the responsible unit shall periodically disclose information through shareholders' meeting, institutional investor conferences, financial reports (monthly/quarterly), annual reports, company website, media news, etc.
	Inventec's way of engaging the shareholders / investors	◆ Consult and involve
	The shareholders' / investors' 4 concerned topics	◆ Financial performance ◆ Investment strategy ◆ Risk management ◆ Risk of climate change
	Inventec's response	◆ Inventec is selected as a constituent of the following indices: FTSE4Good TIP Taiwan ESG Index, TWSE RAFI® Taiwan High Compensation 100 Index, TWSE Corporate Governance 100 Index, and TWSE RA Taiwan Employment Creation 99 Index. ◆ In 2019, the investment in equipment reached NT\$ 3.818 billion. ◆ Disclosure of Inventec's TCFD management structure and mitigation and adaptation practices in response to climate-related risks and opportunities. ◆ Risk management and financial performance: Please refer to 3.1.4 Risk Management and Countermeasures and 3.1.6 Operational Performance.
CSR report's chapters for shareholder / investor	◆ 3. Operational Development, 5. Sustainability and Environmental Protection	

Community

Critical information	Stakeholder communication	Content
Social donation expenditure NT\$ 20 million Volunteer hours 13,043 hours	Community's meaning for Inventec	◆ Community environment and the source of Inventec employees.
	The method, frequency, and channel of mutual communication between Inventec and the communities	◆ 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	◆ Consult, negotiate, involve, and collaborate
	The communities' 2 concerned topics	◆ Environmental regulations conformity ◆ Social welfare
	Inventec's response	◆ In 2019, no penalty due to environmental regulation ◆ The annual volunteer hours grew by 17%. ◆ Inventec adopted the community park, and the cleaning volunteers served for 1,980 hours. ◆ Inventec has responded to blood donation activities for 26 years, accumulated 11,499 blood donors, and donated 4,563,050 ml of blood.
CSR report's chapters for community	◆ 5. Sustainability and Environmental Protection, 6. Social Inclusion	



1.3 About Inventec

Mass communication media

Critical information	Stakeholder communication	Content
CommonWealth Magazine 2019 top 2000 enterprises - No. 9 in manufacturing	Media's meaning for Inventec	<ul style="list-style-type: none"> ◆ The important channel for information communication.
	The method, frequency, and channel of mutual communication between Inventec and the media	<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.
	Inventec's way of engaging the media	<ul style="list-style-type: none"> ◆ Negotiate and involve
	The media's 4 concerned topics	<ul style="list-style-type: none"> ◆ Anti-corruption ◆ Financial performance ◆ Energy management ◆ Risk of climate change
	Inventec's response	<ul style="list-style-type: none"> ◆ No violations of integrity management in 2019 ◆ The carbon emission in 2019 decreased by 22,244.321 metric tons of carbon dioxide equivalent compared to 2018. ◆ In 2019, the green power was 5.77 million kWh. ◆ In 2019, 1.65 million kWh was saved.
	CSR report's chapters for media	<ul style="list-style-type: none"> ◆ 2. Sustainable Governance, 3. Operational Development, 5. Sustainability and Environmental Protection

Research institute

Critical information	Stakeholder communication	Content
R&D expenditure NT\$ 9.52 billion Global patents 15,800	Research institute's meaning for Inventec	<ul style="list-style-type: none"> ◆ The important communication channel for industry professional information
	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' 3 concerned topics	<ul style="list-style-type: none"> ◆ Innovative research and development ◆ Supply chain management ◆ Customer information security
	Inventec's response	<ul style="list-style-type: none"> ◆ From 2015 to 2019, the cumulative number of creative proposals winners was more than 3,800. ◆ In 2019, the suppliers completed all of the conflict minerals survey. ◆ In 2019, there was no complaints about customer privacy violations.
	CSR report's chapters for research institute	<ul style="list-style-type: none"> ◆ 3. Operational Development

1.3 About Inventec

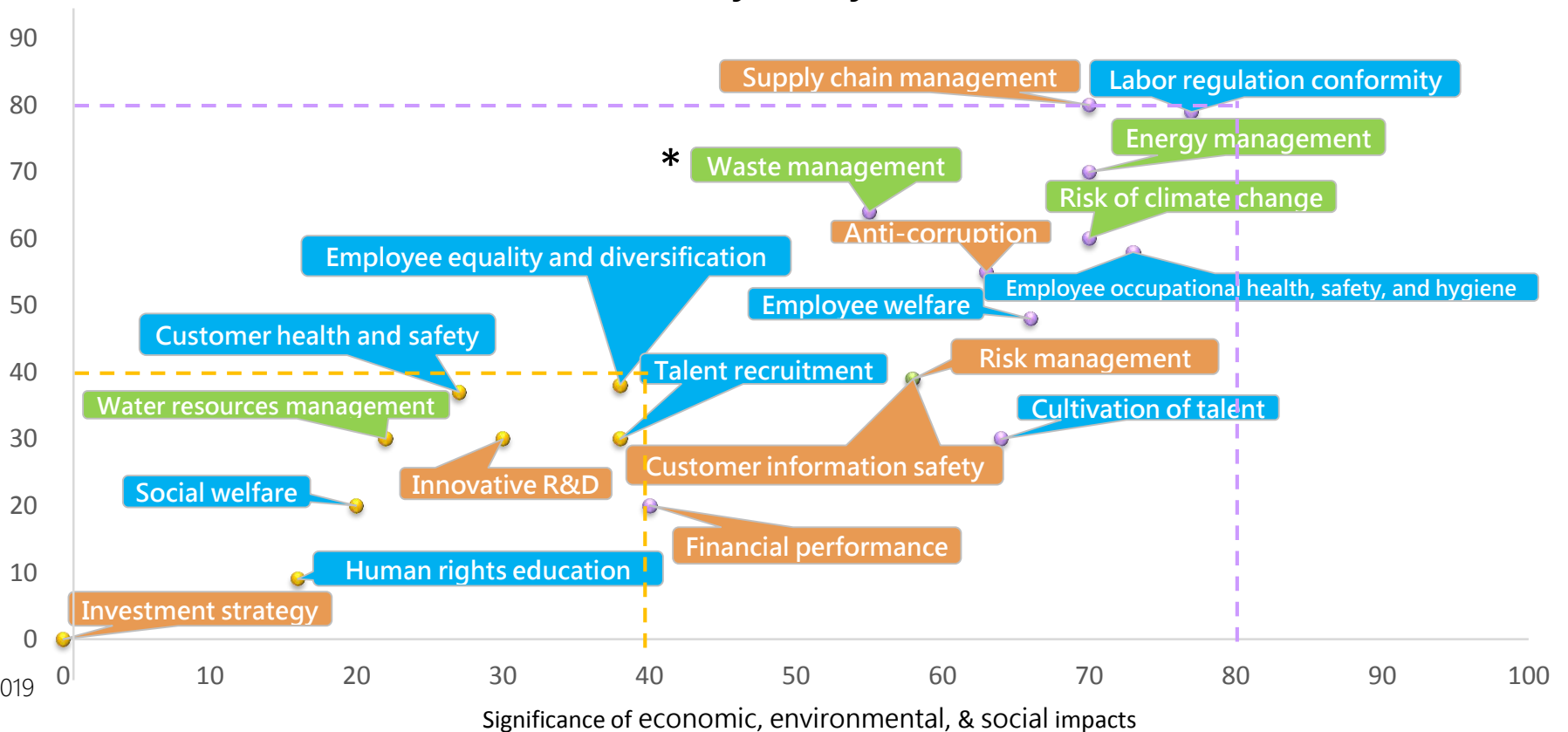


1.3.8 Ranking

- ◆ In addition to the major considerations of the “Inventec Corporate Social Responsibility Report 2018”, 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 20 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 20 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 40 points (as shown on this page) is listed as a material topic. After sorting and analyzing the 20 topics, 12 out of the thresholds were selected and became a material topics of Inventec (as shown in the table on this page).

Influence on stakeholder assessments & decisions 100

Materiality Analysis



* New Material topic in 2019







1.3 About Inventec

1.3.9 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	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. 61
2	Supply chain management	<ol style="list-style-type: none"> Supplier purchasing management system Supplier evaluation management system 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 P.44-P.49
3	Energy management	<ol style="list-style-type: none"> Energy management system (in accordance with international ISO 50001 requirements) 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"> 5.1.4 Energy Management P.77-P.78
4	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 Excellent Workplace P.64-P.66
5	Risk of climate change	Greenhouse gas management system (in accordance with international ISO 14064-1 requirements)	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.71-P.78

1.3 About Inventec

1.3.9 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	
6	Waste management	1. Environmental management system (in accordance with international ISO 14001 requirements) 2. Responsible Business Alliance Code of Conduct Management Manual	GRI 306-2 GRI 306-3		Natural capital		✓		<ul style="list-style-type: none"> • 5.2 Environmentally Friendly • P.81
7	Anti-corruption	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"> • 2.2 Integrity Management • P. 26-P. 30
8	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. 62
9	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. 35-P. 36
10	Customer information safety	1. Information security management system (in accordance with international ISO 27001 requirements) 2. Customer privacy management Procedure 3. 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. 38
11	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. 58-P. 60
12	Financial performance	Corporate governance / board operations	GRI 201-1		Financial capital		✓		<ul style="list-style-type: none"> • 3.1.6 Operational Performance • P. 37

1.3 About Inventec

1.3.10 Report Response



◆ In order to meet the needs of relevant stakeholders, the above 12 material topics are the focus of the report's response to the content of the report, as shown in 1.3.9 Material Topics, which correspond to Inventec's response to the daily operating system of the 12 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.

Inventec Issuing Corporate Social Responsibility Report Management Process

Annually report to the Board of Directors on the stakeholders' communication status. On May 12, 2020, report to the Board of Directors on the 8 major stakeholders identified, 12 material topics, communication channels and Inventec's response.

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

Annually submit the stakeholders' communication status, 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.

Inventec 2020 COVID-19 Anti-epidemic Actions

- ◆ In response to the COVID-19 epidemic, Inventec started the anti-epidemic risk management mechanism through the Business Continuity Plan, established an anti-epidemic team to measure body temperature, offered masks/personal alcohol spray bottles, and implemented anti-epidemic actions such as off-site office work, work at home, and visitor control, etc., to avoid the impact of epidemic on the company.

COVID-19 Anti-epidemic Actions

Anti-epidemic Actions

- Work in different places and work continuously at home~ Instructions for installing software tools.
- Colleagues going abroad notification system and regulations on epidemic prevention.
- Suspend all non-essential customer and manufacturer visits, and contact by telephone, video or email.
- Epidemic prevention and disinfection measures in the plants.
- Epidemic prevention mobilization ~ Employees' independent health management actions.
- Distribute anti-epidemic masks and personal alcohol spray bottles.
- The body temperature is measured at the entrance to control the personnel entering the factory, and the body temperatures of all staffs are measured during office hours.
- Epidemic prevention measures for eating in the employees' restaurant.
- Suspension of club courses, fitness room and massage services.
- Encourage more stairs and less elevators.



Body temperature measurement at the factory's entrance.

台灣總店	第一辦公室	第二辦公室
區域	A/B/C樓	D樓
出入口	一樓由A樓大門進出	一樓由D樓大門進出
識別顏色	咖啡色員工證	藍色員工證
識別顏色	4/6區、人員暫時封鎖交叉、 紅黃兩樓樓底及新華樓樓上樓及管理室在樓上	
出廠車牌	發給車牌通行證予本人及共乘者 至D字大廳於新定動線至ABC樓	至新華樓
出廠時	騎車者必要請穿來函、並需穿戴他人禁止區域及樓層 A樓大門前由該樓進出	D/F 騎車者進出
員工服務	iService APP 訂餐功能將停止 (另發公告說明) 原有一日16:00前線上訂餐、當日外撥訂餐照常	
員工服務	C樓員工餐廳付款照常	D/F 員工餐廳付款照常
	iService APP 訂餐功能將停止 (另發公告說明)	



Epidemic prevention software tools.



Support International Epidemic Prevention Work

The Inventec Group Charity Foundation donated NT\$ 1.2 million to Catholic Camillians on April 7, 2020, which was passed on by the former Director of Health Zhiliang Yang.

Support public welfare advertisements for epidemic prevention personnel.



Epidemic prevention measures for eating in the employees' restaurant.



2 Sustainable Governance

- 2.1 Corporate Governance23
- 2.2 Integrity Management.....26
- 2.3 Information Disclosure30

SDGs



Sustainable Governance Performance

Top **5%** of the best corporate governance companies in Corporate Governance Evaluation for 5 consecutive years

The achieving rate of the Board of Directors meeting was **100%** (**13** times)

The achieving rate of Audit Committee meeting was **100%** (**4** times)

The 2019 internal self-assessment results of the Board of Directors were **excellent**.

100% of the Board Members finished the anti-corruption training.

Anti-corruption trainee growth rate was **5%** (**9,904** people)



- ◆ **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 Corporate Governance

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 of the Board of Directors Meeting" 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

- ◆ Inventec reinforces the functions of the Board, establishes a mechanism for interaction with shareholders, respect the rights of stakeholders, and promote information transparency, all of which are also disclosed on our website and MOPS.
- ◆ The composition of members of the Board shall be diversified, and a plan for diversified members of the Board aimed at the operation, operational type, and future development trends shall be established.
- ◆ The members of Board of Directors receive further continuous education during the term. Inventec has bought relevant liability insurance for its directors. Board of Directors' important resolutions shall be published immediately on the company website for inquiry. With respect to the key issues in 2019, 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 substituting supervisor in order to strengthen the independence of the Board of Directors.

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 2019 Board of Directors and the Company's Annual Report

Information of Board of Directors		2019 Annual Report
Board meeting frequency	◆ Board meetings are held every month. In 2019, the Board of Directors of Inventec held 13 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 55.56%, over 70 years old (excluding 70) accounting for 44.44%.	
A department or a person dedicated to corporate governance, or on a co-current 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	<ul style="list-style-type: none"> ◆ 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 2019, the internal self-assessment results of the Board of Directors, the functional committee, and the members of the Board of Directors were all "excellent". ◆ The results and recommendations of the 2019 internal board performance appraisal were applied as a reference to individual directors' remuneration and nomination for renewal. 	◆ 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.21-p.26)



2.1 Corporate Governance

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



- ◆ Inventec persists in the “human-based” concept, with “talent development” as its basis of sustainable operations, incorporated with strategic goals of the Company, management functions and core values, solid takeover plan.
- ◆ The Board of Directors periodical evaluates the management succession plan development and implementation to ensure sustainable operation. The guidelines for diversification goals of the election of directors cover: (1) basic conditions and value: gender, age, nationality, culture, etc.; (2) professional knowledge and skills: law, accounting, industry, finance, marketing, or technology background, professional skills, and industrial experience.
- ◆ The selection of management: (1) establish a talent echelon: first evaluate the key positions and the abilities, qualifications, and conditions required by these positions and then evaluate potential talents via assessment tools before determining the talent development plan; recognize performance and future potential based on the strategic organizational plan; strategically establish the overall career development of key talents, allowing them to learn to take responsibility through a diversified development plan, such as work instructions, transfers, meeting participation, cross-unit cooperation, project implementation, and workplace training competitiveness as required by future talents. (2) Establish talent development blueprint and competence model: set corresponding management functions and training methods based on hierarchy, apply educational training, performance assessment, and incentive measures for potential successors, develop function-oriented talent resource management models, and ensure the stable development of talent resources and sustainable operation of the Company.
- ◆ The physical taking of professional abilities every year and initiation of individual development projects: organize professional technology training systematically and hold irregular group management meetings, executive meetings, and consensus camps to conduct training programs as required by the key positions.

Supplementary Information

Annual Report



- ◆ 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)



2.1 Corporate Governance

2.1.4 Succession Plan

◆ The Board of Directors approved the election of directors and nominated director candidates on March 24, 2020. The tenure of office of the Board will expire on June 15, 2020, and the election shall be held in the shareholders' meeting pursuant to laws. In total, nine directors (including three independent directors) are to be elected. The six director candidates are Chao, Tom-Hwar; Yeh, Kuo-I; Wen, Shih-Chih; Lee, Tsu-Chin; Chang, Ching-Sung; and Yeh, Li-Cheng. Among them, the first five directors listed are current directors who are familiar with the operation of the Board and are specialized in accounting, industry, finance, marketing, or technology. Mr. Yeh, Li-Cheng is currently the director of the subsidiaries AIMobile, Inventec Appliances Corp., and Inventec Solar Energy, with complete education and experience of information and assets management. The three independent director candidates nominated are Chen, Ruey-Long; Chang, Chang-Pang; and Wei, Chi-Lin. Among them, the first two are current independent directors and are specialized in law and economics, respectively. Mr. Wei, Chi-Lin is the independent director of Besta with complete education and experience of economics and commercial management. In consideration that Mr. Wei, Chi-Lin has working experience necessary for the business over five years that would obviously benefit the Company, he is thus appropriate for the post of independent director.

2.1.5 Audit Committee

◆ Inventec elected nine directors (including three independent directors) of the 15th session via the candidate nomination system in 2017. All independent directors serve as members of the Audit Committee, replacing the supervisors to consolidate the independence of the Board of Directors. A total of 4 meetings of the Audit Committee were held in 2019.

2.1.6 Remuneration Committee

- ◆ The Remuneration Committee, consisting of 3 independent directors, is responsible for regularly reviewing the policies, systems, standards and structures for performance evaluation and compensation for directors and managers.
- ◆ The remuneration committee held 2 meetings in 2019, and the average attendance rate of all members was 100%.

2.1.7 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 2019 is NTD 424,704,269, and the remuneration of directors in 2019 is NTD 77,753,550.

The Correspondence between Inventec's 2019 Committee Information and the Company's Annual Report

Committee Information		2019 Annual Report
Employee Remuneration	◆ Reasonable salary welfare policies and the operational performance or results will be reflected in the employee's compensation as appropriate. .	◆ II. Corporate Governance Report →2.3 Implementation of corporate governance →2.3.6 Implementation of corporate social responsibility (p.31)
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





2.2 Integrity Management

2.2.1 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.



Integrity Management Procedures

- ◆ Integrity Operational Practices: Inventec sets the "Code of Integrity Operation", "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. In 2019, "Operation Procedure and Behavioral Guidelines for Honest Operation" formulated schemes for preventing acts without good faith including operation procedures, behavioral guidelines, violation punishments, and a complaint system, and implements them.
- ◆ 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.

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

E-mail: 21999 @inventec.com

According to the treatment principle, the Company will protect the reporter from discriminations, threats, post transfers, and other unfavorable treatments. No appeals in 2019.

2.2 Integrity Management

2.2.2 Implementation

Integrity Management Implementation	
Information about Integrity Management	
Management measures for the high risk units	<ul style="list-style-type: none"> In accordance with the "Code of Integrity Operation" and the "Integrity Operation Procedures and Behavior Guidelines", after the unit risk is assessed for the definition of improper benefits, 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 2019 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 2019, a total of 9,904 people from Taiwan, China, Europe and North America received integrity management training. The number of hours of integrity management training was 7,178 hours. The training completion 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 2019, no integrity related case is filed.

Risk Management Operations
<p>The risk management policies of the Company have been reported to and approved by the Board, and both the risk management and operation status are reported to the Board every year to reinforce risk control management.</p>
<p>1. Risk management policy: To efficiently prevent and control risks, promote management performance, and achieve the goal of sustainable operation. Identify material risks, evaluate risks analysis, clarify corresponding strategies, strengthen response mechanisms, effectively reduce risks, enhance competitiveness and design, implement and operate via internal control procedures of all units to achieve effective risk control targets, and maintain the rights of shareholders and the Company's competitiveness.</p>
<p>2. Risk management organization: All business groups and company units are responsible for risk management based on the nature of their business. The Board and Audit Committee are the final decision makers of risk evaluation and control.</p>
<p>3. Risk management procedures: All units shall evaluate and periodically carry out various risk control procedures in accordance with E (Environment), S (Social), and G (Governance) related regulations to efficiently measure and control an acceptable scope of various risks by the standards of incidence rate and effects incurred and therefore maintain normal operation to achieve sustainable operation.</p>
<p>4. The scope of risk management includes "strategic risks", "operational risks", "financial risks", "lawsuit and intelligence property risks", "product safety risks", "information security risks", and "environmental safety risks".</p>

Supplementary Information

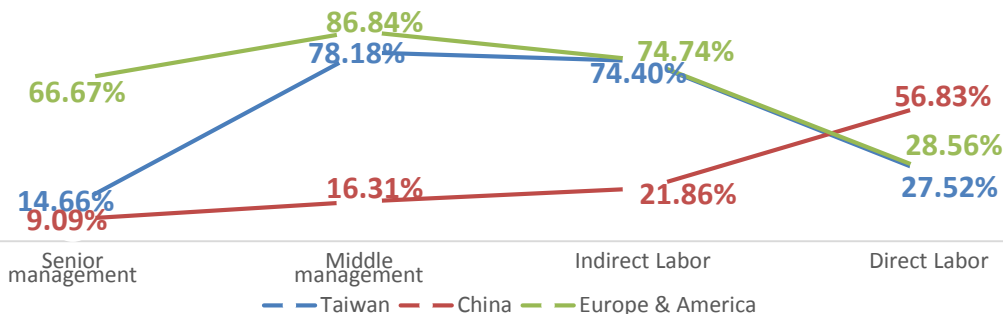
Stakeholder Zone



Annual Report



2019 Employee Integrity Management Training Completion Rates



In 2019, the completion rate of board members' integrity management training reached 100%.



9 board members completed the integrity management training in 2019.



2.2 Integrity Management

2.2.3 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, the preventive (risk control) internal control system, the preventive (risk control) internal control operation, the 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, the preventive (risk control) internal control operation, and the preventive (risk control) self-evaluation, and improve the value and contribution of the internal audit, 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 operational team 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 operational team, 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, the preventive (risk control) internal control operation, and the preventive (risk control) self-evaluation can be assured.

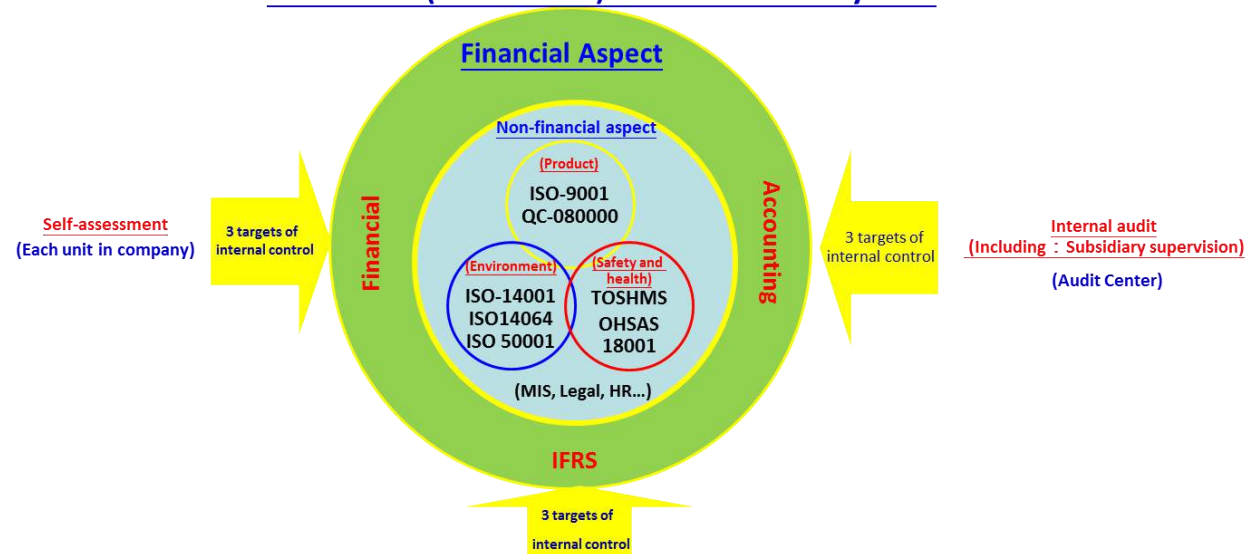
In order to continuously implement corporate governance, the internal control system, the internal audit operations, and the self-evaluation, the Board of Directors decided to formulate the "Internal Audit Reward and Penalty Points Regulation", which was approved in August 2006 and revised on August 28th 2017 for implementation. It 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 the operational team of Inventec attach great importance to corporate governance and the implementation of the preventive (risk control) internal control system and convene a Board of Directors meeting every month to review issues such as corporate governance, operations and the internal control system, etc. A corporate governance meeting is also convened every quarter, appointing an accountant checking and auditing the content 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 preventive (risk control) internal control system. The Directors, the internal audit supervisors, and the accountants achieve full communication in the corporate governance meetings. 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.

Board of Directors / chairman / president (→ corporate governance)

(Statement of Internal Control System)

Preventive (risk control) internal control system



Internal control operation (Including : All the operational activities of the Company and subsidiaries)

- 1 : Sales and collection circulation 2: Purchases and payments circulation 3 : Production circulation
- 4 : Payroll circulation 5 : Finance circulation 6 : Real estate, plant and equipment circulation 7 : Investments circulation
- 8 : Research and development circulation 9 : Information circulation 10 : Other circulation

Inventec Corporate Governance and Operational Governance: Schematic



2.2 Integrity Management

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

In order to implement integrity operations, the preventive (risk control) internal control system of Inventec is the management process following the "Governing Establishment Regulations 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 circulations, 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. The preventive (risk control) 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, OHSAS 18001 occupational safety and health management system, TOSHMS Taiwan 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-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 (37 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 apply to the document control department. In order to implement the ground work of internal control, all new employees attend the educational training course on the "Implementation of Preventive (Risk Control) Internal Control System".

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

Inventec 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 37 subsidiaries have issued 1,360 preventive (risk control) internal control system procedure documents. As of now, a total of 1,775 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.

2.2.6 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.

Preventive (risk control) internal audit is performed according to the audit policy for the following 11 high risks approved by the Board of Directors in 2019: 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)) internal control system on the basis of "Code of Integrity Operation" and operational risk assessment, and identifies potential operational risks as soon as possible, assists the operational team to take preventive actions in advance, and continuously improves the contribution and value of internal audits to Inventec and its subsidiaries.

Preventive (risk control) internal audit plan: The 2019 preventive (risk control) internal audit plan approved by the Board of Directors covers: the Company (Shilin Factory, Taoyuan Factory, Inventec Computer Factory), subsidiaries (PSG Group, EBG Group, Solar Energy Group, a total of 24 and Inventec Appliances Group, a total of 13). 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. The review, tracking and implementation of internal control deficiencies are recorded, and they are reported to the Board of Directors in consultation with the Audit Committee.

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 factories 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.



2.2 Integrity Management 2.3 Information Disclosure

2.2.7 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 Offering Companies": The public offering company shall self-assess the internal control system and shall firstly 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.

Inventec implements internal control preventive (risk control) self-assessment operations once a year, and then the Audit Center will review the preventive (risk control) 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 the general manager 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, respond to environmental change in a timely manner, and adjust the design and execution of the internal control system, in each year, the "Self-assessment Training Explanation Sessions" were arranged for the responsible colleagues without experience, if more than 5 people, in each plant and subsidiary. 306 people participated. It ensures 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 8 training explanation sessions (6 in-person and 2 with Lync) were held for self-assessment in 2019, and the total number of supervisors and colleagues participating in the self-assessment training explanation sessions was 306 people.

Inventec completed self-assessment on 337 units, identified 992 duties, 1,919 targets, and 2,359 risk items affecting target achievement. Meanwhile, the Company has prepared 3,846 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 559 departments from 36 subsidiaries was completed, identifying 2,405 duties, 4,555 targets, and 5,803 risk items affecting target achievement. Meanwhile, the Company has prepared 9,680 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.

"2019 Inventec Corporation Statement of Internal Control System" has been approved by the Board of Directors in their meeting held on Mar. 24th, 2020 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:



2.3.1 Information Disclosure Mechanism



Information Disclosure Management

- ◆ Inventec has established a spokesman system, dedicated to handling relevant matters, and the company website has created a stakeholder zone to maintain communication channels with stakeholders at any time through information delivery by telephone, fax, e-mail, etc., for important corporate social responsibility issues that concern stakeholders and their feedback. The Company will also properly handle matters to respect and maintain its due rights and interests.
- ◆ Inventec has procedures for handling stock affairs, a dedicated mailbox for accepting suggestions, doubts, disputes, and lawsuits managed by the stock affairs department and investor relation department based on procedures. Meanwhile, the stock affairs agency has been commissioned as a window for shareholder services.



Disclosure Channels

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



Website



Annual Report

3 Operational Development

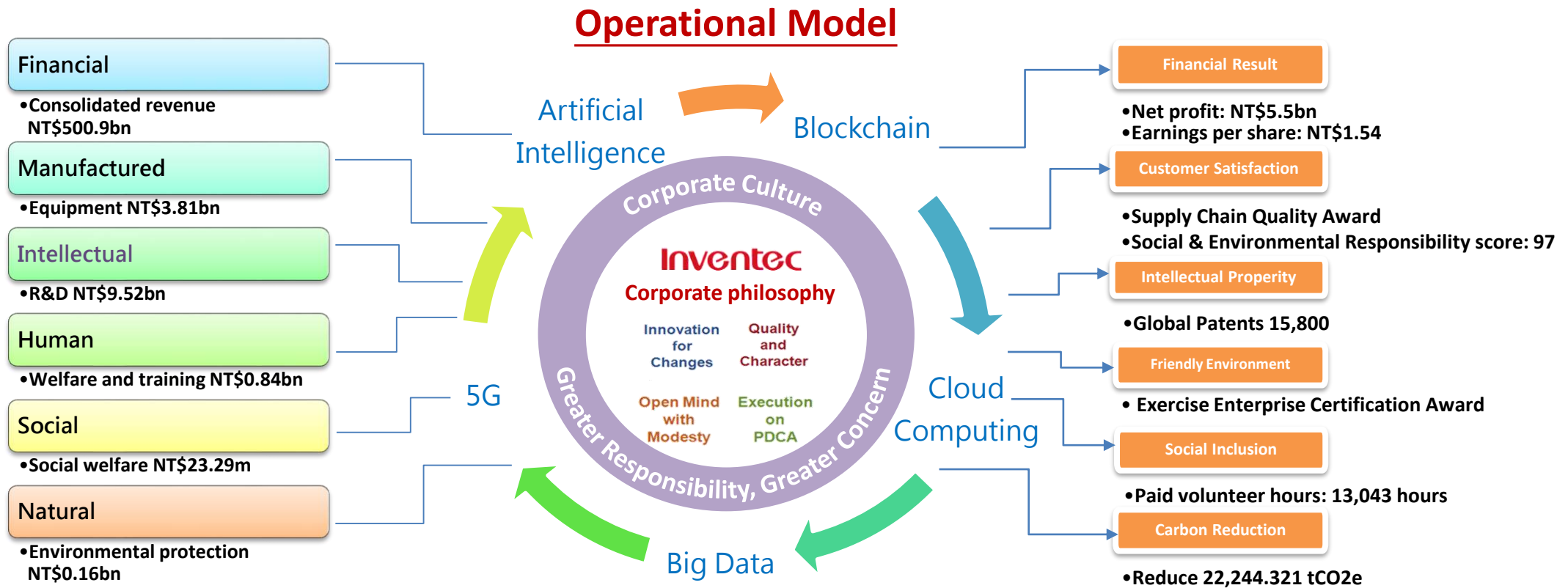
- 3.1 Operational Management.....33
- 3.2 Innovative Research and Development . 40
- 3.3 Sustainable Supply Chain44

SDGs





Operational Development Performance



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)

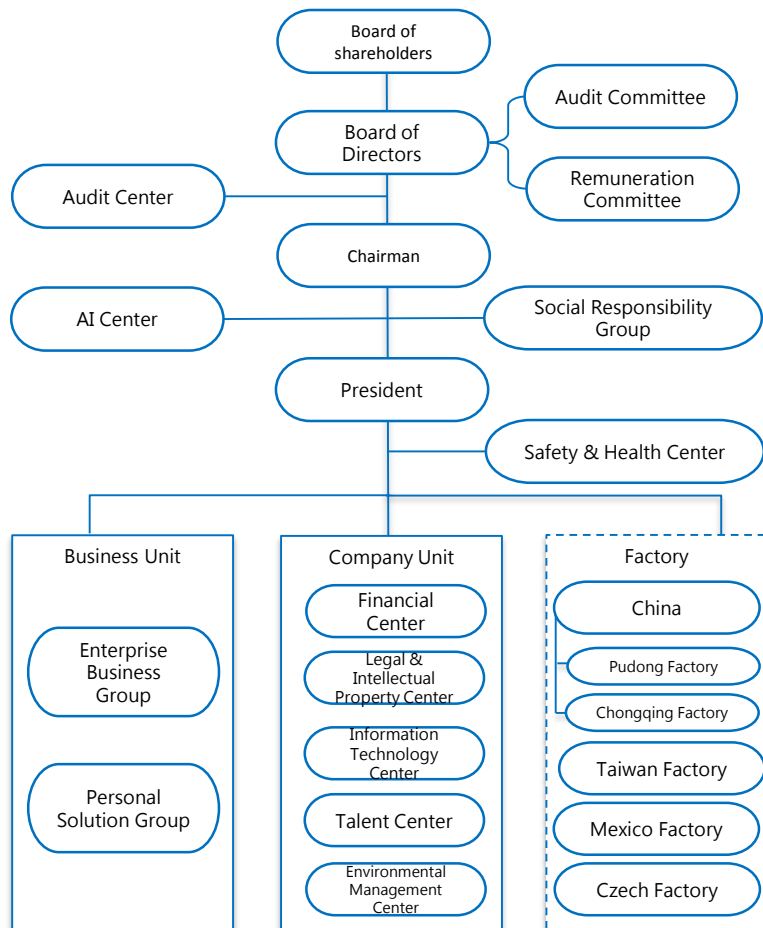


3.1 Operational Management

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.
Taiwan 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, corporate computers, corporate servers and storage systems.
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

Inventec

Global Scale

Headquarters

Production Compounds

Taipei



Shanghai



Chongqing



Nanjing



Taoyuan



Brno



Juarez



Regional Office

Beijing, Tianjin, Xian, Nanchang,
Tokyo, Silicon Valley, Austin, Houston

3.1.3 Product Development

<p>Notebook PC</p> <ul style="list-style-type: none"> Enterprise-Class <ul style="list-style-type: none"> Laptop Computer <ul style="list-style-type: none"> Gaming Laptop 	<p>Desktop /AIO</p> <ul style="list-style-type: none"> Entertainment AIO <ul style="list-style-type: none"> Retail AIO 	<p>Thin Client</p> <ul style="list-style-type: none"> Small-Form-Factor (SFF) Business Desktop <ul style="list-style-type: none"> Thin Client Cloud Computer 	
<p>5G/Edge</p> <ul style="list-style-type: none"> MEC Edge Server OpenRAN Network Infrastructure 5G+AI+AOI E2E Enterprise Network Solution 	<p>Server</p> <ul style="list-style-type: none"> Intel/AMD/ARM platforms ODM/ODS models Rackmount/Blade/Pedestal 	<p>Storage</p> <ul style="list-style-type: none"> Hot/Cold /Warm Storage RAID card 	<p>Switch</p> <ul style="list-style-type: none"> Programmable Open Source/Whitebox 1G/10G/25G/100G/400G
<p>AI Solution</p> <ul style="list-style-type: none"> Nvidia/AMD GPU FPGA 	<p>Rack Solutions</p> <ul style="list-style-type: none"> Open specs RSD Infrastructure 	<p>Network Solution</p> <ul style="list-style-type: none"> CORD SDN/NFV 5G SONIC Telemetry Orchestration 	



3.1 Operational Management

3.1.4 Risk Management and Countermeasures

Inventec Risk Management
Management Organization
<ul style="list-style-type: none"> ◆ Governance units: The Board and Audit Committee are the final decision makers of risk evaluation and control. ◆ Management units: All business groups and company units are responsible for risk management based on the nature of their business.
Management Policy
<ul style="list-style-type: none"> ◆ Purpose: To efficiently prevent and control risks, promote management performance, and achieve the goal of sustainable operation. ◆ Management: Identify material risks, evaluate risks analysis, clarify corresponding strategies, strengthen response mechanisms, effectively reduce risks, enhance competitiveness, and create value. ◆ Expansion: Design, implement and operate via internal control procedures of all units to achieve effective risk control targets.
Management Procedure
<ul style="list-style-type: none"> ◆ Implementation: All units shall periodically evaluate and carry out various risk control procedures related regulations to efficiently measure and control an acceptable scope of various risks by the standards of incidence rate and effects incurred. ◆ Report: The risk management operation status is reported to the Board every year to reinforce risk control management. ◆ Training: All risk management procedures are the required training for the new employees to reinforce the awareness of operational risk.
Management Scope
<p>“Strategic risks”, “operational risks”, “financial risks”, “product safety risks”, “environmental safety risks”, “information security risks”, and “lawsuit and intelligence property risks,” etc.</p>

Inventec’s 7 Evaluated Risks and Countermeasures
Strategic Risks and Countermeasures
<ul style="list-style-type: none"> ◆ Innovative change: Continuous innovation and R&D, grasp the market pulse and understand customer needs. ◆ Technology and industry changes: Actively promote the establishment of smart factories, carry out product innovation and value-added enhancement, implement diversified operations and integrate with the Internet and 5G technology to improve overall operating efficiency. ◆ Corporate culture: Adhere to the consistent business philosophy and corporate culture and grasp the overall risk of the company.
Operational Risks and Countermeasures
<ul style="list-style-type: none"> ◆ Centralized goods purchase and sales: In response to the China-US trade war, the production strategy is adjusted in advance, and diversification in supply and demand will effectively prevent excessive concentration of purchases and sales. Continue to conduct vertical integration and strategic alliances to seek new opportunities to respond to market changes. ◆ Expected benefits of plant expansion: In response to the China-US trade war, overseas capacity expansion was carried out in advance, which greatly reduced the supply chain crisis. According to the economic environment and market demand, the plant expansion plan was carefully evaluated to reduce the risk of idle assets and capital exposure through asset activation.
Financial Risks and Countermeasures
<ul style="list-style-type: none"> ◆ Interest rate: Inventec 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. ◆ Exchange rate: The 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. ◆ Inflation: Inventec will continue to actively observe market conditions and effectively control costs and operating expenses to mitigate the impact of currency inflation on operations. ◆ Investment and Finance: Regarding lending funds to other parties and derivatives related transactions, such is actually handled according to the execution policy. The demand of investment that might occur due to the growth of operations will be met through financial risk management analysis, allocation of integrated financial resources, and consideration of the costs of investments to ensure smooth operation.
Litigation and Intellectual Property Risk and Countermeasures
<ul style="list-style-type: none"> ◆ Legal changes: Keep abreast of changes in company-related laws, policies, and litigation practices; implement U.S. export control laws, anti-bribery, product defects and security, free software and other compliance projects; hold law and intellectual property lectures and new personnel education and training to implement risk control and protect intellectual property. ◆ Litigation events: Keep abreast of major litigation events and related countermeasures of the group company. ◆ Intellectual property rights: Attach importance to intellectual property rights and spare no effort to protect product patent rights to defend independent research and development of intellectual property.



3.1 Operational Management

3.1.4 Risk Management and Countermeasures

Inventec's 7 Evaluated Risks and Countermeasures

Product Safety Risks and Countermeasures

- ◆ Product and service policy: A comprehensive customer relationship management service mechanism, from order reception to product and client status, and actively concern about all the reflected information of the customer; in addition, through periodic customer business review meetings to meet customer concerns Issues. Provides real-time service and reply mechanism through OEM/ODM client station service mechanism. Assist customers to obtain product environmental certification every year to provide more environmentally friendly products and services to customers worldwide.
- ◆ Supplier evaluation management: In addition to the quality, cost, delivery, technology and service of the supplier's multiple evaluations, the scope of evaluation extends to green products and corporate social responsibility. The evaluation scope corresponds to The company's requirements for suppliers include the establishment of management systems such as ISO 9001, ISO 14001, OHSAS 18001, and RBA. Through multi-faceted evaluation and evaluation, ensure that the suppliers can specifically respond to important supply chain issues, such as product environmental design, process environmental conditions and operation requirements, restriction of hazardous substances, banned child labor, protection of employees' rights and interests, workplace safety, etc. Through supplier RBA audit, ensure that the supplier does not violate the above situation. Carry out on-site audits for suppliers with medium and high risks from existing suppliers every year and request improvement; the contract content clearly stipulates that the laws and regulations follow the terms, and if there are violations of relevant important laws and regulations and have a significant impact on the environment and society, this clause can be terminated or cancel the contract.

Environment and Safety Risks and Countermeasures

- ◆ Environmental protection expenditure: Mainly includes waste treatment, pollution prevention equipment maintenance, environmental testing, ecological greening, green management system verification, product environmental certification, environmental education, energy saving and carbon reduction projects, environmental conservation activities, occupational health, green supply chain management and carbon emissions trading.
- ◆ Promote the green supply chain: Through various assistance and integration with suppliers and holding a sustainable supply chain briefing session, hope to contribute to the sustainable development of the supply chain.
- ◆ Dedicated unit for the safety, health and environment: Industrial Safety and Health Office is responsible for planning the various management operations of the safety, health, and environment, supervising the relevant departments to implement various safety, health, environment affairs, setting up the occupational safety and health committee according to law, and formulating the "occupational safety and health policy", focusing on occupational safety and health-related matters, actively promote occupational safety and health education, prevent occupational disasters, promote a healthy workplace, and promote the health of employees.
- ◆ Safety, Health, and Environmental Management Certification: Obtained "TOSHMS Taiwan Occupational Safety and Health Management System" and other certifications for various safety, health, and environment management systems, and has also won various awards from the government.
- ◆ Climate change risks and opportunities: Follow the TCFD climate change governance framework for mitigation and adaptation practices, define risk assessment and identification procedures based on the climate action method, master policies and regulations, technologies, markets, goodwill and extreme climate risk elements, and evaluate the niche of potential opportunities, find opportunities for new energy, markets, products/services, resource efficiency, etc., and develop new businesses and services, etc., to be integrated into the company's operating process.

Information Security Risks and Countermeasures

- ◆ Establishment of information security organization: The general manager chaired the establishment of the security response team, and the production line information security response team under the business group (EBG) under its jurisdiction to implement and strengthen information security management. Conduct information security project audits, supervise the information security management system (ISMS) risk assessment planning and information security system implementation, and report the audit results to the Board of Directors.
- ◆ Implementation of information security management: In accordance with the "Information Security Protection Management Measures" Inventec's information security management will be implemented, and employees will continue to conduct security education and training to actively manage risk and weaknesses.
- ◆ Strengthen the company's employee information security awareness: The company's colleagues sign the "Employee Code of Conduct" each year to include information security protection matters, and timely release information security announcements to remind colleagues of information security risks.
- ◆ Anti-virus hacker monitoring: monitor the situation of virus detection in various factories around the world and carry out necessary protective measures and virus killing management. Report virus attack and security information to the general manager every month, such as popular information security incidents, information security response and prevention-related practices.
- ◆ International Security Certification: Obtained ISO 27001 international information security certification.
- ◆ Information security inspection: Every year, we accept information security audits from customers, internal self-inspections and external third parties, and perform inspections with reference to ISO 27001 and other information security structures and control items.
- ◆ Strengthen security protection:
 - Equipment replacement operations are upgraded to enhance system availability and safety.
 - Upgrade the next-generation firewall, establish a double-layer defense structure, and enhance the depth of security protection.
 - Import the fortress springboard machine to reduce the risk of penetration and enhance the monitoring of the host connection.
 - Promote two-factor authentication to avoid the risk of account theft or cracking.
 - Strengthen the protection of APT attacks and introduce an advanced persistent threat APT protection solution to avoid malicious programs and hacker attacks and protect information security.

3.1.5 Long-term and Short-term Development Plans

Short-term Business Development Plans

- ◆ Starting with "innovation", "quality", "open mind" and "execution" management ideas, the company's operation technology and management tools are integrated to improve business performance.
- ◆ Research and develop demand-oriented products and expand the depth and width of product research and development level.
- ◆ Adheres to industry regulations, strives for innovation and improvement, and meets customer and market needs in the quickest and most direct way.
- ◆ 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

- ◆ We 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. Combine software, hardware, and relevant applications to create relative advantage to maintain an international foothold.
- ◆ 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, big data, and 5G technology, etc.
- ◆ 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 2020, and each business performance information corresponds to the annual report section.
 - The revenue of the notebook computers was about NT\$ 246.7 billion, increased by 6.3%, as compared with the same period last year, benefited by the adjustment of the portfolios of the high-end models and aggressive market demand to correspond with the tariff trade war.
 - The revenue of server products was about NT\$ 166.8 billion, decreased by 7.85%, as compared with the same period last year due to the successive generations of the product layout and the effects of global production line adjustment.
 - The revenue of the smart device products contributed NT\$ 83.2 billion, decreased by 2.81% as compared with the same period last year due to the capacity adjustment and change of customer demands.
 - The solar energy company of the group responded to reduce the scale of operation composition due to the industry-wide downturn. Solar-related revenue was NT\$ 4.1 billion.

Inventec Receives Government Subsidies

- ◆ Inventec received a major government financial subsidy of NT\$228 million in 2019.
 - Taiwan: NT\$ 0.
 - China: NT\$ 228 million.

Earnings per Share Over the Years



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 FTSE4Good TIP Taiwan ESG Index



Correspondence Between Business Performance Information and Company Annual Report in 2019

Business Performance (NT\$)		2019 Inventec Annual Report
Consolidated revenue	◆ The consolidated revenue reached more than NT\$ 500.9 billion, a slight 1.17% lower than in 2018 (consolidated revenue of NT\$ 506.8 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\$ 6.5 billion indicating a decline of 19.97% as compared with 2018. ◆ The after-tax net profit attributable to the parent company's shareholders was more than NT\$ 5.5 billion, a decrease of 15.26% as compared with 2018.	
After-tax surplus	◆ The consolidated after-tax earnings per share was NT\$ 1.54, a slight decrease from 2018 (NT\$1.81).	
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\$ 830 million.	◆ 5. Financial Information → 5.4 Individual financial statements
	◆ The cost of employee training is more than NT\$ 11 million.	◆ 4.Operational Highlights→ 4.5 Labor relations
R&D cost	◆ The amount of research and development invested in 2019 is NT\$ 9.5 billion, and it is estimated to invest NT\$ 9.6 billion in 2020.	◆ 4.Operational Highlights→ 4.1 Business activities → 4.1.3 Overview of technology and research and development

Note: The exchange rate of RMB against New Taiwan Dollar used in this report is NT\$4.37 for the closing price of Bank of Taiwan on 2019/12/31.



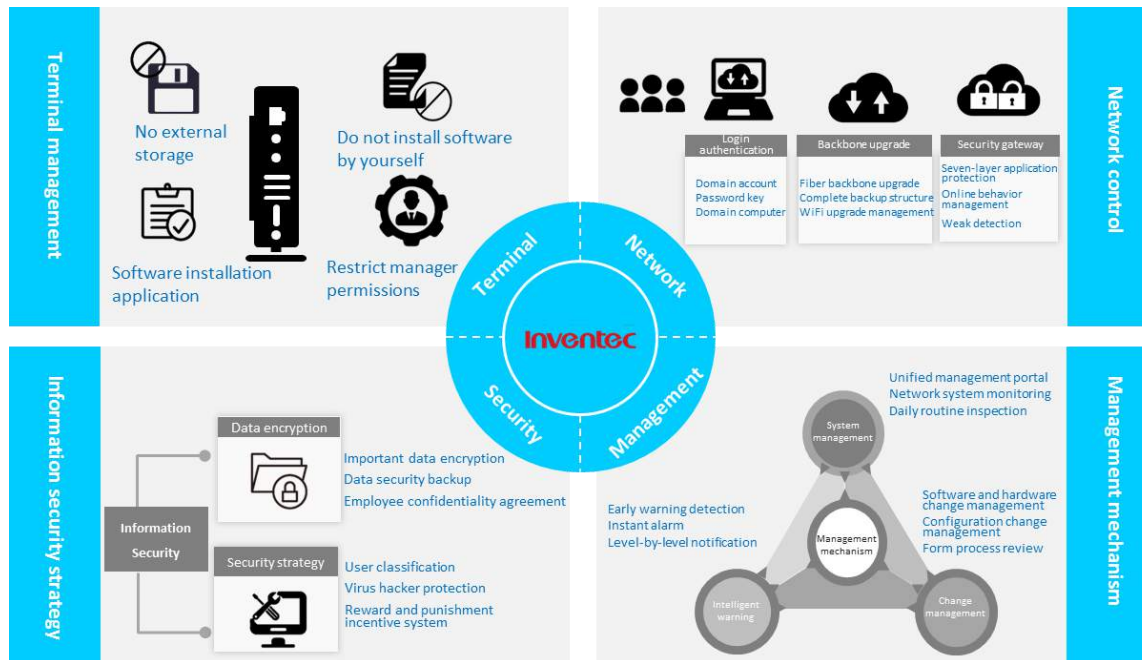
3.1 Operational Management

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. 4 factories are certified annually by the third-party international standard ISO 27001.
- ◆ In 2019, Inventec did not receive any complaints about infringement of customer privacy or loss of customer information.
- ◆ In 2019, Inventec's business units and factories passed 9 customers' information security assessment audits.

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.
- ◆ Inventec's global factories have the international standard ISO 9001 Quality Management System certifications. In order to meet the applicable regulations and customers' requirements, some of Inventec's factories introduced the international standard ISO 13485 Medical Devices Quality Management System and the international standard IATF 16949 Automotive Quality Management System.

Customer Satisfaction

- ◆ In 2019, 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:
 - Best Quality Improvement Award
 - Supply Chain Quality Award
 - In Recognition of Inventec CQ 1448k Record High

Inventec Quality Policy



Global Factories Have the ISO 9001 Certificates



ISO 13485 Certificate



IATF 16949 Certificates



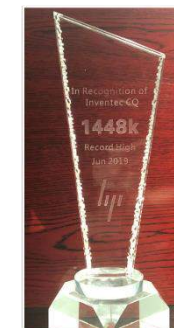
Best Quality Improvement Award



Supply Chain Quality Award



In Recognition of Inventec CQ 1448k Record High





3.2 Innovative Research and Development

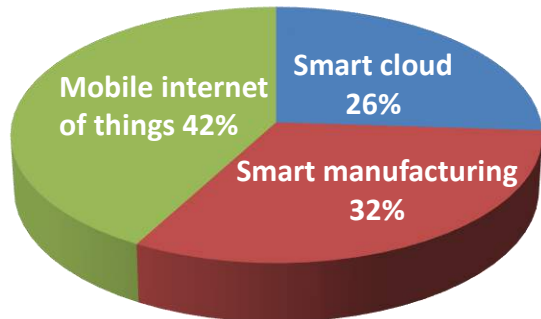
3.2.1 Intellectual Rights Innovation and Patent

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. Inventec Group has established legal and intellectual teams for risk control and intellectual property protection for various types of intellectual assets produced by R&D and manufacturing sites, such as Taipei, Taoyuan, Shanghai, and Chongqing.
- ◆ Intellectual property management system: 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 promotion mechanisms, training, examinations, internal control and reward schemes, Inventec has successfully motivated employees to continuously develop diverse products according to the company portfolio, propose innovative ideas related to processes, and conduct innovative research and development.
- ◆ Assess the risk of intellectual property management and take corresponding measures: Timely grasp the changes in laws, policies, and litigation practices, deeply analyze the issues related to leakage and infringement of intellectual property rights, and continue to implement promotion / training, adjust operating methods and processes, and strengthen various laws documents and contracts protecting the company's rights and interests, implement risk control, and protect intellectual property.

Global Patent Advantage

- ◆ Intellectual Property Achievements: As of December 2019, Inventec Group has obtained more than 15,800 patents worldwide, leading Taiwan's PC, smart mobile device and server ODM peers, and has more than 1,000 patents pending. Inventec was rated as one of China's National Intellectual Property Advantage Enterprises in 2019, and one of the top ten patent applications for inventions by Taiwanese corporations and continues to rank among the top 1,000 companies in the world in the number of U.S. patents. Previously, it was awarded with the Industrial Innovation Achievement Award, National Invention Contribution Award, and Patent Demonstration Enterprise, etc. In addition to affirming the innovation energy and industry contribution of Inventec Group, the long-term accumulated patent resources have become an important intellectual asset for the sustainable operation of Inventec Group.
 - ✓ The top ten applications for invention patents in Taiwan for more than 19 consecutive years
 - ✓ For more than 13 consecutive years, among the Taiwanese peers, the top three with the certified patents in China
 - ✓ Chinese Intellectual Property Advantage Enterprise (2019)
 - ✓ Top 1000 Companies with Certified Patents in U.S. (2019)
 - ✓ PwC 500 Enterprises of Global Innovation (2018)
 - ✓ The top 100 companies with patent family application in the World Intellectual Property Organization (2016)
- ◆ 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.

Product Energy Saving Design Target

The energy saving design target for notebooks: The energy use efficiency shall be 25% higher than the latest ENERGY STAR Computers Specification Version 7.1.

The server energy saving design target: The energy use efficiency meets ENERGY STAR Computer Servers Specification Version 3.0.



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 QC 080000 Hazardous Substance Process Management System (HSPM) in 2006. Inventec's global factory has completed the implementation of the IECQ QC 080000 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 2019 was not fined for violation of laws and regulations.

Full Material Disclosure

Based on the international standard IPC-1752A, Inventec's Enterprise Business Group has constructed the data collection and report output capabilities of the product Full Material Disclosure (FMD, Full Material Disclosure), and can provide green compliance information corresponding to the product according to customer needs.

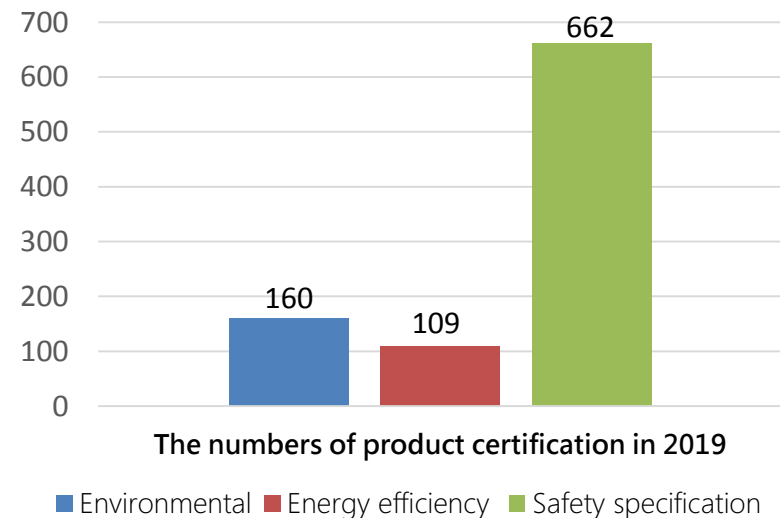


IECQ QC 080000 Certificate for Inventec's Global Factories

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 2019 product certification totally includes the following 931 items:
 - ✓ Environmental label certification(160 items) : Include TGM, SEPA, EPEAT, TCO, etc. °
 - ✓ Energy efficiency label certification (109 items) : Include Energy Star, EU Energy Efficiency, MEPS, CECP, CEL, etc.
 - ✓ Safety specification certification (662 items) : Include UL, TUV, CE(CB), CCC, CSA, BSMI, NOM, etc.

Customer Service – 2019 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. With the continuous development of new technologies, the laptop product line has been expanded 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

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.

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.

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

- ◆ Inventec has delved deeply into the research and development of the laptop field for a long time, and delivery in 2019 had good performance due to the benefits of consumer market demands. In the future, artificial intelligence shall continue to be applied to products to develop the present market mainstream products of e-sports, double screens, narrow bezel, and ultra-light with high technical force, and maintain the high profit base and high gross profit orientation in order to realize the goals of improving profits.

Smart Phones

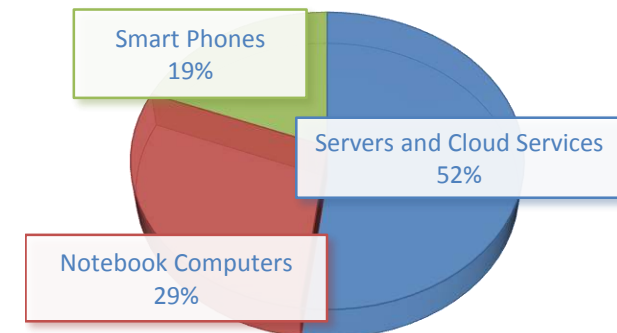
- ◆ The application development of 5G not only creates high-speed mobile communication, but also drives the new upgrade of networks and devices. In a smart device, the Company enters from intelligent wear, intelligent speaker, intelligent household, and medical treatment, combined with the AI and 5G module.; In addition to the storage, memory, communication, multimedia application, and additional values, based on the accumulated intelligent terminal, broadband, and acoustic field, more diversified development is expected in the future. With the introduction of relevant cloud technology, it is expected to become the benchmark of the global wireless communication industry.

Servers and Cloud Services

- ◆ With the development of artificial intelligence and the change of the industrial pattern, as well as driving the demand of the data center and engaging in the development of the cloud, whether establishing the private cloud, public cloud, or mixed cloud placement, the "cloud" starts to move back and forth between various enterprises, so the demand of the server and cloud market has been on a whirlwind. The Company has strong hardware, software, and R&D capabilities and will continue to expand its alliance with strategic partners, in addition to the customized complete solutions to increase the added value of products, in order to pursue growth. Furthermore, with the cooperation of industry 4.0, the smart factory combined with 5G application will be established and be able to cross the layout of major customers and penetrate into the sales field of telecom operators in the future. The Company's server and cloud business development in 2020 is expected to grow due to the expansion of data center demands.

Research and Development Expenditure Expected to Be Invested

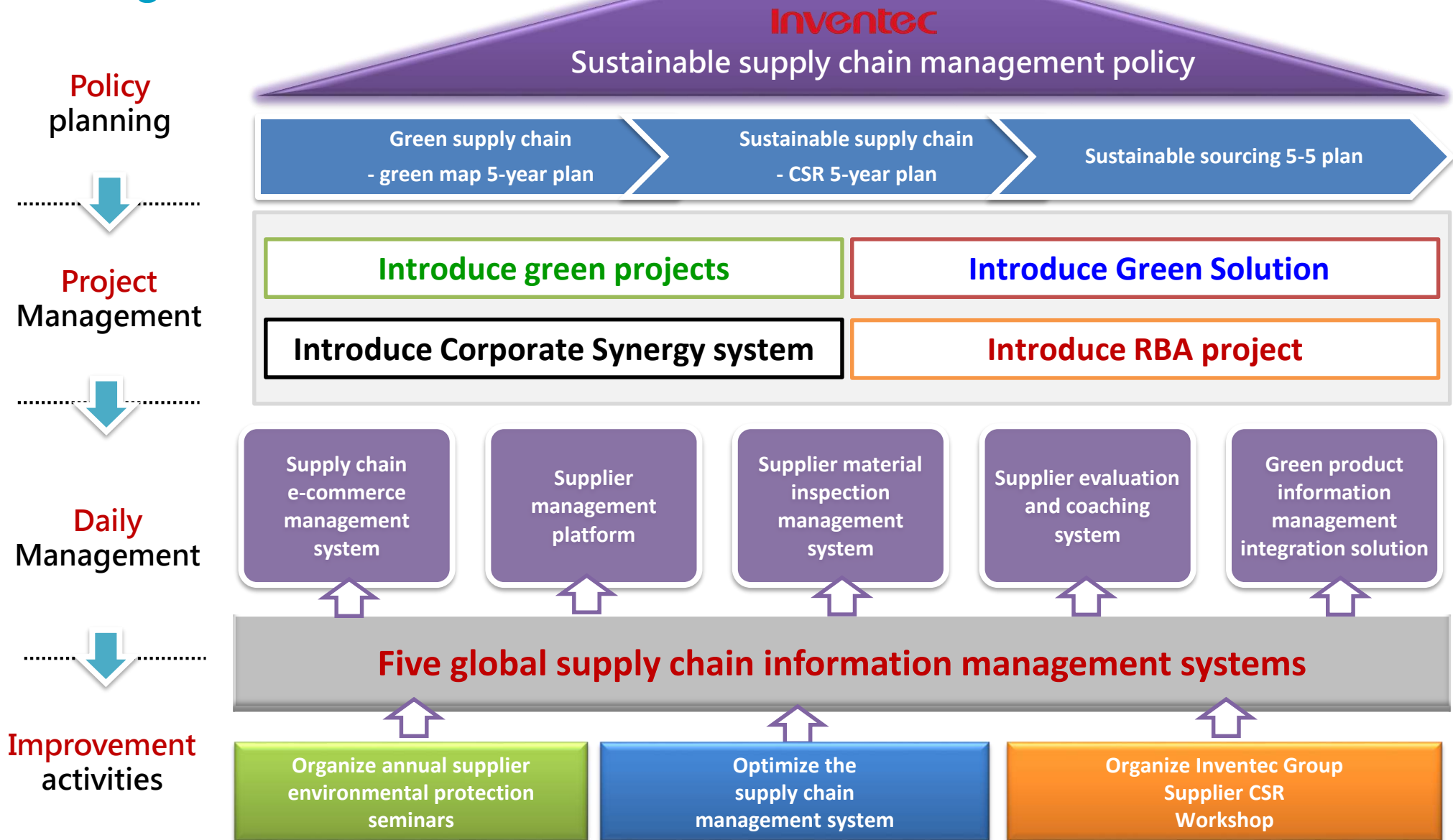
- ◆ At the rapid outbreak time of information communication, the future development plan of the Company will continue to move by mastering market fluctuation and understanding customer demands. In response to new market environments, manufacturing process improvement, and technology development, the Group is expected to input more than NT\$ 9.6 billion in research and development this year.





3.3 Sustainable Supply Chain

3.3.1 Sustainable Supply Chain Management Structure



3.3 Sustainable Supply Chain

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 Group Sustainable Supply Chain Management Policy





3.3 Sustainable Supply Chain

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 (The signing rate of 853 suppliers reached 99% in 2019) and the Responsible Business Alliance Code of Conduct Compliance Statement (The signing rate of 853 suppliers reached 91% in 2019), 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 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 multi-faceted evaluation. If a supplier is identified as high-risk supplier, the supplier management unit will coordinate the second and the third party audits for continuous improvement through tracking to reduce the associated risks.
- ◆ Inventec won Taiwan Corporate Sustainability Award - Supply Chain Management Award in 2019.

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 the Environmental Protection Statement.
 - Supplier corporate responsibility evaluation and signing the Responsible Business Alliance Code of Conduct Compliance Statement.
- ◆ In 2019, there were a total of 67 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 2019, Inventec planned and finished a total of 67 supplier audits, and the implementation rate of supplier audits was 100%. There were 233 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, improved, and emphasized in the Group's Sustainable Supply Chain Convention.



Taiwan Corporate Sustainability Award – Supply Chain Management Award

2019 Supplier Audit Findings





3.3 Sustainable Supply Chain

3.3.3 Sustainable Supply Chain Daily Management

Supplier Transaction Ratio

- ◆ Inventec had 1,227 suppliers with transactions in 2019, with local (Greater China) suppliers accounting for the highest proportion (89%).

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

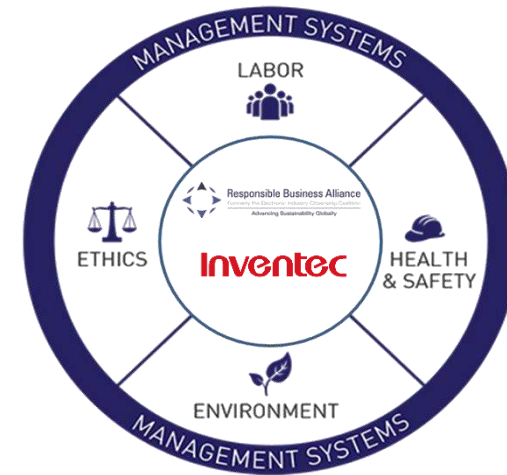
- ◆ Inventec's sustainable supply chain assessment, in line with RBA's supply chain management requirements, the factory supplier auditors conduct on-site audits in accordance with the latest version of the supplier audit guideline (mainly including labor, safety and health, environmental, ethics, and management systems, etc.)
- ◆ Inventec selected 14 high-risk suppliers in 2019 through the RBA SAQ (Self-Assessment Questionnaire) process and the annual supplier evaluation results and coordinated with 29% of them for RBA third-party assessment (VAP) to reduce correlated risks through tracking continuous improvement. Inventec will continue to implement supplier VAP assessment in the future and fulfill its sustainable supply chain responsibilities.
- ◆ Through the mechanism of the RBA-ONLINE information platform, Inventec tracks the findings of 52 Inventec supplier sites that are subject to VAP audits in 2019. The summary is shown in the figure on this page.

Conflict Minerals Management

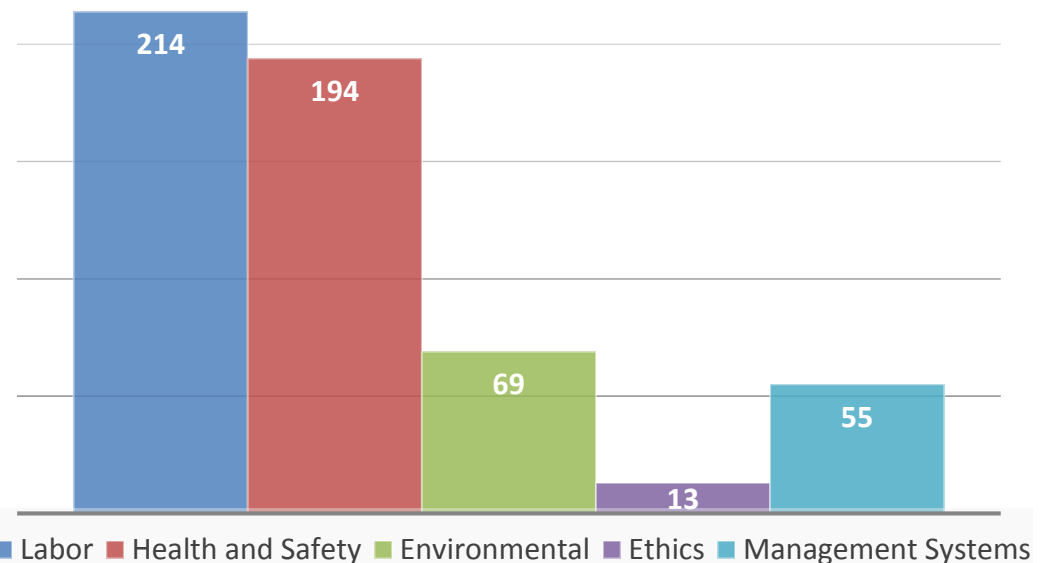
- ◆ Inventec is committed to working with the supply chain to reasonably ensure responsible raw material procurement, including but not limited to conflict minerals, to meet the Responsible Minerals Initiative (RMI) standards.
- ◆ In 2019, 100% of the suppliers completed the conflict minerals investigations and continue to conduct conflict minerals surveys in 2020, ensuring that 100% of Inventec's suppliers submitting conflict minerals investigation reports.

Supplementary Information

Inventec Conflict Free Statement



In 2019, Inventec tracked and counted VAP audit findings of 52 supplier factories through RBA-ONLINE



3.3 Sustainable Supply Chain

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 2019, Inventec had held 253 sessions, and the number of suppliers involved in the forum reached 188. In 2020, 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 2019

Accumulate 253 sessions

A total of 188 participating suppliers



3.3.5 Sustainable Supply Chain Convention

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 Group yearly invites senior executives of strategic suppliers to participate in Sustainable Supply Chain Communication Conference. In addition to industry information exchange, Inventec also awarded honorable trophies to suppliers for strategy 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.

Sustainable Supply Chain Summit'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



3.3 Sustainable Supply Chain

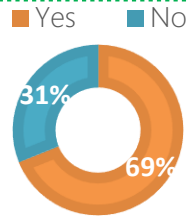
3.3.5 Sustainable Supply Chain Convention



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 holding the 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 2019 Inventec Group Sustainable Supply Chain Convention was held in Taipei. The total number of suppliers involved in the event was 108. Through the convention, Inventec expects to work with its suppliers to promote the development from a "green supply chain" to a "sustainable supply chain". The proportion of participating suppliers cooperating to convey RBA specifications to upstream manufacturers is shown in the figure on this page.

The proportion of participating suppliers in 2019 Inventec Group Sustainable Supply Chain Convention requiring their upstream manufacturers to sign RBA Code of Conduct Compliance Statement.



2019 Sustainable Supply Chain Convention



Results of 2019 Inventec Group Sustainable Supply Chain Convention

Dates	Location	Participating Suppliers	Main Agenda
12/13	Taipei	108 people	<ul style="list-style-type: none"> ◆ The role and application of digital technology in achieving Sustainable Development Goals ◆ 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. ◆ Integrity management responsibility for the sustainable supply chain.

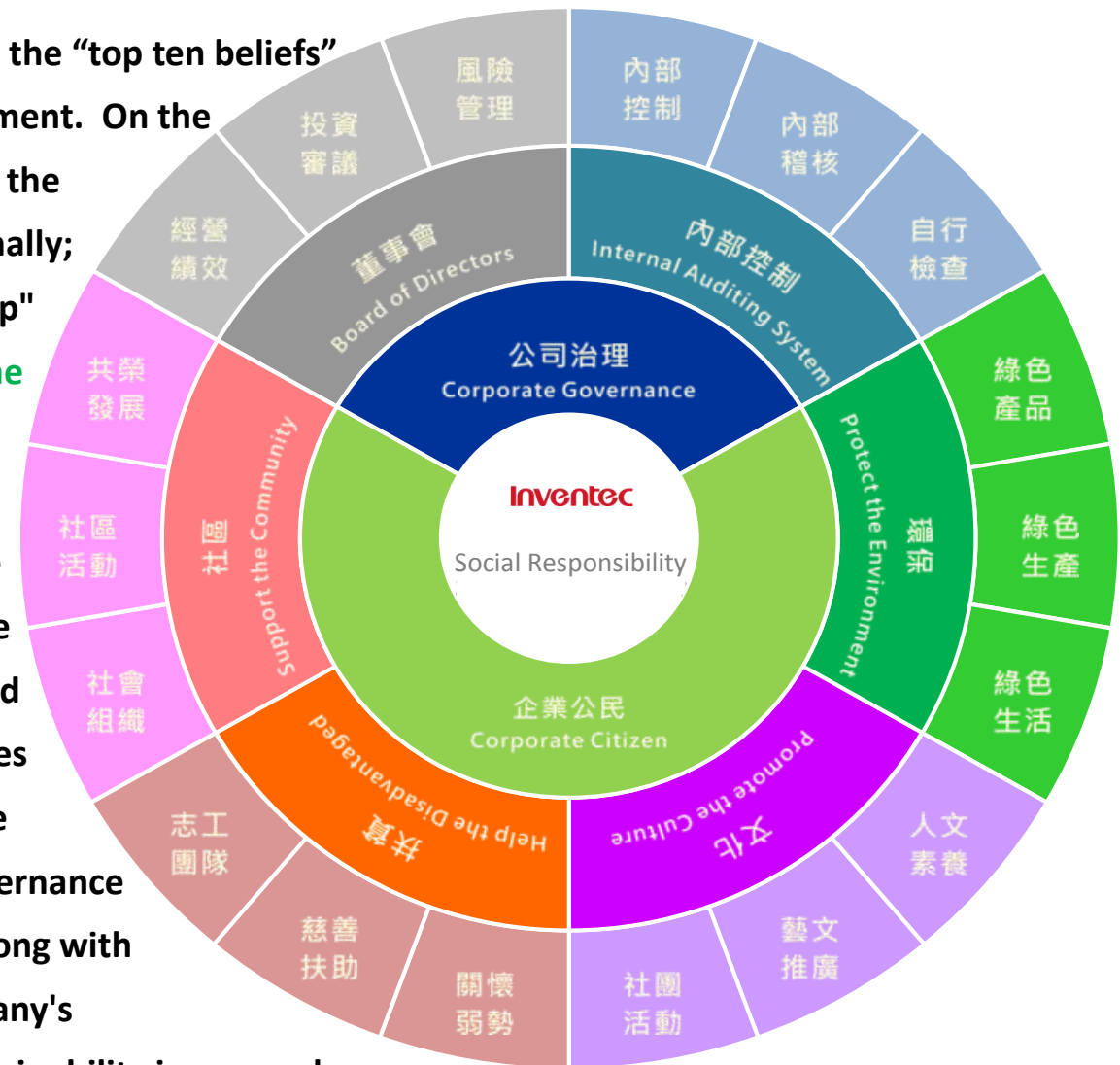
RBA : Responsible Business Alliance

Corporate Sustainability

Greater Responsibility, Greater Concern

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

Looking into the future, Inventec will shoulder the responsibility for social need, continue to uphold the spirit of “greater responsibility, greater concern,” and optimize corporate governance through the measures such as strengthening the Board of Directors and the functional committees and setting up corporate governance units. On the basis of the company's core values, along with "Inventec Group Charity Foundation" and the company's volunteering efforts, Inventec actively faces the sustainability issues such as climate change, energy depletion, ecological conservation, protection of the disadvantaged, and community engagement. Inventec will fulfill the corporate social responsibility and move towards the goal of sustainable development.



4 Health and Well-being

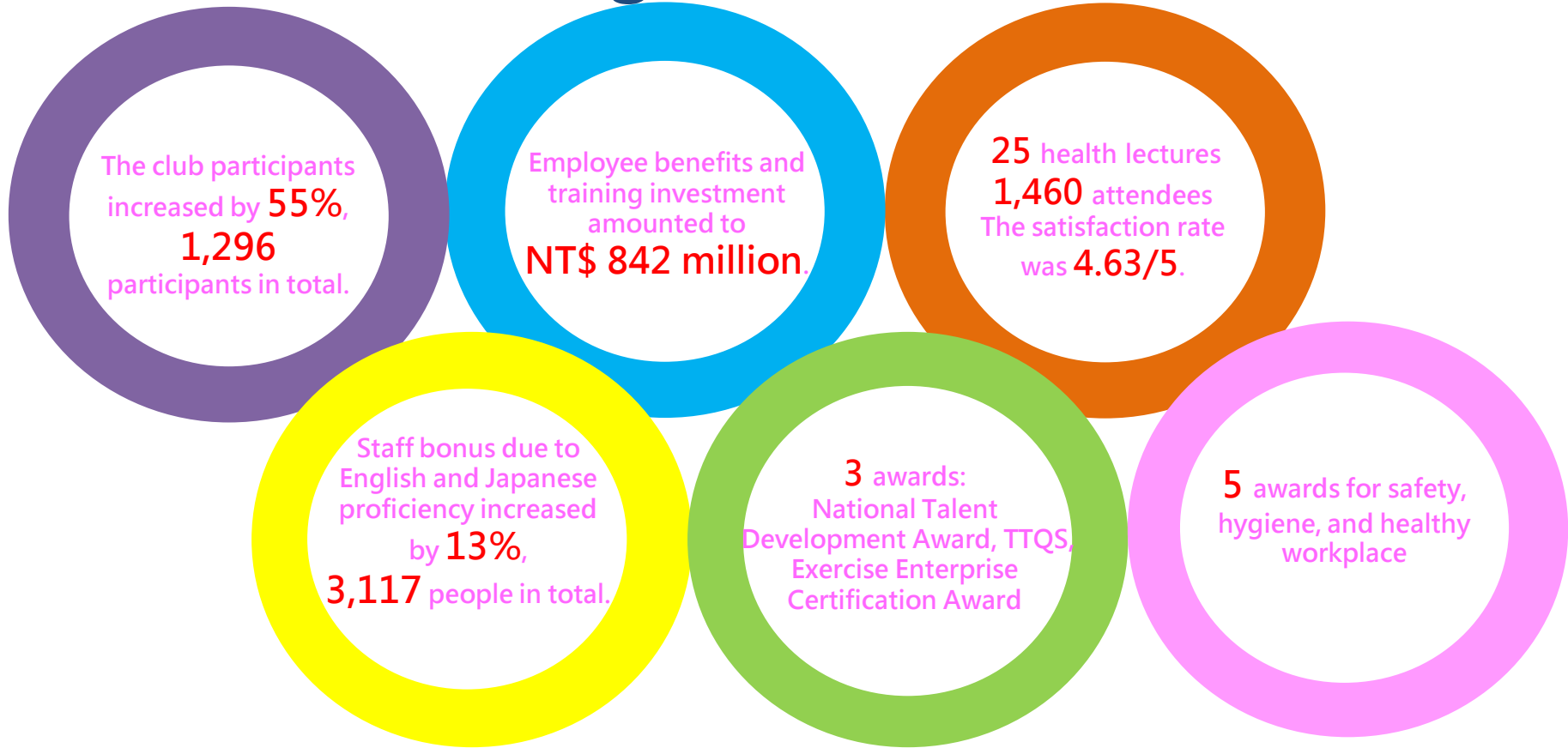
4.1 Talent Cultivation	55
4.2 Employee Relations.....	61
4.3 Excellent Workplace.....	64

SDGs





Health and Well-being Performance



- ◆ **Material Topics :** Employee welfare, cultivation of talent, 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 / ISO 45001 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.



Health and Well-being Quick Index

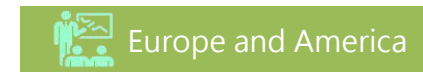
Manpower composition Globally 18,977 people

4.1.1 Talent Management



Training hours Globally 37.2 hours in average

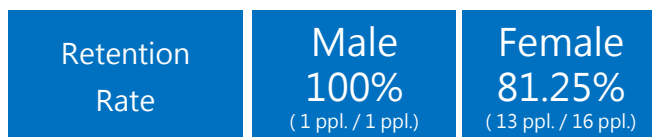
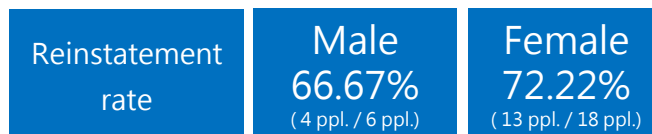
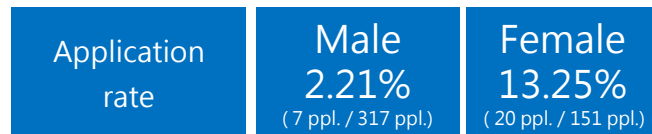
4.1.2 Cultivation of Talent



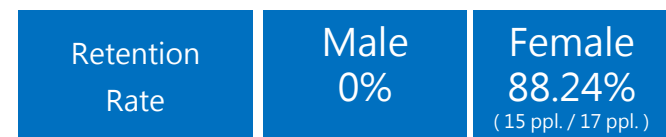
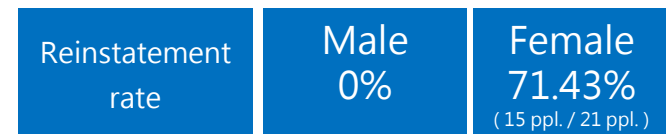
Parental leave

4.3.2 Safe and Healthy Area

Taiwan



Europe and America



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




Health and Well-being Quick Index


 Employee work injury

4.3.2 Safe and Healthy Area

Region	Gender	Total working hours	Work injuries	Work injury rate
Taiwan	Male	5,767,592 hours	0	0
	Female	3,451,480 hours	2	0.58
China	Male	15,377,192 hours	7	0.46
	Female	9,213,360 hours	7	0.76
Europe and America	Male	1,597,875 hours	13	8.14
	Female	1,285,222 hours	10	7.78
Europe and America	Male	284,623 hours	2	7.03
	Female	334,500 hours	5	14.95

 Agency employee work injury

 Occupational safety and health training

 Operational training for special personnel

Completion rate 100%

 Contractor Safety and Health Training

Completion rate 100%

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

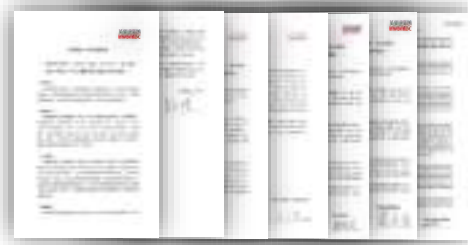
4.1 Talent Cultivation

4.1.1 Talent Management

2019 Manpower : 18,977 Employees

Inventec Talent Management Policy

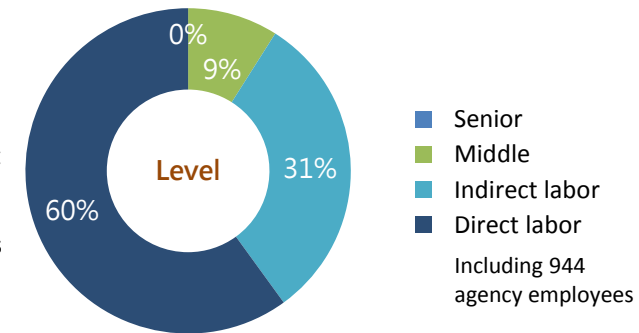
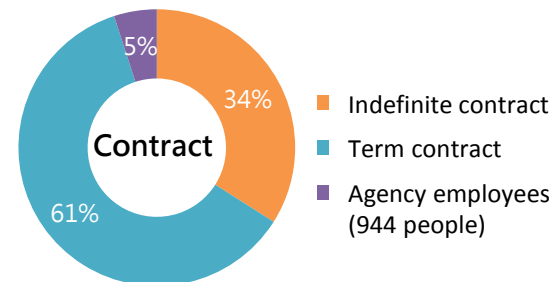
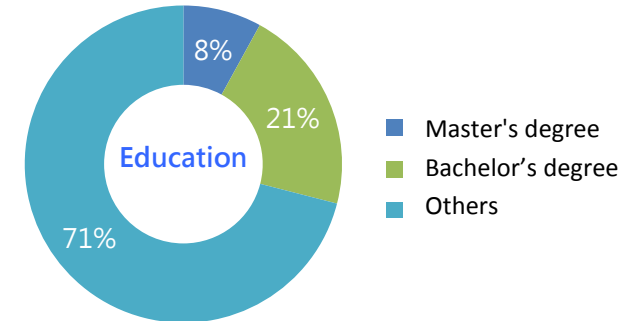
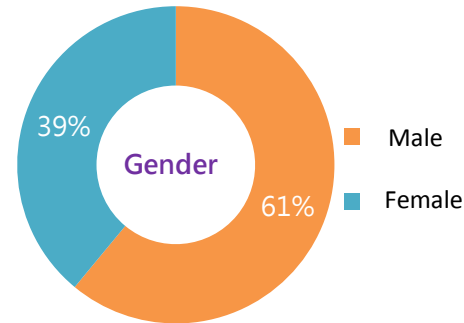
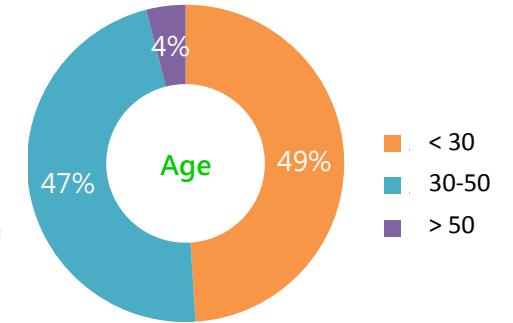
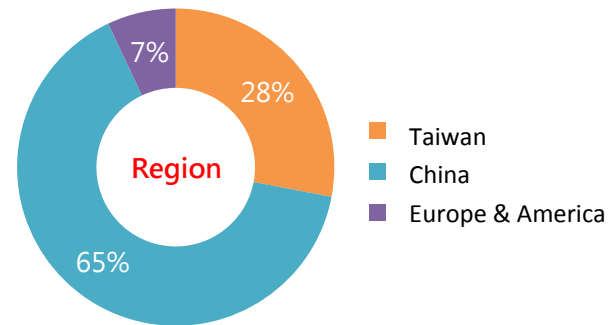
"Implement ethical corporate management; value human resources; execute talent-oriented employment without discrimination; have right person in the right place; shape an environment for the employees' sustainable development and contribution made with their excellence".



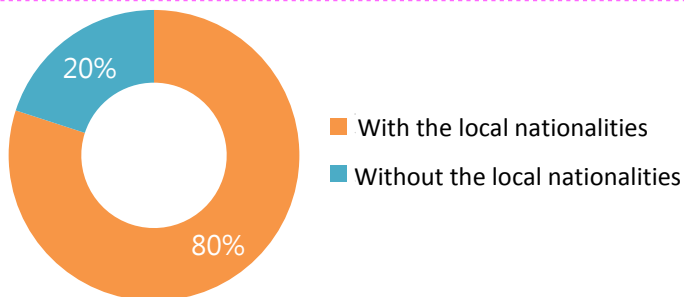
5 global plants.

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, 2019 by region, age, gender, education, employment contract, type, and rank is shown on the right.
- ◆ The nationality of the senior executives in 2019 is as follows.



The Nationalities of Senior Executives in 2019 (164 people)



4.1 Talent Cultivation

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 2019, new and resigned personnel are analyzed by region, gender, and age. In 2019, 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 next page.



2019 National Talent Development Award



2019 Talent Quality-management System - Silver Award



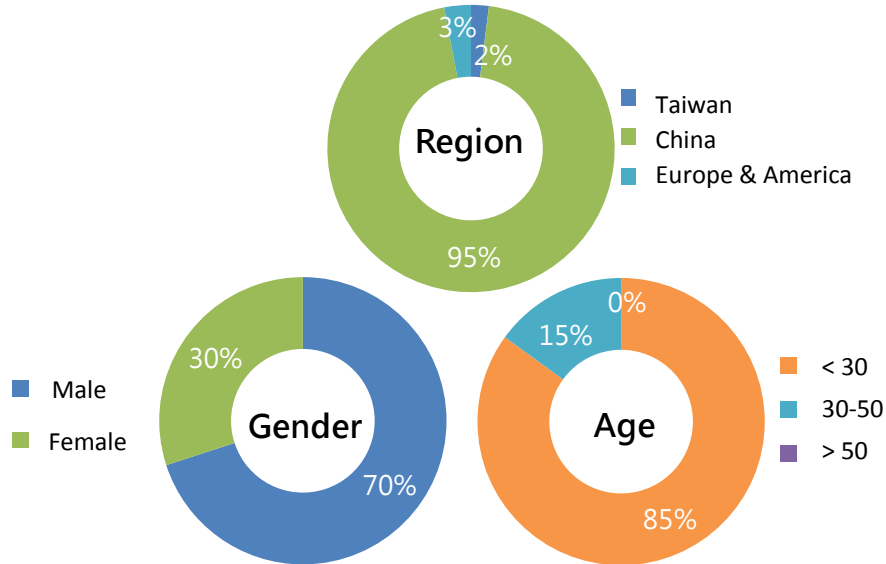
2019 Exercise Enterprise Certification Award



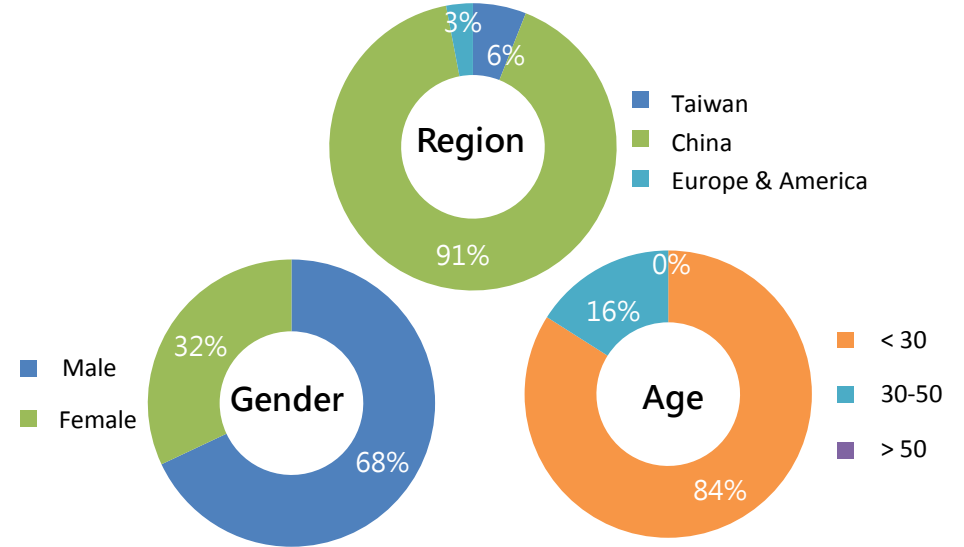
4.1 Talent Cultivation

4.1.1 Talent Management

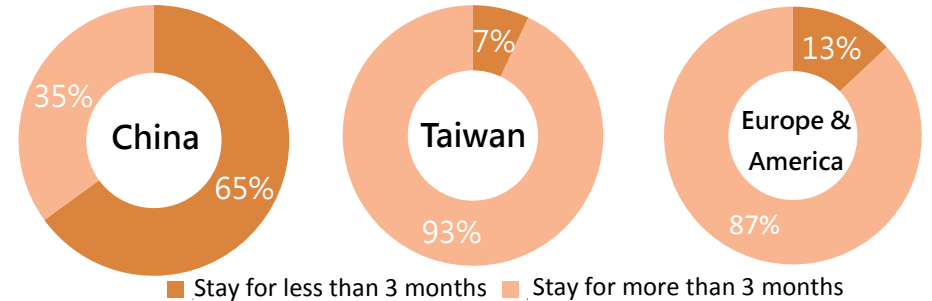
Analysis of the 26,282 Employees Resigning in 2019



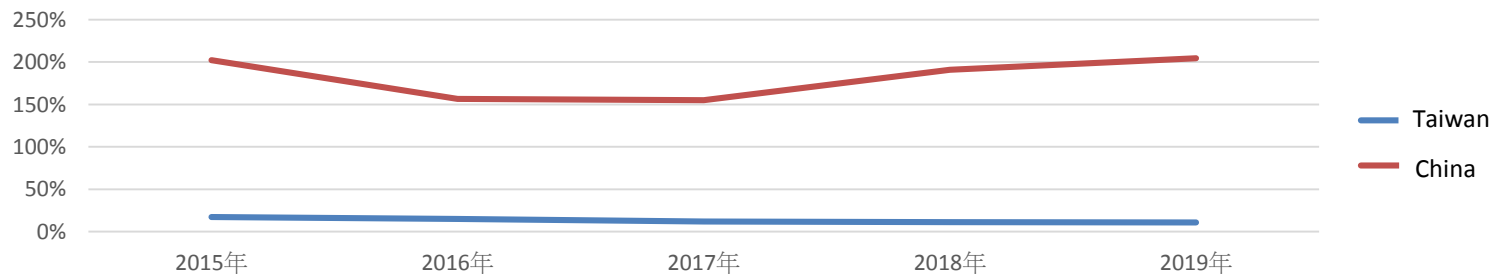
Analysis of the 26,219 Recruits in 2019



The 2019 Analysis of Recruits Resigning during their First 3 Months



The Turnover Rates of Taiwan and China over the Years



4.1 Talent Cultivation

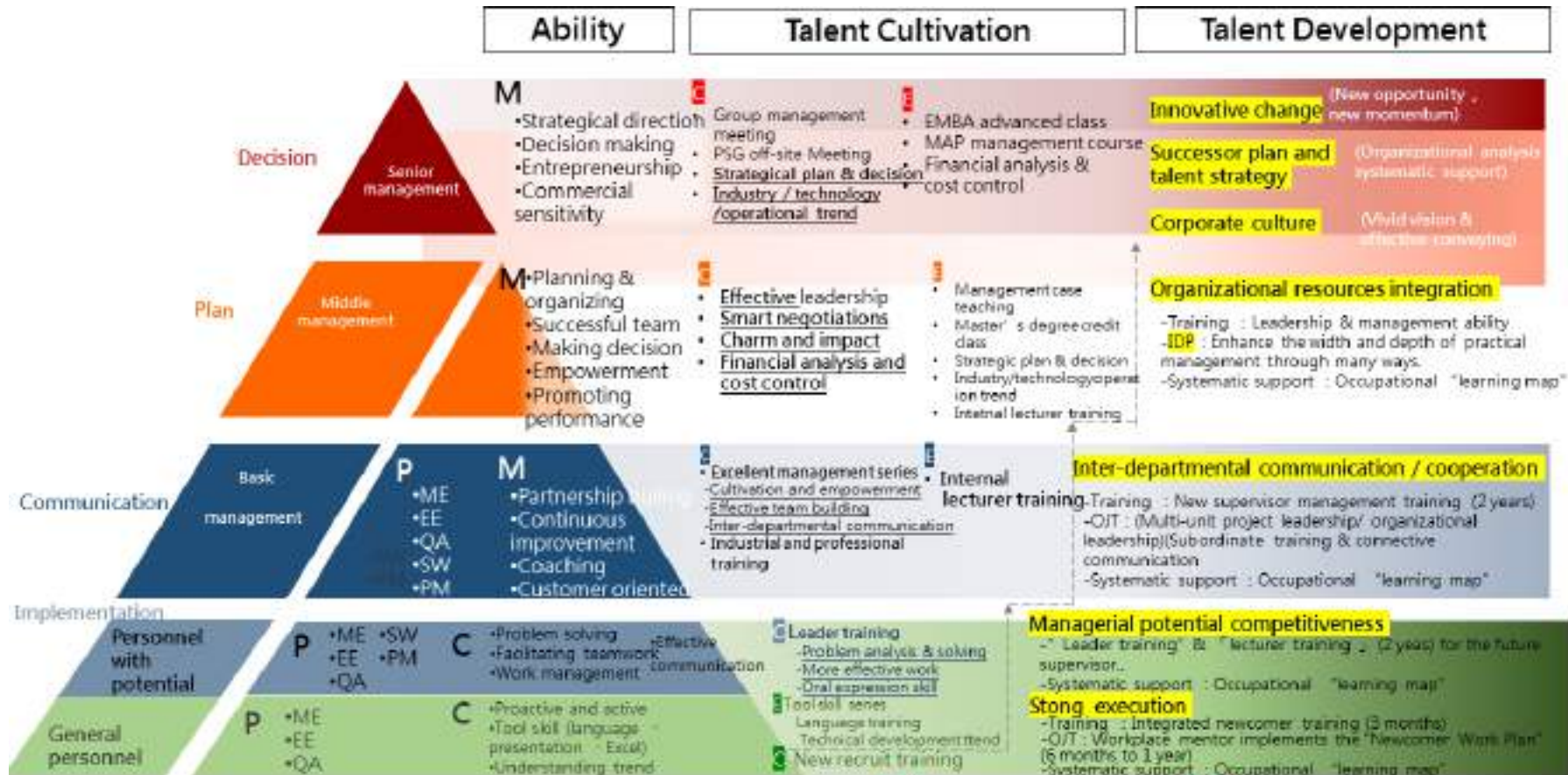
4.1.2 Talent Development

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 Cultivation

4.1.2 Talent Development

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 and Japanese 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. Until 2019, the cumulative number of language verification: 2,440 in English and 677 in Japanese.

Inventec attaches great importance to employee development and won the Innovative Extraordinary Employer Award in 2019.



Digital Learning

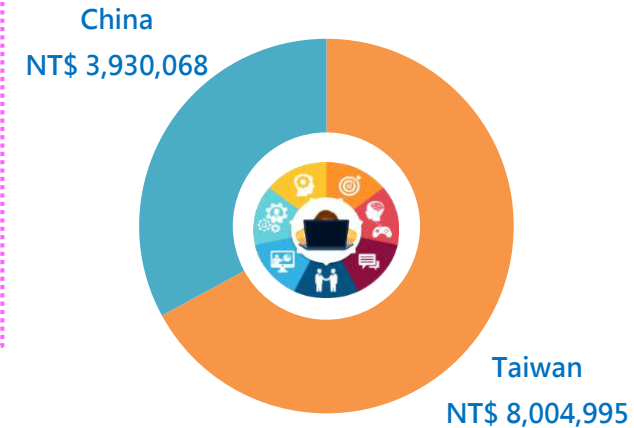
- ◆ Inventec encourages employees to use the e-Learning platform to understand the industry's dynamic trends and new technological know-how, and promote innovation and growth. Digital learning achievements from 2017 to 2019, including 818 learning materials, accumulating 285,591 learning times. In 2019, the theme of digital courses combined with the company's development strategy, launched ABCD5 Trend and Application Course.



Specific Training Topic

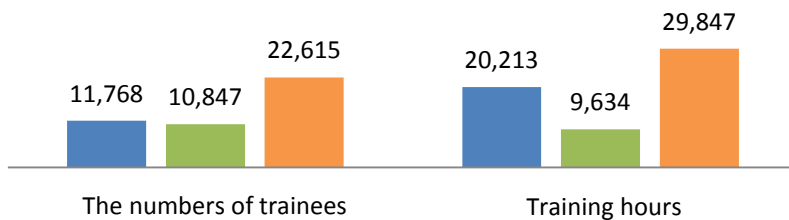
- ◆ In addition to investing lots of funds and time to train staff, each new employee receives training courses on human rights and anti-corruption. In addition, Inventec's security personnel in Taiwan and China also receive training in human rights-related courses. 100% of the internal security personnel and outsourced security personnel receive human rights education and training.
- ◆ Training expenditures in Taiwan and China in 2019, the average training hours per employee category, 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 in recent years are shown on the following page.

2019 Training Expenditures

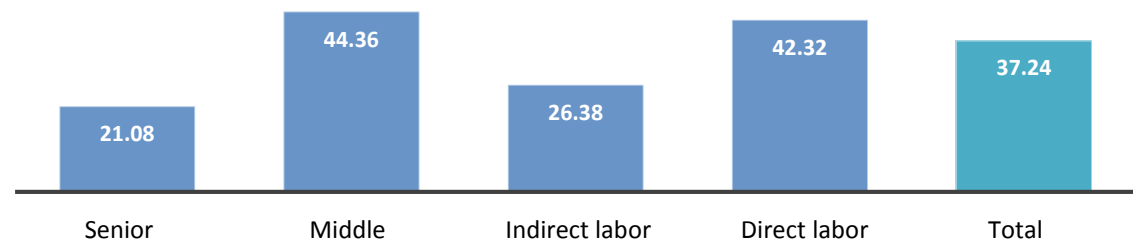


2019 Training Results on Specific Topics

■ Human rights & labor ■ Environment ■ Total



The Average Training Hours per Employee Category in 2019



4.1 Talent Cultivation

4.1.2 Talent Development

The Total Numbers of Training Hours in Taiwan over the Years

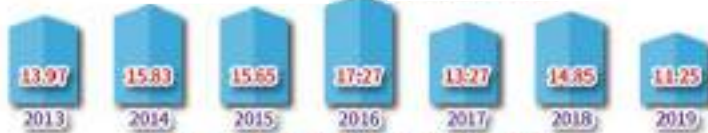


The Training Hours per Person in Taiwan over the Years



2019
Taiwan Target :
9.5 hours

The Training Hours per Man in Taiwan over the Years



The Training Hours per Woman in Taiwan over the Years



The Total Numbers of Training Hours in China over the Years



The Training Hours per Person in China over the Years



2019
China Target :
51 hours

The Training Hours per Man in China over the Years



The Training Hours per Woman in China over the Years

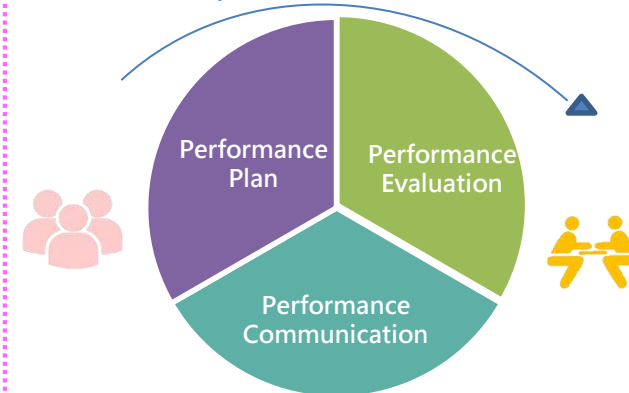


4.1.3 Performance Management

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 evaluation 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 evaluation 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 2019, 100% of Inventec's formal employees in the 7 global plants accepted performance evaluation.

100% of Inventec Employees
Accept Performance Evaluation





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 \geq 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.

Salary

- ◆ Inventec is a 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 2019 was 4,315 people. The average salary of non-executive employees was NT\$ 1.09 million, and the median was 0.92 million. In 2018, there were 4,053 people, the average was NT\$1.102 million, and the median was 0.879 million. Difference analysis: In 2019, the number of people increased by 262, the average salary of employees decreased by NT\$ 12,000, and the median increased by NT\$ 41,000.

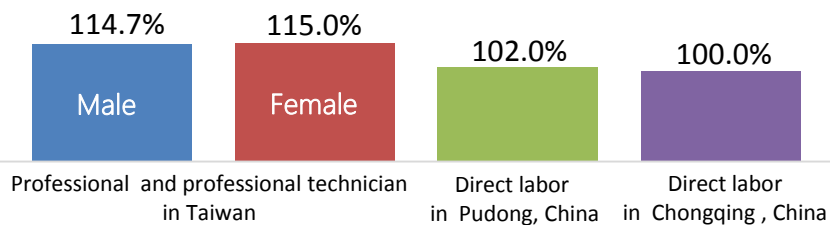
Compliance and Labor Inspection Results

- ◆ Inventec's employees in Taiwan are entitled by "Labor Standards Law" and the "Retired Labors' Pensions". The number of Taiwanese employees involved in the 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.
- ◆ The results of the labor inspection in 2019 violated 2 items of the Labor Standards Law, with a fine of NT\$ 120,000. Inventec has stepped up its promotion to ask colleagues to pay attention to their overtime application and ask the supervisors to make proper work arrangements.

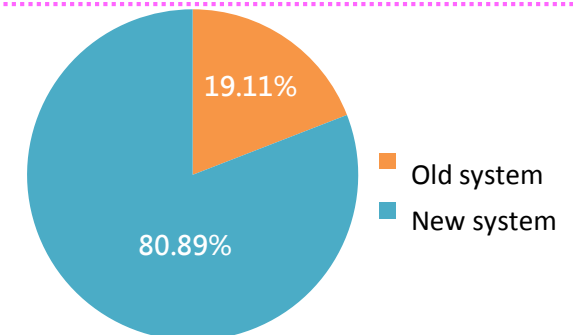
Codes of Conduct

- ◆ Inventec has stipulated "Management Measures for Global Employee Code of Conduct". Every new employee must sign and abide by the "Employee Code of Conduct." It is on the internal portal. All colleagues can browse at any time, and sign and announce regularly. The summary is as follows:
 - ✓ 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, departmental gatherings, festival setting and fun activities, massage by the visually impaired, watching films, 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. The types of clubs include sports, music, and arts. The number of clubs has grown by 23% from 2018 to 32 in 2019. The number of participants increased by 55% from 2018 to 1,296 in 2019..



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, well-being, pressure relieving, parenting, food, travel, wealth management, and food safety. There were 15 sessions in 2019.



Soft lecture

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

Family Day

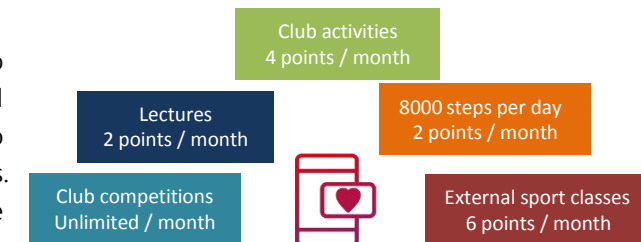
Inventec 2019 Family Day attracted nearly 6,000 people. There are crowds of people wearing event shirts with Inventec logo. Family Day enhanced the sense of identification, the connection between colleagues and their families and friends, and the relationship between colleagues to make life and work more balanced.



The employees participated enthusiastically with continuous laughters.

Well-being Passport

Inventec encourages the employees to participate in well-being series and related activities, to develop the healthy life attitude, to learn to enjoy life, and to experience good things. The employees can use the Inventec mobile integration service to check the points, which is convenient to use and master.



Well-being passport points collection.



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, to organize trade unions, and to 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.



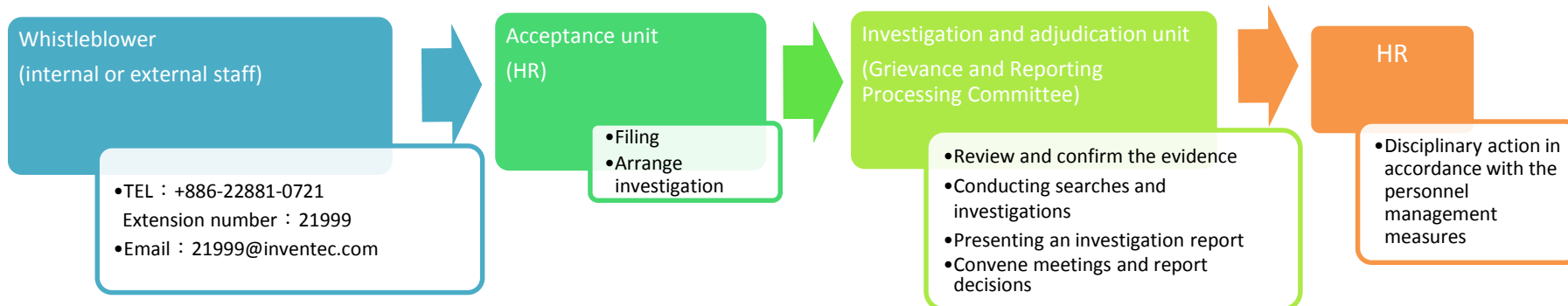
Labor Rights Complaint Mechanism

- ◆ 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 Employee Code of Conduct Management Measures" and "Personnel Management Measures". Inventec protects whistleblower from discrimination, coercion, transfer, or other unfavorable treatment.

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 (conference)

- ◆ In terms of labor complaints in 2019, there are 5 in Europe and North America and 2 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. In 2019, there was no official complaints from employees in Taiwan.

Inventec Internal and External Grievance Process



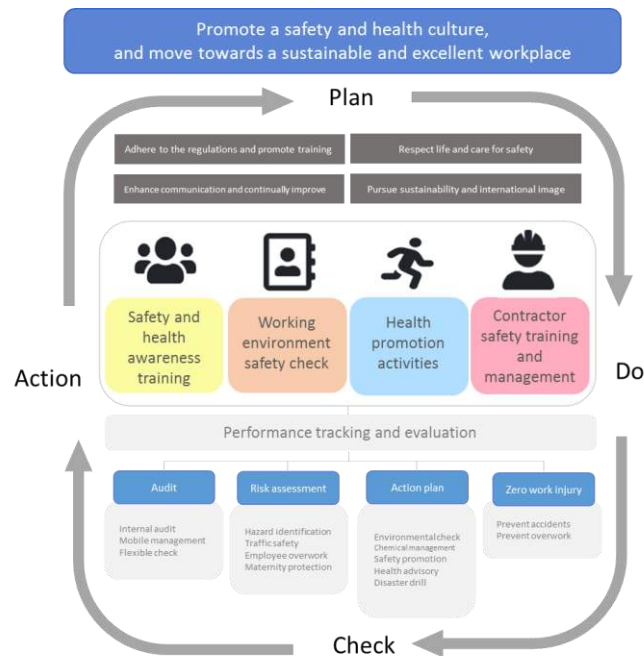
Inventec protects whistleblowers from discrimination, coercion, transfer, or other unfavorable treatment based on the principle of treatment.

4.3 Excellent 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 7 global plants are verified by the International Occupational Health and Safety Management System (OHSAS 18001 / ISO 45001), 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.



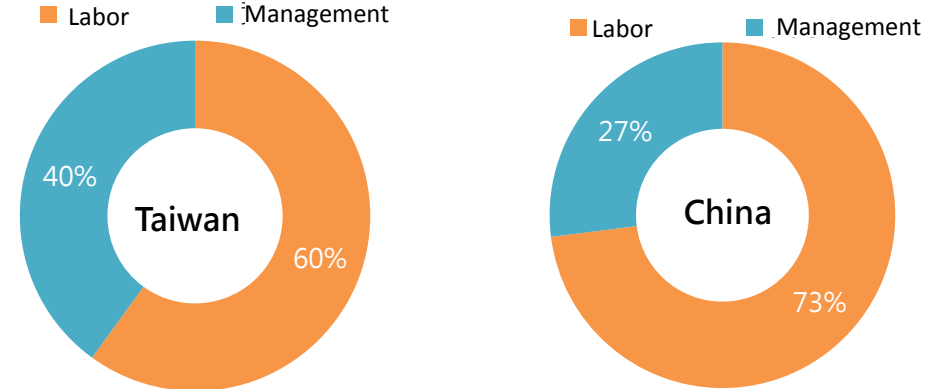
TOSHMS Certificate



OHSAS 18001 Certificate



Proportions of 2019 Safety, Health, and Environment Committee Members



Safety, Health, and Environment Committee and Communication

- The safety, health, and environment committee is set up through the public selection system, and the safety, health, and environment committee is held at least quarterly. The statistics of the safety, health, and environment committee members in Taiwan and China are as shown on this page. Its responsibilities are to review the company's various safety, health, and environment strategies and proposals; the safety, health, and environment committee also reviews the issues about false alarm accidents of employees and contractors, abnormal accidents, occupational incidents, and energy anomalies. It analyzes the cause and find out the improvement strategy to avoid recurrence. In 2019, there were only a few cases of cuts and falls in Taiwan and China. There were no cases of work-related deaths or occupational diseases in 2019. 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.

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



4.3 Excellent Workplace

4.3.1 Occupational Safety and Health Management System 4.3.2 Safe and Healthy Area

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 disassembling / 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 2019, the intolerable risks identified in Taiwan or China plants include improper operation of high-voltage power cabinets, failure of boiler safety devices, falling from height, accidental fire in generator oil depot, improper use of compressed gas bottles, 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.

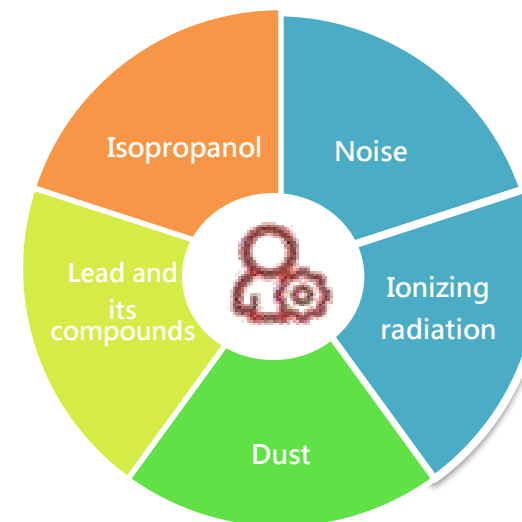
Incident Prevention and Emergency Response

- ◆ 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 2019, 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.

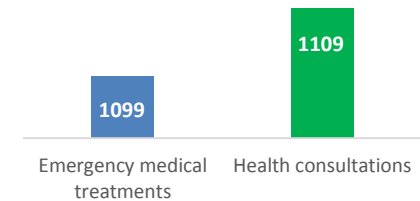
Health Management

- ◆ 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. 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. The statistical analysis of employee health services in Taiwan and China factories is shown in the figure on this page.
- ◆ 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 2019, there were 25 health lectures. The total number of participants was 1,460. The average satisfaction of participants is 4.63 points (out of 5 points)

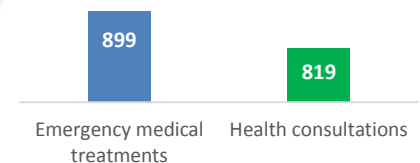
Special health check arranged for the special operations in the China factory in 2019



Statistical analysis of employee health services in Taiwan factories



Statistical analysis of employee health services in China factories



4.3 Excellent Workplace

4.3.2 Safe and Healthy Area

Safety and Health Promotion Mechanism

- ◆ Inventec employees' safety and health occupational training includes general in-service personnel education and training, fire management personnel training, CPR first aid training, industrial safety and health training and various on-the-job training. As for special personnel operation training (100% completion rate in 2019), the items include stackers, organic solvents, radiation safety and protection, pressure vessels, boilers, etc.

Zero Workplace Incident

- ◆ 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.

2019 Honor and Affirmation about Safety & Health



National Occupational Safety and Health Excellent Unit Award



Hazard-Free Work Record Award by Ministry of Labor



Labor Safety Excellent Unit Award of Taipei City



Certificate of Appreciation from Taipei City Fire Bureau



Memorandum of Cooperation on Disaster Prevention of Shilin District Office

2019 Honor and Affirmation about Healthy Workplace



Healthy Workplace Certification-Health Promotion Mark by National Health Administration



Taipei Outstanding Health Workplace Award



Excellent Breastfeeding Room Certification of Taipei City



AED Location Certification



Asia's Best Workplace and Healthiest Employees Award

Agency Employee Safety and Health Management

- ◆ Regarding the agency personnel whose workplace controlled by Inventec in 2019, 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 2019, except the cases of work-related injuries such as contusion happening to agency personnel in Europe and North America, Inventec was not aware of work-related accidents or absenteeism due to loss of labor.

Contractor Safety and Health 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 work or 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 100% of the 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 2019, Inventec was not informed that the contractor had an accident at work or was absent from work due to loss of labor.

A hand is shown holding a butterfly, with the Earth (Globe) in the background. The scene is set against a light blue background with a circular frame. Three other butterflies are flying around the globe.

5 Sustainability and Environmental Protection

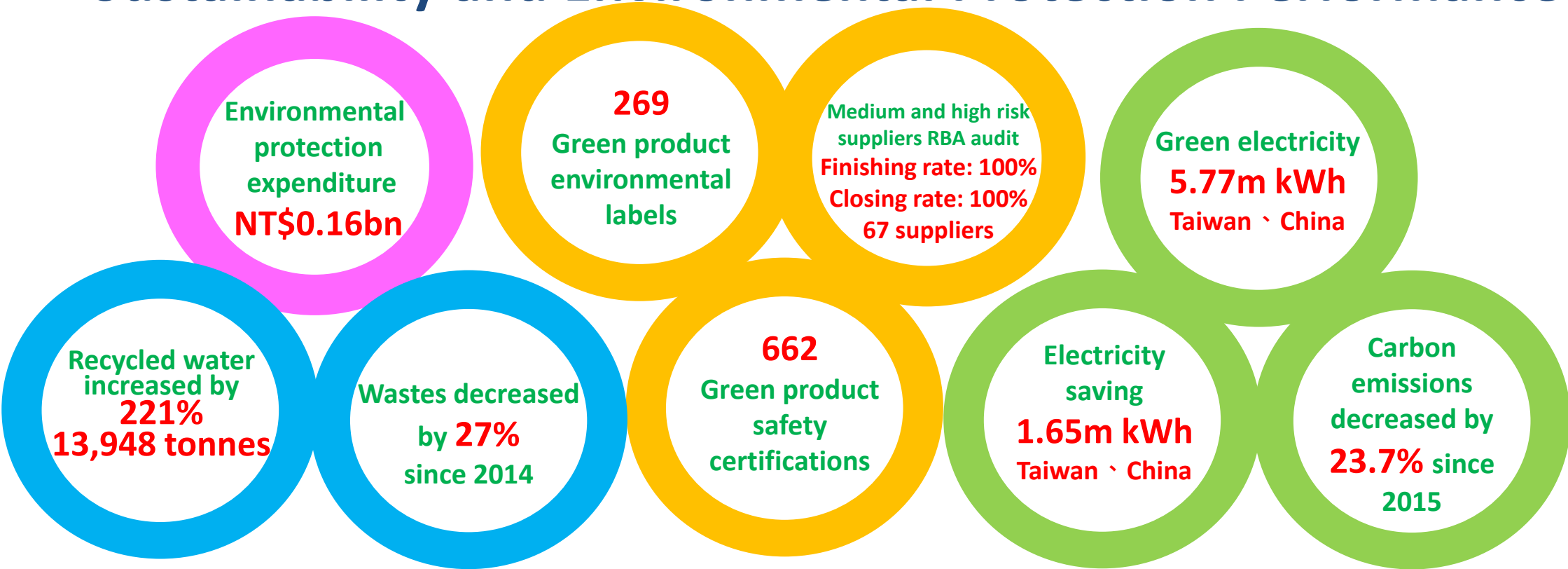
- 5.1 Climate Action..... 71
- 5.2 Environmentally Friendly..... 79
- 5.3 Green Life 84

SDGs





Sustainability and Environmental Protection Performance



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

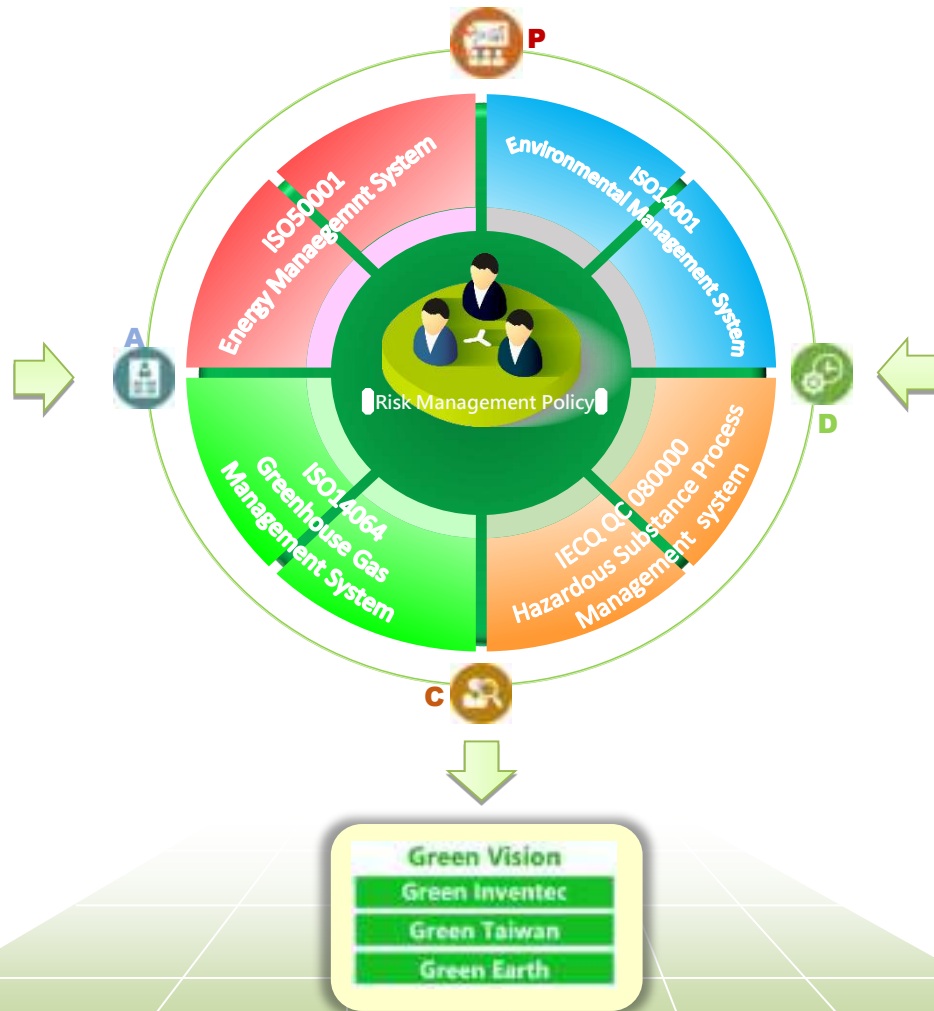


Environmental Sustainability Structure

Inventec

Green Energy & Environment Policy

- Develop low-carbon products and reward green R&D.
- Convert energy performance and invest in renewable energy.
- Commit to a low-carbon environment and a carbon-reduction culture for all employees.
- Improve clean production and implement green factories.
- Connect the circular economy and promote green living.



Inventec

Towards a new vision for environmental sustainability



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 sustainability 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 instructions, 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 sustainability activities within the value chain.
- ◆ Pursue sustainable development: from the perspective of environmental sustainability, continuously contribute to global environment and corporate development.



Environmental Sustainability Practice

- ◆ In response to global environmental sustainability issues, Inventec has set the environmental sustainability policy as the cornerstone of promotion, set Inventec's "green energy and environmental protection" as its goal, and followed the TCFD climate-related financial disclosure recommendations and implementation guidelines to integrate the Company's related management mechanisms and reporting operations.
- ◆ 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 continuously pursues the reduction of the impact on product and 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 and climate change mitigation.

Major environmental sustainability plans and measures over the years



2005-2010

- Expand the clean production management of green factories (ISO14001) with the third-party certification.
- Expand the projects of energy-saving and carbon-reduction in the plants.
- The greenhouse gas inventory management system (ISO14064) is certified by the third party.
- From product green design to low-carbon and energy-saving design.
- The green product management system (IECQ QC 080000) with third-party certification.
- Introduce low-carbon supply chain management.



2016-2020

- Purchase green building factories.
- The headquarters has built-in energy real-time monitoring and management system.
- Introduce smart factory management.
- A carbon quota management mechanism has been introduced in the plants of China.
- The factories in Taiwan began to build solar power equipment.
- Become the RBA member and expand supply chain management.
- Introduce sustainable supply chain management.
- Use the SBT method to set carbon reduction targets.
- Set the targets for the use of renewable energy.
- Introduce TCFD climate change governance framework.



2011-2015

- The energy management of Corporate Synergy System (ISO50001) with the third-party certification.
- Construction of solar power equipment began in the plants of China.
- Optimize energy-saving design of low-carbon products.
- Expand the greenhouse gas inventory management system (scope 3).
- The product carbon footprint and water footprint projects are certified by the third party.
- Participate in the CDP (Carbon Disclosure Project).
- Participate in the "National Important Wetlands" adoption five-year plan.
- Introduce the five-year plan of the supply chain "Migrant Bird Ark".
- Expand low-carbon supply chain management (RBA management).



2021-2030

- Optimize the TCFD climate change governance structure.
- Expansion of energy-saving and carbon-reduction projects in smart factories.
- Expand the solar power equipment in the plants.
- Expand the development and design of advanced low-carbon products.
- Expand sustainable supply chain management.



5.1 Climate Action

5.1.2 Climate Change Governance Structure

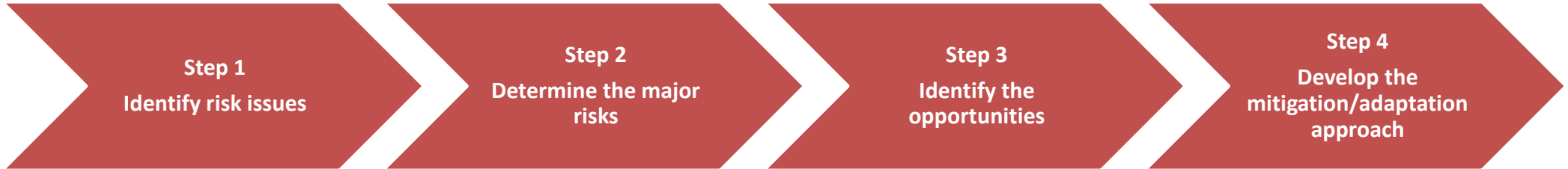
The Company mainly refers to the “climate-related financial disclosures” report published by the Task Force on Climate-related Financial Disclosure (TCFD) for corresponding actions related to the impact of climate change. Said disclosure is made from the perspectives of governance, strategy, risk management, and indicator and target. Highlighted requirements are shown in the “Inventec TCFD management structure”.

Governance	Strategy	Risk Management	Indicator and Target
<p>* The Chairman is the highest responsible person for climate risk management.</p> <p>* The President is the person responsible for the highest level of management.</p> <p>*Issue internal control documents to ensure the roles and responsibilities for climate change</p> <p>*All business units and company units shall include climate change related risks and opportunities for risk management</p> <p>*Add climate change issues, management procedures, and strategic planning into the Company’s management system and internal control system.</p> <p>*The Finance/corporate governance manager shall report the climate change management results to the President and Board of Directors.</p>	<p>*Risks: All business units and company units shall define risk evaluation and identification procedures, keep abreast of policies and regulations, technologies, market, goodwill, and risk elements of extreme climate based on climate actions to conduct short term (within 3 years), mid-term (3~5 years), and long-term (5~10 years) risk control measures and integrate them into the operational management structure of such units.</p> <p>*Opportunity: All business units and company units shall evaluate the niche for potential opportunities, seeking opportunities related to the market, product/services, resource efficiency, and developing new business and services to conduct short-term (within 3 years), mid-term (3~5 years), and long-term (5~10 years) opportunity control measures and integrate them into the operational management structure of such units.</p> <p>*To achieve the goal set for the 2°C scenario, Inventec will continue the energy saving and carbon reduction management in the following:</p> <p>*Inventec strategies:</p> <ul style="list-style-type: none"> • Develop low carbon products, encourage green development • Energy conversion performance, invest in renewable energy • Be dedicated to a low carbon environment and carbon reduction for all people • Promote clean production, implement a green factory • Connect with a circular economy, promote green living 	<p>*Inventec conducts various risk identification and opportunity evaluations via all functional units of risk management organization based on their functional features and operation process for risk management.</p> <p>*The Board of Directors and Audit Committee shall be the final decision makers of risk evaluation and control.</p> <p>*Risk management steps In addition to following risk management policies approved by the Board, the climate action systems (various ISO management systems) established by the plant shall be integrated into the operational management flow in accordance with the following risk management steps:</p> <ul style="list-style-type: none"> •Identify risk issues •Determine material risks •Identify opportunities •Study mediation/adaptation measures <p>*Mediation/adaptation management</p> <ul style="list-style-type: none"> •Mediation <ul style="list-style-type: none"> -Introduce ISO50001 energy management system -Encourage green development -Energy conversion performance -Green building management & clean production •Adaptation <ul style="list-style-type: none"> -Promote engineering technology & acquire infrastructure -Develop low carbon products -Invest in renewable energy 	<p>*Greenhouse gas inventory indicator Disclose greenhouse gas emissions (scope 1, 2, and 3)</p> <p>*Science-based reduction target Compared to 2015, Scope 1 and Scope 2 greenhouse gas emissions will be reduced by 19% in 2025.</p> <p>*Renewable energy target Expand the use of renewable energy facilities and continue to increase the proportion of renewable energy by 5%.</p> <p>*Energy saving target -HQ energy saving (EUI) With the benchmark year 2014, the unit area electric consumption will be reduced by 10% in 2024. -Energy saving for server room of information center (PUE) With the benchmark year 2019, the target is to reduce 11% by 2025. -Plant energy saving (EI) With the benchmark year 2018, the target is to reduce 5% by 2025.</p> <p>*Water resources management target Compared to 2012, the water consumption intensity will be reduced by 24% in 2024.</p> <p>*Waste management target Compared to 2014, the amount of waste will be reduced by 25% in 2025.</p> <p>*Product energy saving design target -The energy saving design target for notebooks: The energy use efficiency shall be 25% higher than the latest ENERGY STAR Computers Specification Version 7.1. -Server energy saving design target: The energy use efficiency meets ENERGY STAR Computer Servers Specification Version 3.0.</p>

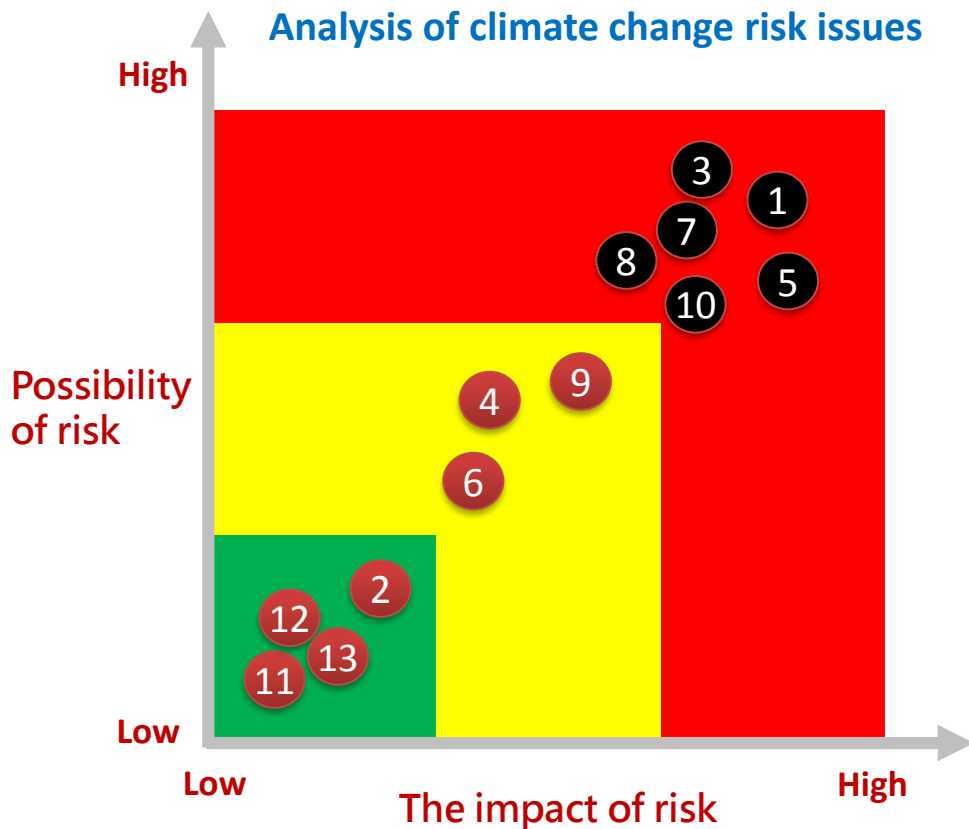


5.1 Climate Action

5.1.2 Climate Action Practice



Inventec identified 13 climate-related risk issues (as shown in the figure below) with reference to the industry's CSR reports, TCFD, and other relevant information, and then used the assessment of the probability of risk occurrence and the degree of impact to determine 6 major risk issues (shown as red font).



- Risk Issues related to Climate**
1. Obligation to declare the increase of carbon emission and the status of energy saving.
 2. Increased international carbon transaction and energy / carbon tax.
 3. Increased costs of carbon-price setting and carbon transaction.
 4. The increased need of renewable energy globally.
 5. Information and communication products replaced by low-carbon advanced technology.
 6. The increased awareness of green consumption.
 7. The increased costs of green procurement.
 8. The increased attention from stakeholders.
 9. The severity of extreme weather events such as typhoons and floods increases.
 10. Serious changes in rainfall patterns and changes in climate patterns.
 11. Average temperature rises.
 12. The rising mean sea level.
 13. The uncertainty of new regulation.



5.1 Climate Action

5.1.2 Climate Action Practice

Evaluation of the impact of six major risk issues on finance:

Major Risk Issues Identified by Inventec			Impact on Future Finance
Transition Risks	Policy and Legal	<ol style="list-style-type: none"> 1. Increased obligation to declare carbon emission and the status of energy saving. 2. Increased costs of carbon-price setting and carbon transaction. 	<ul style="list-style-type: none"> ● Increased operating costs. ● Increased liability for insurance claims caused by climate-related impacts.
	Technology	<ol style="list-style-type: none"> 3. Information and communication products replaced by low-carbon advanced technology. 	<ul style="list-style-type: none"> ● Increased R&D spending.
	Market	<ol style="list-style-type: none"> 4. The increased costs of green procurement. 	<ul style="list-style-type: none"> ● Increased procurement costs.
	Reputation	<ol style="list-style-type: none"> 5. The increased attention from stakeholders. 	<ul style="list-style-type: none"> ● Affect the investment willingness of domestic and foreign investment institutions and influence fund-raising opportunities.
Physical Risks	Chronic	<ol style="list-style-type: none"> 6. Serious changes in rainfall patterns and changes in climate patterns. 	<ul style="list-style-type: none"> ● Increased liability for insurance claims caused by climate-related impacts. ● Reduced earnings due to reduced productivity (such as supply chain disruption).

Identified items that may generate opportunities:

The Items that May Generate Opportunities for Inventec		Opportunities to Increase Revenue for Future Finances
New Energy	<ul style="list-style-type: none"> ● Engage in renewable energy and carbon trading market. 	<ul style="list-style-type: none"> ● Reduce operating costs to facilitate diversified business.
Resource Efficiency	<ul style="list-style-type: none"> ● Promote energy conservation measures and improve energy efficiency. ● Recycle and reuse resources. 	<ul style="list-style-type: none"> ● Reduce production and operating costs and increase customer procurement ratio.
Products / Services	<ul style="list-style-type: none"> ● Develop low carbon products/services. 	<ul style="list-style-type: none"> ● Better performance to increase revenue and operating gross profit margin.
Markets	<ul style="list-style-type: none"> ● Participate in the incentive measures of government units. 	<ul style="list-style-type: none"> ● Obtain incentive subsidies to increase the chance of entry.



5.1 Climate Action

5.1.2 Climate Action Practice

Inventec TCFD implementation status in 2019

Inventec's mitigation and adaptation practices in response to climate-related risks and opportunities are as follows.

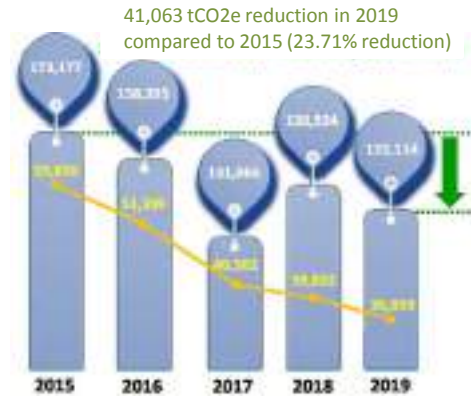
Major Risk Issues Identification			Inventec's Way of Mitigation/Adjustment	Climate risk-related environmental protection expenditure (%)
Transition Risks	Policy and Legal	<ul style="list-style-type: none"> Increased obligation to declare carbon emission and the status of energy saving. Increased costs of carbon-price setting and carbon transaction. 	<ul style="list-style-type: none"> Continuously optimize ISO 14064-1 greenhouse gas inventory management operations to gradually expand the scope of carbon inventory to the upstream/downstream value chain. Inventec use ISO 50001 as a framework to implement carbon-saving projects with the aim of lowering the cost of carbon transaction. Continue to promote energy saving and emission reduction plans and achieve the 2025 SBT reduction target. Progressive establishment of solar power system and increase the percentage of solar clean energy to reduce carbon emission and to lower the transaction costs from energy tax and carbon tax. 	The settlement of related environmental protection expenditures in 2019 increased by 8.13% compared with the budget.
	Technology	<ul style="list-style-type: none"> Products and services are replaced by low-carbon technologies. 	<ul style="list-style-type: none"> Actively assist customers to apply for various energy saving (Energy Star) / environmental protection marks. 	The settlement of relevant environmental protection expenditures in 2019 increased by 0.23% compared with the budget.
	Market	<ul style="list-style-type: none"> Increase the procurement cost of environmentally friendly low-carbon materials.(Take the laptop case with EPEAT gold medal as an example) 	<ul style="list-style-type: none"> Procurement of raw materials/products that meet the needs of environmental protection, low carbon and energy saving. Manage purchasing cost of raw materials/ products via the Group's sourcing system. 	The cost of using recycled plastic case increased by 12~16%.
	Reputation	<ul style="list-style-type: none"> The increased attention from stakeholders. 	<ul style="list-style-type: none"> Issue annual reports and corporate social responsibility reports to respond to information disclosure needs of the stakeholders. Respond to the customers and stakeholders' disclosure requests of carbon emission and carbon management via CDP Through the RBA environmental survey, respond to the stakeholders' disclosure requests of environmental management and greenhouse gas management information. 	The settlement of relevant environmental protection expenditures in 2019 increased by 1.07% compared with the budget.
Physical Risks	Chronic	<ul style="list-style-type: none"> Serious changes in rainfall patterns and changes in climate patterns. 	<ul style="list-style-type: none"> The business units plan BCP risk management mechanism; the plant management units build the emergency response mechanism to improve disaster resilience and to ensure the Company's continuous operation. Evaluate supplier risk levels and continuously find the back-up raw material supplier to ensure the continuous production operation and the smooth shipment. Continuously hold supply chain environmental protection and CSR seminar to raise the risk management awareness of carbon management and water management in the supply chain The plants continue to promote water-saving and waste reduction management programs to reduce the cost of water and waste removal and transportation, implement environmental measurement, ecological greening, and pollution prevention, protect the local ecological environment, and reduce the degree of environmental impact. 	In 2019, the settlement of related environmental protection expenditures increased by 58.86% over the budget

The Items that May Generate Opportunities		Mitigation / Adjustment	Potential Impact on Finance
Energy Source	<ul style="list-style-type: none"> Engage in renewable energy and carbon trading market. 	<ul style="list-style-type: none"> Progressive establishment of solar power system and increase the percentage of solar clean energy to reduce carbon emission and to lower the transaction costs from energy tax and carbon tax. Continue to seek internationally recognized opportunities for purchasing renewable energy certificates. 	Reduce operating costs
Resource Efficiency	<ul style="list-style-type: none"> Promote energy conservation measures and improve energy efficiency. Recycle and reuse resources. 	<ul style="list-style-type: none"> The headquarters adjusts the efficiency of energy-consuming equipment (reduces equipment energy consumption) by analyzing the results of energy monitoring system data. The plants continues to promote energy-saving, carbon-reducing, water-saving, and waste-reducing management plans to reduce resource consumption. 	Reduce operating costs
Products / Services	<ul style="list-style-type: none"> Develop low carbon products/services. 	<ul style="list-style-type: none"> Continually upgrade the product energy efficacy with R&D design. Product recycling rate is better than WEEE regulations; packaging material recycling rate meets customer green procurement standards. Enhance the value chain collaborative relationship and develop low carbon products/services together. 	Increase revenue
Markets	<ul style="list-style-type: none"> Participate in the incentive measures of government units. 	<ul style="list-style-type: none"> Enter new and emerging markets. 	Increase revenue



5.1 Climate Action

5.1.3 Greenhouse Gas Emission Management



Inventec's GHG Emissions and Emission Intensity over the years Illustration ● GHG (Scope 1 and Scope 2) Emission Intensity (tCO₂e/NT\$ 100 bn.)



Inventec's Scope 1 GHG Emissions over the Years (Unit: tCO₂e)



Inventec's Scope 2 GHG Emissions over the Years (Unit: 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 Emission Intensity

- ◆ In 2019, Inventec's GHG Emission intensity (Scope 1 and Scope 2) was 36,959 tCO₂e/NT\$ 100 bn., 7.21% less compared to 2018 (39,832 tCO₂e/NT\$ 100 bn.) and 38.25% less compared to 2015 as the base year (59,850 tCO₂e/NT\$ 100 bn.).
- ◆ Both GHG emission intensity and emissions have followed a declining trend since 2015 while the revenue increased at the same time. The data shows that while Inventec pursues revenue growth, it also continues to commit to the use of renewable energy (such as the purchase of solar power in the China plant), reducing the use of purchased municipal power, and promoting energy saving and carbon reduction programs to reduce greenhouse gas emissions.

Scope 1/ Scope 2 Greenhouse Gas Emissions

- ◆ In 2019, the total greenhouse gas emission in Inventec was 132,114.225 tCO₂e. The emission from China, which was 107,480.313 tCO₂e (accounting for 81.35%), was the primary contributing source. In 2019, Scope 1 emission was 7,912.3372 tCO₂e, which accounted for 5.99% of total emissions. As for scope 2 emission, it was 124,201.8873 tCO₂e, which accounted for 94.01% of total emissions. Compared to 2018 (138,934.082 tCO₂e), Inventec's emission in 2019 decreased by 6,819.857 tCO₂e (4.91% less). Among Inventec's 7 plants, TAO has the largest increase in carbon emissions (increasing by 2,140.902 tCO₂e), and IPT has the largest carbon emissions reduction (a decrease of 9,149.816 tCO₂e). The main reason is related to capacity adjustment/transfer.

Greenhouse Gas 3rd Party Verification Statement Scope 1 and 2

2018



2019



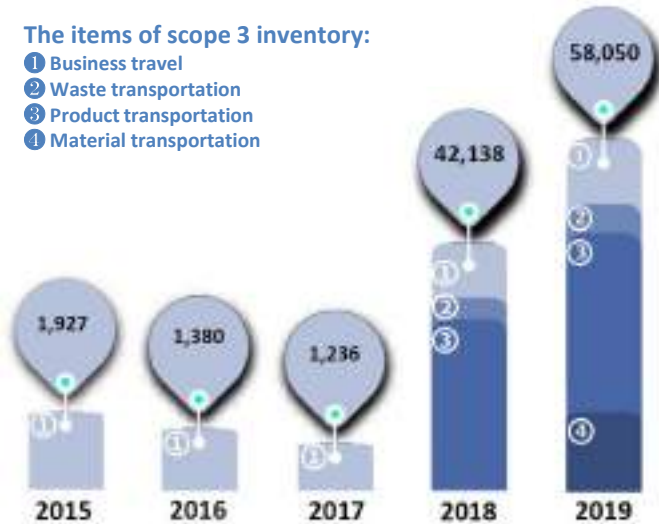


5.1 Climate Action

5.1.3 Greenhouse Gas Emission Management

The items of scope 3 inventory:

- ① Business travel
- ② Waste transportation
- ③ Product transportation
- ④ Material transportation



Inventec's Scope 3 Greenhouse Gas Emissions over the Years (unit : tCO2e)

Scope 3 Greenhouse Gas Emissions in 2019



Greenhouse Gas 3rd Party Verification Statement Scope 3

2018



2019



Scope 3 Greenhouse Gas Emissions

The items of scope 3 inventory calculation:

- ① Employee business travel: 5 factories (IET, TAO, ITO, ICC, IPT) with a total emission of 1,491 tCO2e.
- ② Waste transportation: 7 factories (IET, TAO, ITO, ICC, IPT, ICZ, IMX) with a total emission of 165 tCO2e.
- ③ Product transportation: The emissions of product transportation by the Chongqing factory are 54,358 tCO2e.
- ④ Material transportation: In 2019, the Chongqing factory added the inventory calculation of 4 major material categories (PCB, metal shells, packaging materials, and hardware materials) with a total emission of 2,035 tCO2e.
- ⑤ Waste treatment: In 2020, the added factories in Chongqing and Pudong will conduct the inventory calculation.



5.1 Climate Action

5.1.4 Energy Management

Energy Saving Target	
◆	Energy saving for server room of information center (PUE): With the benchmark year 2019, the target is to reduce 11% by 2025.
◆	Plant energy saving (EI): With the benchmark year 2018, the target is to reduce 5% by 2025.
◆	HQ energy saving (EUI): With the benchmark year 2014, the unit area electric consumption will be reduced by 10% in 2024.

Energy Saving Projects / Year	2018			2019			
	Name	Numbers of Projects	Energy Saved (kWh)	Carbon Reduced (tCO ₂ e)	Numbers of Projects	Energy Saved (kWh)	Carbon Reduced (tCO ₂ e)
Air compressor system		0	0	0	1	589,332	464
Air conditioning exhaust system		3	376,235	221	4	190,520	102
Lighting system		4	396,827	285	8	305,496	237
Process improvement		1	231,814	168	1	251,208	182
Project (including management)		1	116,760	85	3	315,467	184
Total		9	1,121,636	759	17	1,652,023	1,169

Plants: Shilin, Taoyuan, Pudong, and Chongqing



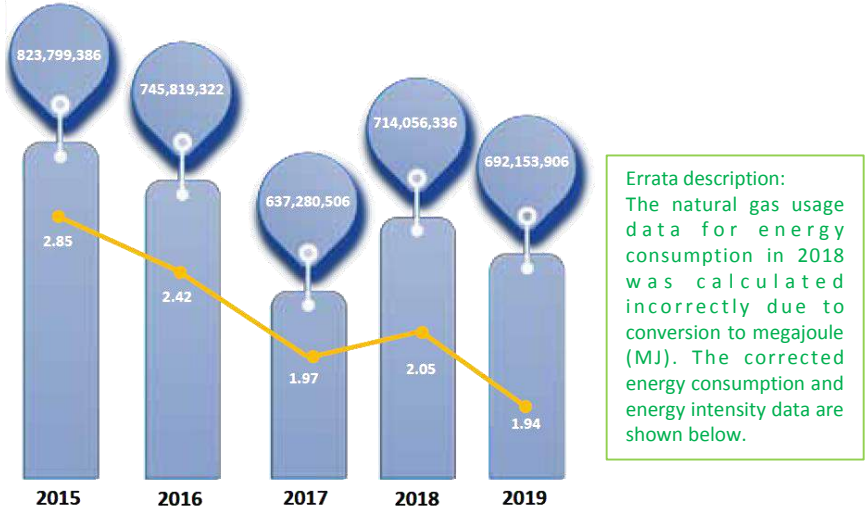
Energy saving project of air compressor system

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 energy management system and continually implemented energy-saving and carbon-reduction projects with an aim to lower the carbon emission.
- ◆ There were totally 17 energy saving projects implemented in Inventec in 2019. With these efforts, Inventec saved 1,652,023 kWh (5,947,282 megajoules); this is equivalent to a reduction in carbon emissions of 1,169 tCO₂e. The carbon reduction performance increased by 54% compared with 2018.
- ◆ Headquarters energy saving (EUI): Inventec Shilin Headquarters' 2019 energy saving (EUI) is 125.9 kWh/m² which is 18.09% lower than the 153.7 kWh/m² in 2014 (base year).
- ◆ Plant energy saving (EI): Inventec's main plant energy saving (EI) in China in 2019 was 0.422 (kWh/NT\$ 1,000 revenue) which was a reduction of 9.92% compared to the 2018 plant energy saving of 0.468 (kWh/NT\$1,000 revenue).

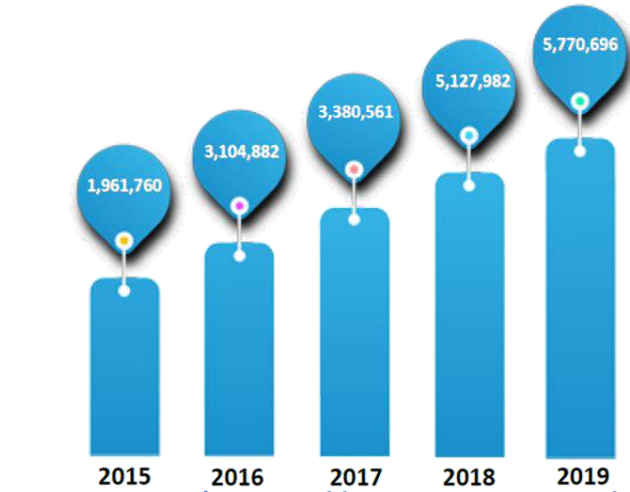
5.1 Climate Action

5.1.4 Energy Management



Errata description:
The natural gas usage data for energy consumption in 2018 was calculated incorrectly due to conversion to megajoule (MJ). The corrected energy consumption and energy intensity data are shown below.

Inventec's Energy Consumption (Unit: Megajoule) and Energy Intensity over the years Illustration ●—● Energy Intensity (Megajoule/NT\$1,000)



Inventec Group's Renewable Energy Usage over the Years (Unit: kWh)

2025 renewable energy target: Expand the use of renewable energy facilities and continue to increase the proportion of renewable energy by 5%.

ISO 50001 Certificate (Taiwan)



ISO 50001 Certificate (Pudong)



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 2019, the energy (purchased electric power and natural gas) consumption of Inventec was 692,153,906 megajoules, 3.07% less compared to 2018 (the consumption of purchased electric power and natural gas was 714,056,336 megajoules).
- ◆ Energy intensity: In 2019, Inventec's energy intensity was 1.94 megajoules/NT\$ 1,000; a decrease by 5.42% compared to 2018 (2.05 megajoules/NT\$ 1,000).
- ◆ Both energy consumption and energy intensity 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.

Renewable Energy

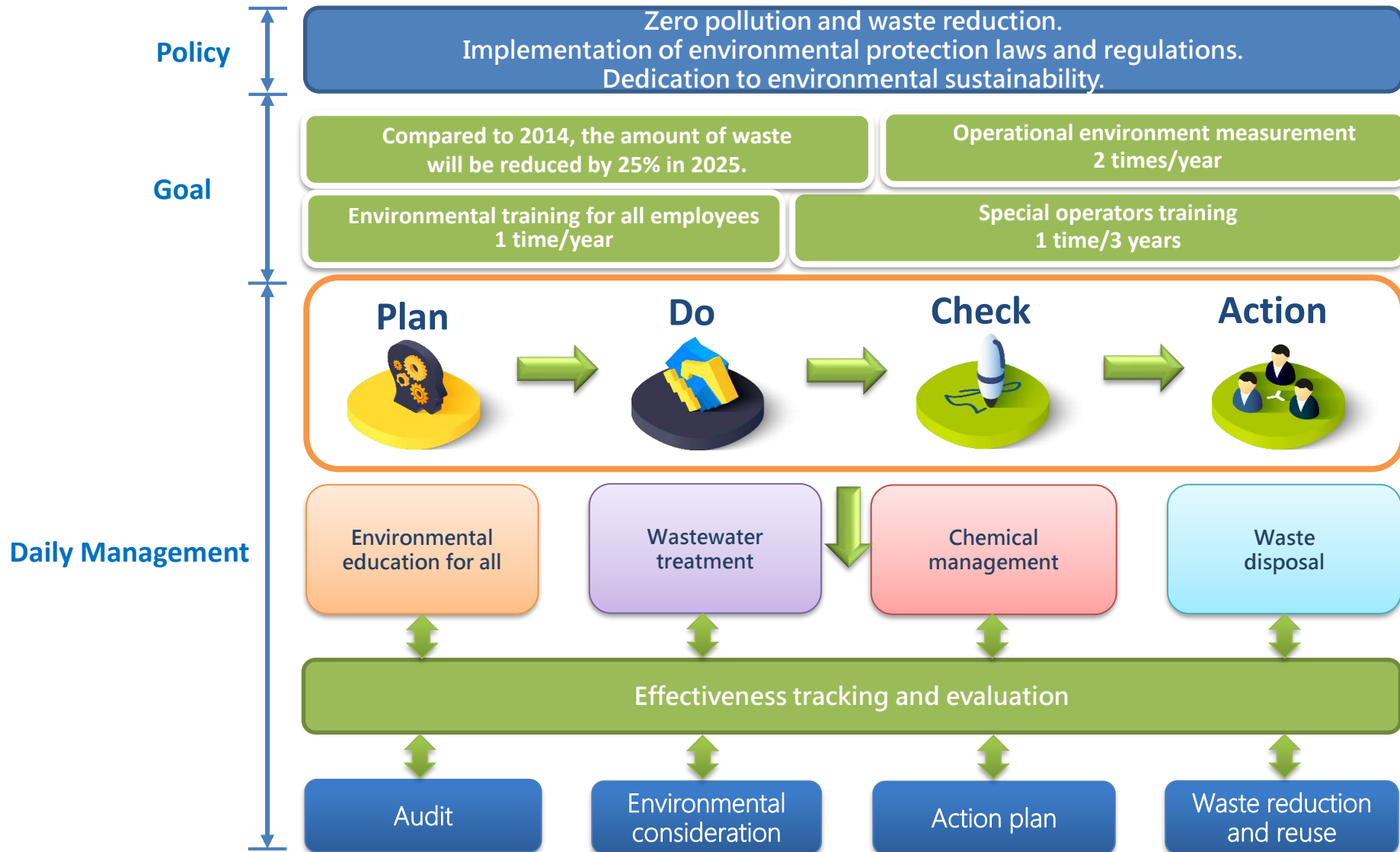
- ◆ In 2019, Inventec Group's (Inventec, Inventec Appliances, and Inventec Solar Energy) available solar power generation was 5,770,696 kWh (20,774,506 megajoules), increased by 642,714 kWh (12.53% more) compared to the 5,127,982 kWh (18,460,735 megajoules) of renewable energy used in 2018. Compared with 2015, the use of renewable energy in 2019 increased by nearly 2 times. It shows Inventec Group's determination of green energy and environmental protection.
- ◆ In addition to saving energy and promoting energy efficiency, Inventec Group dedicates itself to breaking through the current situation and establishing solar power devices.



5.2 Environmentally Friendly

5.2.1 Approach to Environmental Responsibility

Environmental Management System Operational Process



5.2 Environmentally Friendly

5.2.1 Approach to Environmental Responsibility

Environmental Management Overview

- ◆ 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 Environmental Management System to comply with the latest environmental regulations.
- ◆ Inventec has established a good operation and control mechanism in terms of environmental education for all, waste water, chemicals, waste, etc. to effectively prevent toxic or harmful substances from polluting the surrounding environment.

Environmental Education for All

- ◆ In order to promote staff's environmental awareness, Inventec's newcomer education and training emphasizes the management and control measures of water resources and waste in the factory, with a view to jointly implementing daily environmental management.
- ◆ Promote paperless green learning through the e-Learning platform, provide online courses to convey environmental protection related norms and trends, and establish environmentally friendly operating concepts.
- ◆ According to the process conditions of each plant or special operation needs, perform special personnel training and qualification certification in accordance with local laws and regulations to ensure compliance operation.



Domestic Wastewater

- ◆ Inventec focuses on system assembly testing and has no process water, so the source of wastewater is mostly domestic wastewater.
- ◆ The domestic wastewater in the plant is collected and discharged by pipelines to sewage pipelines or sewers, and then sent to municipal sewage plants for unified treatment. The treatment process complies with local laws and regulations and has no serious impact on the relevant habitats and the surrounding ecological 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 management methods for hazardous labeling, storage, use and management of hazardous chemicals. 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 2019.

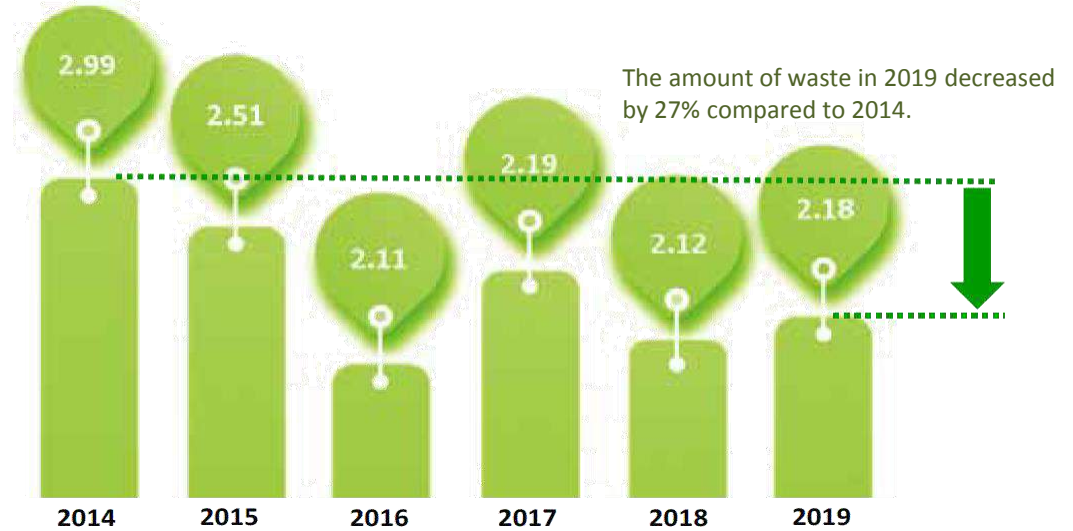


5.2 Environmentally Friendly

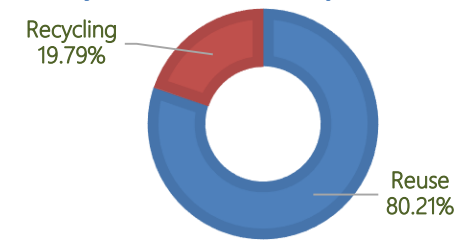
5.2.2 Waste Management

Policy	<ul style="list-style-type: none"> ● Zero pollution and waste reduction. Implementation of environmental protection laws and regulations. Dedication to environmental sustainability. - Promote industrial waste reduction and implement environmental protection in the factories. - Waste output is minimized, and resource recycling is maximized.
Goal	<ul style="list-style-type: none"> ● Compared to 2014, the amount of waste will be reduced by 25% in 2025. ● Ensure that the methods of waste cleanup and removal comply with local regulations and standards. ● Implement waste management, classification, recycling, and reduction.
Practice	<ul style="list-style-type: none"> ● Select eligible cleaning contractors and assign dedicated personnel to monitor the flow and the disposal methods of waste at all times. ● Arrange waste areas in the factories with dedicated personnel to assist the recycling and processing of various business wastes. ● Regularly and proactively audit the cooperative cleaning contractors and review their factory conditions and compliance with permissions to ensure that waste cleaning and removal methods comply with the standards.

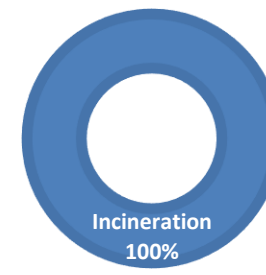
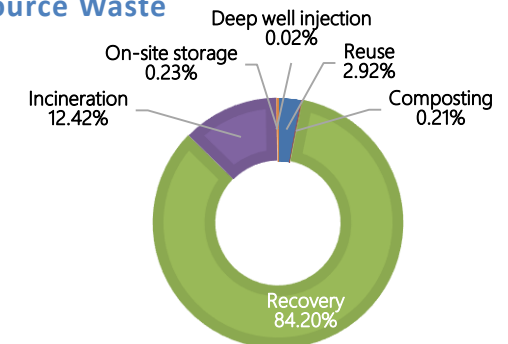
Inventec's Amounts of Wastes over the Years (Unit: 10,000 tonnes)



Analysis of Waste Disposal Methods



Resource Waste



General Waste

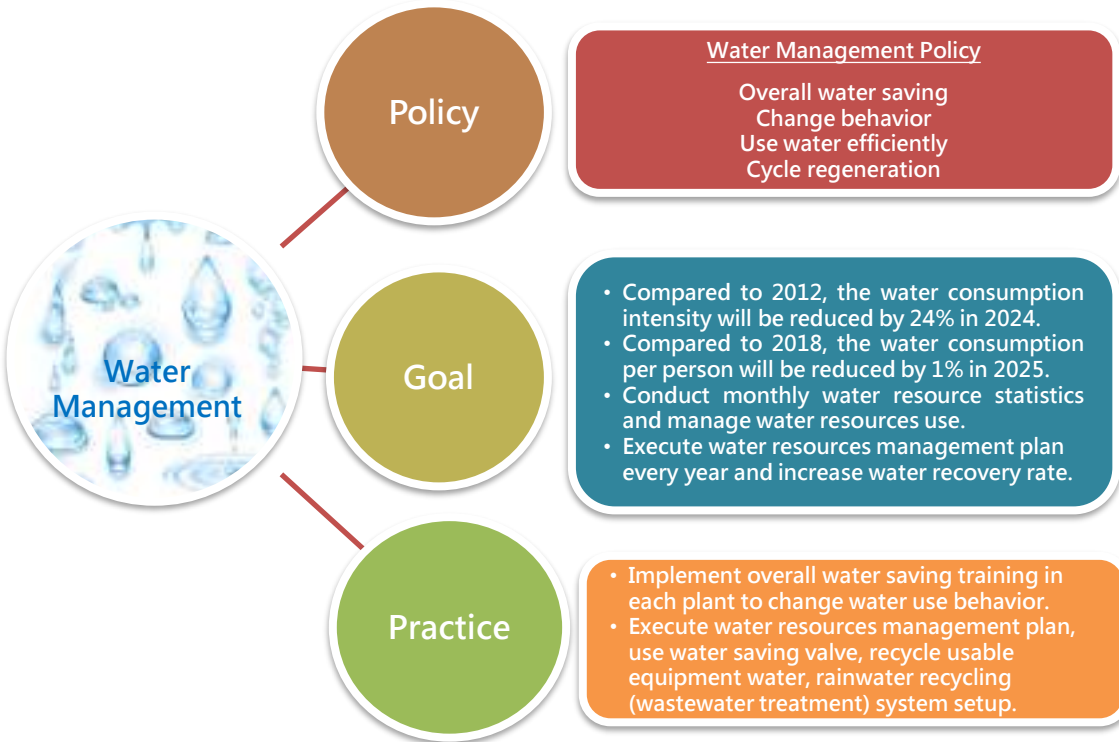
Hazardous Waste

Waste Analysis and Management

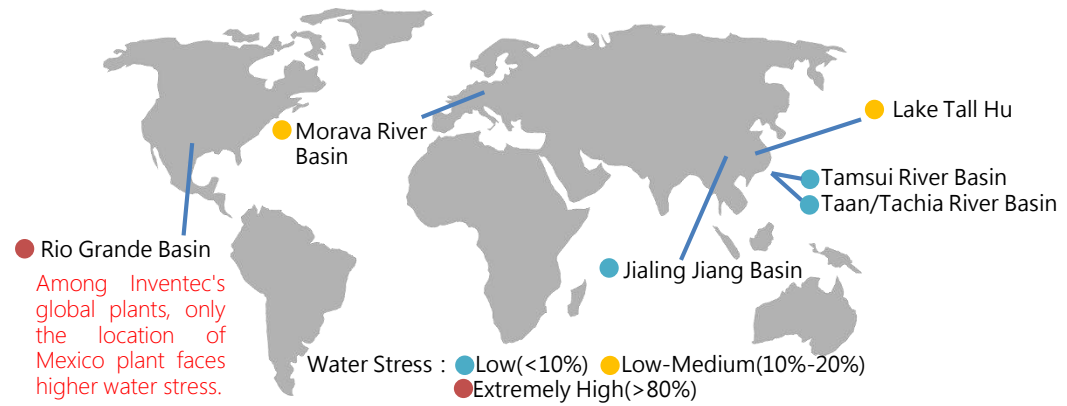
- ◆ Three types of wastes : general waste, resource waste , and hazardous waste
- ◆ Amounts of Waste : In 2019, the total waste of Inventec was 21,804.92 tonnes. Among them, the general waste and resource waste accounted for 15.97% and 81.58% respectively, and the hazardous waste only accounted for 2.45%.
- ◆ Waste Disposal Methods :
 - (1) Resource waste : Reuse / recycling as the majority.
 - (2) General waste : Incineration is the majority.
 - (3) Hazardous waste : The majority is recovery and incineration, followed by reuse, etc.
- ◆ The amounts of waste disposal since 2014 indicate that the amount of wastes has been reduced for 6 years. Compared to 2014, the amount of waste in 2019 was 27% less. It shows Inventec's efforts to reduce environmental load.
- ◆ Inventec's waste removal/disposal contractors did not have breach of contract/law violation in 2019 .

5.2 Environmentally Friendly

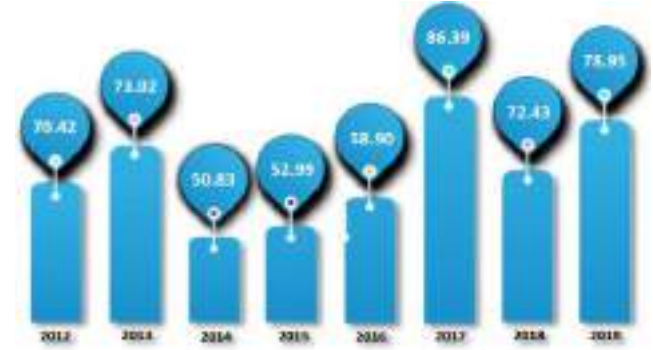
5.2.3 Water Management



The drainage basins where Inventec's global plants are located and the water stress faced.



Inventec's water consumption per person over the years (unit: tonnes/person)

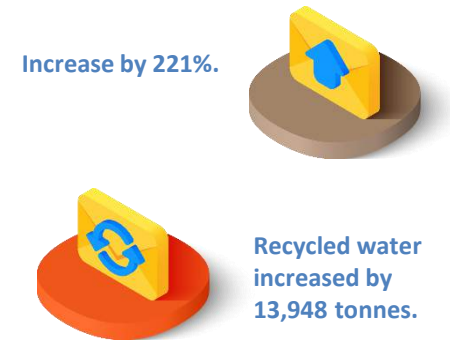


Water Resource Management Measures

- ◆ Municipal tap water is Inventec's main water source. In 2019, the municipal tap water consumption was 1,498,200 tonnes and 9.01% more (123,800 tonnes more) compared to the 1,374,400 tonnes in 2018. The water consumption per person in 2019 was 78.95 tonnes, 6.52 tonnes per person more compared to 2018 (72.43 tonnes per person).
- ◆ There is no process water demand in Inventec's factories. The way of water resource management is the project management method implementing water saving (such as installing water saving equipment, setting up water recycling equipment, and water resource management on different floors), cooperation with the management side, such as regularly analyzing the water use situation and educating the employees about water resources (announcements, small cards, and training courses) to ask the employees to change their water usage behaviors and to achieve the goal of reducing water consumption for all employees.

Water Resource Recycling

- ◆ In 2019, Inventec implemented 3 water-saving projects (rainwater recycling and reuse, concentrated water recycling and reuse of pure water equipment, and air conditioning condensate recycling and reuse). With this effort, the total amount of recycled water is 20,258 tonnes (accounting for 1.35% of total water consumption). Compared with 2018 (6,310 tonnes of recycled water), it increased by 221% (13,948 tonnes more).



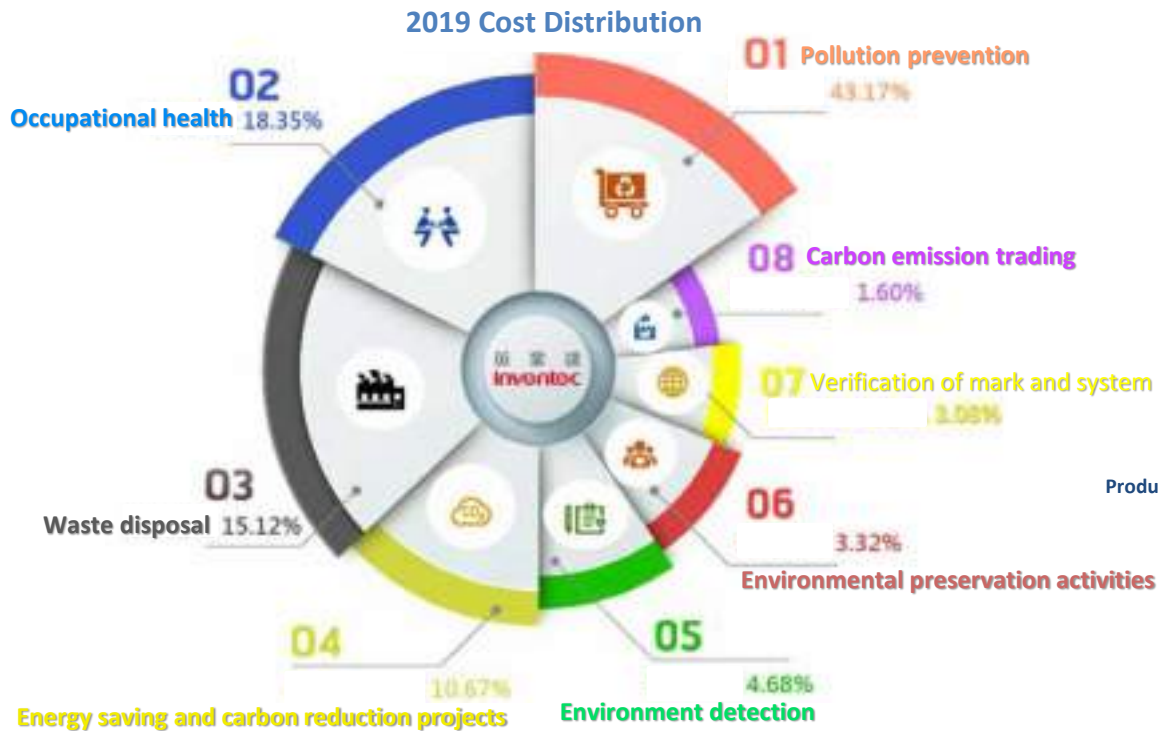


5.2 Environmentally Friendly

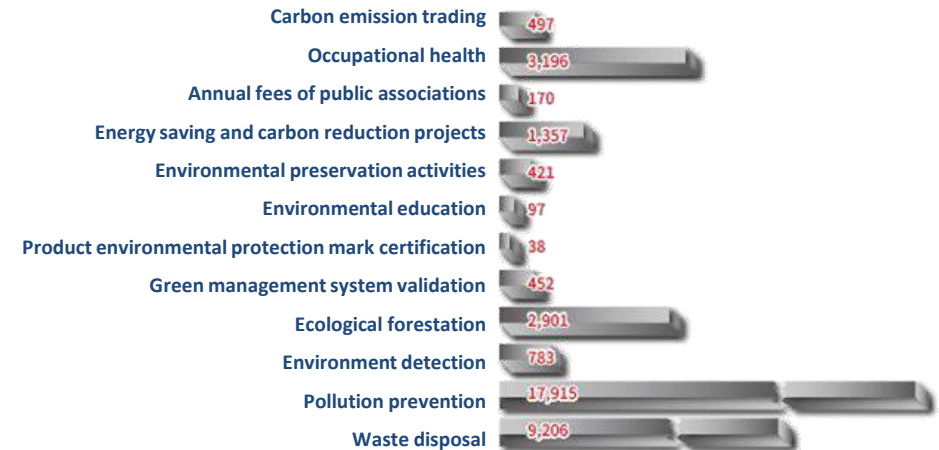
5.2.4 Environmentally Sustainable Management Costs

Environmentally Sustainable Management Costs Analysis

- ◆ In 2019, the environmentally sustainable management costs of Inventec Group was approximately NT\$160 million. Inventec accounts for 82.52%, and Inventec Appliances accounts for 17.48%.
- ◆ Each percentage of Inventec's costs in 2019, and each cost difference from 2018 to 2019 are shown on this page.



2018 Cost Analysis (Unit: NT\$ 10,000)



2019 Cost Analysis (Unit: NT\$ 10,000)





5.3 Green Life

5.3.1 Life Education



Environmental Sustainability 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 ecology :
 - ✓ Employee Aspect : Through dedicated units, community activities, family days, Inventec Olympic and other activities, organize environmental sustainability activities to enhance environmental sustainability awareness, save resources from daily life, reduce resource waste and waste, and encourage employees to take public transportation vehicles, to work without paper (mostly with mobile apps), and to use environmentally friendly tableware, etc.
 - ✓ Product Aspect : Through the operation of "Inventec Supplier Portal", "Inventec Group Sustainable Supply Chain Convention" is regularly held to convey the "Vision of Sustainability", to share experience, to exchange information, to protect the environment, and to create advanced products for moving towards "sustainable supply chain goals " with the group companies and the supply chain partners .
 - ✓ Ecology Aspect : Inventec has adopted community parks for 30 years, held community environmental seminars, and participated in the adoption and conservation activities of the national important wetland "Guandu Nature Park" for 8 years, contributing to the community environment and maintaining biodiversity.



5.3.2 Ecological Education



Inventec Value Chain Ecological Sustainability Plan

- ◆ Since 2012, Inventec and Inventec Group Charity Foundation for 8 consecutive years have adopted the "Love · Happiness-Let us take care of the local ecological environment" plan to adopt the national important wetland "Guandu Nature Park." It is also the first field in the country that has passed the environmental certification of the Environmental Protection Agency. In 2019, a total of 121,554 people visited "Guandu Nature Park" to improve their ecological experience. In addition, in 2019, we sponsored a total of 6 sessions of the wetland environmental education program for the schools in remote areas, allowing a total of 134 teachers and students to deeply appreciate the beauty of wetlands.
- ◆ Since 2015, Inventec has held the "Migratory Bird Ark, Ecological Sustainability Project" for 5 consecutive years, and expanded the five-session eco-experience one-day event in 2019. A total of 108 people from 89 suppliers participated in the grand event together to experience the meaning of "environmental sustainability," to understand the importance of ecosystem wetlands to us, as well as watching the "Installation Art" of 2019 Guandu International Nature Art Festival and responding to the EPA's promotion of "vegetarian activities" (vegetarian meals from Tsz-Huei Sheltered Workshop) and "environmental beverage with water footprint" products for understanding the application of water footprint. Inventec looks forward to working with suppliers once again for the environmental footprint and making efforts to move towards sustainable supply chain goals.





6 Social Inclusion

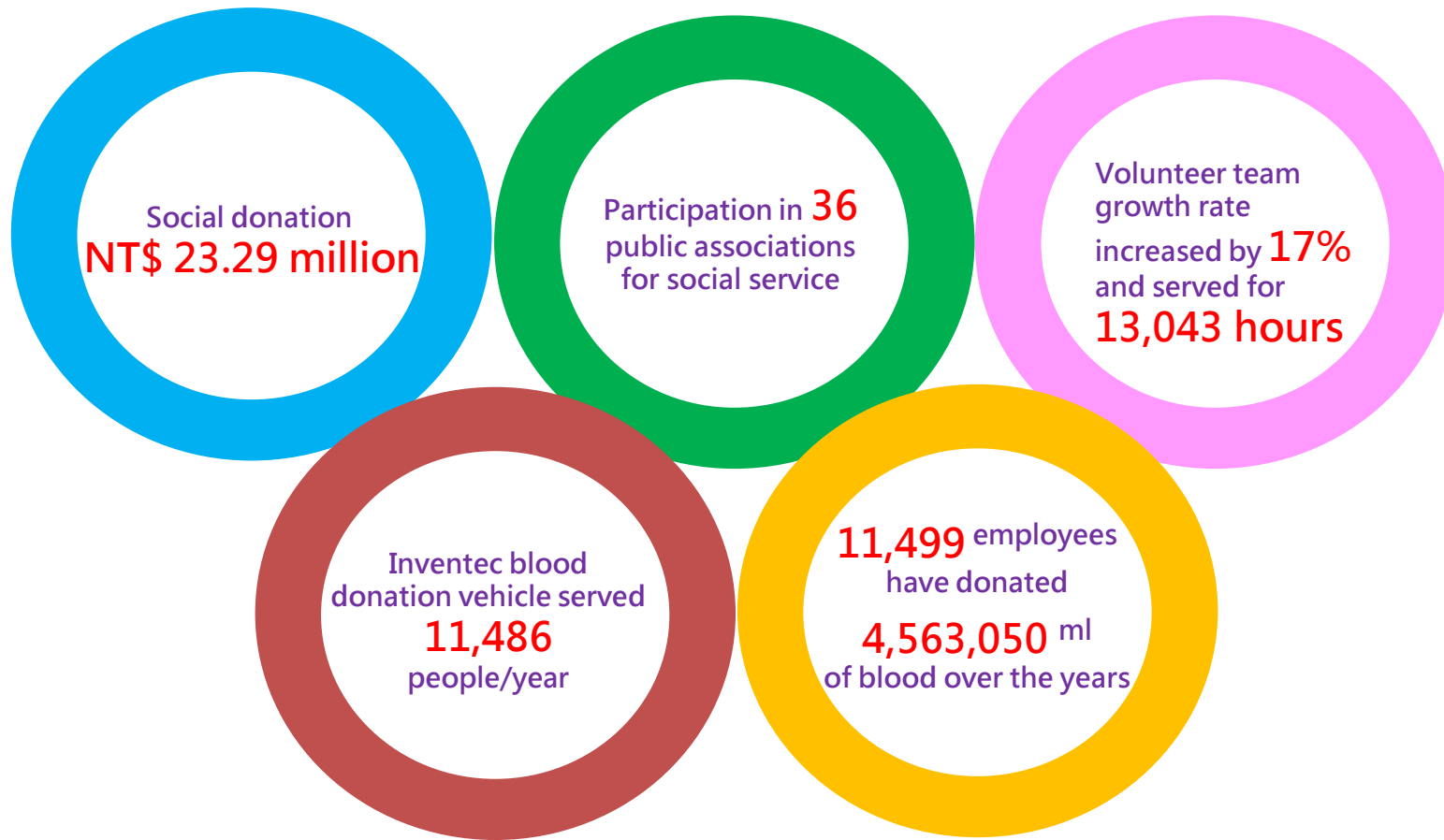
6.1 Foundation	87
6.2 Inclusive Growth	89
6.3 Social Caring	92

SDGs

3 GOOD HEALTH AND WELL-BEING 	4 QUALITY EDUCATION 	5 GENDER EQUALITY 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 
--	---	---	---



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 Group 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 2019, the Foundation interacted with 69 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

Inventec Group Charity Foundation Supports Youth Anti-drug Project

Ecological Conservation



Welfare for Physical and Mental Disability



Art and Culture



- ◆ In 2019, the Foundation published 9 public service advertisements in well-known media.

Welfare of Women and Children



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.

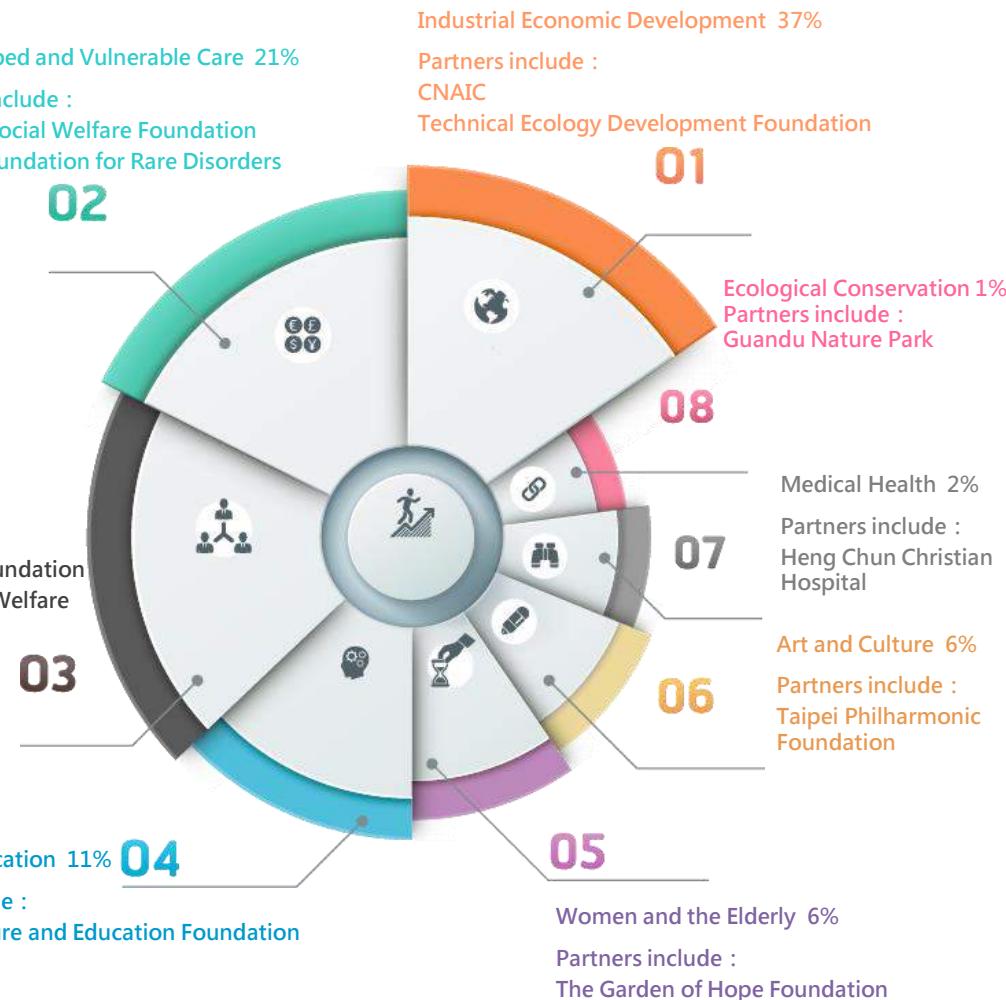
◆ The total social donation expenditure of Inventec and the Inventec Group Charity Foundation in 2019 was **NT\$ 23,291,400**

Inventec's Long-term Focus



Child Welfare 16%
Partners include :
Boyo Social Welfare Foundation
Good Shepherd Social Welfare Foundation

Handicapped and Vulnerable Care 21%
Partners include :
The First Social Welfare Foundation
Taiwan Foundation for Rare Disorders



6.2 Inclusive Growth

6.2.2 Employee's Social Enterprise Activity

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

- ◆ Inventec Group Charity Foundation supports St. Joseph Social Welfare Foundation to host the 2019 charity fairs.



Support charity fairs.

- ◆ On November 03, 2019, 40 colleagues, their families, and volunteers of Inventec Creative Volunteer Club cleared 152.4 kilograms of garbage at Zhuwei Beach.



Care for Earth through beach cleanup.



The employees actively participated in beach cleaning activities.

- ◆ Since 2013, Inventec has supported World Vision Taiwan for 7 consecutive years to hold the “30 Hour Famine” activities, and the company subsidized the activity registration fee as donation to the event.



Certificate of Appreciation from World Vision Taiwan



Participation in 30 Hour Famine

- ◆ 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

- ◆ In China, Inventec takes part in social welfare through paying attention to environmental promotion of Earth Day, poor students, the disabled, and community projects.



Donation activity.



Community project.



Support the poor students.



Care for the students.



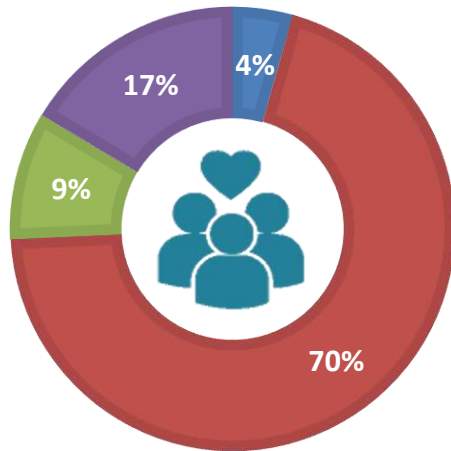
6.2 Inclusive Growth

6.2.3 Volunteer Participation

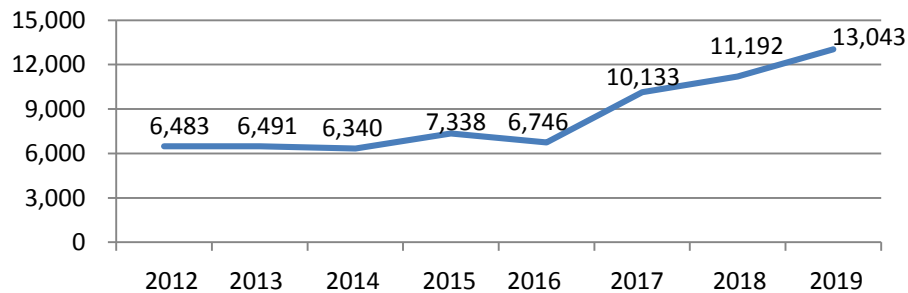
◆ Inventec Group established general leave and management practices in Taiwan, gives each employee 16 hours of paid volunteer leave per year, and actively encourages them to volunteer for the beneficial social activities. The numbers of volunteering hours in 2019 and over the years are as follows:

2019 Volunteer Hours

■ Environment ■ Transportation ■ Public welfare ■ Community



Volunteer Hours over the Years



6.2.4 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	Monte Jade Science & Technology Association of Taiwan	Member
Taiwan Electrical and Electronic Manufacturers' Association	Member / Chairman	Electric-Electronic & Environmental Technology Development Association of R.O.C.	
The Chinese National Association of Industry and Commerce, Taiwan	Member / Director	Chinese National Federation of Industries	
Cloud Computing & IoT Association in Taiwan	Member / Vice chairman	Taipei Computer Association	
Taiwan Association of Information and Communication Standards	Member / Vice chairman	Information Service Industry Association of R.O.C.	
Taiwan India Business Association	Member / Director	Straits Economic & Cultural Interchange Association	
Straits Exchange Foundation	Member / Director	Taiwan Corporate Governance Association	
Cross-Strait CEO Summit (Taiwan)	Member / Director	Importers and Exporters Association of Taipei	
Taiwan IOT Technology and Industry Association	Member	The Business Council for Sustainable Development of Taiwan	
Taiwan Internet Of Things Alliance		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
Chinese International Economic Cooperation Association (CIECA), Taiwan		Chongqing Communication Intelligent Terminal Industry Association	

6.3 Social Caring

6.3.1 Vehicle Project and Blood Donation 6.3.2 Care for the Society

- ◆ The Inventec Social Responsibility Group initiated the fundraising, and Inventec Group's 577 employees generously donated NT\$ 6,392,750 for a blood donation vehicle which officially started to serve on May 15, 2019 for the Taipei Blood Donation Center. According to Taiwan Blood Foundation's 2019 annual report, the social impact assessment result of Inventec blood donation vehicle: Taipei Blood Donation Center served an average of 11,486 blood donors per tour donation vehicle in 2019, and the blood was supplied to 271 hospitals supported by the Taipei Blood Donation Center affecting 7.96 million people.

- ◆ Through the Love in Shoebox activity, Inventec employees collected stationery and living items and gave them to the children of disadvantaged families. From 2017 to 2019, a total of 421 gifts were sent to children from disadvantaged families.

- ◆ Responding to the Charity Day event on the Internet, with "You donate 1, I donate 10" as a call to connect the influence of the public and offer love to the disabled.



Social impact assessment:
Inventec blood donation vehicle can serve 11,486 blood donors per year

- ◆ Inventec fulfills its corporate social responsibility and alleviates the blood shortage: it has responded to blood donation activities for 26 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 11,499 people donated 4,563,050 ml of blood.



Inventec employees collected materials for caring for the disadvantaged schoolchildren.



Online charity event for the disabled.



7 Appendix

7.1 GRI Index 94

7.2 SDGs Chart 97

7.3 AA1000 Assurance Statement 98



7.1 GRI Index

GRI 102 : General Disclosure 2016

Disclosure	Chapter / Note	Page
1. Organizational profile		
102-1	Name of the organization	1.3.1 Company Introduction 9
102-2	Activities, brands, products, and services	3.1.3 Product Development 34
102-3	Location of headquarters	1.3.1 Company Introduction 9
102-4	Location of operations	3.1.2 Operational Locations 34
102-5	Ownership and legal form	1.3.1 Company Introduction 9
102-6	Markets served	3.1 Operational Management 33-39
102-7	Scale of the organization	1.3.1 Company Introduction 9 3.1.6 Operational Performance 37
102-8	Information on employees and other workers	4.1.1 Talent Management 55
102-9	Supply chain	3.3 Sustainable Supply Chain Management 44-49
102-10	Significant changes to the organization and its supply chain	3.3 Sustainable Supply Chain Management 44-49
102-11	Precautionary Principle or approach	5.1.2 Climate Action Practice 72-74
102-12	External initiatives	No external initiative signed in 2019 -
102-13	Membership of associations	6.2.4 Social Engagement 91
2. Strategy		
102-14	Statement from senior decision-maker	1.1 Top Management Commitment 6-7
102-15	Key impacts, risks, and opportunities	3 Operational Development 42
3. Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	2.2.1 Prevention and Reporting 26 4.2.1 Regulatory Compliance 61
102-17	Mechanisms for advice and concerns about ethics	2.2.1 Prevention and Reporting 26 4.2.3 Employee Communication 63

GRI 102 : General Disclosure 2016

Disclosure	Chapter / Note	Page
4. Governance		
102-18	Governance structure	3.1.1 Operational Team 33 2.1 Corporate Governance 23-25
102-19	Delegating authority	1.3 About Inventec 10 2.1 Corporate Governance 23-25 2.2.1 Prevention and Reporting 26
102-20	Executive-level responsibility for economic, environmental, and social topics	1.3 About Inventec 10 2.1 Corporate Governance 23-25 2.2.1 Prevention and Reporting 26
102-22	Composition of the highest governance body and its committees	2.1 Corporate Governance 23-25
102-23	Chair of the highest governance body	2.1 Corporate Governance 23-25
102-24	Nominating and selecting the highest governance body	2.1 Corporate Governance 23-25
Omission : Currently the nomination and selection of Board members does not consider the environmental and social professional and experience.		
102-25	Conflicts of interest	2.2.1 Prevention and Reporting (Please refer to the "Rules of the Board of Directors Meeting" for the interest conflict prevention policy.) 26
102-26	Role of highest governance body in setting purpose, values, and strategy	2.1 Corporate Governance 23-25
102-27	Collective knowledge of highest governance body	2.1 Corporate Governance 23-25
102-28	Evaluating the highest governance body's performance	2.1 Corporate Governance 23-25
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	2.2.3 Preventive (Risk Control) Internal Control System 28
102-31	Review of economic, environmental, and social topics	2.2.3 Preventive (Risk Control) Internal Control System 28
102-32	Highest governance body's role in sustainability reporting	1.3.10 Report Response 19 2.3 Information Disclosure 30



7.1 GRI Index

GRI 102 : General Disclosure 2016

Disclosure	Chapter / Note	Page
102-34	Nature and total number of critical concerns 2.1 Corporate Governance	23-25
102-35	Remuneration policies 2.1.7 Remuneration of Employees and Directors	25
Omission : Currently the remuneration policy and distribution principle of the Board of Directors do not include environmental and social performance.		
5. Stakeholder engagement		
102-40	List of stakeholder groups 1.3 About Inventec	11-19
102-41	Collective bargaining agreements No collective bargaining agreement signed because of no union	-
102-42	Identifying and selecting stakeholders 1.3 About Inventec	11-19
102-43	Approach to stakeholder engagement 1.3 About Inventec	11-19
102-44	Key topics and concerns raised 1.3 About Inventec	11-19
6. Reporting practice		
102-45	Entities included in the consolidated financial statements 1.2 Editorial Guideline	8
102-46	Defining report content and topic Boundaries 1.3 About Inventec	11-19
102-47	List of material topics 1.3 About Inventec	17-18
102-48	Restatements of information 5.1.4 Energy Management	78
102-49	Changes in reporting 1.2 Editorial Guideline	8
102-50	Reporting period 1.2 Editorial Guideline	8
102-51	Date of most recent report 1.2 Editorial Guideline	8

GRI 102 : General Disclosure 2016

Disclosure	Chapter / Note	Page
102-52	Reporting cycle 1.2 Editorial Guideline	8
102-53	Contact point for questions regarding the report 1.2 Editorial Guideline	8
102-54	Claims of reporting in accordance with the GRI Standards 1.2 Editorial Guideline	8
102-55	GRI content index 7.1 GRI Index	94-96
102-56	External assurance 8.3 AA1000 Assurance Statement	98

GRI 103 : Management Approach

Disclosure	Chapter / Note	Page	
103-1	Explanation of the material topic and its Boundary 1.3.9 Material Topics	17-18	
103-2	The management approach and its components Evaluation of the management approach	2 Sustainable Governance 3 Operational Development	22 32
103-3		4 Health and Well-being 5 Sustainability and Environmental Protection	52 68

GRI 201: Economic Performance 2016 · GRI 204: Procurement Practices 2016 · GRI 205: Anti-corruption 2016

Disclosure	Chapter / Note	Page
201-1	Direct economic value generated and distributed 3.1.6 Operational Performance 6.2.1 Long-term Focus and Donation Expenditure	37 89
201-2	Financial implications and other risks and opportunities due to climate change 5.1 Climate Action	71-78
201-3	Defined benefit plan obligations and other retirement plans 4.2.1 Regulatory Compliance	61
201-4	Financial assistance received from government 3.1.6 Operational Performance	37
204-1	Proportion of spending on local suppliers 3.3.3 Sustainable Supply Chain Daily Management	47
205-1	Operations assessed for risks related to corruption 2.2.2 Implementation	27
205-2	Communication and training about anti-corruption policies and procedures 2.2 Integrity Management	26-30
205-3	Confirmed incidents of corruption and actions taken 2.2.2 Implementation	27

GRI 302: Energy 2016

Disclosure	Chapter / Note	Page
302-1	Energy consumption within the organization 5.1.4 Energy Management	77-78
302-3	Energy intensity 5.1.4 Energy Management	77-78
302-4	Reduction of energy consumption 5.1.4 Energy Management	77-78



7.1 GRI Index

GRI 305: Emissions 2016 · GRI 306: Effluents and Waste 2016 · GRI 308: Supplier Environmental Assessment 2016

Disclosure		Chapter / Note	Page
305-1	Direct (Scope 1) GHG emissions	5.1.3 Greenhouse Gas Emission Management	75-76
305-2	Energy indirect (Scope 2) GHG emissions	5.1.3 Greenhouse Gas Emission Management	75-76
305-3	Other indirect (Scope 3) GHG emissions	5.1.3 Greenhouse Gas Emission Management	75-76
305-4	GHG emissions intensity	5.1.3 Greenhouse Gas Emission Management	75-76
305-5	Reduction of GHG emissions	5.1.4 Energy Management	77-78
306-2	Waste by type and disposal method	5.2 Environmentally Friendly	81
306-3	Significant spills	5.2 Environmentally Friendly	80
308-1	New suppliers that were screened using environmental criteria	3.3 Sustainable Supply Chain	44-49
308-2	Negative environmental impacts in the supply chain and actions taken	3.3 Sustainable Supply Chain	44-49

GRI 401: Employment 2016

Disclosure		Chapter / Note	Page
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	55-57 62
401-3	Parental leave	4 Health and Well-being	53

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

Disclosure		Chapter / Note	Page
403-1	Occupational health and safety management system	4.3.1 Occupational Safety and Health Management System	64-65
403-2	Hazard identification, risk assessment, and incident investigation	4.3.1 Occupational Safety and Health Management System	64-65
403-3	Occupational health services	4.3.2 Safe and Healthy Area	65-66
403-4	Worker participation, consultation, and communication on occupational health and safety	4.3.1 Occupational Safety and Health Management System	64-65
403-5	Worker training on occupational health and safety	4.3.2 Safe and Healthy Area	65-66
403-6	Promotion of worker health	4.3.2 Safe and Healthy Area	65-66
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.3.2 Safe and Healthy Area	65-66
403-9	Work-related injuries	4 Health and Well-being	54
404-1	Average hours of training per year per employee	4.1.2 Talent Development	59-60
404-2	Programs for upgrading employee skills and transition assistance programs	4.1.2 Talent Development	58-60
404-3	Percentage of employees receiving regular performance and career development reviews	4.1.3 Performance Management	60
414-1	New suppliers that were screened using social criteria	3.3 Sustainable Supply Chain	44-49
414-2	Negative social impacts in the supply chain and actions taken	3.3 Sustainable Supply Chain	44-49
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.1.7 Customer Privacy and Information Security	38
419-1	Non-compliance with laws and regulations in the social and economic area	4.2.1 Regulatory Compliance	61




7.2 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	55-57
Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture. (Indirect)	4.2.2 6.2.1	62 89
Goal 3. Ensure healthy lives and promote well-being for all at all ages. (Direct)	4.3	64-66
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	58-60
Goal 5. Achieve gender equality and empower all women and girls. (Direct)	4.1.1 4.2.1	55-57 60
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	82
Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all. (Direct)	5.1.4	77-78
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	32-49 55-63

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	55-57 64-66
Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation. (Direct)	3.1.3 3.2.1	34 40
Goal 10. Reduce inequality within and among countries. (Indirect)	4.1.1	55-57
Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable. (Indirect)	5.2	79-83
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)	1.3 3.2.2 3.3 5.2	11-19 40-41 44-49 79-83
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	71-78
Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development. (Indirect)	5.3	84
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	84
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)	2.2	26-30
Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development. (Direct)	1.3.2	9

7.3 AA1000 Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE INVENTEC CORPORATION'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2019

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 2019 (hereinafter referred to as CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text and data in accompanying tables, contained in the report presented during on-site verification. SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

The information in the INVENTEC's CSR Report of 2019 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 2019.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform of 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 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 context index as material and in accordance with.

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, CSR committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant. In response to COVID-19 pandemic situation the assurance process was conducted remotely via Teams/Skype/Wechat. Financial data drawn directly from independently audited financial accounts and Task Force on Climate-related Financial Disclosures (TCFD) 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 certificates, 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 organization, its subsidiaries and stakeholders.

TUV/PP1909 Issue 2005

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and completed auditors registered with ISO 20000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, OPMs, CFP, WFP, GHG Verifier and GHG Validator Lead Auditors and experience on the SRA Assurance service providers.

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 2019 verified is accurate, reliable and provides a fair and balanced representation of INVENTEC sustainability activities in 01/01/2019 to 31/12/2019.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organization 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
Integrity
 INVENTEC has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. Processes are in place to prioritize 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. This 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 2019, 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 Principle 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 context index and report. The management approach for each material topic were reported appropriately aligned with GRI 103 requirements with internal processes to examine the reliability of the performances.

Signed:
 For and on behalf of SGS Taiwan Ltd.




David Huang
 Senior Director
 Taipei, Taiwan
 20 May, 2020
 WWW.SGS.COM

TUV/PP1008 Issue 2005

Look to the Future

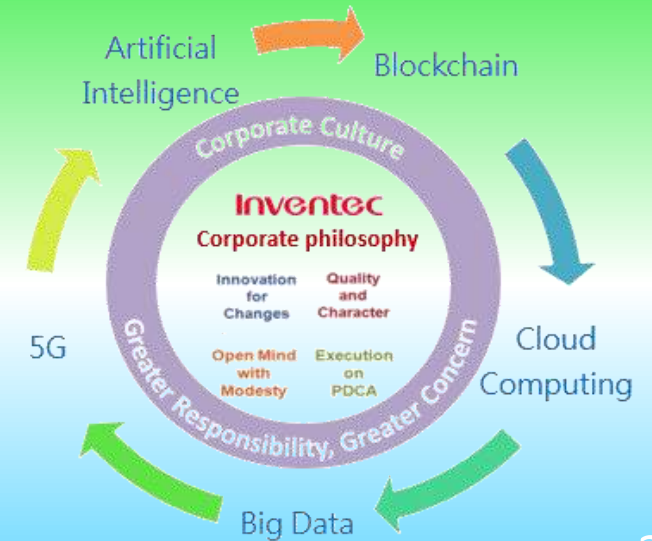
2030 vision plan



1



2



3



4



5

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."

6



Inventec



Greater Responsibility, Greater Concern